MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome to the DCP Midstream Partners Fourth Quarter and Year-End Earnings Conference Call and Webcast. All participants will be in listen-only mode. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Mike Richards, Vice President and General Counsel. Mr. Richards, please go ahead.

Michael S. Richards, Vice President, General Counsel and Secretary

Thank you, Amy. Good morning and welcome to the DCP Midstream Partners fourth quarter and year-end 2010 earnings release conference call. As always, we want to thank you for your interest in the Partnership. Today, you will hear from Mark Borer, President and Chief Executive Officer; and Angela Minas, Vice President and Chief Financial Officer.

Before turning it over to Mark, I'll mention a couple of items. First, all of the slides we'll be talking from today are available on our website at www.dcppartners.com in PDF format. You may access them by clicking on the Investor page and then the Webcast icon. Next, I would like to remind you that our discussion today may contain forward-looking statements. Actual results may differ due to certain risk factors that affect our business.

Please review the second slide in the deck that describes our use of forward-looking statements and list some of the risk factors that may affect the actual results. For a complete listing of the risk factors that may impact our business results, please review our Form 10-K for the year ended December 31, 2009 as filed with the SEC on March 11, 2010 and updated through subsequent SEC filings.

In addition, during our discussion, we will use various non-GAAP measures, including distributable cash flow, adjusted EBITDA and adjusted segment EBITDA. These measures are reconciled to the nearest GAAP measure in schedules to provided on our website. We ask that you review that information as well.

And now, I will turn it over to Mark Borer.

Mark A. Borer, President and Chief Executive Officer

Thanks, Mike. Good morning, everyone, and thanks for joining us today. As you saw in our press release last evening, we reported fourth quarter and full-year results, which were in line with our 2010 DCF forecast.

In addition to meeting our financial goals, we have continued to diligently execute on our growth strategy and financial positioning objectives. 2010 was another good year for DCP Midstream Partners and our investors, continuing to build on a successful track record. In December, we celebrated five years since our IPO in 2005.

On slide three, you will see our agenda. We have a number of key updates today. I will begin by recapping our successful year and will then provide an operational update. Angela will follow with a financial overview of our fourth quarter and annual performance as well as our 2011 forecast. We will close with our outlook and summary, which will include a broader perspective of DCP Midstream and how the Partnership is expected to play a critical role in helping to grow the overall enterprise and create value four our unitholders.

Turning to slide four, let's discuss some highlights for the quarter and full year. We generated distributable cash flow of $27.9 million for the quarter and $108.5 million for the year, which is in line with the guidance we provided last year.

We raised our distribution in the second and fourth quarters resulting in a 3% increase in our quarterly distribution over the rate paid in the fourth quarter of 2009. Resuming distribution growth was an important 2010 objective, with the past year serving as a transition year to what we believe will be consistent distribution growth. Since our IPO five years ago, we are pleased to have delivered a 12% compound annual growth rate in cash distributions to our investors.

Our performance in delivering on our commitments over time has enabled us to deliver our unit holders top quartile distribution growth over our five-year history. Since our IPO in December of 2005, we have provided total return of approximately 158% to our unitholders, which compares quite favorably to both the Alerian at 110% and the S&P 500 at 11%. Total unitholder return in 2010 was 36%, in line with Alerian index and well above the S&P 500 index return of 15%.

Let's turn to slide five for additional business plan accomplishments. The approximate $400 million of quality growth opportunities that we executed on this year demonstrates the power of our multi-faceted growth strategy. Third party acquisitions accounted for over $200 million, including our acquisitions of the Wattenberg fee-based NGL pipeline, the Chesapeake wholesale propane terminal with its fee-based margin business, the additional interest in our Black Lake fee-based NGL pipeline and the Marysville NGL storage facility with its majority fee-based margins. Wattenberg pipeline also included an organic growth opportunity as part of a larger strategic investment for the DCP enterprise in the DJ Basin.

Our recent $150 million acquisition of a one-third interest in the Southeast Texas joint venture from our general partner, DCP Midstream provides future opportunities for us to co-invest with them on gas gathering and processing and storage-related organic investments. Our growth opportunities have continued to increase our business diversity and have resulted in an increase in fee-based margins.

