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EL PASO CORP/DE
Form 425
January 25, 2012

Filed by Kinder Morgan, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934.

Subject Company: El Paso Corporation

Commission File No.: 001-14365

Commission File No. for Registration Statement

on Form S-4: 333-177895

Representatives of Kinder Morgan, Inc (KMI) made presentations, including the following presentations, on January 25, 2012 during KMI s 2012 Investor Conference.

Stable Platforms, Exceptional Growth
January 25, 2012

IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC

Kinder
Morgan,
Inc.
(KMI)
has
filed
with
the
SEC
a
Registration
Statement
on
Form
S-4
in
connection
with
the
merger
agreement
providing
for
the
proposed
acquisition
of
El
Paso
Corporation
(EP),
including

a
preliminary
Information
Statement/Prospectus
of
KMI
and
a
preliminary
Proxy
Statement
of
EP.
The
Registration
Statement
has
not
yet
become
effective.
Following
the
Registration
Statement
having
been
declared
effective
by
the
SEC,
KMI
and
EP
plan
to
file
with
the
SEC
and
mail
to
their
respective
stockholders
a
definitive
Information

Statement/Proxy
Statement/Prospectus
in
connection
with
the
proposed
transaction.
INVESTORS
AND
SECURITY
HOLDERS
ARE
URGED
TO
READ
THE
REGISTRATION
STATEMENT
AND
THE
PRELIMINARY
INFORMATION
STATEMENT/PROXY
STATEMENT/PROSPECTUS
AND
ANY
OTHER
RELEVANT
DOCUMENTS
FILED
OR
TO
BE
FILED
BY
KMI
OR
EP,
INCLUDING
THE
DEFINITIVE
INFORMATION
STATEMENT/PROXY
STATEMENT/PROSPECTUS,
BECAUSE
THEY
CONTAIN
OR
WILL

CONTAIN
IMPORTANT
INFORMATION.
Investors
and
security
holders
are
able
to
obtain
free
copies
of
the
Registration
Statement
and
the
preliminary
Information
Statement/Proxy
Statement/Prospectus
and
other
documents
filed
with
the
SEC
by
KMI
and
EP
through
the
web
site
maintained
by
the
SEC
at
www.sec.gov
or
by
phone,
e-mail
or
written

request
by
contacting
the
investor
relations
department
of
KMI

or
EP

at
the
following:

Kinder Morgan, Inc.
El Paso Corporation

Address:

500 Dallas Street, Suite 1000

1001 Louisiana Street

Houston, Texas 77002

Houston, Texas 77002

Attention: Investor Relations

Attention: Investor Relations

Phone:

(713) 369-9490

(713) 420-5855

E-mail:

kmp_ir@kindermorgan.com

investorrelations@elpaso.com

This
communication

shall

not

constitute

an

offer

to

sell

or

the

solicitation

of

an

offer

to

buy

any

securities,

nor

shall

there
be
any
sale
of
securities
in
any
jurisdiction
in
which
such
offer,
solicitation
or
sale
would
be
unlawful
prior
to
the
registration
or
qualification
under
the
securities
laws
of
any
such
jurisdiction.
No
offering
of
securities
shall
be
made
except
by
means
of
a
prospectus
meeting
the
requirements
of

Section
10
of
the
Securities
Act
of
1933,
as
amended.

PARTICIPANTS IN THE SOLICITATION

KMI and EP, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxy for the proposed merger agreement. Information regarding KMI's directors and executive officers is contained in KMI's Form 10-K for the year ended December 31, 2011. Information regarding EP's directors and executive officers is contained in EP's Form 10-K for the year ended December 31, 2011. A more complete description will be available in the Registration Statement and the Information Statement/Proxy Statement.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

Statements
in
this
document
regarding
the
proposed
transaction
between
KMI
and
EP,
the
expected
timetable
for
completing
the
proposed
transaction,
future
financial
and
operating
results,
benefits
and
synergies
of
the
proposed
transaction,
future
opportunities

for
the
combined
company,
the
sale
of
EP's
exploration
and
production
assets,
the
possible
drop-down
of
assets
and
any
other
statements
about
KMI
or
EP
managements
future
expectations,
beliefs,
goals,
plans
or
prospects
constitute
forward
looking
statements
within
the
meaning
of
the
Private
Securities
Litigation
Reform
Act
of
1995.
Any

statements
that
are
not
statements
of
historical
fact
(including
statements
containing
the
words
believes,
plans,
anticipates,
expects,
estimates
and
similar
expressions)
should
also
be
considered
to
be
forward
looking
statements.
There
are
a
number
of
important
factors
that
could
cause
actual
results
or
events
to
differ
materially
from
those
indicated

by
such
forward
looking
statements,
including:
the
ability
to
consummate
the
proposed
transaction;
the
ability
to
obtain
the
requisite
regulatory,
shareholder
approvals
and
the
satisfaction
of
other
conditions
to
consummation
of
the
transaction;
the
possibility
that
financing
might
not
be
available
on
the
terms
committed;
the
ability
to
consummate
contemplated

asset
sales;
the
ability
of
KMI
to
successfully
integrate
EP s
operations
and
employees;
the
ability
to
realize
anticipated
synergies
and
cost
savings;
the
potential
impact
of
announcement
of
the
transaction
or
consummation
of
the
transaction
on
relationships,
including
with
employees,
suppliers,
customers
and
competitors;
the
ability
to
achieve
revenue
growth;

national,
international,
regional
and
local
economic,
competitive
and
regulatory
conditions
and
developments;
technological
developments;
capital
and
credit
markets
conditions;
inflation
rates;
interest
rates;
the
political
and
economic
stability
of
oil
producing
nations;
energy
markets,
including
changes
in
the
price
of
certain
commodities;
weather
conditions;
environmental
conditions;
business
and
regulatory
or

legal
decisions;
the
pace
of
deregulation
of
retail
natural
gas
and
electricity
and
certain
agricultural
products;
the
timing
and
success
of
business
development
efforts;
terrorism;
and
the
other
factors
described
in
KMI s
and
EP s
Annual
Reports
on
Form
10
K
for
the
year
ended
December
31,
2010
and
their
most

recent
quarterly
reports
filed
with
the
SEC.
KMI
and
EP
disclaim
any
intention
or
obligation
to
update
any
forward
looking
statements
as
a
result
of
developments
occurring
after
the
date
of
this
document.
2

Use of Non-GAAP Financial Measures

KMP

The non-generally accepted accounting principles ("non-GAAP") financial measures of distributable cash flow before certain items, aggregate and per unit), segment earnings before depreciation, depletion, amortization and amortization of excess cost of equity investments ("DD&A") and certain items, segment distributable cash flow before certain items, and earnings before interest, taxes and DD&A certain items are included in this presentation. Our non-GAAP financial measures may be different from those used by others, considered as alternatives to GAAP measures such as net income or any other GAAP measure of liquidity or financial performance. Distributable cash flow before certain items and EBITDA before certain items are significant metrics used by us and by external statements, such as investors, research analysts, commercial banks and others, to compare basic cash flows generated by us to our distributions we expect to pay our unitholders on an ongoing basis. Management uses these metrics to evaluate our overall performance. Distributable cash flow before certain items also allows management to simply calculate the coverage ratio of estimated ongoing expected cash distributions. Distributable cash flow before certain items and EBITDA before certain items are also important non-GAAP measures for our unitholders because they serve as indicators of

our
success
in
providing
a
cash
return
on
investment.
These
financial
measures
indicate
to
investors
whether
or
not
KMP
typically
is
generating
cash
flow
at
a
level
that
can
sustain
or
support
an
increase
in
the
quarterly
distributions
we
are
paying
pursuant
to
the
KMP
partnership
agreement.
The
partnership
agreement

requires
us
to
distribute
all
available
cash.
Distributable
cash
flow
before
certain
items,
EBITDA
before
certain
items
and
similar
measures
used
by
other
publicly
traded
partnerships
are
also
quantitative
measures
used
in
the
investment
community
because
the
value
of
a
unit
of
such
an
entity
is
generally
determined
by
the

unit's
yield
(which
in
turn
is
based
on
the
amount
of
cash
distributions
the
entity
pays
to
a
unitholder).
The
economic
substance
behind
our
use
of
distributable
cash
flow
before
certain
items
and
EBITDA
before
certain
items
is
to
measure
and
estimate
the
ability
of
our
assets
to
generate
cash

flows
sufficient
to make distributions to our investors.

We
define
distributable
cash
flow
before
certain
items
to
be
limited
partners'
pretax
income
before
certain
items
and
DD&A,
less
cash
taxes
paid
and

sustaining capital expenditures for KMP, plus DD&A less sustaining capital expenditures for Rockies Express, Midcontinent Express, KinderHawk (through second quarter 2011), Eagle Hawk, Red Cedar and Cypress, our equity method investees, less cash distributions received for Express and Endeavor, additional equity investees.

Distributable
cash
flow
before
certain
items
per
unit
is
distributable

cash flow before certain items divided by average outstanding units. Segment distributable cash flow before certain items is se

certain
items
and
DD&A
less
sustaining
capital
expenditures.

In
certain
instances
to
calculate
segment
distributable
cash
flow,
we
also
add
DD&A
less
sustaining
capital
expenditures
for
Rockies
Express,
Midcontinent
Express,
Fayetteville
Express,
KinderHawk
(through
second
quarter
2011),
Eagle
Hawk,
Red
Cedar
and
Cypress,
our
equity
method
investees.

We
define
EBITDA

before
certain
items
as
pretax
income
before
certain
items,

plus interest expense and DD&A, including the DD&A of REX, MEP, FEP, KinderHawk (through second quarter 2011), Eagle
Cypress, our equity method investees.

3

Use
of
Non-GAAP
Financial
Measures

Cont'd
4

"Certain items" are items that are required by GAAP to be reflected in net income, but typically either (1) do not have a cash in goodwill impairments, allocated compensation for which we will never be responsible, and results from assets prior to our own required to be reflected in our results due to accounting rules regarding entities under common control, or (2) by their nature are identifiable from our normal business operations and in our view are likely to occur only sporadically, for example legal settlement impacts and casualty losses. Management uses this measure and believes it is important to users of our financial statements because the measure more effectively reflects our business' ongoing cash generation capacity than a similar measure with the certain items. For similar reasons, management uses segment earnings before DD&A and certain items and segment distributable cash flow before certain items in its analysis of segment performance and managing our business. We believe segment earnings before DD&A and certain items and segment distributable cash flow before certain items are significant performance metrics because they enable us and external users of our financial statements to better understand the ability of our segments to generate cash on an ongoing basis. We believe they are useful measures because they are measures that management believes are important and that our chief operating decision makers use for purposes of making decisions about allocating resources to our segments and assessing the segments' respective performance.

We believe the GAAP measure most directly comparable to distributable cash flow before certain items and to EBITDA before certain items is net income. Segment earnings before DD&A is the GAAP measure most directly comparable to segment earnings before DD&A and certain items and segment distributable cash flow before certain items.

Our non-GAAP measures described above should not be considered as an alternative to GAAP net income, segment earnings before certain items or any other GAAP measure. Distributable cash flow before certain items, segment earnings before DD&A and certain items, segment earnings before certain items and EBITDA before certain items are not financial measures in accordance with GAAP and have certain limitations as analytical tools. You should not consider any of these non-GAAP measures in isolation or as a substitute for an alternative results as reported under GAAP. Because distributable cash flow before certain items and EBITDA before certain items exclude certain items that affect net income and because these measures are defined differently by different companies in our industry, our distributable cash flow before certain items and EBITDA before certain items may not be comparable to similarly titled measures of other companies. Segment earnings before DD&A and certain items and segment distributable cash flow have similar limitations. Management compensates for the limitations of these non-GAAP measures by reviewing our comparable GAAP measures, understanding the differences between the measures and incorporating that information into account in its analysis and its decision making processes.

