

Edgar Filing: Crestwood Midstream Partners LP - Form 425

Crestwood Midstream Partners LP  
Form 425  
May 06, 2015

Filing pursuant to Rule 425 under the  
Securities Act of 1933, as amended  
Deemed filed under Rule 14a-12 under the  
Securities Exchange Act of 1934, as amended

Filer: Crestwood Equity Partners LP

Subject Company: Crestwood Midstream Partners LP

Commission File No.: 001-35377

This filing relates to a proposed business combination (the Merger ) involving Crestwood Equity Partners LP ( Crestwood Equity ) and Crestwood Midstream Partners LP ( Crestwood Midstream and, together with Crestwood Equity, Crestwood ).

*Additional Information and Where to Find It*

This communication contains information about the proposed merger involving Crestwood Equity and Crestwood Midstream. In connection with the proposed merger, Crestwood Equity will file with the SEC a registration statement on Form S-4 that will include a proxy statement/prospectus for the unitholders of Crestwood Midstream. Crestwood Midstream will mail the final proxy statement/prospectus to its unitholders. INVESTORS AND UNITHOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT CRESTWOOD EQUITY, CRESTWOOD MIDSTREAM, THE PROPOSED MERGER AND RELATED MATTERS. Investors and unitholders will be able to obtain free copies of the proxy statement/prospectus (when available) and other documents filed with the SEC by Crestwood through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and unitholders will be able to obtain free copies of documents filed by Crestwood with the SEC from Crestwood's website, [www.crestwoodlp.com](http://www.crestwoodlp.com).

*Participants in the Solicitation*

Crestwood Equity, Crestwood Midstream, and their respective general partner's directors and executive officers may be deemed to be participants in the solicitation of proxies from the unitholders of Crestwood Midstream in respect of the proposed merger transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the unitholders of Crestwood Midstream in connection with the proposed transaction, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement/prospectus when it is filed with the SEC. Information regarding Crestwood Midstream's directors and executive officers is contained in Crestwood Midstream's Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on March 2, 2015, and any subsequent statements of changes in beneficial ownership filed with the SEC. Information regarding Crestwood Equity's directors and executive officers is contained

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in Crestwood Equity's Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on March 2, 2015, and any subsequent statements of changes in beneficial ownership filed with the SEC. Free copies of these documents may be obtained from the sources described above.

*Forward-Looking Statements*

The statements in this communication regarding future events, occurrences, circumstances, activities, performance, outcomes and results are forward-looking statements. Although these statements reflect the current views, assumptions and expectations of Crestwood's management, the matters addressed herein are subject to numerous risks and uncertainties which could cause actual activities, performance, outcomes and results to differ materially from those indicated. Such forward-looking statements include, but are not limited to, statements about the benefits that may result from the merger and statements about the future financial and operating results, objectives, expectations and intentions and other statements that are not historical facts. Factors that could result in such differences or otherwise materially affect Crestwood's financial condition, results of operations and cash flows include, without limitation, the possibility that expected cost reductions will not be realized, or will not be realized within the expected timeframe; fluctuations in crude oil, natural gas and NGL prices (including, without limitation, lower commodity prices for sustained periods of time); the extent and success of drilling efforts, as well as the extent and quality of natural gas and crude oil volumes produced within proximity of Crestwood assets; failure or delays by customers in achieving expected production in their oil and gas projects; competitive conditions in the industry and their impact on our ability to connect supplies to Crestwood gathering, processing and transportation assets or systems; actions or inactions taken or non-performance by third parties, including suppliers, contractors, operators, processors, transporters and customers; the ability of Crestwood to consummate acquisitions, successfully integrate the acquired businesses, realize any cost savings and other synergies from any acquisition; changes in the availability and cost of capital; operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond Crestwood's control; timely receipt of necessary government approvals and permits, the ability of Crestwood to control the costs of construction, including costs of materials, labor and right-of-way and other factors that may impact Crestwood's ability to complete projects within budget and on schedule; the effects of existing and future laws and governmental regulations, including environmental and climate change requirements; the effects of existing and future litigation; and risks related to the substantial indebtedness, of either company, as well as other factors disclosed in Crestwood's filings with the U.S. Securities and Exchange Commission. You should read filings made by Crestwood with the U.S. Securities and Exchange Commission, including Annual Reports on Form 10-K and the most recent Quarterly Reports and Current Reports for a more extensive list of factors that could affect results. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management's view only as of the date made. Crestwood does not assume any obligation to update these forward-looking statements.