Our integration efforts related to these acquisitions are progressing according to plan. We believe our financial positioning is a key element of our growth strategy. Angela will provide additional color on this in a few minutes. But suffice it to say, we believe that our accomplishments this year position us well for future growth in terms of having an attractive cost of capital and sufficient liquidity. In summary, we are pleased to have delivered on our 2010 business plan commitments.

Turning to slide six, I will provide a brief operational update, starting first with our Natural Gas Services segment. As a reminder, this business generates margins from a mix of fee and commodity-based businesses, with our commodity positions substantially hedged. As is evident again this quarter, we view our diverse geographic footprint as a strong positive, as it provides us with access to multiple resource plays, contract types and customers. Gas throughput in the aggregate has been stable, with volumes virtually flat for the year. NGL production was up 3% versus fourth quarter of 2009.

Modest drilling activity in North Louisiana and East Texas has begun to offset natural declines there. Given attractive crude oil pricing and the liquids rich content of the gas on our Wyoming system, we have seen increased drilling and permit activity there and are in active discussions with producers regarding new well connects and dedications.

At our discovery asset, which is operated by Williams, our current operations were not physically impacted in 2010 by the Gulf oil spill or the moratorium although continued delays in permitting and drilling could impact growth volumes in 2011, we are optimistic that the government will resume permitting soon as the industry comes forward with improved spill and containment systems.

We have substantially completed the integration of our November 2009 bolt-on acquisition of fee-based assets in Michigan. We consolidated several treading plants in 2010 and are now realizing the targeted synergies. We also recently completed or finalized contract renewals with our producer customers consistent with our acquisition assumptions.

With producer activity in the liquids rich and emerging shale plays, we continue to see growth opportunities in this segment. The expansion of our footprint into Southeast Texas via the joint venture with our sponsor will provide attractive growth in 2011.

Turning to slide seven, I'll provide some additional details and an update on this recent transaction. Effective January 1, we completed the acquisition of a one-third interest in the Southeast Texas joint venture from DCP Midstream for $150 million. The DCP Southeast Texas joint venture is a fully integrated midstream business that fits well the MLP business model.

The assets in the joint venture includes 675 miles of natural gas pipelines, three natural gas processing plants totaling 380 million cubic feet per day of processing capacity, natural gas storage assets with 9 billion cubic feet of high deliverability salt dome storage capacity, favorable access to interstate and intrastate gas markets, and the NGL market deliveries direct to ExxonMobil and to Mont Belvieu via our Black Lake NGL pipeline.

This transaction is a prime example of how we are co-investing and effectively partnering our sponsor. There are numerous compelling attributes to this transaction. This collection of assets provides additional diversification to our asset portfolio, geography and resource exposure. The Spindletop natural gas storage business provides us with a new business line with stable cash flows that not sensitive to either commodity prices or volumes. More specifically, we have structured the joint venture such that natural gas storage revenues we realize are 100% fee-based and tied to storage capacity under a seven-year contract.

The gathering and processing business does have commodity exposure, however, we have entered into hedges for our equity volumes consistent with our overall hedging philosophy. The joint venture is also well positioned for future growth. Drilling in the area remains active given the liquids rich nature of the production and its proximity to strong NGL markets.

The plants are running near capacity and our processing plant expansion projects are on plan to support the robust producer drilling plans. The Port Arthur 30 million cubic feet per day plant expansion was just completed and the Raywood 20 million cubic feet per day expansion is scheduled to be online during the third quarter.

Now, moving on to slide eight for our Wholesale Propane segment. We continue to see favorable demands from the residential service providers at our various New England and mid-Atlantic terminals. Timing of sales and winter weather tend to vary somewhat each year. This winter was off to a slower start, although we experienced colder than normal temperatures in December and January.

We are pleased with our expansion this season into the mid-Atlantic with our recent acquisition of the Chesapeake Virginia terminal. Given that contracting for this heating season was done in advance of the time this asset was acquired, this season represents a transition. We are supplementing Chesapeake's traditional business with wholesale marketing along the Dixie pipeline. Integration is proceeding on plan and we're pleased with the performance thus far.