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Use
of
Non-GAAP
Financial
Measures

Cont'd
5
KMI

The non-generally accepted accounting principles, or non-GAAP, financial measure of cash available to pay dividends is presented in this release. This non-GAAP financial measure should not be considered as an alternative to a GAAP measure such as net income or a GAAP measure of liquidity or financial performance. Cash available to pay dividends is a significant metric used by us and by other investors, financial statements, such as investors, research analysts, commercial banks and others, to compare basic cash flows generated from operations to cash dividends we expect to pay our shareholders on an ongoing basis. Management uses this metric to evaluate our overall performance. Cash available to pay dividends is also an important non-GAAP financial measure for our shareholders because it serves as an indicator of our ability to provide a cash return on investment. This financial measure indicates to investors whether or not we typically are generating sufficient cash flow at a level that can sustain or support an increase in the quarterly dividends we are paying. Our dividend policy provides that, subject to certain conditions, we will pay quarterly cash dividends generally representing the cash we receive from our subsidiaries less any cash disbursements. The amount of cash dividends established by our board of directors. Cash available to pay dividends is also a quantitative measure used in the investment community to determine the value of a share of an entity like KMI that pays out all or a substantial proportion of its cash flow, is generally determined by the amount of cash available to pay dividends (which in turn is based on the amount of cash dividends the corporation pays to its shareholders). The economic substance behind the use of cash available to pay dividends is to measure and estimate the ability of our assets to generate cash flows sufficient to pay dividends to our investors.

We believe the GAAP measure most directly comparable to cash available to pay dividends is income from continuing operations. The reconciliation of cash available to pay dividends to income from continuing operations is provided in this release. Our non-GAAP measure of cash available to pay dividends should not be considered as an alternative to GAAP net income and has important limitations as an analytical tool. Our computation of cash available to pay dividends may differ from similarly titled measures used by others. You should not consider this non-GAAP measure as a substitute for an analysis of our results as reported under GAAP. Management compensates for the limitations of this non-GAAP measure by reviewing our comparable GAAP measures, understanding the differences between the measures and taking this information into account in its analysis and its decision making processes.

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Kinder Morgan 2012 Investor Conference

Agenda

8:00

8:45

Corporate

Overview:

Vision

Rich

Kinder

8:45

9:00

Corporate

Overview:
Financial
Excellence

Park
Shaper
9:00

9:15
Corporate
Overview:
Operational
Excellence

Steve
Kean
9:15

9:30
Break
9:30

10:15
Natural
Gas
Pipelines

Tom
Martin
10:15

10:45
Products
Pipelines

Tom
Bannigan
10:45

11:30
Terminals
Jeff Armstrong
11:30

11:45
Kinder Morgan Canada
Ian Anderson
11:45

12:30

Lunch

12:30

1:00

CO2

Tim Bradley

1:00

1:30

Financial Review

Kimberly Dang

1:30

2:00

Q & A

6

Vision
Rich Kinder
Chief Executive Officer

Then (first analyst conference-2001)

and Now:

Stable Platforms, Exceptional Growth

Then

(a)

Enterprise

value

of

\$14B

(c)

KMP Total distributions of \$333MM

KMP

LP
distribution
of
\$1.71/unit

(d)
3,569 employees

Now
(b)
(excluding El Paso)

Enterprise
value

of
\$63B

(c)
KMP Total distributions of \$3.1B
KMP LP distribution of \$4.98/unit
8,328 employees

2
Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)
As of and for the year ended 12/31/2000, representing Kinder Morgan at the time of the inaugural Kinder Morgan analyst day

(b)
Enterprise value / employees as of and for the year ended 12/31/2011, KMP total distributions / KMP LP distribution per unit

(c)
Kinder Morgan Energy Partners, L.P., Kinder Morgan Management, LLC and Kinder Morgan, Inc. combined

(d)
Split-adjusted

Stayed the Course

Focus on stable fee-based assets that are core to North American energy infrastructure

Market leader in each of our business segments

Control costs

It's the investors

money, not management's

treat it that way

Leverage asset footprint to seek attractive capital investment opportunities, both expansion and acquisition

KMP has completed \$11.7 billion in acquisitions and \$13.3 billion in greenfield / expansion projects since inception

(a)

Maintaining a strong balance sheet is paramount

Enables continued access to capital markets to grow the business

KMP accessed capital markets for nearly \$26 billion since inception

(a,b)

3

(a)

From

1997

through

2011

(b)

Gross

capital

issued,

\$24

billion

net

of

refinancing

4

Kinder Morgan

Asset Footprint

Note: excludes El Paso

(a)

2012 budget

(b)

2011 data not available

(c)

Excludes transload facilities (35) and transmix processing facilities (6)

(d)
Includes leased capacity
Largest independent transporter of
petroleum products in the U.S.

Transport ~1.9 MMBbl/d

(a)
2
largest
transporter
of
natural
gas
in the U.S.

Own an interest in / operate over
25,000 miles of natural gas pipeline

Connected to many important
natural gas shale plays including
Eagle Ford, Haynesville, Fayetteville
and Barnett

Largest provider of contracted
natural gas treating services in U.S.

Largest
transporter
of
CO₂
in
the
U.S.

Transport

~1.3

Bcf/d

of

CO₂

(a)

2

largest

oil

producer

in

Texas

(b)

Produce ~51 MBbl/d of crude oil
gross (~34 MBbl/d net)

(a)

Largest independent terminal operator in the U.S.

Own an interest in or operate ~180 liquids / dry bulk terminals
(c)

~111 MMBbls domestic liquids capacity
(d)

Handle ~108 MMtons of dry bulk products
(a)

Including 44 MMtons of coal
(a)
Only Oilsands pipeline serving the West Coast

TMPL transports ~300 MBbl/d to Vancouver / Washington State
NGPL GAS STORAGE (KMI)
NATURAL GAS PROCESSING
NGPL (KMI)
NATURAL GAS STORAGE
NATURAL GAS PIPELINES
PRODUCTS PIPELINES
TERMINALS
TRANSMIX FACILITIES
PRODUCTS PIPELINES
GAS TREATERS
CO
PIPELINES
CO
OIL FIELDS
CRUDE OIL PIPELINES
TERMINALS
KM HEADQUARTERS
PETROLEUM PIPELINES
INDICATES NUMBER OF FACILITIES IN AREA
PETROLEUM PIPELINES
TERMINALS
2
2
nd
nd

Kinder Morgan: Three Ways to Invest

5

85MM

(86%)

14MM

(14%)

Distributions

in additional

i-units / shares

KMR

(LLC)

99 million shares

(a)

LP & GP

Distributions

\$1.6B

(c)

KMI

Public

Float

KMI

Cash

distributions

KMP

(Partnership)

238 million units

(a)

216MM

(91%)

KMI

(Inc.)

707 million shares

(d)

Public

Float

Management /

Original S/H

Sponsors

22MM

(9%)

114MM

(16%)

320MM

(45%)

273MM

(39%)

Kinder Morgan Energy Partners, L.P.

Market Equity

Debt

Enterprise Value

2012E LP Distribution per Unit

2012E Total Distributions

Kinder Morgan, Inc.

Market Equity

\$22.8B

(d)

Debt

3.2B

(e)

Enterprise Value

\$26.0B

2012E Dividend per Share

\$1.35

(c)

2012E Total Dividends

\$956MM

(c)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

As of 12/30/2011; KMP market equity based on ~238 million common units (includes 5.3 million Class B units owned by Kinross) and ~99 million KMR shares (includes 5.3 million Class B units owned by Kinross) at a price of \$84.95, and ~99 million KMR shares at a price of \$78.52

(b)

Debt balance as of 12/31/2011, excludes the fair value of interest rate swaps, net of cash

(c)

2012 budget

(d)

As of 12/30/2011; KMI market equity based on 707 million shares (assumes full conversion of Class A, B and C shares in to Class A)

(e)

Debt of KMI and its subsidiaries, excluding KMP and its subsidiaries as of 12/31/2011; excludes the fair value of interest rate swaps, net of cash and Morgan G.P., Inc.'s \$100 million of Series A Fixed-to-floating Rate Term Cumulative Preferred Stock due 2057, net of cash

(a)

12.4B

(b)

\$40.4B

\$4.98

(c)

\$3.1B

(c)

Delivering Consistent Growth

Total Distributions (GP + LP) (\$MM)

KMP Annual LP Distribution per Unit

(b)

Net Debt to EBITDA

(c,d)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

In 2010, total distributions paid were \$2,250 million. These distributions would have been \$2,420 million (\$170 million greater) had there been a distribution of cash from interim capital transactions; the GP receives only 2% of distributions of cash from interim capital transactions.

(b)

Annual LP declared distributions, rounded to 2 decimals where applicable

(c)

Debt is net of cash and excluding fair value of interest rate swaps

(d)

For

KMI,

net

debt

also

excludes

purchase

accounting

and

Kinder

Morgan

G.P.,

Inc. s

preferred

stock;

distributions

received

from

equity

investees

net

of

G&A

and

sustaining

capital

expenditures

EBITDA

6

Significant Historical Returns

(a)

7

KMI: 11.4% Initial Annualized Return

(e)

KMP: 26% CAGR Since '96

(b)

KMR: 16% CAGR Since '01

(c)

(d)

Alerian MLP index

(e)

Annualized total return based on partial year return following IPO on 2/10/2011; partial-year return for period is 10.0%

(f)
Calculated through 12/30/2011; start dates for 2-year, 3-year, 5-year and 10-year return calculations are 12/31/2009, 12/29/2008, 12/31/2006 and 12/31/2001, respectively

\$0
\$500
\$1,000
\$1,500
\$2,000
\$2,500
\$3,000
\$3,500
Dec-96
Dec-99
Dec-02
Dec-05
Dec-08
Dec-11
Dollars
AMZ

(d)
= \$1,003
KMP = \$3,362
S&P 500 = \$222
Total Return

2011
2-yr
3-yr
(f)
5-yr
10-yr

KMP
29%
58%
129%
150%
342%

KMR
26%
66%
148%
150%
327%

KMI
11%
n/a
n/a

n/a
n/a
S&P 500 Index
Alerian MLP Index
MSCI REIT Index
Philadelphia UTY Index
(f)
(f)
(f)
(e)
2%
17%
49%
1%
33%
14%
55%
173%
95%
324%
9%
40%
79%
7%
224%
19%
26%
39%
20%
119%
-
-
\$0
\$75
\$150
\$225
\$300
\$375
\$450
\$525
Dec-
01
Dec-
03
Dec-
05
Dec-
07
Dec-09
Dec-

11
KMR = \$474
AMZ
= \$464
Dollars
IPO 5/14/2001
S&P 500 = \$124

(d)
\$0
\$20
\$40
\$60
\$80
\$100
\$120
\$140

Dec
10
Feb-
11
Apr-
11
Jun-
11
Aug
11
Oct-
11
Dec -

Dollars
IPO 2/10/2011
UTY = \$117
KMI = \$110
MSCI = \$104
S&P 500 = \$97

-
-
11
Source: Bloomberg
(a)
Total returns calculated on daily basis through 12/30/2011, except where noted; assumes dividends / distributions reinvested in index / stock / unit

(b)
Start date 12/31/1996

(c)
Start date 5/14/2001: KMR initial public offering; KMP CAGR over same period is 16%

Promises Made, Promises Kept

8

Promises Made

Promises Kept

KMP achieved

LP distribution

target in 11

out of 12 years

(a)

On a paid basis; KMI paid a prorated dividend for 1Q 2011 of \$0.14 per share on 5/16/2011; based on a full quarter, the dividend would have been \$0.42

KMP Budgeted

LP Distribution:

KMI Budgeted

Dividend:

2000: \$1.60

2001: \$1.95

2002: \$2.40

2003: \$2.63

2004: \$2.84

2005: \$3.13

2006: \$3.28

2007: \$3.44

2008: \$4.02

2009: \$4.20

2010: \$4.40

2011: \$4.60

2011: \$1.16

(a)

2000: \$1.71

2001: \$2.15

2002: \$2.435

2003: \$2.63

2004: \$2.87

2005: \$3.13

2006: \$3.26

2007: \$3.48

2008: \$4.02

2009: \$4.20

2010: \$4.40

2011: \$4.61

2011: \$1.18

(a)

KMP Actual

LP Distribution:

KMI Actual

Dividend:

Kinder Morgan 2012 Goals (Excludes El Paso)

KMP

(a)

Distribution Target

\$4.98 per unit (8.0% growth)

Excess coverage of \$71MM

Maintain Solid Balance Sheet

Yr-end 2012 debt / EBITDA = 3.4x

Expansions / acquisitions
financed 50% equity, 50% debt

KMI

(a,b)

Dividend Target (declared)

\$1.35 per share (12.5% growth)

\$985MM in cash available for
dividends

Maintain Solid Balance Sheet

Yr-end 2012 debt / distributions
received less G&A = 2.1x

9

Operate all of our assets in a safe, compliant and environmentally sound manner

(a)

Excludes any impact from the proposed acquisition of El Paso by KMI

(b)