Simplification Overview and  
Q1 2015 Financial & Operating Results  
May 6, 2015  
Crestwood Midstream Partners LP  
Crestwood Equity Partners LP  
Connections for America's Energy

Connections for America's Energy

Forward-Looking Statements

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ADDITIONAL INFORMATION AND WHERE TO FIND IT

This press release contains information about the proposed merger involving Crestwood Equity and Crestwood Midstream. In connection with the merger, Crestwood Equity will file with the SEC a registration statement on Form S-4 that will include a proxy statement/prospectus for Crestwood Midstream. Crestwood Midstream will mail the final proxy statement/prospectus to its unitholders. INVESTORS ARE ADVISED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC.

BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT CRESTWOOD EQUITY MERGER AND RELATED MATTERS. Investors and unitholders will be able to obtain free copies of the proxy statement/prospectus and other documents filed with the SEC by Crestwood through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors can obtain free copies of documents filed by Crestwood with the SEC from Crestwood's website, [www.crestwoodlp.com](http://www.crestwoodlp.com).

#### PARTICIPANTS IN THE SOLICITATION

Crestwood Equity, Crestwood Midstream, and their respective general partner's directors and executive officers may be deemed participants in the solicitation of proxies from the unitholders of Crestwood Midstream in respect of the proposed merger transaction. Information regarding Crestwood Midstream's directors and executive officers may, under the rules of the SEC, be deemed participants in the solicitation of the unitholders of Crestwood Midstream in connection with the proposed merger transaction, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement when it is filed with the SEC. Information regarding Crestwood Midstream's directors and executive officers is contained in Crestwood Midstream's Report on Form 10-K for the year ended December 31, 2014, which is filed with the SEC on March 2, 2015, and any subsequent filings regarding beneficial ownership on file with the SEC. Information regarding Crestwood Equity's directors and executive officers is contained in Crestwood Equity's Report on Form 10-K for the year ended December 31, 2014, which is filed with the SEC on March 2, 2015, and any subsequent filings regarding beneficial ownership on file with the SEC. Free copies of these documents may be obtained from the sources described above.

The statements in this communication regarding future events, occurrences, circumstances, activities, performance, outcomes and other forward-looking statements. Although these statements reflect the current views, assumptions and expectations of Crestwood's management, they are subject to numerous risks and uncertainties which could cause actual activities, performance, outcomes and results to differ from those indicated. Such forward-looking statements include, but are not limited to, statements about the benefits that may result from the proposed merger transaction; about the future financial and operating results, objectives, expectations and intentions and other statements that are not historical facts; the possibility that expected cost reductions will not be realized, or will not be realized within the expected timeframe; fluctuations in NGL prices (including, without limitation, lower commodity prices for sustained periods of time); the extent and success of drilling operations; the extent and quality of natural gas and crude oil volumes produced within proximity of Crestwood assets; failure or delays by our suppliers in production in their oil and gas projects; competitive conditions in the industry and their impact on our ability to connect supplies to processing and transportation assets or systems; actions or inactions taken or non-performance by third parties, including suppliers, processors, transporters and customers; the ability of Crestwood to consummate acquisitions, successfully integrate the acquired businesses and realize savings and other synergies from any acquisition; changes in the availability and cost of capital; operating hazards, natural disasters, casualty losses and other matters beyond Crestwood's control; timely receipt of necessary government approvals and permits, and our ability to control the costs of construction, including costs of materials, labor and right-of-way and other factors that may impact Crestwood's ability to complete projects within budget and on schedule; the effects of existing and future laws and governmental regulations, including environmental requirements; the effects of existing and future litigation; and risks related to the substantial indebtedness, of either company, as disclosed in Crestwood's filings with the U.S. Securities and Exchange Commission. You should read filings made by Crestwood with the Exchange Commission, including Annual Reports on Form 10-K and the most recent Quarterly Reports and Current Reports for information about factors that could affect results. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect the status of the date made. Crestwood does not assume any obligation to update these forward-looking statements.

