



## News Release

### **BOARDWALK ANNOUNCES THIRD QUARTER 2014 RESULTS** **AND QUARTERLY DISTRIBUTION OF \$0.10 PER UNIT**

HOUSTON, November 3, 2014 -- Boardwalk Pipeline Partners, LP, (NYSE:BWP) announced today that it has declared a quarterly cash distribution per common unit of \$0.10 (\$0.40 annualized) payable on November 20, 2014, to unitholders of record as of November 13, 2014.

The Partnership also announced its results for the third quarter and nine months ended September 30, 2014, which included the following items:

- Operating revenues of \$278.9 million for the quarter and \$929.2 million for the nine months ended September 30, 2014, a 1% and 4% increase from \$275.5 million and \$892.7 million in the comparable 2013 periods;
- Net income attributable to controlling interests of \$29.2 million for the quarter and \$196.8 million for the nine months ended September 30, 2014, a 53% and 16% decrease from \$62.3 million and \$234.2 million in the comparable 2013 periods;
- Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) of \$141.4 million for the quarter and \$528.9 million for the nine months ended September 30, 2014, an 18% and 5% decrease from \$171.9 million and \$559.1 million in the comparable 2013 periods; and
- Distributable cash flow of \$56.8 million for the quarter and \$342.7 million for the nine months ended September 30, 2014, a 51% and 18% decrease from \$116.1 million and \$419.7 million in the comparable 2013 periods.

Compared with the third quarter of 2013, the Partnership's results were negatively impacted by the effects of continued unfavorable market conditions on its storage and parking and lending revenues. The third quarter of 2013 was favorably impacted by a \$13.0 million gain on the sale of assets which reduced operating expenses. Excluding the effects of a \$29.2 million gain on the sale of assets in 2013 and a \$10.0 million charge in the first quarter of 2014 related to the Bluegrass Project, Adjusted EBITDA on a year-to-date basis was favorable primarily from the cold winter weather experienced in the first half of the year.

Compared with the third quarter and year-to-date periods of 2013, distributable cash flow was unfavorably impacted by higher maintenance capital expenditures and storage base gas purchased for the Partnership's pipeline systems. The 2013 periods were favorably impacted by cash generated from the asset sales mentioned above.

#### **Capital Program**

Growth capital expenditures were \$237.3 million and maintenance capital expenditures were \$63.9 million for the nine months ended September 30, 2014. In the third quarter 2014, the Partnership purchased \$14.7 million of natural gas to be used as base gas for our pipeline systems.

## **Conference Call**

The Partnership has scheduled a conference call for November 3, 2014, at 9:00 a.m. Eastern time to review the quarterly results, current market conditions and distribution amount. The earnings webcast may be accessed via the Boardwalk website at [www.bwpmpl.com](http://www.bwpmpl.com). Please access the website at least 10 minutes before the event begins to register and download and install any necessary audio software. Those interested in participating in the question and answer session of the conference call should dial (877) 280-4956 for callers in the U.S. or (857) 244-7313 for callers outside the U.S. The PIN number to access the call is 97018242.

## **Replay**

An online replay will be available on the Boardwalk website immediately following the call.

## **Non-GAAP Financial Measures - Adjusted EBITDA and Distributable Cash Flow**

The Partnership uses non-GAAP measures to evaluate its business and performance, including Adjusted EBITDA and distributable cash flow. Adjusted EBITDA is used as a supplemental financial measure by management and by external users of the Partnership's financial statements, such as investors, commercial banks, research analysts and rating agencies, to assess the Partnership's operating and financial performance, ability to generate cash and return on invested capital as compared to those of other companies in the midstream portion of the natural gas and natural gas liquids industry. Distributable cash flow is used as a supplemental financial measure by management and by external users of the Partnership's financial statements to assess the Partnership's ability to make cash distributions to its unitholders and general partner.

Adjusted EBITDA and distributable cash flow should not be considered alternatives to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with generally accepted accounting principles (GAAP). Adjusted EBITDA and distributable cash flow are not necessarily comparable to similarly titled measures of another company.

## **About Boardwalk**

Boardwalk Pipeline Partners, LP (NYSE: BWP) is a midstream master limited partnership that provides transportation, storage, gathering and processing of natural gas and liquids for its customers. Boardwalk and its subsidiaries own and operate approximately 14,625 miles of natural gas and liquids pipelines and underground storage caverns with an aggregate working gas capacity of approximately 207 billion cubic feet and liquids capacity of approximately 18 million barrels. Boardwalk is a subsidiary of Loews Corporation (NYSE: L), which holds 53% of Boardwalk's equity, excluding incentive distribution rights. Additional information about the Partnership can be found on its website at [www.bwpmpl.com](http://www.bwpmpl.com).