As discussed in our last earnings call, during May to November, we had a planned outage related to Providence terminal inspection, which is required once every 20 years. Providence is now fully back online although the outage did temper fourth quarter results. As the past several years have shown, this business model with its fee-like nature and diversity of supply has provided attractive growth.

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Moving to slide nine for our NGL Logistics segment. This segment generates fee-based margins and its complementary to our gathering and processing business, providing broader exposure to the NGL value chain. Just to refresh, we are in the final stages of the project to spend approximately $18 million of expansion capital to connect and integrate the Wattenberg pipeline we acquired in early 2010 with DCP Midstream's facilities.

Midstream, the largest gatherer and processor in the DJ Basin is investing capital to construct a new natural gas processing plant and gathering system extension. It is expected to be completed in April with volumes ramping up over the course of the year. With the drilling focus on liquids rich plays, we continue to have a favorable outlook on volume.

Performance of our Black Lake pipeline has continued to be in line with our expectations, with operatorship of the pipeline successfully transitioned to DCP following the acquisition of the additional interest. Although not a large dollar acquisition, the now 100% ownership of Black Lake does provide strategic and operational value as it gives us control over the transportation systems connected to our North Louisiana and Southeast Texas assets.

Lastly, we are excited about the late December acquisition of the Marysville NGL storage facility, which provides additional business diversity to our asset portfolio while more than doubling the scale of this segment.

Turning to slide 10, I will provide additional detail on this transaction. Just to spend a few minutes on Marysville. It's an attractive, predominantly fee-based NGL storage business. It's located about an hour north of Detroit, Michigan, near the Sarnia chemical (sic) [Sarnia, Canada], petrochemical and refinery corridor. This corridor is a significant NGL market with our facility well positioned to provide the necessary storage services.

Sarnia is also an active supply point to the upper Midwest and Northeast NGL markets. Our asset has nine underground hydrocarbon storage caverns with approximately 285 million gallons of capacity. We have access to 10 pipeline connections out of facility as well as rail and truck delivery.

We store propane and butane for marketers, petrochemicals and the refiners. This asset provides nice synergies and is an attractive complement to our Wholesale Propane business. It is predominantly fee-based, has favorable expansion potential with commercial upside, particularly taking into account our business model and the overall enterprise's supply and logistics capabilities. We're very excited about this addition to our asset portfolio and the opportunities it provides.

And now I'll turn over to Angela to review the financial results.

Angela A. Minas, Vice President and Chief Financial Officer

Thank you, Mark, and thank you for joining us today. Beginning on slide 11, actual DCF results were in line with the 2010 DCF forecast that we rolled out on our earnings call this time last year. Although our business is substantially fee-based or commodity hedged, we do provide our forecast in the context of the commodity-pricing environment.

The 2010 average crude oil price of $80 and NGL to crude relationship of approximately 58% for the year placed us in the original forecast range of $105 million to $115 million, as highlighted in the chart. In our Q3 call, we indicated that the Chesapeake and Black Lake acquisitions that we closed at the end of July would net another $3 million.

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FACTSET:callstreet corrected transcript

Our actual DCF for the year was $108.5 million. Of note, included in DCF were costs impacting the fourth quarter and full year of approximately $2 million for acquisition related cost and interest-rate swap early termination costs associated with our debt offering.

Now turning to slide 12 for further details. As a reminder, consolidated financial results are adjusted to remove the impact of non-cash mark-to-market activities of our commodity hedges, which are outlined in the appendix, as well as the non-controlling interest in our joint ventures.

Adjusted EBITDA was $39 million for the quarter compared to $43.4 million for the prior year. Year-to-date results of $143.2 million for 2010 compared to $146.2 million in 2009.

Distributable cash flow for 2010 resulted in a distribution coverage ratio of 1.01 times based upon distributions declared. When adjusted for the timing of actual cash distributions paid, the cash coverage ratio would be 1.07 times. Of note, the distribution coverage is lighter than our ongoing run rate would imply as the units issued last August and November to finance the numerous acquisitions and the Wattenberg project were issued in advance of realizing the full cash flows from those transactions. The cash coverage ratio reflects some, but not all, of that pre-financing impact.

