

INERGY L P
Form 425
May 06, 2013

Inergy and Crestwood Merger
Presentation
Filed
by
Inergy,
L.P.
Pursuant
to
Rule
425
of
the
Securities
Act
of
1933

and deemed filed pursuant to Rule 14a-12

of

the

Securities

Exchange

Act

of

1934

Subject Company: Crestwood Midstream Partners LP

Commission File No.: 001-33631

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ADDITIONAL INFORMATION AND WHERE TO FIND IT

This communication contains information about the proposed merger transaction involving Crestwood Midstream Partners LP connection with the proposed merger transaction, Inergy will file with the SEC a registration statement on Form S-4 that will include Crestwood. Crestwood will mail the final proxy statement/prospectus to its unitholders. INVESTORS AND UNITHOLDERS SHOULD READ THE 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,
INERGY,
THE
PROPOSED
MERGER
TRANSACTION
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 the SEC at www.sec.gov. In addition, investors and unitholders will be able to obtain free copies of documents filed by Crestwood at www.crestwoodlp.com, under

the
heading
SEC
Filings
in
the
Investor
Relations
tab
and
free
copies
of
documents
filed
by
Inergy
with
the
SEC
from
Inergy's
website,
www.inerylp.com/midstream, under the heading SEC Filings
in the Investor Relations
tab.

PARTICIPANTS IN THE SOLICITATION

Crestwood, Inergy and their respective general partner's directors and executive officers may be deemed to be participants in the merger transaction in respect of the proposed merger transaction. Information regarding the persons who may, under the rules of the SEC, be deemed to be participants 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's directors and executive officers is contained in Crestwood's Annual Report on Form 10-K as filed with the SEC. Information regarding Inergy's directors and executive officers is contained in Inergy's Annual Report on Form 10-K as filed with the SEC. Free copies of these documents may be obtained from the sources described above.

SAFE HARBOUR FOR FORWARD-LOOKING STATEMENTS

The statements in this communication regarding future events, occurrences, circumstances, activities, performance, outcomes and other forward-looking statements reflect the current views, assumptions and expectations of Crestwood and Inergy management, the matters addressed 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 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 or Inergy's financial condition, results of operations and cash flows include, without limitation, failure to complete the integration of Crestwood and Inergy businesses will not be integrated successfully or may take longer than anticipated; the possibility that expected production may occur outside the expected timeframe; fluctuations in oil, natural gas and NGL prices; the extent and success of drilling efforts, as well as the extent of the use of Crestwood or Inergy assets; failure or delays by customers in achieving expected production in their natural gas projects; completion of the integration of Crestwood or Inergy to connect natural gas supplies to Crestwood or Inergy gathering and processing 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 or Inergy to consummate acquisitions; the realization of cost savings and other synergies from any acquisition; changes in the availability and cost of capital; operating hazards, natural gas accidents and other events beyond

Crestwood
or
Inergy's
control;
timely
receipt
of
necessary
government
approvals
and
permits,
the
ability
of
Crestwood
or
Inergy
to
control
the
costs
of
construction,
including
costs of

materials, labor and right-of-way and other factors that may impact either company's ability to complete projects within budget; governmental regulations, including environmental and climate change requirements; the effects of existing and future litigation; as well as other factors disclosed in Crestwood and Inergy's filings with the U.S. Securities and Exchange Commission. You should read the U.S. Securities and Exchange Commission, including Annual Reports on Form 10-K for the year ended December 31, 2012 and September 30, 2011, Quarterly Reports and Current Reports for a more extensive list of factors that could affect results. Crestwood and Inergy do not assume any obligation to update these forward-looking statements.

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Strategic Combination

Crestwood and Inergy to merge forming a \$7 billion midstream partnership

Crestwood Midstream Partners (NYSE: CMLP), Crestwood Holdings LLC, Inergy, L.P. (NYSE:NRGY) and Inergy Midstream, L.P. (NYSE:NRGM) have executed definitive agreements to create a fully integrated midstream partnership with a total enterprise value of over \$7 billion

Merger of equals creates an operating, financial and organizational platform that will be attractive to customers, creditors, investors, and employees

Transaction approved by the Board of Directors and committee of independent directors of NRGY, NRGM and

CMLP

Unified strategy focused on servicing the midstream infrastructure needs of the most prolific shale plays in North America

Marcellus Shale, Bakken Shale, Eagle Ford Shale, Permian Basin, PRB Niobrara Shale, Utica Shale, Barnett Shale, Fayetteville

Shale,

Granite

Wash,

Haynesville

Shale

and

Monterey

Shale

Diverse

collection

of

midstream

assets

and

services

with

visible

long-term

growth

potential,

attractive

operating

and

financial synergies and improved scale to execute major midstream infrastructure development and acquisition opportunities

Complementary blend of long-term fee-based contracted cash flows with high-growth shale assets and organic expansion opportunities

Combined, Crestwood and Inergy provide an integrated midstream service offering that links fundamental energy supply with fundamental energy demand

General partner of
NRGM with incentive
distribution rights and
significant LP ownership
Stable operating assets
with growth potential
Debt-to-EBITDA of 2.1x
4
Significant Transformation
Inergy, L.P.
(NYSE: NRGY)