Transaction Overview

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Crestwood Equity Partners LP (NYSE: CEQP) and Crestwood Midstream Partners LP (NYSE: CMLP) have executed definitive agreements to merge the two partnerships

Terms of the simplification transaction have been approved by both conflicts committees and boards of directors

The merger must be approved by a majority of CMLP unitholders

First Reserve retains 100% non-economic GP interest (control)

CMLP  
unitholders  
will  
receive  
2.75  
CEQP  
units  
for  
each  
CMLP  
unit  
owned  
in  
a  
tax-  
free exchange

Implies 17% premium to CMLP closing price as of 5/5/2015

~498 MM units issued to CMLP unitholders or 73% of pro forma CEQP

CMLP becomes wholly-owned subsidiary and all existing and new debt remains at CMLP entity

CMLP's incentive distribution rights eliminated

CEQP remaining operating assets contributed to CMLP immediately following the merger

CEQP  
and  
CMLP  
revolvers  
refinanced  
into  
a  
new  
\$1.5  
billion  
facility

Class A Preferred units at CMLP exchanged into a substantially equivalent security at CEQP

Transaction is expected to close in Q3 2015, subject to CMLP unitholder approval and customary closing conditions

Connections for America's Energy



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Transaction Highlights  
4

Elimination of ~\$30 million of IDRs drives immediate cost of capital improvement

Competitive cost of capital improves positioning for >\$3.0 billion of identified expansion opportunities

Improved Cost of  
Capital

Simplified entity that should attract a broader universe of investors

Improved credit profile due to the elimination of structural subordination

Simplification of Crestwood's governance structure better positions the partnership  
to participate in the continuing trend of industry consolidation

Simplify  
Corporate  
Structure

Eliminates \$5 million of estimated public company costs

Additive to \$25 million to \$30 million run-rate savings identified as a part of  
Crestwood's 2015 cost reduction initiatives

Further Reduce  
Cost Structure /  
Fixed Charges

Pro forma 2015 CEQP coverage ratio improved to ~1.05x at \$0.55 per unit  
distribution

(~\$15  
million  
excess  
cash  
flow  
coverage)  
(1)

2% dilutive to CMLP in 2016, 3% accretive in 2017, substantial accretion thereafter

Expected pro forma DCF growth of ~11% through 2017

(2)  
; accelerated with greater  
M&A and organic investment  
Growth and  
Stability in  
Distributions

Focus on core strategy of servicing the full midstream value chain in the premier  
shale plays in North America

Eliminates  
existing  
conflicts  
of  
interest  
arising

from  
financial  
complexity  
Unified Corporate  
Strategy

1)

Estimated coverage ratio and cash coverage assumes January 1, 2015 effective date for the transaction for illustrative purposes

2)

Represents growth rate from 2015E pro forma DCF (assuming January 1, 2015 effective date) to 2017E pro forma DCF.

Connections for America's Energy

Simplified Organizational Structure

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Crestwood Equity

Partners LP

(NYSE: CEQP)

187.2 MM units

First Reserve/

Crestwood

Holdings

~11% LP

Interest

Crestwood

Midstream

Partners LP

(NYSE: CMLP)

188.3 MM common units

18.3 MM Class A

preferred units

Operating Subsidiaries

~4% LP

Interest

GP / IDR

Ownership

CEQP Public

Unitholders

~71% LP

Interest

CMLP Public

Common and

Preferred

Unitholders

~85% LP

Interest

~29% LP Interest

100% Non-economic GP

Interest (Control)

Operating

Subsidiaries

(NGL Assets)

Current Structure

Pro Forma Structure

Crestwood Equity

Partners LP

(NYSE: CEQP)

685 MM common units

52 MM preferred units

First Reserve/

Crestwood

Holdings

Crestwood

Midstream

Partners LP

(private wholly-owned

subsidiary)

100% Operating

Subsidiaries

CEQP Public

and Preferred

Unitholders

~84% LP

Interest

~16% LP Interest

100% Non-economic GP

Interest (Control)

Connections for America's Energy

Realignment of Strategy Centered on Value  
Creation  
One Stock,  
Simplified  
Strategy  
6

Provide first-in-class customer service

Focus on maintaining stable, fee-based cash flow profile

>90% total consolidated cash flow from fee based contracts

Leverage asset footprint to seek attractive investment opportunities

8 core assets in the most prolific shale plays in North America

>\$3.0 billion identified expansion opportunities around our asset footprint

Manage costs to match commercial and operational opportunity sets

>\$30 million of identified run-rate cost savings through 2015 cost reduction initiative

Prudently manage the balance sheet

Leverage targets <4.0x

Transparency to investors

Simplification of structure realigns strategic focus towards unlocking full value potential of our midstream portfolio

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Cost of Capital Analysis  
Impact of IDR Elimination

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Key Assumptions:

\$500 MM Investment, 50% Equity / 50% Debt Consideration

Cost of Debt: 6.25%, CMLP Unit Price = \$16.00, CEQP Unit Price = \$6.82 (as of 5/5/2015)

Illustrative Cost of Capital Uplift

CMLP

Pro Forma CEQP

1)

Current LP distribution on newly issued units.