Now, let me now to the segments starting on slides 13 with Natural Gas Services. Adjusted EBITDA for the year increased from $132.4 million to $137.5 million. Results for the year were positively impacted by the addition of our Michigan acquisition, organic growth at our Piceance Basin asset, increased NGL production, all partially offset by impacts of severe weather in the first quarter, higher cost and downturn related to turnarounds at our discovery in East Texas assets earlier in the year, differences in the gas quality and lower gas throughput volumes in certain assets.

Although not included in the adjusted EBITDA for the year, we did realize cash flow synergy benefits from the rationalization of surplus equipment resulting from our Michigan integration effort.

Adjusted EBITDA of $37.3 million for the quarter of 2010 compared to $39.4 million for the quarter (sic) [prior year quarter]. In addition to the items noted, impacting the year, results for the fourth quarter of '09 also reflected stronger spreads for our natural gas transportation and the storage assets.

Slide 14 indicates the results from our Wholesale Propane segment. As a reminder, this segment has some seasonality with the majority of our earnings coming during the fourth and first quarters. Timing of winter weather and other factors may also impact earnings recognition across those quarters, so calendar year comparisons can be misleading. As such, we view the fiscal year or heating season, which is April 1st to March 31st with our results to be available on next quarters call as a more relevant comparison.

Year-to-date for the fiscal year, results reflect the extended planned outage related to our Providence terminal inspection, which were largely offset by our acquisition of the Chesapeake terminal.

On slide 15, at $10 million EBITDA net of non-cash gain, our NGL Logistics business once again delivered record EBITDA results for the year, continuing the steady growth trend illustrated since our IPO. Results were driven by higher unit margins and increased throughput volumes related to our Black Lake and Wattenberg acquisitions. Results for the fourth quarter of 2009 reflect increased volume associated with a temporary additional pipeline interconnect.

Slides 16 provides our 2011 DCF forecast in the context of various commodity price scenarios, reflecting analysts' expectations. Natural gas price, which results in only limited commodity price sensitivity, is assumed to be $4.25 in each case. If you take into account the commodity prices over the last year and average analysts' expectations for 2011, the table would indicate DCF between

$135 million and $150 million. By comparison, our current annual distribution level is $120 million. The forecast also assumes organic expansion capital of $35 million to $50 million and maintenance capital of $10 million to $15 million.

Consistent with past practice, our DCF forecast excludes the impact of potential acquisitions or any unannounced organic expansion projects. Growth opportunities executed in 2010 contribute substantially to the increase in DCF from 2010 to 2011. The Southeast Texas and Marysville NGL storage acquisitions are immediately accretive beginning January 1. We expect the Wattenberg expansion to come online in April with volumes ramping up over the year.

We would also recognize the full year benefit from the Chesapeake and Black Lake acquisitions, as well as additional synergies from our Michigan acquisition integration. Somewhat offsetting those, we are assuming downward pressure as a result of continued low natural gas prices impacting drilling in dry gas areas, the ongoing delays in permitting and drilling in the Gulf and continuation of reduced natural gas stages spreads.

We are targeting distribution growth of 5% in 2011. We are actively reviewing growth opportunities beyond our forecasted expansion of capital and believe that distribution growth can be achieved through our existing asset base in combination with growth capital opportunities developed in 2011.

Now, let's move to slide 17 for an update on our contract mix and commodity hedging, which underpin our cash flow. We estimate approximately 60% of our forecasted margin is fee-based. This is up from 45% in 2008 and reflects our efforts to target growth opportunities with an overall healthy mix of fee-based margins.

You see that reflected in the acquisitions we executed over the last 18 months: the Michigan acquisition, the Wattenberg NGL pipeline, the Chesapeake propane terminal, and the Black Lake NGL pipeline, which were all fee-based. The Marysville NGL storage facility is predominantly fee-based, and the Southeast Texas storage margins were contractually structured to be a fee-based demand charge based on capacity. Additionally, we have taken some opportunity to convert individual producer contracts from commodity to fee-based.

Of our commodity-based margins, we have hedged approximately 70% of our equity position in natural gas liquids, condensate and natural gas. This results in over 85% of our 2011 margins being fee-based or supported by commodity hedges. Our 2011 position is part of a multi-year hedging program that currently extends through 2015.