**BOARDWALK PIPELINE PARTNERS, LP**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Millions, except per unit amounts)  
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating Revenues:				
Transportation	\$ 238.9	\$ 233.5	\$ 788.9	\$ 759.9
Parking and lending	3.0	4.9	21.4	19.9
Storage	19.2	27.4	70.1	82.9
Other	17.8	9.7	48.8	30.0
Total operating revenues	<u>278.9</u>	<u>275.5</u>	<u>929.2</u>	<u>892.7</u>
Operating Costs and Expenses:				
Fuel and transportation	31.9	18.5	94.8	68.6
Operation and maintenance	50.3	47.0	136.9	131.0
Administrative and general	31.8	29.1	89.1	89.4
Depreciation and amortization	72.2	68.7	211.0	202.8
Asset impairment	—	—	8.6	1.2
Net loss (gain) on sale of operating assets	0.1	(13.0)	(1.1)	(29.2)
Taxes other than income taxes	24.1	22.0	72.3	72.9
Total operating costs and expenses	<u>210.4</u>	<u>172.3</u>	<u>611.6</u>	<u>536.7</u>
Operating income	<u>68.5</u>	<u>103.2</u>	<u>317.6</u>	<u>356.0</u>
Other Deductions (Income):				
Interest expense	40.0	41.0	121.1	122.2
Interest income	(0.1)	(0.1)	(0.4)	(0.4)
Equity losses in unconsolidated affiliates	0.3	0.6	86.9	0.6
Miscellaneous other income, net	(0.2)	—	(0.3)	(0.2)
Total other deductions	<u>40.0</u>	<u>41.5</u>	<u>207.3</u>	<u>122.2</u>
Income before income taxes	<u>28.5</u>	<u>61.7</u>	<u>110.3</u>	<u>233.8</u>
Income taxes	0.1	—	0.4	0.3
Net income	<u>28.4</u>	<u>61.7</u>	<u>109.9</u>	<u>233.5</u>
Net loss attributable to noncontrolling interests	<u>(0.8)</u>	<u>(0.6)</u>	<u>(86.9)</u>	<u>(0.7)</u>
Net income attributable to controlling interests	<u>\$ 29.2</u>	<u>\$ 62.3</u>	<u>\$ 196.8</u>	<u>\$ 234.2</u>
<b>Net Income per Unit:</b>				
Basic net income per unit:				
Common units	\$ 0.12	\$ 0.27	\$ 0.79	\$ 0.96
Class B units	\$ —	\$ (0.32)	\$ —	\$ (0.11)
Weighted-average number of units outstanding - basic:				
Common units	243.3	220.4	243.3	213.5
Class B units	—	22.9	—	22.9
Diluted net income per unit:				
Common units	\$ 0.12	\$ 0.21	\$ 0.79	\$ 0.90
Class B units	\$ —	\$ —	\$ —	\$ 0.19
Weighted-average number of units outstanding - diluted:				
Common units	243.3	243.3	243.3	221.2
Class B units	—	—	—	15.2
Cash distribution declared and paid to common units	<u>\$ 0.10</u>	<u>\$ 0.5325</u>	<u>\$ 0.30</u>	<u>\$ 1.5975</u>

Cash distribution declared and paid to class B units \$ — \$ 0.30 \$ — \$ 0.90

The following table presents a reconciliation of the Partnership's Adjusted EBITDA and distributable cash flow to its net income, the most directly comparable GAAP financial measure, for each of the periods presented (in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income attributable to controlling interests	\$ 29.2	\$ 62.3	\$ 196.8	\$ 234.2
Income taxes	0.1	—	0.4	0.3
Depreciation and amortization	72.2	68.7	211.0	202.8
Interest expense	40.0	41.0	121.1	122.2
Interest income	(0.1)	(0.1)	(0.4)	(0.4)
<b>Adjusted EBITDA</b>	<b>141.4</b>	<b>171.9</b>	<b>528.9</b>	<b>559.1</b>
<b>Less:</b>				
Cash paid for interest, net of capitalized interest	51.5	55.2	127.6	126.9
Maintenance capital expenditures	24.9	15.1	63.9	36.9
Base gas capital expenditures	14.7	—	14.7	—
<b>Add:</b>				
Proceeds from sale of operating assets	—	27.4	2.9	48.6
Proceeds from legal settlement	6.3	—	6.3	—
Net loss (gain) on sale of operating assets	0.1	(13.0)	(1.1)	(29.2)
Asset impairment	—	—	1.5	1.2
Bluegrass/Moss Lake project impairment, net of noncontrolling interest <sup>(1)</sup>	—	—	10.0	—
Other <sup>(2)</sup>	0.1	0.1	0.4	3.8
<b>Distributable Cash Flow</b>	<b>\$ 56.8</b>	<b>\$ 116.1</b>	<b>\$ 342.7</b>	<b>\$ 419.7</b>

(1) The net impact to the Partnership's EBITDA and Net income after noncontrolling interests from the Bluegrass Project impairment was \$10.0 million.