2)

Assumes 1.05x distribution coverage on incremental DCF.

(\$ millions except per unit data)

\$500 MM Investment

\$500 MM Investment

Investment Multiple

6.0x

9.0x

12.0x

6.0x

9.0x

12.0x

Acquired EBITDA

\$83

\$56

\$42

\$83

\$56

\$42

(-) Maintenance Capex

(4)

(3)

(2)

(4)

(3)

(2)

(-) Incremental Interest Expense

(16)

(16)

(16)

(16)

(16)

(16)

(-) Cost of New Equity

(1)

(26)

(26)

(26)

(20)

(20)

(20)

Incremental DCF Available to Distribute

\$38

\$12  
(\$2)  
\$43  
\$17  
\$4  
(-) Incremental GP Distribution / IDRs  
(19)  
(6)  
0

Incremental DCF Available to LPs

\$19  
\$5  
(\$2)  
\$43  
\$17  
\$4

Existing Units

188  
188  
188  
685  
685  
685

New Units

16  
16  
16  
37  
37  
37

Pro Forma Total Units

204  
204  
204  
722  
722  
722

Distribution Summary

Current Distribution per Unit

\$1.64  
\$1.64  
\$1.64  
\$0.55  
\$0.55  
\$0.55

(+) Incremental Distribution per Unit

(2)

0.08

0.02

(0.01)

0.06

0.02

0.01

Pro Forma Distribution per Unit

\$1.72

\$1.66

\$1.63

\$0.61

\$0.57

\$0.56

Distribution Growth %

4.8%

1.1%

(0.8%)

10.4%

4.1%

0.9%

Connections for America's Energy

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Positioning Crestwood for Growth  
Expansion Opportunities

A.

Marcellus Shale:

~\$500 to \$600 million

B.

South Texas:

~\$1.1 to \$1.3 billion

C.

Permian Basin:

~\$600 to \$700 million

D.

Niobrara Shale:

~\$300 to \$350 million

E.

Bakken Shale:

~\$500 to \$750 million

F.

West Coast:

~\$75 to \$100 million

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Improving cost of capital to capture >\$3.0 billion of identified potential expansion opportunities around asset footprint

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Proposed Transaction Timeline

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Announce Transaction

Complete new

\$1.5 BB Revolver

syndication

May 6

May

Jun

Jul

Aug

Sep

May

CEQP /CMLP

Files S-4 and

Proxy Statement

with SEC

SEC Completes

Review of CMLP

Proxy Statement

July / August

Merger

Completed

(CMLP Delisted)

September

CMLP Unitholder

Vote

Aug / Sep

Transactions recommended by CEQP and CMLP conflicts committees and approved by CEQP and CMLP Boards of Directors

No major regulatory approvals required

CMLP majority unitholder approval required

CEQP, Crestwood Holdings, Crestwood management, the board of directors, and the Class A Preferred Holders own approximately 26% of the CMLP units entitled to vote and have indicated their support for the transaction

May / June

Conservative estimate of ~4+ months from Announcement to Merger Closing



Connections for America's Energy

First Quarter Highlights

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Connections for America's Energy  
First Quarter Highlights

Adjusted EBITDA of \$124.7MM, 26% over 1Q 2014

Distributable cash flow of \$93.1MM, 34% over 1Q 2014

Quarterly cash distribution of \$0.41/common unit to be

paid May 15, 2015 to unit holders of record on May 8, 2015

Consolidated Adjusted EBITDA of \$141.9MM, 22% over 1Q  
2014

Distributable cash flow of \$21.4MM, 9% over 1Q 2014

Quarterly cash distribution of \$0.1375/common unit to be  
paid May 15, 2015 to unit holders of record on May 8, 2015

Note: See reconciliations of Adjusted EBITDA and distributable cash flow in the Appendix of this presentation.