Our positions in average swap prices are included in the Appendix. Since our last earnings call, we had layered on additional crude swaps in the $100 range providing additional upside to our cash flows relative to current hedge price. Given our contract mix and the hedges we have in place, we've updated our annualized sensitivity, which are substantially similar as a percentage of forecast margin when compared to those of 2010.

As cited by S&P and Fitch with our investment grade ratings, our sizeable fee-based revenues and multi-year hedging policy are key strengths in our financial position, which I will discuss on slide 18.

On slide 18, for our 2010 accomplishments in terms of financial positioning, we achieved our investment credit rating from Fitch to complement our investment grade rating from S&P, both well ahead of our targeted timetable. We realized significant benefits from those in September through the successful execution of our inaugural investment grade public debt offering of $250 million of 3.25% five-year senior notes. We believe that our execution has positioned us well to refinance our existing debt as well as any additional capital to support future growth at very competitive rates.

The terming of debt has also provided us with substantial liquidity by bringing our unused revolver capacity to over $450 million at year-end. We raised another $190 million in capital, which was used to partially finance our acquisitions through the successful execution of two public equity offerings.

Turning to slide 19 for the numbers behind our balance sheet and credit metrics. In addition to our recent public debt offering, we have an excellent $850 million credit facility that extends through June 2012. At the end of the year, we had drawn $398 million. In early January, we used additional borrowings on that credit facility to finance the $150 million acquisition of Southeast Texas.

Our cost of debt is highly competitive with an interest rate on our revolver at LIBOR plus 44 basis points. Similar to our view on commodity risk management, we utilize interest-rate hedges to provide cash flow stability. Our effective interest rate on our total debt position at year end was 4.4%. Our leverage ratio with 3.9 times and our long-term debt-to-capitalization ratio was 47%.

We ended the year with solid capitalization, substantial dry powder on our revolver to support the execution of future growth opportunities and credit metrics in line with our investment grade rating.

Importantly, we believe that 2010 was another excellent year in terms of positioning the Partnership to service a viable an attractive funding source for growth at the DCP Enterprise, both DCP Midstream and Partners.

With that, I'll turn it back over to Mark to talk about some of those exciting potential growth opportunities.

Mark A. Borer, President and Chief Executive Officer

Thanks, Angela. I spoke earlier about our recent acquisitions and capital projects that provide a foundation for continued future growth.

Now turning to slide 20, I'll give you some insights into how we're thinking about future growth opportunities. I would like to first discuss how DCP Midstream, the owner of our general partner is viewing its growth, and then the way we view growth opportunities in turn for the Partnership. This map is a good reminder of the combined scale of the DCP Enterprise footprint relative to the various shale and unconventional gas supply developments.

Midstream is one of the largest pure play gathering and processing companies in North America, handling approximately 10% of the gas produced in the Lower 48 and producing approximately 17% of total NGL production from U.S. gas processing plants. Midstream and Partners also have a growing presence in downstream liquids infrastructure.

Many of you are aware of and follow DCP Midstream. Just to refresh, Midstream's asset base is heavily weighted towards liquids rich supply basins. The ongoing shift in their producer-customer's focus to drilling in liquids rich areas is rapidly expanding Midstream's investment opportunities.

Midstream has a number of attractive growth opportunities, including ongoing expansions in the Eagle Ford Shale, DJ Basin, and the Permian Basin, as well as a proposed new NGL pipeline from West Texas to the Gulf Coast. Midstream has expressed that they expect Partners to be a significant source of funding for the growth capital needs of the Enterprise.

As DCP Midstream is an important Spectra Energy investment, Tom O'Connor, the Chairman for both Midstream and Partners participated in Spectra's January 20th Analyst Meeting where he shared this outlook.

Moving down to slide 21, let's discuss how this translates into the Partnership's growth strategy. While our growth strategy continues to be multi-faceted, the emphasis may periodically change as a result of the level of DCP Midstream and Partners' investment opportunities. We will continue to execute on third-party acquisitions, which us allows to consolidate within our footprint, as well as expand into new areas, including opportunities to extend down the value chain such as our recent NGL storage acquisition in Michigan.