KMI

previously

announced

that

if

the

El

Paso

transaction

were

to

close

on

January

1,

2012,

KMI

would

expect

to

pay

dividends

per

share

of

around

\$1.45

for

2012;

since the transaction will not be in effect for the full year 2012, KMI's actual dividend in 2012 will likely be less than \$1.45

KMP

Well-Diversified Cash Flow
\$1,303MM segment EBDA
(d)

41% Interstate

59% Intrastate
(e)
\$735MM segment EBDA
(d)

52% Pipelines

44% Associated Terminals

4% Transmix
\$1,381MM segment EBDA

26% CO
2
transport and sales

74% oil production related

Production hedged

(b)

:

2012=77% (\$91)

(c)

2013=51% (\$92)

2014=31% (\$93)

2015=13% (\$98)

\$757MM segment EBDA

54% Liquids

46% Bulk

CO

2

Terminals

Products Pipelines

Natural Gas Pipelines

2012E KMP Segment

Earnings before DD&A

= \$4.4 billion

(a,d)

\$201MM segment EBDA

11

(KMP)

Kinder Morgan Canada

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Budgeted 2012 segment earnings before DD&A excluding certain items

(b)

Percent of estimated net crude oil and heavy natural gas liquids production; see slide 34 for further detail

(c)

2012 budget assumes an \$93.75/Bbl price on unhedged barrels

(d)

Includes \$171 million of depreciation for Natural Gas Pipelines JVs REX, MEP, FEP, Eagle Ford (Copano), EagleHawk and F

Cypress

(e)

Includes upstream assets

Stable Asset Base

Natural Gas

Pipelines

Products

Pipelines

CO

2

Terminals

Kinder Morgan

Canada

Volume Security

Interstate: virtually all

take or pay

Intrastate: ~75%

take or pay

(a)

Volume based

S&T: primarily
minimum volume
guarantee

Take or pay,
minimum volume
guarantees, or
requirements

Essentially no
volume risk
Avg. Remaining
Contract Life

Transportation: 8.0 yrs

Not applicable

S&T: 4.0 yrs

Liquids: 4.0 yrs

Bulk: 3.8 yrs

2.0 yrs

(b)

Pricing Security

Interstate: primarily
fixed based on contract

Intrastate: primarily
fixed margin

PPI + 2.65%

S&T: 70% of
revenue protected
by floors

O&G: volumes
77% hedged

(c)

Based on contract;
typically fixed or
tied to PPI

Fixed based on
toll settlement
Regulatory
Security

Interstate: regulatory
return mitigates
downside; may receive
higher recourse rates for
increased costs

Intrastate: essentially
market-based

Pipeline: regulatory
return mitigates
downside

Terminals &
transmix: not
price regulated
(d)

Primarily
unregulated

Not price regulated
(d)

Regulatory
return mitigates
downside
Commodity
Price Exposure

Interstate: no direct

Intrastate: limited

No direct

Full-yr impact is
\$5.8MM in DCF
per \$1/Bbl change

in oil price

No direct

No direct

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Transportation

for

intrastate

pipelines

includes

term

purchase

and

sale

portfolio

(b)

Assumes 1-year rate 2012 settlement on Trans Mountain

(c)

Percent of 2012 expected production, includes heavier NGL components (C4+)

(d)

Terminals not FERC regulated, except portion of CALNEV

12

(KMP)

2-3%
Annual
Distribution
Growth
without
Investment
Current
Environment
Products Pipelines

PPI escalator

+

Renewables handling

+

Volumes

~

Terminals

Annual escalator

+

Volumes & ancillary charges

+

Renewing contracts

+

Current

Environment

CO

2

Higher price on oil hedges

+

Higher overall oil / NGL prices

+

Recontracting CO

2

supply

+

Oil / NGL volumes

~

Natural Gas

Volume growth (shale & power)

+

Gathering, processing & treating

+

Intrastate margins

~

Storage margins

Transport renewals

Storage renewals

+

13

Note: excludes any impact from the proposed acquisition of El Paso by KMI (KMP)

2012 Growth Expenditures

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Includes equity contributions to joint ventures of \$233 million

(b)

Includes
growth
capital
expenditures
for
Kinder
Morgan

Canada

of

\$10

million

(c)

Includes acquisitions of \$108 million

Natural Gas

Pipelines

(a)

Products

Pipelines

(a,b)

Terminals

(a,b,c)

CO

2

Oil

Production

2012E Total KMP

Growth Expenditures

= \$1.7 billion

(a,b,c)

14

(KMP)

CO

2

S&T

15%

19%

40%

9%

17%

Natural Gas Pipelines Growth Drivers

2012

Growth

Drivers:

Growth and full year contribution on Kinder
Hawk

Full year contribution from Eagle Hawk and
SouthTex

Eagle Ford shale development (on

standalone basis, and under JVs with
Copano and BHP)
Full year of higher throughput on
Fayetteville Express (FEP) pipeline (volume
ramp through 2011)
West Clear Lake storage contract rollover
Longer-term
Growth
Drivers:
Natural gas is the logical fuel of choice

Cheap, abundant, domestic and clean
Demand growth and shifting supply from
multiple basins lead to:

Pipeline / storage expansions and
extensions (e.g. Eagle Ford)

Greenfield development

Optionality of deploying portions of
existing footprint in different product
uses

Expand service offerings to customers
(e.g. treating and G&P)

LNG exports

Acquisitions

Well-positioned in the Rockies, shales and in Texas

15

(KMP)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

TransColorado

2

2

KMTP

KMTejas

KMIGT

Trailblazer

2

KMLP

REX

REX

FEP

MEP

KinderHawk

Eagle Ford

NATURAL GAS PIPELINES

NATURAL GAS STORAGE

NATURAL GAS PROCESSING

KM HEADQUARTERS

(2)
OF FACILITIES IN AREA
GAS TREATERS (KMP)

Products Pipelines Growth Drivers

2012

Growth

Drivers:

PPI tariff escalator

Modest organic volume growth

Initial year of Crude and Condensate operations, Cochin E/P project, and terminal projects including new tank

expansions for refined products and
biodiesel blending services

Longer-term

Growth

Drivers:

Development of shale play liquids
infrastructure

Condensate transportation,
processing and storage services from
Eagle Ford

Condensate processing facility
located in Houston Ship Channel, in-
service Jan-2014

Crude / condensate service on Cochin
Parkway Pipeline in-service 2013

Increased fuel export opportunities

RFS

(a)

increases demand for storage and
ancillary services

Ethanol and biodiesel growth
including terminals and pipeline
expansions

Tariff index adjustments / organic volume
growth

Tuck-in acquisitions

Well-located with origin in refinery / port hubs and terminus in population centers

(a)

RFS (U.S. Renewable Fuels Standard) requires an increase in use of renewable fuels, from 15 Bgal/yr in 2012 to 36 Bgal/yr in
16

Pacific

WCT

Northern

2

Pacific

CALNEV

Cypress

Central

Florida

2

Cochin

2

KMCC

Parkway

Pipeline

Proposed

Condensate

Processing

Plantation

2

4

3

2

2

PRODUCTS PIPELINES

PRODUCTS PIPELINES

TERMINALS

TRANSMIX FACILITIES

(2)

INDICATES NUMBER OF

FACILITIES IN AREA

PIPELINES UNDER CONSTRUCTION

CONDENSATE PROCESSING FACILITY

(KMP)

Terminals Growth Drivers

2012 Growth Drivers:

Increase in rates on existing contracts

Higher coal throughput

Full year of 2011 acquisitions (Cushing,

Total, Watco) and expansion projects

(Carteret, Cushing, Deer Park, Port of
Houston)

Partial benefit from over \$650 million in

2012 expected growth expenditures

Longer-term Growth Drivers:

Newbuild and expansion of export coal
and petcoke terminals (IMT, Houston,
Whiting)

Expansions and higher rates at well-
located, high-connectivity terminals

Petroleum exports

Canadian crude oil merchant tankage

Increase in use of renewable fuels

(a)

leads to ethanol / biofuel expansion

Acquisition of terminals from mom
and pop

owners and from majors

Well-located in refinery / port hubs and inland waterways

17

(a)

RFS (U.S. Renewable Fuels Standard) requires an increase in use of renewable fuels, from 15 Bgal/yr in 2012 to 36 Bgal/yr in

TERMINALS

KM HEADQUARTERS

OF FACILITIES IN AREA

(KMP)

CO

2

Growth Drivers

2012 Growth Drivers:

Higher overall oil / NGL prices

CO₂

S&T price increases

Relatively flat oil production

Longer-term Growth Drivers:

Strong demand for CO₂

Expansion of CO₂

source fields

and pipelines

Expect to execute several
large, long-term CO₂
S&T
contracts

Higher rates and better terms
on new/renewed CO₂
S&T
contracts

Billions of barrels of domestic oil
still in place to be recovered at
SACROC, Yates and Katz

18

(KMP)

CO₂

PIPELINES

CO₂

OIL FIELDS

CRUDE OIL PIPELINES

KM HEADQUARTERS

CO₂

SOURCE FIELDS

Own and operate best source of CO

2

for EOR

Kinder Morgan Canada Growth Drivers

2012:

Extending new toll settlement on Trans Mountain pipeline (TMPL); results in relatively flat financial performance between 2011 and 2012

Longer-term

Growth

Drivers:

Expand Oilsands export capacity to
West Coast and Asia

TMPL is lowest-cost option with
ability to do staged expansions,
or one large expansion

Open season underway for firm
commitments to major expansion

Expanded dock capabilities

(Vancouver)

Sole oil pipeline from Oilsands to West Coast / export markets

19

(KMP)

KM HEADQUARTERS

PETROLEUM PIPELINES

PETROLEUM PIPELINES TERMINALS

OF FACILITIES IN AREA

KMI

Overview

99% of Cash Comes from KMP

Limited capital expenditures at KMI

Stock ownership:

Public

16%

Rich Kinder, other management

and

original

stockholders

39%

Sponsors

45%

In 2012:

KMI expects to receive \$1.6 billion in distributions

\$985 million budgeted cash available for dividends after paying cash taxes, cash interest and G&A

General Partner interest receives incentive distributions from KMP

KMI owns ~11% of total limited partner interests

21

Interests in KMP

(c)

2012E KMI Total

Cash Receipts

= \$1.6 billion

(a)

(KMI)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

2012 budget

(b)

20% equity interest; KMI is operator of Natural Gas Pipeline Company of America

(c)

As of 12/31/2011; includes: (i) general partner interest, (ii) 21.7 million KMP units and (iii) 14.1 million KMR shares GP

Interest

88%

LP

Interest

11%

NGPL

1%

(b)

Growth in KMP Distributions Leads to KMI Growth

Growth in KMP Distributions Received by KMI

22

(KMI)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

2012 budget

\$1,600

\$1,400

\$1,200

\$1,000

\$800

\$600

\$400

\$200

\$0

\$1,380

\$1,585

\$1,217

\$1,340

\$163

\$181

\$64

\$4.61

\$4.98

2011 actual

2012 budget

Budgeted 8%

growth in

KMP Distribution

per LP Unit

LP interests

GP interest

GP Distribution on Additional

16MM KMP Units

An 8% increase in the annualized LP distribution per unit from

\$4.61 to \$4.98 with a 16MM unit increase in KMP units outstanding results

in

an

increase

of

15%,

or

\$205MM,

in

total

distributions

to

KMI

(a)

El Paso Update

Strong Asset Base
(a)
Horizon
NGPL
Pacific
Northern
TransColorado
2

Pacific
CALNEV
KMCO
2
2
KMTP
KMTejas
Wink
SACROC
Yates
9
5
2
3
2
Plantation
Cypress
4
Central
Florida
7
3
2
2
4
3
2
2
4
3
KMIGT
Trailblazer
2
Cochin
Express
Platte
Trans
Mountain
Claytonville
2
4
KMLP
REX
REX
MEP
2
FEP
2
2
2

3

2

2

KinderHawk

2

2

3

Katz

Eagle Ford

ESPL

2

Puget Sound

NGPL (KMI)

NGPL GAS STORAGE (KMI)

PRODUCTS PIPELINES (KMP)

PRODUCTS PIPELINES

TERMINALS (KMP)

TRANSMIX FACILITIES (KMP)

NATURAL GAS PIPELINES (KMP)

NATURAL GAS

STORAGE (KMP)

NATURAL GAS

PROCESSING (KMP)

CO₂

PIPELINES (KMP)