(2) The 2013 year-to-date period includes ethylene inventory that was acquired through the acquisition of Boardwalk Louisiana Midstream, LLC, and was subsequently sold. Remaining items also include other non-cash items, such as the equity component of allowance for funds used during construction and equity in earnings, net of noncontrolling interests.

**BOARDWALK PIPELINE PARTNERS, LP**  
**NET INCOME PER UNIT RECONCILIATION**  
(Unaudited)

For the 2013 calculation, basic net income per unit is calculated based on the weighted average number of units outstanding for the period. Diluted net income per unit is calculated assuming that the class B units converted on the date that they became convertible, or July 1, 2013. Unless otherwise noted, basic and diluted net income per unit are the same.

The following table provides a reconciliation of net income and the assumed allocation of net income to the common units for purposes of computing net income per unit for the three months ended September 30, 2014, (in millions, except per unit data):

	Total	Common Units	General Partner and IDRs
Net income	\$ 28.4		
Less: Net loss attributable to noncontrolling interests	(0.8)		
Net income attributable to controlling interests	29.2		
Declared distribution	24.8	\$ 24.3	\$ 0.5
Assumed allocation of undistributed net income	4.4	4.3	0.1
Assumed allocation of net income attributable to limited partner unitholders and general partner	\$ 29.2	\$ 28.6	\$ 0.6
Weighted-average units outstanding		243.3	
Net income per unit		\$ 0.12	

The following table provides a reconciliation of net income and the assumed allocation of net income to the common and class B units for purposes of computing basic and diluted net income per unit for the three months ended September 30, 2013, (in millions, except per unit data):

	Total	Common Units	Class B Units	General Partner and IDRs
Net income	\$ 61.7			
Less: Net loss attributable to noncontrolling interests	(0.6)			
Net income attributable to controlling interests	62.3			
Declared distribution	141.9	\$ 129.5	\$ —	\$ 12.4
Assumed allocation of undistributed net loss - basic	(79.6)	(70.7)	(7.3)	(1.6)
Assumed allocation of net income attributable to limited partner unitholders and general partner - basic	62.3	58.8	(7.3)	10.8
Allocation for diluted earnings per unit	—	(7.3)	7.3	—
Assumed allocation of net income attributable to limited partner unitholders and general partner - diluted	\$ 62.3	\$ 51.5	\$ —	\$ 10.8
Weighted-average units outstanding - basic		220.4	22.9	
Weighted-average units outstanding - diluted		243.3	—	
Net income per unit - basic		\$ 0.27	\$ (0.32)	
Net income per unit - diluted		\$ 0.21	\$ —	

The following table provides a reconciliation of net income and the assumed allocation of net income to the common units for purposes of computing net income per unit for the nine months ended September 30, 2014, (in millions, except per unit data):

	<u>Total</u>	<u>Common Units</u>	<u>General Partner and IDRs</u>
Net income	\$ 109.9		
Less: Net loss attributable to noncontrolling interests	<u>(86.9)</u>		
Net income attributable to controlling interests	196.8		
Declared distribution	74.5	\$ 73.0	\$ 1.5
Assumed allocation of undistributed net income	<u>122.3</u>	<u>119.9</u>	<u>2.4</u>
Assumed allocation of net income attributable to limited partner unitholders and general partner	<u>\$ 196.8</u>	<u>\$ 192.9</u>	<u>\$ 3.9</u>
Weighted-average units outstanding		243.3	
Net income per unit		\$ 0.79	

The following table provides a reconciliation of net income and the assumed allocation of net income to the common and class B units for purposes of computing basic and diluted net income per unit for the nine months ended September 30, 2013, (in millions, except per unit data):

	<u>Total</u>	<u>Common Units</u>	<u>Class B Units</u>	<u>General Partner and IDRs</u>
Net income	\$ 233.5			
Less: Net loss attributable to noncontrolling interests	<u>(0.7)</u>			
Net income attributable to controlling interests	234.2			
Declared distribution	405.7	\$ 357.5	\$ 13.7	\$ 34.5
Assumed allocation of undistributed net loss - basic	<u>(171.5)</u>	<u>(151.9)</u>	<u>(16.2)</u>	<u>(3.4)</u>
Assumed allocation of net income attributable to limited partner unitholders and general partner - basic	234.2	205.6	(2.5)	31.1
Allocation for diluted earnings per unit	—	(5.4)	5.4	—
Assumed allocation of net income attributable to limited partner unitholders and general partner - diluted	<u>\$ 234.2</u>	<u>\$ 200.2</u>	<u>\$ 2.9</u>	<u>\$ 31.1</u>
Weighted-average units outstanding - basic		213.5	22.9	
Weighted-average units outstanding - diluted		221.2	15.2	
Net income per unit - basic		\$ 0.96	\$ (0.11)	
Net income per unit - diluted		\$ 0.90	\$ 0.19	

SOURCE: Boardwalk Pipeline Partners, LP

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