In addition, Midstream sees a number of attractive growth opportunities where the Partnership can supplement their organic growth funding needs. The recent joint venture we formed with Midstream in Southeast Texas is an example of this co-investing. We structured the joint venture in a fashion, which facilitated ongoing funding of the JV's organic expansion capital, while also providing $150 million of proceeds for Midstream.

This worked well for Midstream as it provided monies to fund other growth opportunities and was also attractive for the Partnership, as we were able to get a share of a great asset with some attractive growth going forward.

The second facet remains organic expansion around the Partnership's expanding footprint. As we have said all along as we achieve more size and scale, this facet of our growth will become increasingly important. And finally, the third facet remains maximizing profitability of our existing assets through improving operating efficiencies, providing new service and expanding market access.

As we look into 2011 and beyond, we continue to see a variety of growth opportunities across our business segments and expect this growth to include a healthy mix of fee-based assets.

In Natural Gas Services, we expect to see an improving drilling environment, particularly around the liquids rich and emerging shale plays, which will continue to provide infrastructure development opportunities. Opportunities may also arise as a result of potential divestitures by the majors and E&P companies, as well as bolt-on acquisitions in and around our footprint.

In our NGL Logistics business, sources of growth are similar with respect to potential opportunities created through the liquids rich and emerging shale plays requiring infrastructure development and the majors potentially divesting assets. We will also continue to pursue further NGL Logistics expansion around the DCP Enterprise footprint and added asset diversity as we did with our recent Marysville NGL storage acquisition.

In our growing Wholesale Propane business, we will pursue opportunities to expand our business through organic projects or terminal acquisitions.

Now, if you turn to slide 22, I'd like to close this morning with our outlook and a few summary points. First, we are pleased to have successfully delivered on the key elements of our 2010 business plan: DCF results in line with our forecast, resumption of distribution growth, strong capital markets performance and execution on multiple facets of our growth strategy.

The growth opportunities that we have captured thus far this year plus other potential opportunities in the pipeline will contribute to distributable cash flow in 2011. Our recently acquired investment grade ratings and our inaugural debt offering have improved our relative positioning on cost of capital, which in turn supports the execution of the DCP Midstream's strategy to utilize the MLP as a key growth vehicle. We believe there will be a numerous opportunities for us to co-invest with our sponsor.

Our target continues to be top quartile total shareholder return. We are targeting 5% distribution growth in 2011, with a clear goal of returning to a model of consistent distribution growth. Having the strong sponsorship in DCP Midstream, Spectra Energy and ConocoPhillips is a significant benefit to us and our unit holders.

That is the conclusion of our prepared remarks. As I turn back over to Amy, the operator for your questions, I just want to express my appreciation for your interest in the Partnership and joining the call today. Thank you.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] And our first question comes from Gabe Moreen, Bank of America-Merrill Lynch.

<Q – Gabe Moreen>: Good morning, everyone.

<A – Mark A. Borer>: Good morning, Gabe.

<Q – Gabe Moreen>: Question on the Wattenberg line item, Mark you talked about I think a expectations for around throughout the year, but can you talk about the overall capacity for the line, there, clearly activity in the DJ Basin has changed quite a bit even in the -- your prospects that you guys bought that line. And I guess, just -- do you expect to reach capacity on that line at some point, would it be expandable? And I guess finally, bigger picture, is there anything else you consider I guess doing in that basin either yourselves or with your sponsor?

<A – Mark A. Borer>: Yes. Kind of multifaceted question. No, we -- Midstream has a 125 million a day cryo that will be fully operational in the second quarter. And as you think about the system it is a 22,000 barrel a day system. We see some potential to add additional pump stations over time. But initially we would expect that -- by the end of the year that we would substantially load the system. We see with our principal acreage holder, which is Noble behind DCP Midstream system, has been very active, they made a $500 million or so acquisition in 2010. They are actively doing horizontal infill as well as beginning to test the Niobrara, they recently added some rigs. So we feel that at the end of the day that we can substantially load the system and would hope to do that some time during the first year.

<Q – Gabe Moreen>: Okay. And just a follow-up to that, Mark, if you were to add pumps is that just -could you get another 10,000, 15,000 barrels a day at fairly low-cost?