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Connections for America's Energy  
Consolidated Operating Statistics  
Q1 2015  
Q1 2014  
Gathering and Processing  
Gathering (Bcf/d)  
1.2  
1.1

Processing (MMcf/d)

203

189

Compression (MMcf/d)

692

448

Storage and Transportation

Firm (Bcf/d)

1.7

1.5

Interruptible (MMcf/d)

370

477

NGL and Crude Services

COLT Hub

Rail Loading (MBbls/d)

123

98

Arrow

(Crude MBbls/d / Gas MMcf/d

Water MBbls/d)

44/20/12

Total Bakken Crude Handled (MBbls/d)

223

154

CEQP NGL Volumes (MBbls/d)

232

244

12

66/45/25

Connections for America's Energy  
First Quarter Financial Results -  
CMLP  
Q1 2015  
Q1 2014  
Total Revenues  
\$455  
\$537

Gross Margin

169

139

Operations and Maintenance

35

28

General and Administrative

24

24

Net Income

22

6

Adjusted EBITDA

125

99

(-) Cash Interest Expense

(28)

(26)

(-) Maintenance Capital

(3)

(3)

Distributable

Cash

Flow

(1)

93

70

(\$US Millions)

(1)

Other adjustments include income tax expense and deficiency payments.

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Connections for America's Energy  
First Quarter Financial Results -  
CEQP  
Q1 2015  
Q1 2014  
Total Revenues  
\$732  
\$972



Gross Margin

202

186

Operations and Maintenance

51

44

General and Administrative

28

28

Net Income

18

13

Adjusted EBITDA

142

117

(-) Cash Interest Expense

(32)

(30)

(-) Maintenance Capital

(5)

(7)

(-) CMLP DCF Attributable to Public LPs

(82)

(60)

CEQP

Distributable

Cash

Flow

(1)

21

20

(\$US Millions)

(1)

Other adjustments include income tax expense and deficiency payments.

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Connections for America's Energy  
Non GAAP Reconciliations  
15  
15

Connections for America's Energy  
CMLP Non-GAAP Reconciliations  
16  
2015  
2014  
EBITDA  
Net income  
21.7

\$  
 5.5  
 \$  
 Interest and debt expense, net  
 29.9  
 28.1  
 Provision for income taxes  
 0.3  
 0.7  
 Depreciation, amortization and accretion  
 59.9  
 50.8  
 EBITDA  
 (a)  
 111.8  
 \$  
 85.1  
 \$  
 Significant items impacting EBITDA:  
 Unit-based compensation charges  
 5.2  
 4.6  
 (Gain) loss on long-lived assets, net  
 0.8  
 (0.5)  
 Loss on contingent consideration  
  
 2.1  
 (Earnings) loss from unconsolidated affiliates, net  
 (3.4)  
 0.1  
 Adjusted EBITDA from unconsolidated affiliates, net  
 6.5  
 1.7  
 Significant transaction and environmental related costs and other items  
 3.8  
 5.8  
 Adjusted EBITDA  
 (a)  
 124.7  
 \$  
 98.9  
 \$  
 Distributable Cash Flow  
 Adjusted EBITDA  
 (a)  
 124.7  
 \$  
 98.9  
 \$

Cash interest expense

(b)

(28.0)

(26.3)

Maintenance capital expenditures

(c)

(2.7)

(3.3)

Provision for income taxes

(0.3)

(0.7)

Deficiency payments

(0.6)

1.1

Distributable cash flow attributable to CMLP

(d)

93.1

\$

69.7

\$

(a)

(b)

Cash interest expense is book interest expense less amortization of deferred financing costs plus bond premium amortization.