CO₂

OIL FIELDS (KMP)

CRUDE OIL PIPELINES (KMP)

TERMINALS (KMP)

KM HEADQUARTERS

PETROLEUM PIPELINES (KMP)

PETROLEUM PIPELINES

TERMINALS (KMP)

(2,3,8)

INDICATES NUMBER OF

FACILITIES IN AREA

GAS TREATERS (KMP)

EL PASO PIPELINES

24

(a)

Shows all current Kinder Morgan assets and

El Paso pipeline assets

El Paso Transaction Timeline

El Paso E&P sale process under way

Targeting closing all or a material portion of E&P asset portfolio
around time of closing of El Paso acquisition

Integration plan being developed

targeting \$350 million of
synergies

Expect Q1 2012 shareholder meetings

HSR review underway

Pre-merger notifications filed

2
request
received

Providing additional information to FTC
Expect Q2 2012 closing
25
nd

Dividend and Distribution Growth Targets

KMI

Current targets excluding El Paso

Declare budgeted 2012 dividends of \$1.35
per share (12.5% growth)

Targeted 10% long-term dividend growth
rate

Targets including El Paso

Estimate \$1.45 per share dividend paid
had El Paso transaction closed at the
beginning of 2012

Since the transaction will not be in

effect for the full year 2012, KMI's actual dividend in 2012 will likely be less than \$1.45 per share

Also have converted to declared basis from paid basis (for comparison \$1.35/sh declared = \$1.30/sh paid)
Targeted 12.5% long-term dividend growth rate through 2015

KMP

Current targets excluding El Paso
Declare budgeted 2012 LP distributions of \$4.98 per unit (8.0% growth)
Targeted 5% long-term distribution growth rate

Targets including El Paso
Targeted 7% long-term distribution growth rate, driven by expected dropdowns resulting from the EP transaction

26

Unparalleled asset footprint
Established track record
Industry leader in all business segments
Experienced management team
Supportive general partner
Transparency to investors
Attractive returns driven by combination of yield plus growth

27

KMI, KMP & KMR:

Attractive Value Proposition

Financial Excellence
Park Shaper
President

(\$ in billions)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Includes equity contributions to joint ventures

(b)

1998

2011, does not include 2012 budget

Total

Invested

by

Type

(a,b)

Total Invested by Segment

(a,b)

29

Total Invested by Year

(a)

~\$25B of Growth Capital Invested at KMP

(a,b)

How We Have Done: KMP Returns on Capital

2000
2001
2002
2003
2004
2005
2006
2007
2008

2009

2010

2011

Segment ROI

(a)

:

Products Pipelines

11.9%

11.8%

12.8%

12.9%

12.4%

11.6%

11.8%

13.2%

12.5%

13.4%

13.7%

12.9%

Natural Gas Pipelines

13.3

15.5

12.9

13.5

14.0

15.5

16.7

17.5

16.9

14.0

11.9

11.9

CO₂

27.5

24.6

22.0

21.9

23.8

25.7

23.1

21.8

25.9

23.5

25.7

26.2

Terminals

19.1

18.2

17.7

18.4

17.8
16.9
17.1
15.8
15.5
15.1
14.6
14.3
Kinder Morgan Canada

--
--
--
--
--
--
--

11.0
12.1
12.8
13.7
14.1
KMP ROI

12.3%
12.7%
12.6%
13.1%
13.6%
14.3%
14.4%
14.1%
14.9%
13.9%
13.5%
13.5%

KMP Return on Equity

17.2%
19.4%
20.9%
21.7%
23.4%
23.9%
22.6%
22.9%
25.2%
25.2%
24.3%
24.0%

Note: a definition of these measures may be found in the Appendix to this presentation

(a)
G&A is deducted to calculate the KMP ROI, but is not allocated to the segments and therefore not deducted to calculate the in

KMP Cost of Capital
Operated
Cost of capital varies over time:

Current ~7.2%
(a)

2011 analyst conf 7.8%

2010 analyst conf 8.8%

2009 analyst conf 9.8%

2008 analyst conf 9.0%

2004 analyst conf 8.3%

2003 analyst conf 9.1%

2002 analyst conf 8.2%

Long-term cost of capital ~9%

Well in excess of long-term cost of capital
Delivered attractive returns to LP investors
Supportive GP

GP has demonstrated willingness to forego distributions for transitional time period for appropriate acquisitions or expansions (e.g., KinderHawk)

If we get to a point where we cannot deliver attractive returns to LP investors, we would consider other options

31

(a)

Targeted unlevered returns typically 12-15% for pipelines
(higher for CO

2

)

in

50/50

splits

since

1997

As of 12/30/2011; calculation of current cost of capital can be found in the Appendix to this presentation

KMP Access to Capital
Issued
~\$25.8
billion
of
capital
at
KMP
in
the

public
markets
since
inception
(a)

~\$11.9
billion
in
equity
raised
(a)

~\$13.9 billion in KMP long-term debt (~\$12.1B net of refinancing)
Accessed in difficult markets

Sep 01
to
Sep 02
~\$1.9
billion
in
equity
and
debt
issued
(a)

Aug 07
to
Dec 09
~\$7.6
billion
in
equity
and
debt
issued
(a)

Limited equity issuance needed in 2012

KMR dividend = ~\$491 million in 2012

KMP \$385 million public secondary offering(s) / ATM program

32
Note: all figures as of 12/31/2011; excludes any impact from the proposed acquisition of El Paso by KMI
(a) [Includes KMR share dividends](#)

KMR 101

(a)

Discount Has Narrowed, But Still Wide

KMR Discount to KMP

Management Purchases of KMR / KMP

(c)

(a)

All

figures

through

/

as

of
12/30/2011;
see
footnotes
on
slide
7
for
explanation
of
total
return
calculations

(b)
Calculation of share dividend: KMP quarterly cash distribution per unit divided by KMR 10-day average price prior to x-date =
/ \$65.986 = 0.017579 share; example reflects actual KMR share dividend calculated for 3Q 2011 paid on 11/14/2011; refer to I

(c)
Purchase of KMR shares and KMP units by directors and officers of KMR/KMP since the KMR IPO in 2001, as reported in S
7:1

ratio
excludes
one
open
market
purchase
of
KMP
units
relating
to
an
arrangement
requiring
cash
distributions
for
payment
of
interest

33
KMR
is
KMP
KMR shares are pari passu with KMP units
KMR dividend equal to KMP cash distribution, but paid in
additional shares; effectively a dividend reinvestment
program

(b)
Like
KMP

units,
KMR
shares
are
tax
efficient

but
with
simplified tax reporting (no K-1s, UBTI)
KMR is a significant entity
KMR market cap = \$7.7 billion, ~30% of total KMP
capitalization
~\$20 million in daily liquidity
KMR has generated a 15.8% compound annual total return
since '01 IPO, vs. 16.1% for KMP
Although the KMR trading discount to KMP has narrowed,
at 7.6% it still leaves substantial room for improvement
EP transaction expected to lead to more KMR issuance
Highlighting the security and further improving liquidity
Potential for KMP to become self-funding through KMR
dividend
Possibility of KMR share buybacks if quarterly dividends
exceed equity funding needs
Insiders prefer KMR
Management has purchased KMR at a rate of about 2:1 vs.
KMP,

or
almost
7:1
excluding
one
transaction

(c)
-20%
-15%
-10%
-5%
0%
5%
10%

Dec-01
Dec-03
Dec-05
Dec-07
Dec-09
Dec-11
\$0
\$2
\$4

\$6
\$8
\$10
KMR
KMP
\$8.1
\$4.5
(millions)
IPO 5/14/2001

KMP CO

2

Oil Production Hedge Profile

Avoid businesses with direct
commodity exposure

Hedge CO

2

BOE equivalent

Targeted minimum
hedge amounts:

Current Year: 70%

Year 2: 50%

Year 3: 30%

Year 4: 10%

Net Oil Production

34

77%

51%

31%

13%

0

10

20

30

40

2012

2013

2014

2015

Avg Hedge Px

WTI & WTS

(\$/Bbl)

(a)

\$90.64

\$92.23

\$93.40

\$98.11

Hedged

Unhedged

% Hedged

(a)

Where collars are used, pricing incorporated into average hedge price is the collar floor; for swaps and puts, strike price net of

(b)

Net equity production: 2012 = budget; 2013-2016 = based on Netherland, Sewell reserve report plus Katz project estimated base

NGL components (C4+)

KMP Risks
Regulatory

Pacific Products Pipeline FERC / CPUC cases

Periodic rate reviews

Unexpected policy changes
Crude Oil Production Volumes

Crude Oil Prices

2012 budget assumes \$93.75/Bbl realized price on unhedged barrels

2012
sensitivity
is
~\$5.8
million
DCF
per
\$1/Bbl
change
in
crude
oil
prices

Economically Sensitive Businesses (e.g., steel terminals)

Environmental

Terrorism

Interest Rates

~50% floating rate debt

The full-year impact of a 100-bp increase in rates equates to an approximate \$65 million increase in interest expense

35

Note: excludes any impact from the proposed acquisition of El Paso by KMI

KMP Focused on Distribution Growth
History of Delivering
Distribution Growth

(a)

:

1-year growth = 4.8%

3-year growth = 4.7%

5-year growth = 7.2%

Annual LP Distribution Per Unit

(b)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Compound annual growth in KMP LP distributions per unit for the 1-year, 3-year and 5-year periods ending 12/31/2011

(b)

Annual LP distribution, rounded to 2 decimals where applicable

36

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012E

\$0.63

\$0.94

\$1.24

\$1.42

\$1.71

\$2.15

\$2.44

\$2.63

\$2.87

\$3.13

\$3.26

\$3.48

\$4.02

\$4.20

\$4.40

\$4.61

\$4.98

KMP Drives KMI Growth
Substantial cash flow
Minimal capital expenditures
at KMI level
Strong balance sheet
Growing distributions and
investment at KMP drive KMI
dividend growth
KMP Cash Distributions Received by KMI
37
GP Interest
LP Units Owned

\$65
\$77
\$85
\$96
\$100
\$96
\$104
\$127
\$140
\$152
\$163
\$181
\$58
\$113
\$208
\$278
\$336
\$406
\$492
\$529
\$635
\$830
\$967
\$1,087
\$1,218
\$1,404
\$3
\$6
\$40
\$68
\$153
\$273
\$355
\$421
\$502
\$592
\$625
\$739
\$957
\$1,107
\$1,239
\$1,381
\$1,585
1996
1997
1998
1999
2000
2001
2002

2003
2004
2005
2006
2007
2008
2009
2010
2011
2012E
(a)
\$40

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)
In 2010, total distributions paid to KMI (GP + LP) were \$1,032 million. These distributions to KMI would have been \$1,202 million had KMI received distributions paid in August 2010 had been cash from operations, rather than a portion being a distribution of cash from interim capital transactions; the GP receives only 2% of distributions of cash from interim capital transactions

Operational Excellence
Steve Kean
Chief Operating Officer

Operations Goals

Safe, Reliable, Efficient Operations

Continuous reduction in risk to the public, employees,
contractors, assets and the environment

Continuous improvement in the efficiency and productivity of
existing
operations

Establish culture of excellence in operations

39

Well-executed

expansions

and

effective

integration

of

acquired

operations

Efficiency

Part of weekly asset review

Throughput

Operating costs (including energy use and L&U)

Sustaining capex updates

Detailed, bottoms up

budget process for operating expenses and
sustaining capex

Separately identify safety and compliance needs; separately track
spending on those items

Shared best practices on common activities

Working groups

Quarterly KM operations meeting

40

KM Operating Efficiency
G&A per MMDth Natural Gas Received
O&M per MMDth Natural Gas Received
41
Source: third party analysis
\$-
\$0.01
\$0.02
\$0.03

\$0.04
\$0.05
\$0.06
\$0.07
\$0.08
\$0.09
\$0.10
Company
A
Company
B
Company
C
Company
D
Company
E
Company
F
Company
G
Company
H
KM-
Line
operated
-
\$0.05
\$0.10
\$0.15
\$0.20
\$0.25
\$0.30
\$0.35
\$0.40
\$0.45
\$0.50
Company
A
Company
B
Company
C
Company
D
Company
E
Company
F
Company

G
Company
H
KM
operated
Line
\$
-

Implementation Plan
Immediate Risk Reduction
ROW protection programs
Liquids pipeline O&M re-write
EHS (environmental, health and
safety) boot camps
in Terminals
Audits and assessments (annual
program)
Acceleration of certain pipeline

integrity work

PSM / RMP compliance

(a)