<A – Mark A. Borer>: I think we'd be something less than that is probably just a few thousand barrels a day that we would see out of that. So I wouldn't see it going north of 30,000 (a day) of capacity, it would be something probably shy of that.

<Q – Gabe Moreen>: Okay, great. And second question from me relates to I guess some of the weather that you've seen over the last two months and I would assume some wells freezed off, so some of you gathering and processing systems balanced by what I would think might be some upside on the Propane side of the things, on the Wholesale Logistics? Can you talk about how weather might have impacted both of those businesses and whether that's a new guidance to you?

<A – Mark A. Borer>: First, the recent cold weather did have some impact on operations. There definitely were a fair amount of production freeze offs that occurred roughly in a 10-day period. We had modest plant issues, but it was probably really more freezing upstream of us and some freeze offs. Our ops and commercial teams did a great job of minimizing the impact. So we feel like we're moving past that. The cold weather has been beneficial to our Propane business demand -- the winter started a little bit later, I'd say it started more in December. And clearly we've had a very cold January into early February. So we're optimistic of a good first quarter there.

We do not currently have an estimate of the impact the weather would have for the first quarter, however we do not expect the DCF impact to be significant to our 2011 forecast that Angela provided.

<Q – Gabe Moreen>: Great. Thanks, guys.

<A – Mark A. Borer>: Thank you.

Operator: Our next question comes from Michael Blum, Wells Fargo.

<Q – Michael Blum>: Hey. Good morning, everybody.

<A – Mark A. Borer>: Good morning.

<A – Angela A. Minas>: Good morning

<Q – Michael Blum>: A couple of questions from me. One, I apologize if I missed this, but could you provide a growth capital budget for 2011?

<A – Angela A. Minas>: Yes. We provide a capital budget, $10 million to $15 million for maintenance capital, $35 million to $50 million for expansion capital. The way that we think about our expansion capital as you may call last year it was $30 million to $35 million, it's really just organic capital that's already being AFE-d, approved. So we're in -- our $35 million to $50 million would include the storage expansion at Southeast Texas and then some various smaller things on other assets.

As we go through the course of the year, we do identify additional capital both acquisitions and organic and that comes on during the year. As you'll recall, those were the numbers we came out with last year and then ultimately we ended up spending $400 million in capital.

<Q – Michael Blum>: Okay. And then, in your last year summary slide, you talked about a return to consistent distribution growth. Does that imply a change in the way you're going to increase the distribution, meaning, do you expect to do more of a quarterly increase rather than a once a year or am I reading into that too much?

<A – Mark A. Borer>: Michael, it's Mark. I think that would be a fair assessment. It would be more of a consistent quarterly model of distribution bumps that would definitely be our target.

<Q – Michael Blum>: Okay. And then my last question just also around the distribution. Clearly, assuming you hit kind of the mid range of your guidance for 2011 with a 5% increase, you're going to have a fair amount of coverage. So just want to get your latest thoughts in terms of where you think the appropriate distribution coverage ratio is for the Partnership right now, given your mix of business and the fact that you've got a higher percentage of fee-based cash flows?

<A – Mark A. Borer>: Michael, no change on our past practice of really managing it in the 1.1 to 1.2 range. We obviously are cognizant of where we are at in the business cycle. The growth in our fee-based assets does provide I would say more certainty of those margins. So we feel comfortable managing it in the 1.1 range, but historically if you look in the rear view mirror, we're generally in the 1.1 to 1.2 range. For quite a bit of period of time actually it's been a little higher now.

<Q – Michael Blum>: Okay, great. Thank your very much.

<A – Mark A. Borer>: Thank you.

Operator: [Operator Instructions] Our next question comes from Andrew Gundlach at ASB.

<Q – Andrew Gundlach>: Good morning. Thanks for taking the question. One quick technical question, and then a follow-up. Your natural gas volumes that are hedged -- this is referring to the last page, page 28 -- 1,400 Mcf a day -- I'm sorry, Mmbtu a day, what percentage of your gas volumes are hedged, obviously on oil you put 70%, but what's that equivalent in gas?

<A – Angela A. Minas>: On gas it's about 55% in '11.