EBITDA comprised of
~50% Retail Propane &
~50% Midstream
Debt-to-EBITDA of 4.6x
NRGM IPO
NRGM Acquisition
of US Salt from
NRGY
COLT Hub Acquisition
Retail Propane
Divestiture
Inergy, L.P.
(NYSE: NRGY)
Inergy Midstream, L.P.
(NYSE: NRGM)
Pure-play midstream
assets located in highly
coveted supply and
demand markets
Fee-based, contracted
cash flows
Debt-to-EBITDA of 3.6x
As of September 2011
Today
Dec-12
Aug-12
May-12
Dec-11

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Crestwood Midstream Partners LP

Area with existing assets and operations

Area with greenfield or development projects being evaluated

Asset Snapshot

Crestwood is a growth-oriented, midstream MLP which owns and operates predominately fee-based gathering, processing, treating and compression assets servicing natural gas producers

Diverse portfolio of natural gas and NGL gathering, processing, and transportation operations in the U.S.

Footprint in six leading unconventional plays (Barnett Shale in north TX, the Fayetteville Shale in northwest

AR, the Granite Wash in the TX Panhandle, the Marcellus Shale in northern WV, the emerging Avalon Shale trend in southeastern NM, and the Haynesville/Bossier Shale in western LA) 98% fixed-fee portfolio provides stable cash flows from top-tier producers (Antero, BHP Billiton, BP, Chesapeake, Devon, Exxon Mobil, Quicksilver) Formed by Quicksilver in 2004 with the contribution of its midstream assets in the Barnett, it went public as an MLP Quicksilver divested its holdings in the MLP (and its GP) in 2010, selling to First Reserve

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First Reserve

After this transaction, First Reserve, Crestwood management and Inergy management will have in excess of \$1.5 billion invested in the combined partnership

Selected Significant Investments:

First Reserve, the largest and most experienced private equity firm focused exclusively on energy, continues to demonstrate its commitment to the ongoing

growth of the combined partnership

Denotes First Reserve portfolio companies currently under contract or 30 year history of investing exclusively in energy

Over \$23 billion of capital raised since inception

Significant industry relationships and broad portfolio energy assets facilitate new business opportunities

Examples include Crestwood's current contracts with Sabine Oil and Gas, Mountaineer Keystone and RKI Exploration and Inergy's current contract with PBF

Energy engaged in business activities with Crestwood and/or Inergy.

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Transaction Structure
NRGY
NRGM
Public
Public
Management
Crestwood

Holdings

CMLP

Public

Management

First

Reserve

1

2

NRGY LP units

CMLP GP / IDR interest +

NRGM units (post merger)

3

LP Units + Cash

100% equity ownership +

assumption of CMLP debt

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1.

NRGY distributes all NRGM units

currently held to NRGY unitholders

in a tax-free distribution

2.

Crestwood Holdings acquires the GP

control of NRGY

3.

Crestwood Holdings exchanges the

GP/IDRs of CMLP plus CMLP NRGM

units (post merger) in exchange for

NRGY units

4.

CMLP merged into wholly-owned

subsidiary of NRGM

Crestwood

Holdings

NRGY

Public

Current

Inergy

Mgmt

NRGY

NRGM

NRGM

Public

53.8 MM Units: 29%

Non-economic GP

7.1 MM Units: 5%

GP / IDR interest

27.1 MM NRGY Units: 15%

11.9 MM NRGM Units: 8%

65.9 MM Units: 44%

20.5 MM Units: 14%

104.6 MM NRGY Units: 56%
 45.0 MM NRGM Units: 30%
 (\$ in MM except per unit data)
 Units (MM)
 Value
 %
 NRGM
 Public - NRGM
 29.1
 \$699
 19.4%
 Public - CMLP
 36.8
 882
 24.4%
 Crestwood Holdings
 20.5
 493
 13.7%
 NRGY Unitholders
 45.0
 1,079
 29.9%
 NRGY
 7.1
 171
 4.7%
 Inergy Management
 11.9
 285
 7.9%
 Total Units
 150.4
 \$3,609
 100.0%
 NRGY
 Public - NRGY
 104.6
 \$1,192
 56.4%
 Crestwood Holdings
 53.8
 613
 29.0%
 Inergy Management
 27.1
 309
 14.6%
 Total Units
 185.5

\$2,114

100.0%

Pro Forma Ownership Structure:

Transaction Steps:

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Combined Operations

Pro Forma Asset Summary

1,308 mmcf/d natural gas transportation
capacity

2,000+ mmcf/d gathering capacity

400+ mmcf/d processing capacity

1,000+ miles of pipeline

7 processing plants

80+ Bcf of current storage capacity

120,000 BPD crude oil rail loading capacity
275 tractors and 531 trailers
Significant North American NGL Logistics
business
Operations in virtually every premier shale play in North America
Watkins Glen NGL Storage Facility
Bath NGL Storage Facility
South Jersey Terminal
Seymour LPG Facility
West Coast Midstream
NGL Transportation Offices
Rail Terminal
Tres Palacios
COLT Hub
Gathering and
Processing Assets
Greenfield Development Targets

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Strategic Highlights
Materially
Increased Size,
Scale and
Diversity
Complementary
Growth
Strategies

Low Cost
Capital Drives
Organic Growth
Significant
Management
Experience &
Track Record
Cash Flow
Stability and
Visibility
Enhanced
Credit Profile
Strong
Sponsorship and
Alignment of
Interest with
LPs
Expanded
Participation in
the Midstream
Value Chain