Tank and in-facility pipe integrity program

Terminals SQE (safety, quality and environmental) ongoing

Separate review of high consequence assets and operations

Continuous Improvement Systems Improvement and extension

Measuring, meeting, adjusting

Training

Auditing

Working Groups

share best

practices across Kinder Morgan

Systems-making

Compliance Routine

Addressing

operations

performance

in our existing processes

Operations Management System

Annual budget

Compensation

QBR s

Operations quarterly meetings

Monthly business unit meetings

Monthly major projects review

Weekly asset meetings

Compliance systems

OpsInfo extension (2008

11)

Datastream

Petris

Audit tracking system

Exceptions reported to business
unit management
Incident and near miss reporting
systems

ERL

STARS

Incident Review Committee
42

(a)

PSM
= Process Safety Management

RMP
= Risk Management Plan

Compliance Summary

Key elements:

1.
Clear statement of requirement, assignment of responsibility and deadline for completion, and
2.
Exception reporting to management

Performance:

OpsInfo expanded to nearly 114,000 compliance actions per year

Timely compliance: 99.5% in 2011

Other items tracked: regulatory changes, audit exceptions tracked and closed

43

Compliance Summary

Cont d

44

(a)

SPCC

= Spill Prevention Control and Countermeasures

(b)

PSM

= Process Safety Management

RMP

= Risk Management Plan

Business
Unit
Env. Permits
Hazardous
Waste / Transport
SPCC
(a)
Safety
PSM / RMP
(b)
DOT and
DOT
Maintenance
Security
Contractors
Damage
Prevention
Natural Gas
Pipelines
OpsInfo
INFOR EAM
OpsInfo
INFOR EAM
OpsInfo
ISNetworld
Petris
Products
Pipelines
OpsInfo
OpsInfo
OpsInfo
OpsInfo
OpsInfo
ISNetworld
Petris
Terminals
OpsInfo
OpsInfo
OpsInfo
OpsInfo
OpsInfo
ISNetworld
Petris
Kinder Morgan
Canada
OpsInfo & IVARA
OpsInfo for
Trans Mountain &
IVARA for
Platte & Express

Regulations
are Not
Applicable
OpsInfo &
IVARA
IVARA
ISNetworld
Petris
CO2
OpsInfo
OpsInfo
OpsInfo
INFOR EAM
OpsInfo
ISNetworld
Petris

Incidents & Releases: Liquids Pipeline ROW

Liquids

Pipeline

Incidents

per

1,000

Miles

(a)

Liquids

Pipeline

Release

Rate

(a)

45

Note: KM totals exclude non-DOT jurisdictional CO2 Gathering and Crude Gathering for compatibility with industry compari

(a)

Failures involving onshore pipelines that occurred on the ROW, including valve sites, in which there is a release of the liquid c

any of the following:

- (1) Explosion or fire not intentionally set by the operator
- (2) Release 5 barrels or greater. (NOTE: PHMSA does not record system location for releases less than 5 barrels)
- (3) Death of any person
- (4) Personal injury necessitating hospitalization
- (5) Estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of the company exceeding \$50,000; not included: natural gas transportation assets

(b) 2009 most recently reported

KM Incidents

Industry 3-yr Avg

Industry 2009 Avg

- (b) -
- 5
- 10
- 15
- 20
- 25
- 30
- 35
- 2006
- 2007
- 2008
- 2009

Industry 3-yr Avg

- 0.45
- 0.29
- 0.21
-
- 0.08
- 0.39
-
- 0.2
- 0.4
- 0.6
- 0.8
- 1.0
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2010

2011
KM Incidents
Industry 2009 Avg
(b)
6.0
15.5
2.5
-
0.01
13.1

Product Pipelines 10-year Release Trend

46

Releases > 5 Gallons ROW and Facilities

0

10

20

30

40

50

60
0
2,000
4,000
6,000
8,000
10,000
12,000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011

Total Barrels Released

Cochin Release

Total Number of Incidents

Number of Pacific Only Releases

Incidents & Releases: Natural Gas Pipeline ROW

Natural Gas Pipeline Incidents Rate

(a)
47
0.27
0.30
0.13
0.04
-
0.2
0.4
0.6
0.8
1.0
2006

2007
2008
2009
2010
2011
KM Incidents
Current Industry Avg
2005 Industry Avg
0.32
0.27

Note: KM totals exclude non-DOT jurisdictional CO₂
Gathering and Crude Gathering for compatibility with industry comparisons

- (a)
An Incident means any of the following events:
- (1)
An event that involves a release of gas from a pipeline or of a liquefied natural gas or gas from an LNG Facility and
- (i) A death, or personal injury necessitating in-patient hospitalization; or
- (ii) Estimated
property
damage,
including
cost
of
gas
lost,
of
the
operator
or
others,
or
both,
of
\$50,000
or
more;
or
- (iii) Unintentional estimated gas loss of 3,000 Mcf or more
- (2)
An event that results in an emergency shutdown of an LNG facility
- (3)
An event that is significant, in the judgment of the operator, even though it did not meet the criteria of paragraphs (1) or (2)

KM Lost-time Incident Rate (DART)

48

Contractor Lost-time Incident Rate (DART)

49
0.44
0.71
1.23
1.00
1.10
1.00
1.84
1.00
-
1
2
3
4

5

Natural Gas

Pipelines

CO2

Products

Pipelines

Terminals

KM Canada

KM Contractor Rate (12-mo)

Industry Avg

-

OSHA Recordable Incident Rate

50
1.40
1.02
1.52
2.78
1.05
1.30
1.06
0.74
2.27
0.52
2.30
1.67
1.90

5.90
1.90
2.50
2.60
2.50
6.35
2.50

-
1
2
3
4
5
6
7

Natural Gas
Pipelines
CO2
Products
Pipelines
Terminals
KM Canada
KM Rate (3-yr Avg)
KM Rate (12-mo)
Industry Current Avg
Industry 2005 Avg

Vehicle Incident Rate

51

(a)

Industry average not available for Terminals

(a)

0.50

0.69

0.42

1.86

0.59
0.26
0.70
0.68
0.79
0.57
1.40
1.40
2.41
2.41
-
1
2
3
4
5
Natural Gas
Pipelines
CO2
Products
Pipelines
Terminals
KM Canada
KM Rate (3-yr Avg)
-
KM Rate (12-mo)
-
Industry Avg

2012 Objectives

Incident rates: better than industry average and better than the Kinder Morgan 3-year average; zero significant incidents

Terminals SQE program

Continued special emphasis on high consequence assets and operations

52

Natural Gas Pipelines

Tom Martin

President Natural Gas Pipeline Group

** Does not include El Paso acquisition

Overview

Market

Environment

Shale activity providing excellent growth opportunities

Transport spreads remain flat

Storage spreads are weak

Processing margins continue to be very strong and roughly equivalent to 2011 performance

Value

Proposition

Strong asset base with secure cash flows supported by long-term contracts

Broad pipeline network connected to diverse supply sources and end users lessening the impact of flat basis spreads

Limited exposure to commodity prices and processing margins

Recently expanded footprint and superior access to capital provides additional expansion / extension and acquisition opportunities

Summary

System

Financial targets

Asset-by-asset review

Intrastate assets

Growth opportunities

2

Natural Gas Pipelines and Facilities

3

Financial Overview

Budget

'11 -

'12

2006

2007

2008

2009

2010

2011

2012

Change

EBDDA

(a)

\$501,103

\$548,383

\$738,860

\$825,388

\$981,391

\$1,134,424

\$1,305,468

\$171,044

Sustaining Capex

(27,431)

(29,927)

(29,853)

(22,676)

(19,486)

(30,094)

(43,812)

(13,718)

DCF

\$473,672

\$518,456

\$709,007

\$802,712

\$961,905

\$1,104,329

\$1,261,655

\$157,326

14.2%

2012 Highlights:

Second half of KinderHawk acquired in July 2011; full-year contribution in 2012

Eagle Ford joint venture in-service; full-year contribution in 2012

Full-year contract quantities on FEP in 2012

SouthTex

acquisition

included

in

KMP

portfolio

in

December

2011;

full-year

contribution

in

2012

EagleHawk joint venture investment included in KMP portfolio in 2011; full-year contribution in 2012

West Clear Lake storage contract renewal contribution in 2012

Full-year KMIGT rate case settlement in 2012

4

(\$ in millions)

(a)

EBDDA includes Upstream gathering assets (2010 forward) and includes imputed share of DD&A of material joint venture in
from Eagle Ford (2011) and Endeavor (2011 and 2012)

Contracted Capacity and Term
Interstate
pipelines:
contracted
on
a
fee
for
service

basis
Annual
re-contracting
exposure
is
~
2%
-
5%
of
segment
EBDDA
through
2015

Limited exposure to gas commodity pricing; \$1/Dth gas price change = ~ \$1.1MM in 2012, <1% of segment annual EBDDA
Non-Interstate pipelines: business portfolio
Limited exposure to gas commodity pricing, processing margins, pricing spreads

Processing
exposure
(a)

:
\$1
change
in
WTI
=
~\$2MM;
1%
change
in
NGL
crude
ratio
=
~\$3MM;
Total processing is ~ 6% of segment annual EBDDA

\$1 /Dth gas price change = ~\$3MM/yr, < 1% of segment annual EBDDA

Intrastate pricing spreads: \$0.05 Waha to HSC = \$1MM
5

Transport Contracts
Avg. = 8 yr, 9 mo
Transport Contracts
Avg. = 6 yr, 2 mo
Contracted
Capacity
Avg. Term
Remaining

Interstate
KM Interstate Gas
Storage
10.7
Bcf
3 yr,
1 mo
Transport
1.0
Bcf/d
3 yr,
6 mo
TransColorado
Transport
1.0
Bcf/d
4 yr,
3 mo
Trailblazer
Transport
0.9
Bcf/d
3 yr,
10 mo
Rockies Express
Transport
2.0
Bcf/d
7 yr,
8 mo
Midcontinent Express
Transport
2.6
Bcf/d
6 yr,
5 mo
KM Louisiana
Transport
2.1
Bcf/d
17 yr,
8 mo
Fayetteville Express
Transport
1.8
Bcf/d
10 yr,
2 mo
Intrastate
Texas Intrastates

Purchases

2.7

Bcf/d

2 yr,

1 mo

Sales

2.3

Bcf/d

2 yr,

1 mo

Storage

144

Bcf

1 yr,

1 mo

Transport

3.9

Bcf/d

5 yr.

7 mo

Eagle Ford JV

Transport

0.6

Bcf/d

9 yr,

11 mo

KinderHawk

Transport

N/A

~4 yr

(life of lease)

(a)

Includes Eagle Ford Gathering and Upstream

Asset Summaries

Rockies Express Pipeline

REX

1,685 miles of 36

and 42

mainline

Originates in Meeker, CO and

terminates in Clarington, OH

Transports Rocky Mountain

production to Midwest and
Northeast markets
JV between KMP (50%),
Sempra (25%) and
ConocoPhillips (25%); KMP
operates
Capacity

Zone 1 ~ 2.0 Bcf/d

Zone 2/3 ~1.8 Bcf/d
Long haul capacity contracted
at ~97% long term
FERC-regulated
Long
haul
flows
0.9

1.8
Bcf/d
7

REX

Opportunities

Firm backhauls (Marcellus and Utica Shale, Biogas)

East-end receipts, conversion of existing deliveries to bi-directional interconnects,
and booster compression

Forward pricing favors Chicago over Clarington (backhaul within Zone 3)

Park & loan service

Interruptible and short haul service (ITS, PAWS)

Extensions and expansions

and LDC s)

New supply basins (Utica and Marcellus shale)

Challenges

Meeker to Clarington price spreads have narrowed
MFN clause restricts full system backhauls (Zone 3 to Zone 1) to
shorter term (364 days max.) contracts

Backhauls within Zone 3 exempt

8

Additional

markets

in

Ohio

and

Indiana

(coal

to

gas

conversions, power

plants

KMIGT
5,054 miles of various
diameter reticulated
pipeline
Markets:

LDCs and industrials

Irrigation/grain drying in
NE and KS

Mid-Continent
interconnected pipelines

Ethanol plants
Growth

Power plants
Capacity

Transport .98 Bcf/d

Storage 14.8 Bcf

Marketable on-system
capacity sold out

PXP contracted at
96% short term
FERC-regulated
Rate case settlement
approved in 2011;
minimal rate case
exposure through 2015
Kinder Morgan Interstate Gas Transmission
9