<Q – **Andrew Gundlach**>: Okay. And would 2012 on oil then be about 65% to 70% as well that 25-25 number?

<A – **Angela A. Minas**>: The overall on oil is north of 80%, so the combination of the two is the 70.

<Q – **Andrew Gundlach**>: That's '11 or '12?

<A – **Angela A. Minas**>: That's for '11.

<Q – **Andrew Gundlach**>: What about the 2012 oil number of 25-25 barrels a day? What percentage does that represent?

<A – **Angela A. Minas**>: Assuming the same, if you think about it in terms of the same volumes from the existing assets, because if we're to get new contracts, new assets, we would put on some additional hedges, you can see from the bar chart on 28 that that's substantially similar.

<Q – **Andrew Gundlach**>: Okay. And next question, I'm trying to reconcile pages 11 and 16 and if I've heard you correctly, your DCF guidance for 2011 is $135 million to $150 million, that's what you're comfortable with today? But your guidance on page 16 suggests that the potential DCF for this business should crude and NGLs cooperate in the way that you describe here has about 20% higher year-over-year DCF potential. Am I understanding that correctly?

<A – **Angela A. Minas**>: The way I would think about the $135 million to $150 million, if you look at the crude prices really at any level shown here, the $75 to $105Aad then you look at really that 55% to 65% you're in the $140 million to $145 million range of DCF. And that's what I'd call current market expectations, crude has been a little different from that or trending different over the last few days. But analysts' expectations where we've been over the last few months would put us in that zone. The $135 million just puts a band of $5 million lower and then the $155 million higher from that. So that's consistent with the forecast that we believe we played out.

<Q – **Andrew Gundlach**>: Okay. I understand. And then this kind of follows up on Mark's question with respect to distribution growth. Let me ask a question in another way. You want to be in the top quintile of performers in MLP land, and particularly gathering and processing land, you said that already going back a year. Is that your belief that 5% distribution growth will get you into the top quintile?

<A – **Mark A. Borer**>: Andrew, this is Mark. What we have expressed was top quartile performance. And I think analysts' expectations generally for 2011 are in the 4% to 5% range. We've laid out a target of 5%. We hope that we can come in north of that. I would imagine that something in the 5% to 7% -- we believe the 5%, 7% range consistent with what analysts are saying would result in that sort of top quartile performance.

<Q – **Andrew Gundlach**>: So are you setting your dividend growth targets based on expectations or based on the business potential?

***<A – **Mark A. Borer**>: We clearly believe it's expectations as well as business potential. We think that the breadth of opportunities that we have in the Partnership as well as for the overall DCP Midstream activities we believe that those two sync up as far as an objective for growth.

<Q – **Andrew Gundlach**>: Okay. Last comment -- question. Almost every single – let's call it convoluted MLP structure is targeting a much more streamlined, much more market-friendly approach, so that they can take advantage of growth capital at very attractive rates. And I can't imagine that the whole DCP business is not being affected by those significant governance changes. And then and I'm just curious how you are seeing it. I know Tom mentioned it at the

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Analyst Day, but again this is a set of assets that's best-in-class in this country and you are way under spending your growth CapEx relative to others in the business.

<A – Mark A. Borer>: Well, I'd say overall, Andrew, we are comfortable with the structure we have. We believe, at the MLP, I think, we have aligned incentives to grow the MLP. Our sponsor is clearly, a large company in the space. It's important that we have a MLP that can grow and accelerate over time. As far as some of the corporate re-organizations going on, that's probably really more of a question for the owners as opposed to the Partnership.

<Q – Andrew Gundlach>: Okay. Thanks a lot.

<A – Mark A. Borer>: All right. Thank you, Andrew. Have a good day.

<Q – Andrew Gundlach>: You too.

Operator: [Operator Instructions] This concludes our question-and-answer session. I would like to turn the conference back over to Mark Borer for any closing remarks.

Mark A. Borer, President and Chief Executive Officer

Thanks, Amy. I just like to thank you again for your interest in the Partnership. And if you have follow-up questions over the coming days, please feel free to contact Angela and Angela and myself to make ourselves available to visit. Thanks again and have a good day.

Operator: The conference is now concluded. Thank you for attending today's event. You may now disconnect.

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