(c)

(d)

EBITDA is defined as income before income taxes, plus net interest and debt expense, and depreciation, amortization and accretion of intangible assets, of our consolidated and unconsolidated

affiliates

by

adjusting

our

equity

earnings

or

losses

from

our

unconsolidated

affiliates

for

our

proportionate

share

of

their

depreciation

and

interest

and

the  
impact  
of  
certain  
significant  
items,  
such

as  
unit-

based compensation expenses, gains and impairments of long-lived assets and goodwill, gains and losses on acquisition-related  
certain environmental remediation costs, change in fair value of

certain commodity derivative contracts, certain costs related to our 2015 cost savings initiatives, and other transactions identified  
period. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, as they do not include deductibles  
are necessary to maintain our business. EBITDA and Adjusted EBITDA should not be considered an alternative to net income  
with GAAP. EBITDA and Adjusted EBITDA calculations may vary among entities, so our computation may not be comparable

Maintenance capital expenditures are defined as those capital expenditures which do not increase operating capacity or revenue  
Distributable cash flow is defined as Adjusted EBITDA, less cash

interest expense, maintenance capital expenditures, income taxes, deficiency payments (primarily related to deferred revenue),  
Distributable cash flow should not be considered an alternative to cash flows from operating activities or any other measure of

as

those

items

are

used

to

measure

operating

performance,

liquidity,

or

the

ability

to

service

debt

obligations.

We

believe

that

distributable

cash

flow

provides

additional

information

for

evaluating

our

ability

to

declare

and

pay

distributions to unitholders. Distributable cash flow, as we define it, may not be comparable to distributable cash flow or similar

Three Months Ended

March 31,

(in millions, unaudited)

Connections for America's Energy  
CEQP Non-GAAP Reconciliations  
17  
2015  
2014  
EBITDA  
Net income  
18.1



\$  
 13.2  
 \$  
 Interest and debt expense, net  
 33.6  
 31.7  
 Provision for income taxes  
 0.4  
 0.8  
 Depreciation, amortization and accretion  
 74.2  
 66.3  
 EBITDA  
 (a)  
 126.3  
 \$  
 112.0  
 \$  
 Significant items impacting EBITDA:  
 Unit-based compensation charges  
 5.8  
 5.4  
 (Gain) loss on long-lived assets, net  
 1.0  
 (0.5)  
 Loss on contingent consideration  
  
 2.1  
 Earnings (loss) from unconsolidated affiliates, net  
 (3.4)  
 0.1  
 Adjusted EBITDA from unconsolidated affiliates, net  
 6.5  
 1.7  
 Change in fair value of commodity inventory-related derivative contracts  
 1.1  
 (10.7)  
 Significant transaction and environmental related costs and other items  
 4.6  
 6.5  
 Adjusted EBITDA  
 (a)  
 141.9  
 \$  
 116.6  
 \$  
 Distributable Cash Flow  
 Adjusted EBITDA  
 (a)  
 141.9

\$  
116.6

\$  
Cash interest expense

(b)  
(31.8)

(30.4)

Maintenance capital expenditures

(c)

(5.4)

(7.0)

Provision for income taxes

(0.4)

(0.8)

Deficiency payments

(0.6)

1.1

Public Crestwood Midstream LP unitholders interest in CMLP distributable cash flow

(d)

(82.3)

(59.8)

Distributable cash flow attributable to CEQP

(e)

21.4

\$

19.7

\$

Three Months Ended

March 31,

(in millions, unaudited)

(a)

(b)

Cash interest expense less amortization of deferred financing costs plus bond premium amortization plus or minus fair value ad

(c)

(d)

(e)

Crestwood Midstream distributable cash flow less incentive distributions paid to the general partner and the public LP owners. Distributable cash flow is defined as Adjusted EBITDA, less cash interest expense, maintenance capital expenditures, income tax expense, and Public Crestwood Midstream LP unitholders interest in CMLP distributable cash flow. Distributable cash flow should not be considered an alternative measure of performance calculated in accordance with generally accepted accounting principles as those items are used to measure operating performance. This information provides additional information for evaluating our ability to declare and pay distributions to unitholders. Distributable cash flow is not used by other corporations and partnerships.

EBITDA is defined as income before income taxes, plus net interest and debt expense, and depreciation, amortization and accretion of intangible assets of unconsolidated affiliates by adjusting our equity earnings or losses from our unconsolidated affiliates for our proportionate share of their non-based compensation expenses, gains and impairments of long-lived assets and goodwill, gains and losses on acquisition-related assets, and certain environmental remediation costs, change in fair value of certain commodity derivative contracts, certain costs related to the current reporting period. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, as they do not include deductibles and other items which are necessary to maintain our business. EBITDA and Adjusted EBITDA should not be considered an alternative to net income. EBITDA and Adjusted EBITDA calculations may vary among entities, so our computation may not be comparable to other entities.

Maintenance capital expenditures are defined as those capital expenditures which do not increase operating capacity or revenue