KMIGT

Opportunities

Pony Express Pipeline (PXP) conversion from gas to oil service

Power plants

New natural gas power plants and conversion of existing coal
power plants to natural gas

Future

production

development

Niobrara

Shale

Additional LDC and industrial load

Challenges

Re-contracting PXP capacity long term (if not converted to oil
service)

10

KMIGT Gas to Oil Conversion Project
Fundamentals

Excess western gas export
capacity (~4 Bcf/d) has narrowed
the gas basis differential

Robust Bakken production growth
is projected and DJ/Niobrara
development is anticipated

Oil pipeline export capacity from
the west is fully utilized and
expensive rail/trucking options
being used

Uncertainty lies around the timing
of the Keystone XL project
approval

Conversion relies on upstream

expansion of Bridger-Butte pipeline
FERC abandonment approval
needed
Facilities
Conversion of 432 miles existing pipeline currently in gas
service (previously in oil service)

Guernsey to existing KMIGT NGPL gas interconnect
New Build

Gas facilities to provide alternative gas transportation

Required for FERC abandonment approval

~60 mile DJ/Niobrara Lateral

~230 miles from existing pipeline to Cushing

\$700 -
\$800M of capex

In service target late 2014

Open season ended Nov. 2011, working with potential shippers
to secure contracts

11

TransColorado Gas Transmission
TransColorado
301 miles of 22
& 24
mainline
Originates at Greasewood, CO
and terminates at Blanco, NM
Primarily serves area producers

Bi-directional Flow

Capacity north ~ 0.44 Bcf/d

Capacity south

Phase 1 ~ 0.165 Bcf/d

Phase 2 ~ 0.372 Bcf/d

Less than 10% capacity sold
short term

FERC-regulated

Minimal rate case risk

Completed 18,000 Dth/d
southbound expansion at Conn
Creek CS

Aggregation of gathering and
processing has shifted gas
supply to north end of pipe

12

Trailblazer Pipeline
Trailblazer
436 miles of pipe
3 compressor locations
with 58,000 HP
Max throughput = 0.878
Bcf/d
Lowest total cost pipeline

out of region
FERC-regulated
No rate case filing until
2014
Recontracting of expiring
capacity at lower rates
included in 2012 Budget
2% of segment EBDDA
13
13

Midcontinent Express Pipeline
MEP
507
miles
of
42 ,
36
and

30

pipe

Originates at Enogex,
Bennington and terminates
at Transco Station 85

Capacity:

Zone 1: 1.8 Bcf/d

Zone 2: 1.2 Bcf/d

JV between KMP (50%)
and Regency (50%); KMP
operates

Pipeline fully-subscribed
with long-term firm
contracts

FERC-regulated

14

14

MEP

Opportunities

Serves as shale (Barnett, Woodford, Haynesville, and Bossier shales) outlet with access to multiple markets in the Midwest, Northeast and Southeast

Zone 2 expandability (up to 300 MDth/d)

Shale development, Perryville pile-up could support Zone 2 expansion

Excess long haul capacity of 20 MDth/d has been identified as a result of operating experience

Mainly sold under short-term firm deals in 2011-12

Storage connection access near Perryville area

Creates opportunities for hub and wheeling services

Sawgrass

Storage

LLC
has
filed
for
FERC
approval
for
development
of
storage
field that would utilize MEP as its transport hub for its customers
Higher recourse rates to reflect higher project costs (long-term opportunity)
15

Kinder Morgan Louisiana Pipeline
KMLP
133
miles
of
42
pipe
Originates at Cheniere

Sabine pass LNG and
interconnects with 12
interstate pipelines
Two storage fields
connected to pipeline
Capacity: 3.2 Bcf/d
Pipeline fully-subscribed
with 20-year contracts
(~18 years remaining)
FERC-regulated
16
16

KMLP
Opportunities
Opportunity to transport supply for LNG export

Cheniere Sabine Pass has received necessary DOE permits for their liquefaction project. Awaiting FERC approval.

Cheniere signing up Shippers, has announced approximately 1.5 Bcf/d

Discussions with Cheniere and Shippers could lead to opportunities in 2015 and beyond
Multiple
interconnections

with
additional
facilities,
may
capture
opportunities
between major interstate pipelines and storage
Potential interconnections with other LNG terminals
17

Fayetteville Express Pipeline
FEP
185
miles
of
42
pipe
One compressor station

with 72,000 HP
Capacity: 2.0 Bcf/d
15 receipt points
(producer specific)
4 delivery meters
JV between KMP (50%)
and Energy Transfer
(50%); Energy Transfer
operates
1.85 Bcf/d capacity under
long-term contracts
FERC-regulated
18
18

FEP

Opportunities

All major construction completed; final clean-up is continuing as weather allows

2.0 Bcf/d of initial pipeline capacity

Project costs projected at \$0.97 billion, substantially less than original estimate of \$1.26 billion

1.85 Bcf/d capacity sold under long-term firm contracts; have 0.15 Bcf/d available for sale

Southwestern: 1.2 Bcf/d, 10 yrs

Chesapeake: .375 Bcf/d for 10 yrs

BP: .125 Bcf/d for 10 yrs

XTO: .150 Bcf/d 12 yrs

Rig
count
in
Fayetteville:
28
rigs
in
December
2011,
maintaining
year-ago
level

Exxon purchased XTO assets in June 2010 and PetroHawk assets October 2010

BHP purchased Chesapeake assets April 2011 and will take operational control in 2012

Area producers still indicate a strong commitment to Fayetteville Shale based on drilling
forecast

Expansion opportunity for capacity up to 2.4 Bcf/d

Two additional compressor stations

Avg. daily delivered volumes have increased in the last year from .78 Bcf/d to 1.15 Bcf/d

19

KMI (20% Ownership)
Natural Gas Pipeline Company of America
NGPL
Pipeline miles: 9,200
KM-operated
Market area deliverability: 5.0 Bcf/d
Storage working gas capacity: 278
Bcf (8 fields)

Direct or one-pipe-away access to most major U.S. and Canadian supply basins west of the Mississippi, including major shale plays
Approx. 600 interconnections, including:

34 interstate pipelines

38 local distribution companies

32 end users, including power plants

Top customers consist of investment grade LDCs (excl. NIPSCO), producers and marketers

Top-10 customers make up 62% of transportation and storage revenues

Firm transport and storage revenue by customer segment:

LDCs

43%

Producers

17%

Marketers

34%

End users

5%

Rate case settlement reached in 2010

Average firm transport tenure is 2.4 years

Major LDC customer anticipated to renew

for

3

-

4

years

20

Texas Intrastate Pipelines
Texas Intrastates
6,000 miles of pipeline
Over 5 Bcf/d capacity
(5.5 Bcf/d peak day)
144 Bcf of storage
Access to 685 MMcf/d
processing capacity

180 MMcf/d CO

2

treating

capacity

Combination of fee-for-
service, and purchase /
sale activity

Texas Railroad

Commission regulated
market-based regulation

in competitive

environment

21

Texas Intrastate Pipelines

Opportunities

Large asset footprint provides real and continued opportunities for expansion capital investment

New service to end user plants being restarted, expanded or built grass roots along the Texas Gulf Coast in response to favorable feedstock and fuel outlook

Petrochemical, refinery, fractionation and power generation expansions being planned around expected increase in local/domestic natural gas, NGL and condensate supplies
Economic expansions of deliverability into Mexico to serve increasing demand for natural gas

Optimization and expansion of West Clear Lake storage facility post termination of lease to Shell April 1

Other investments in or acquisitions of gathering assets similar to KinderHawk & Eagle

Hawk

Challenges

Continuing to replace declining natural gas supply from traditional production areas

22

Eagle Ford Joint Ventures
Eagle Ford Gathering LLC
50/50 JV with Copano in STX
Capacity of 705,000 MMBtu/d based
on contracted processing space
111 miles of 30 /24
supply lateral
placed into service 3Q 2011

currently flowing 240,000 MMBtu/d
Approximately 90% of the JV's long-term capacity is subscribed
Pipeline capacity is expandable with compression
62 miles of 24
crossover pipeline
placed into service 3Q 2011 and currently flowing approximately 120,000 MMBtu/d into WFS at Markham
10 miles of 20
inlet pipeline to Formosa completed 4Q 2011; initial deliveries expected in February
Eagle Hawk Field Services LLC
75/25 BHP Petrohawk/KM JV in S. TX
416 miles of pipeline in-service
2012 forecasted capacity:
~ 110K Bbl/d
~ 670 MMcf/d
KM expects to have invested in excess of \$400 million of capital in, and in support of, these Eagle Ford joint ventures by year-end 2012
23

Eagle Ford Joint Ventures

Opportunities

Additional EFG gathering and processing expansions as producers shift rigs into what is one of the most economic basins in North America

Higher volumes on EagleHawk as BHP continues to increase rig count in 2012

Challenges

Handle

liquids

fallout

from

higher

than

expected

liquids

content

in

the gas to maintain run times

24

KinderHawk Field Services
KHFS
100% KM in northwest Louisiana
Gathering and treating services
for Haynesville / Bossier Shale
Long-term gathering / treating
contracts
452 miles of pipe installed to-

date

Over 2 Bcf/d of capacity

Well-positioned to access over

20 Tcf of gas

2,600 GPM of treating capacity

in-service (20 plants / 12

locations)

102 wells connected to the

system in 2011

103 wells budgeted to be

connected in 2012

18 interconnections with major

downstream pipelines

1 additional interconnection with

major downstream pipeline to be

constructed 1st Q 2012

2011 annual average: 1.0 Bcf/d

2012 volume forecast:

current 1.0 Bcf/d

annual avg ~1.1-1.3 Bcf/d

25

25

KHFS

Opportunities

Expansions due to infill drilling, additional CDPs and planned extensions of the system

Higher volumes as BHP is expected to increase rig count in 2012

Bossier Shale development

Some 3

rd

party opportunities remain as lease capture continues

Challenges

Maintaining high amine plant runtime to avoid curtailments

Have regional facilities in place to handle surges of new production as shift to pad drilling programs begin

Potential impact on developmental drilling from low gas prices

26

Kinder Morgan Upstream (KMULLC)

KMULLC

Own and operate processing plants in Casper and Douglas, Wyoming and a carbon dioxide and sulfur treating facility at West Frenchie Draw, Wyoming

Combined processing capacity of
185 MMcf/d

West Frenchie Draw Plant is fully
subscribed for 50 MMcf/d of
natural gas

Red Cedar Gathering (RCG) is a joint
venture between KMP (49%) and the
Southern Ute Indian Tribe (51%)
located within the boundaries of the
Southern Ute Indian Reservation in the
Durango, Colorado area

743 miles of gathering pipe
connected to 1,200 producing
wells; 89,400 horsepower of
compression and three (Arkansas
Loop/Simpson and Coyote Gulch)
carbon dioxide treating plants

Capacity of approximately 750
MMcf/d

Delivers gas into TransColorado,
El Paso and TransWestern
pipelines and the Enterprise Val
Verde Treating Plant at the
Blanco hub

Largest customers include BP,
Samson and Red Willow

27

KMULLC

Opportunities

Increased processing volumes at the Douglas Plant

Increase in liquids volumes from Chesapeake and DCP over the next two years

Increased volumes at Red Cedar from development of acreage on east end of Southern Ute Indian Reservation

Approximately 100 MMcf/d is expected to eventually come from the development of reserves in the eastern end

The infrastructure (pipe & compression) to support this development was completed and put in service in 2011

Challenges

Douglas plant capacity is adequate for increases in volume,
however, expect limitations in fractionation space downstream at
Conoco's WRB facility

Gas prices have caused large scale development on the east end of
Red Cedar to slow down

28

29
Treating Services
Largest fleet of contract operated
amine plants in the U.S. that
remove CO
2
and H
2

S from natural
gas

140 leased amine plants in
service

Refurbishment and inventory
yards located in Odessa and
Victoria, TX
Manufacture and lease skid
mounted mechanical refrigeration
units MRU s
that remove liquid
hydrocarbons from natural gas

145 leased MRU s in service

Manufacturing facility in Tyler, TX
Acquired SouthTex Treaters in
November 2011 for \$155 million

84 acre manufacturing facility
located in Odessa, TX

Manufacture and sell amine
treating plants, stabilizers, high
pressure vessels and other oil
field related equipment
Treating Services

Treating Services

Opportunities

Find new applications on KM's expanding asset footprint for KM amine, dew point and MRU equipment

Increase utilization of SouthTex manufacturing capabilities for both 3

rd

parties and Kinder Morgan internal needs

Challenges

Keep amine lease fleet deployed (especially smaller units) in an environment where wellhead applications continue to be displaced by centralized facilities in the shale plays

30

2012

Full-year effect of new projects and acquisitions

FEP, KinderHawk, Eagle Hawk, SouthTex

New

growth

continues

with

expansions

and

increases

in

fee

based

services

Eagle Ford

West Clear Lake Storage
2013 and beyond -
long term / future growth
Shale gas

TX
Intrastates

Eagle
Ford
expansion,
extension
and
treating/processing
activities

KinderHawk

extensions
and
expansions
(infill
drilling),
Bossier
production
growth,
additional
service
offerings

FEP
remaining 150,000/d of capacity plus expansion opportunities

KMIGT
Niobrara gathering and processing opportunities

REX
additional downstream market Marcellus (backhaul opportunities)

MEP
additional expansion opportunities (up to 300 MDth/d Zone 2)

East
of
Perryville
/
T85

Southeast

markets
Storage

TX Intrastates

West Clear Lake
significant expansion opportunities

Dayton
further expansions

Continue to evaluate new interconnects or investment in storage opportunities across KM pipeline footprint
Acquisitions & other opportunities

Conversion of natural gas lines into liquids or oil service (e.g. Pony Express)

KMLP
transportation backhaul opportunities for the export of LNG cargos from Cheniere LNG facility

NGPL
several proposed LNG export facilities in the Gulf region add significant new market opportunity

KinderHawk/Eagle Hawk -
replicate in upstream sector

Intrastates

uniquely
capable
of
pursuing
high
pressure
markets

Continue to seek new industrial / end user loads along the pipeline corridors

Other pipeline assets that complement KM footprint
Growth Opportunities in 2012, 2013 and Beyond

31

Financial Review
Kimberly Dang
Chief Financial Officer

Agenda

KMP:

2012 budget

Distributable cash flow

Segment earnings before DD&A and LP net income

Quarterly profile

Budget assumptions

Sustaining capital

Growth capital

Financing plans

Liquidity

Balance sheet ratios

KMI:

2012 budget

Cash available to pay dividends

Quarterly profile

Liquidity

Summary

2

KMP

2012 DCF Budget

(a)

4

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Excluding certain items

(b)

Includes \$171 million of joint venture DD&A in both 2011 and 2012, for our share of REX, MEP, FEP, KinderHawk (until May-2011), Red Cedar and Cypress

(c)

Eagle Ford in 2011 only

(d)

Includes joint venture sustaining capex for our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Ford

2011
 2012
 Change
 Actual
 Budget
 \$
 %
 Distributable cash flow
 Net income
 \$1,742
 \$2,148
 \$406
 23%
 DD&A
 (b)
 1,133
 1,206
 73
 6
 Book / cash tax difference
 27
 26
 (1)
 (4)
 Eagle
 Ford
 /
 Express
 /
 Endeavor
 (c)
 15
 7
 (8)
 (53)
 Sustaining capex
 (d)
 (212)
 (249)
 (37)
 17
 Total distributable cash flow
 2,705
 3,138
 433
 16
 General partner's interest
 (1,180)
 (1,362)
 (182)

15
Distributable cash flow
\$1,525
\$1,776
\$251
16%
Average Units Outstanding
326
342
16
5%
Total DCF per unit
\$4.68
\$5.19
\$0.51
11%
LP distribution per unit
\$4.61
\$4.98
\$0.37
8%
Excess coverage
\$21
\$71
\$50
(millions, except per unit)
(KMP)

2012 Income Budget

(a)

5

(millions, except per unit)

2011

2012

Change

Actual

Budget

\$

%

Segment earnings before DD&A (EBDA)

Products Pipelines

\$694
\$734
\$40
6%
Natural Gas Pipelines
951
1,133
182
19
CO2
1,094
1,381
287
26
Terminals
701
757
56
8
Kinder Morgan Canada
199
201
2
1
Total segment EBDA
3,639
4,206
567
16
DD&A
(961)
(1,036)
(75)
8
G&A
(388)
(411)
(23)
6
Interest
(531)
(588)
(57)
11
Non-controlling interest
(17)
(23)
(6)
35
Net income

1,742
 2,148
 406
 23
 GP share
 (1,180)
 (1,362)
 (182)
 15
 Limited
 partners
 net
 income
 \$562
 \$786
 \$224
 40%
 Units outstanding (avg)
 326
 342
 16
 5%
 LP income per unit
 \$1.72
 \$2.30
 \$0.58
 34%
 Natural
 Gas
 EBDA
 plus
 JV
 DD&A
 (b)
 \$1,122
 \$1,303
 \$181
 16%
 Total
 segment
 EBDA
 plus
 JV
 DD&A
 (c)
 \$3,810
 \$4,377
 \$567
 15%

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Excluding certain items

(b)

Natural gas pipelines EBDA adding back our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Ford of \$170 million in 2011 and 2012, respectively

(c)

Total segment EBDA adding back our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Ford of \$171 million in both 2011 and 2012

(KMP)

2012 Budgeted Quarterly Profile

(a)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Excluding certain items; please see KMP's periodic reports on Form 10-K and Form 10-Q for a more detailed presentation

(b)

Includes joint venture DD&A for our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Ford (2012-

(c)

Includes our share of joint venture DD&A and is reduced by our share of joint venture sustaining capital expenditures for the following: KinderHawk (until May-2011), EagleHawk, Eagle Ford (2012-only), Red Cedar and Cypress

1Q

2Q

3Q

4Q
Year
Total
Segment
EBDA
w/JV
DD&A

(b)
2012B
25%
24%
24%
27%
\$4,377

2011
24%
23%
26%
27%
\$3,810
DCF/unit

(c)
2012B
27%
22%
23%
28%
\$5.19/unit

2011
26%
22%
25%
27%
\$4.68/unit
Earnings/unit

2012B
27%
20%
22%
31%
\$2.30/unit

2011
25%
17%
26%
32%
\$1.72/unit
(\$ in millions, except per unit)
(KMP)

6

Budget Assumptions
Segments:

Natural Gas

Growth
and
full-year
contributions

from
KinderHawk,
EagleHawk,
and
SouthTex,
and
partial-year
contributions
from
Eagle
Ford
JV
with Copano

Full year of higher throughput on FEP (volumes contractually ramped up through 2011)

West Clear Lake storage contract rollover

CO₂

Oil price on unhedged oil volumes in CO₂
~\$93.75/Bbl

CO₂
S&T contract price increases

Relatively flat oil production: SACROC volumes = 27.9 MBbl/d, Yates = 21.0, Katz = 2.3

Products

Modest refined product volume growth = -0.4% excluding Plantation, +0.5% including Plantation

PPI tariff escalator

Partial-year
of
crude
and
condensate
operations,
Cochin
E/P
project,
and
terminal
projects
including
new
tank
expansions

for
refined products and biodiesel blending services

Terminals

Increase in rates on existing contracts

Higher coal throughput

Full year of 2011 acquisitions (Cushing, Total, Watco) and expansion projects (Carteret, Cushing, Deer Park, Port of Houston)

Partial-year benefit from over \$650 million in 2012 expected growth expenditures

Kinder Morgan Canada

Extended 1-year toll settlement on TMPL
Equity and Debt:

Total 2012 equity budgeted = \$876 million

Issue \$385 million in secondary equity

KMR dividend \$491 million

KH giveback \$25.5 million

Total 2012 long-term debt = \$2 billion (\$1 billion net of refinancing)

Interest Expense:

Average 3-month LIBOR rate of 0.80% for the year, based on forward curve at time of budget; current average 3-mo LIBOR curve = ~0.60%

7

Note: excludes any impact from the proposed acquisition of El Paso by KMI
(KMP)

2012 Sustaining Capital Budget

(a)

8

2011

2012

Actual

Budget

Change

Sustaining capital

Products Pipelines

\$50
\$51
\$1
Natural Gas Pipelines
35
51
16
CO
2
12
16
4
Terminals
91
105
14
Kinder Morgan Canada
18
20
2
Corporate
6
6
-
Total sustaining capital
\$212
\$249
\$37
(\$ in millions)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Excluding certain items
(KMP)

2011 vs. 2012 Growth Capital

9

(\$ in millions)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

2011

2012

Actual

Budget

Expansion capital

Products Pipelines
\$207
\$239
Natural Gas Pipelines
121
145
CO
2
416
437
Terminals
224
492
Kinder Morgan Canada
11
10
Total expansion capital
979
1,323
Contributions to JVs
382
233
Subtotal
1,361
1,556
Acquisitions
1,243
108
Total growth capital
\$2,604
\$1,664
(KMP)

2012 Growth Capital Budget

10

(\$ in millions)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

Total

Expansion

Equity

Growth

Capital

Contributions
Acquisitions
Capital
Expansion capital
Products Pipelines
\$239
\$72
-
\$311
Natural Gas Pipelines
145
101
1
247
CO
2
437
-
-
437
Terminals
492
60
107
659
Kinder Morgan Canada
10
-
-
10
Total growth capital
\$1,323
\$233
\$108
\$1,664
(KMP)

2012 Financing Plans

11

(\$ in millions)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Excludes any changes in working capital

2012

Budget

Equity

Secondary offerings / ATM

\$385

KMR dividends

491

Total equity

\$876

Debt

Long-term debt issuance

\$2,000

Decrease

in

revolver

(a)

(254)

Debt maturities in March / September

(958)

Incremental debt

\$788

\$1,664

(KMP)

Liquidity Summary

(a)

Revolver Liquidity

Long-term Debt Maturities

12

(\$ in millions)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

As of 12/31/2011

(b)

Primary 2012 maturities: \$450 million 7.125% senior notes due 3/15/2012, \$500 million 5.85% senior notes due 9/15/2012

Total bank credit
\$2,200
Less:
Commercial paper
(645)
LCs outstanding
(230)
Liquidity
\$1,325
2012
\$958
(b)
2013
\$508
2014
\$503
2015
\$300
2016
\$500
(KMP)

Balance Sheet Ratios

13
2012
2004
2005
2006
2007
2008
2009

2010

2011

Budget

Debt / EBITDA

3.5x

3.2x

3.3x

3.4x

3.4x

3.8x

3.7x

3.6x

3.4x

EBITDA / interest exp.

6.9x

6.3x

5.2x

5.2x

6.2x

6.4x

6.1x

6.5x

6.8x

(KMP)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

KMI

2012 Budget for Cash Available to Pay Dividends

15

(\$ in millions)

Declared Basis

2011

2012

Change

Actual

Budget

\$

%

Distributions

KMP distributions
 To general partner
 \$1,217
 \$1,404
 \$187
 15%
 On KMP units owned by KMI
 100
 108
 8
 8
 On KMR shares owned by KMI
 63
 73
 10
 16
 Total KMP distributions to KMI
 1,380
 1,585
 205
 15
 NGPL's cash available for distribution to KMI
 30
 14
 (16)
 (53)
 Total cash generated
 1,410
 1,599
 189
 13
 G&A
 and
 sustaining
 capital
 expenditures
 (a)
 (10)
 (10)
 -
 -
 Interest expense
 (166)
 (167)
 (1)
 1
 Cash available to pay dividends b/f cash taxes
 1,234
 1,422
 188

15

Cash taxes

(368)

(437)

(69)

19

Cash available to pay dividends

\$866

\$985

\$119

14

Dividend

\$849

\$956

\$107

13%

Average fully-diluted shares outstanding

708

709

1

Dividend per share

\$1.20

\$1.35

\$0.15

13%

Excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Excludes certain items

(b)

KMI paid a prorated dividend for 1Q 2011, for the portion of the quarter that it was public, of \$0.14 per share;

based on a full quarter, the dividend amounts to \$0.29 per share

(b)

(KMI)

2012 Budgeted Quarterly Profile

16

KMI

yield-oriented

investment

valued

on

a

cash

flow

basis

1Q

2Q

3Q

4Q

Year

Cash available to pay dividends

2012B

31%

18%

21%

30%

\$985

2011

(a)

30%

19%

22%

29%

\$866

Earnings per share

2012B

24%

24%

25%

27%

\$1.03/sh

2011

n/m

n/m

n/m

n/m

\$0.74/sh

(\$ in millions, except per share)

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Excludes certain items

(KMI)

Credit / Liquidity Summary

(a)
17
2012
\$839
(c)
2013

2014

2015
\$250
2016

\$850
Total Bank Credit
\$1,000
Less:
Revolver Drawn
(421)
Letters of Credit
(48)
Excess Capacity
\$531
Credit Summary
Revolver Capacity

2010

2011

Budget

2012

2.5x

2.3x

2.1x

Note: excludes any impact from the proposed acquisition of El Paso by KMI, except debt balance which includes some transac

(a)

Unless otherwise noted, as of 12/31/2011; debt of KMI's subsidiary, Kinder Morgan Kansas, Inc. excluding the fair value of i
and Kinder Morgan G.P., Inc.'s \$100 million of Series A Fixed-to-Floating Rate Term Cumulative Preferred Stock due 2057

(b)

Debt as described in footnote above and net of cash; 2010 distributions received less G&A adjusted to exclude the ICT

(c)

\$839 million 6.5% senior notes due 9/1/2012

(\$ in millions)

Long-term Debt Maturities

(KMI)

Net Debt / Distributions Received Less G&A

(b)

Summary

KMP Budget

Grow budgeted declared distribution to \$4.98/unit (8.0% growth)

\$71 million in excess coverage

Finance expansion budget approximately 50 / 50 debt / equity to maintain strong credit metrics

Year-end 2012 Debt / EBITDA of 3.4x

Distribute \$3.1 billion in 2012

KMI Budget

Declare \$1.35 / share in dividends (12.5% growth)

Year-end 2012 Debt / Distributions Received Less G&A of 2.1x

18

Note: excludes any impact from the proposed acquisition of El Paso by KMI, except debt balance which includes some transac

Appendix

KMP Current Cost of Capital Calculation

2

Annualized

Indicated LP

Distribution

Current KMP

Unit Price

Equity

Current KMP Yield

\$4.64

\$84.95
 5.5%
 GP Gross-up
 55%
 Cost of Equity
 =
 9.9%
 Equity % of Capital Structure
 x
 50%
 Equity Component of Cost of Capital
 =
 4.9%
 Interest
 Rate
 % of Overall
 Debt
 Debt
 Short-term Floating Rate
 (a)
 3.0%
 X
 50%
 1.5%
 Long-term Fixed Rate
 6.0%
 X
 50%
 +
 3.0%
 Cost of Debt
 =
 4.5%
 Debt % of Capital Structure
 x
 50%
 Debt Component of Cost of Capital
 =
 2.3%
 Equity
 Component
 Debt
 Component
 Current
 Cost of Capital
 4.9%
 +
 2.3%
 =
 7.2%

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

Includes fixed-floating interest rate swaps

Explanation of Return Calculations

3

Formula

Notes

Segment

Return on Investment =

Segment

Distributable Cash Flow

before Certain Items

(a)

Average Total Investment

(c)

KMP

Return on Investment =

KMP

Distributable Cash Flow

before Certain Items

(b)

Average Total Investment

(c)

Return on Equity =

Distributable Cash Flow

before Certain Items

(d)

Average Equity

(e)

(a)

Segment Distributable Cash Flow before Certain Items is defined as the applicable segment earnings before DD&A and certain addition, several adjustments are made to segment earnings before DD&A to more closely tie to cash: (1) KMP's share of RE (2011), EagleHawk, Red Cedar and Cypress DD&A is added back and sustaining capex is deducted, (2) Express, Endeavor and subtracted and cash received is added back

(b)

KMP Distributable Cash Flow before Certain Items is defined as the sum of the five individual Segment Distributable Cash Flow

(c)

See next page for calculation, annual number is calculated based on average of the quarterly Total Investment

(d)

Distributable Cash Flow before Certain Items is defined as outlined on the Non-GAAP Financial Measures slide plus the general partner non-controlling interest

(e)

Equity is based on cumulative equity raised inception to date as of the end of each quarter and then averaged for the year

Explanation
of
Return
Calculations

Cont d

4

Formula

Notes

Calculation of

Total Investment:

Gross PP&E

Investments

Goodwill

Gross intangibles (excluding amortization)

(a)

Plus:

Asset write-offs / retirements

Cumulative environmental reserves

Legal reserves / expenditures

(b)

Cumulative cash spent on asset retirement

(d)

Minus:

Cumulative sustaining capex

Assumed liabilities

Trans Mountain / Express adjustment

(c)

Cumulative asset retirement costs

(d)

Book value of sold assets / investments

Equals:

Total investment

(e)

(a)

(b)

Litigation

and

environmental

reserves

deducted

as

certain

items

are

added

to

investment,

except

for

SFPP

and

Calnev

litigation

reserves.

For

SFPP

and

Calnev,

actual legal payments are added to the investment when they are made

(c)

For assets acquired from Kinder Morgan, Inc. (Express, Trans Mountain) which represent a transfer of assets between entities recorded at KMI's carrying value on KMP's financials, an adjustment has been made to reflect these assets at KMP's purchase

(d)

The present value of accumulated asset retirement costs are included in gross PP&E; for purposes of this calculation, we decrease the accumulated asset retirement costs, and increase our Total Investment / add back the cash actually spent on asset retirement

(e)

Van Wharves, Cochin, Trans Mountain, and Express Total Investment is based on acquisition price plus cumulative expansion. The purpose of calculating Total Investment in this manner is to exclude the foreign exchange impact reflected in our GAAP financials

asset balance based on the end of period exchange rate

Investments are calculated based on GAAP book value equal to cumulative contributions plus cumulative earnings less cumulative distributions. Investments include FEP, KinderHawk (until May-2011 when consolidated), EagleHawk, Eagle Ford, Cypress, Parkway, Plantation and Red Cedar. These investments are not adjusted for earnings or distributions

KMP CO
2
Asset Summary
5
CO₂
Reserves
KMP
Interest
Location

Remaining
Deliverability
Operator
McElmo Dome
45%
SW Colorado
18+ years
KMP
Doe Canyon
87%
SW Colorado
18+ years
KMP
Bravo Dome
11%
NE New Mexico
9+ years
Oxy
Pipelines
KMP
Interest
Location
Capacity
(MMcf/d)
Operator
Cortez
50%
McElmo Dome to
Denver City
1,350
KMP
Bravo
13%
Bravo Dome to
Denver City
375
Oxy
Central Basin (CB)
100%
Denver City to
McCamey
700
KMP
Canyon Reef
98%
McCamey to
Snyder
290
KMP
Centerline

100%
Denver City to
Snyder
300
KMP
Pecos
~70%
McCamey to Iraan
125
KMP
Eastern Shelf
100%
Snyder to Katz
65
KMP
Wink (crude)
100%
McCamey & Snyder
to El Paso
125 MBbl/d
KMP
Crude Reserves
KMP Interest /
(Net of royalty)
Location
Remaining
Life
Operator
SACROC
97% (83%)
W Texas
8+ years
KMP
Yates
50% (44%)
W Texas
25+ years
KMP
Katz
99% (83%)
W Texas
20+ years
(a)
KMP
(a)
Based on current development plan

KMP GAAP Reconciliation

6

Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)

DCF = Distributable cash flow

(b)

Includes REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Ford (2012-only), Red Cedar and Cypress JV D

(c)

Includes joint venture sustaining capex for our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle F

(d)

KMR distributes additional shares in lieu of cash

(e)

Gain on sale of assets and asset disposition expenses, Cochin imputed interest expense, FX gain on Cochin note payable, Term costs,

legal
expenses,
insurance
deductible,
casualty
losses
and
reimbursements
(f)
Gain on sale of assets
2011
2012B
2011
2012B
KMP
Consolidated
DCF
Excluding
Certain
Items
(a)
Total Distributions
Net income per GAAP income statement
\$ 1,258
\$ 2,156
LP distributions per GAAP cash flow statement
\$ 1,054
Certain items (net of minority interest)
484
(8)
Difference
due
to
KMR
and
timing
on
cash
payment
(d)
450
Net income before certain items
1,742
2,148
Calendar-year LP declared distribution
\$ 1,504
DD&A
961
1,036
JV

DD&A
 -
 KM
 share
 (b)
 171
 171
 GP distributions per GAAP cash flow statement
 \$ 1,189
 Eagle Ford / Express / Endeavor contribution
 15
 7
 Difference due to timing and minority interest
 8
 Book / (cash) tax difference
 27
 26
 Calendar-year GP declared distribution
 \$ 1,197
 Sustaining
 capex
 (c)
 (212)
 (249)
 KMP DCF
 \$ 2,705
 \$ 3,138
 Total declared distributions (GP + LP)
 \$ 2,701
 Segment
 DCF
 Excluding
 Certain
 Items
 (a)
 Debt Ratios
 Segment earnings before DD&A (EBDA)
 \$ 3,242
 \$ 4,214
 Long-term debt excluding market value of swaps
 \$ 10,660
 Certain items impacting segments
 397
 (8)
 Notes payable & current maturities
 2,138
 Segment EBDA excluding certain items
 3,639
 4,206
 Less: cash & equivalents

(409)
 JV
 DD&A
 -
 KM
 share
 (b)
 171
 171
 Debt, net of cash
 \$ 12,389
 \$ 13,499
 Segment EBDA exc certain items, inc JV DD&A
 3,810
 4,377
 Segment
 sustaining
 capex
 without
 overhead
 (c)
 (189)
 (223)
 EBITDA to interest
 6.5x
 6.8x
 Segment DCF
 \$ 3,621
 \$ 4,154
 Debt to EBITDA
 3.6x
 3.4x
 EBITDA Excluding Certain Items
 Certain
 Items
 (Net
 of
 Minority
 Interest)
 Net income per GAAP income statement
 \$ 1,258
 \$ 2,156
 Allocated non-cash long-term compensation
 \$ (81)
 Certain items (net of minority interest)
 484
 (8)
 Environmental reserves
 (10)
 Net income before certain items

1,742
 2,148
 Legal reserves and settlements
 (231)
 Income taxes
 55
 70
 Mark-to-market & ineffectiveness of certain hedges
 5
 DD&A
 961
 1,036
 Loss on remeasurement of asset to fair value
 (165)
 JV
 DD&A
 -
 KM
 share
 (b)
 171
 171
 Prior period asset write-off
 (10)
 Interest, net of interest income
 531
 588
 Other
 8
 (e)
 8
 (f)
 EBITDA excluding certain items
 \$ 3,460
 \$ 4,013
 Total
 \$ (484)
 \$ 8

KMI GAAP Reconciliation

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Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a) Distributions from equity investments and distributions from equity investments in excess of cumulative earnings

(b) Difference between cash and book interest expense for Kinder Morgan Kansas, Inc.

(c) Consists of timing differences between earnings and cash, and cash flow in excess of our distributions

2011

2012B

2011
 2012B
 Cash Available to Pay Dividends
 Distributions Received Less G&A
 Income from continuing operations
 \$ 652
 \$ 1,366
 Cash available to pay dividends (above)
 \$ 866
 \$ 985
 DD&A
 1,092
 1,166
 Cash taxes
 368
 437
 Amortization of excess cost of investments
 7
 7
 Interest expense
 166
 167
 Income from equity investments
 (313)
 (341)
 Distributions received less G&A
 Distributions
 from
 equity
 investments
 (a)
 523
 529
 KMP certain items (pre-tax)
 493
 (8)
 Debt Ratios
 Kinder Morgan Kansas, Inc. purchase accounting
 (9)
 10
 Long-term debt -
 Kinder Morgan Kansas, Inc.
 \$ 1,941
 Difference between cash & book taxes
 (32)
 59
 Current
 portion
 of
 L-T

debt
 -
 Kinder
 Morgan
 Kansas,
 Inc.
 1,260
 Difference
 between
 cash
 &
 book
 interest
 expense
 (b)
 (1)
 11
 Less:
 cash
 &
 equivalents
 -
 Kinder
 Morgan
 Kansas,
 Inc.
 (2)
 Sustaining capital expenditures
 (213)
 (250)
 Add back: purchase accounting
 37
 KMP declared distribution on LP units owned by public
 (1,357)
 (1,533)
 Debt, net of cash
 \$ 3,236
 \$ 3,363
 Other
 (c)
 24
 (31)
 Cash available to pay dividends
 \$ 866
 \$ 985
 Net debt / distributions received less G&A
 2.3x
 2.1x
 \$ 1,400
 \$ 1,589

Investor Relations Contacts

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