KINDER MORGAN

Products Pipelines

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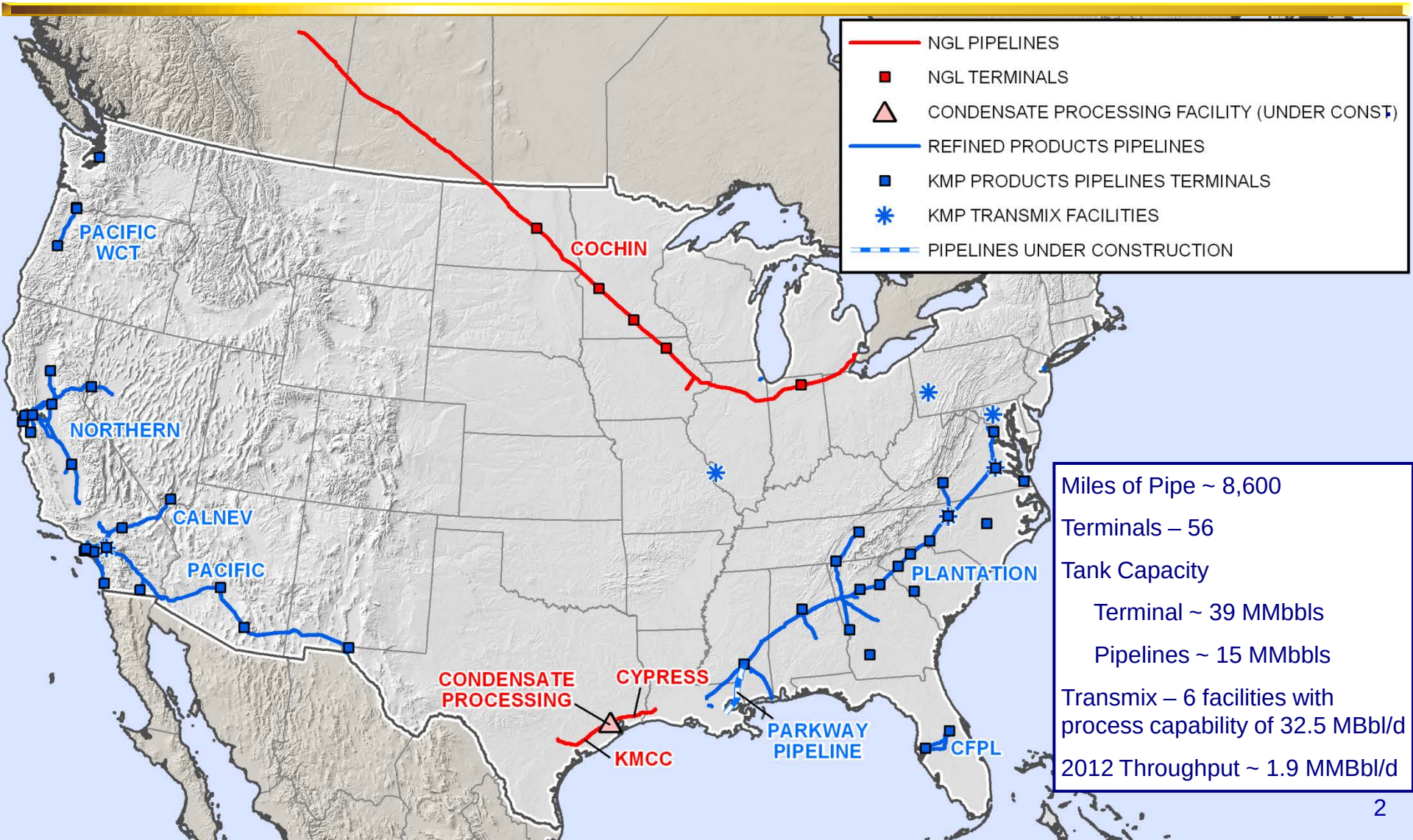
Products Pipelines Assets



Miles of Pipe ~ 8,600

Terminals – 56

Tank Capacity

- Terminal ~ 39 MMbbls
- Pipelines ~ 15 MMbbls

Transmix – 6 facilities with process capability of 32.5 MBbl/d

2012 Throughput ~ 1.9 MMBbl/d

Financial Overview [a]

($ in millions)

	2010	2011	2012	2013B
Segment EBDA	687.5	694.4	702.6	791.1
Sustaining Capex [b]	(41.0)	(45.8)	(47.8)	(50.1)
DCF	**646.5**	**648.7**	**654.8**	**741.0**

2013 budget includes year over year growth from:

- KMCC (crude and condensate line)
- Cochin E/P service
- Tank additions on the west coast
- Bio-fuel projects in the southeast and west coast
- FERC tariff index rate adjustments and modest volume growth

(a) Excludes Certain Items
(b) Does not include corporate overhead

2012 Volumes / Markets

Total refined product volumes down, 1.5% vs. 2011

- **Gasoline down 0.7%, diesel down 5.0%, jet fuel up 0.1%**
- **West Coast**
  - Pacific down 1.1%
    - Arizona down 0.2%, Northern CA up 0.9% and Southern CA down 0.7%
    - Military down 14.1%
  - CALNEV down 8.6%
    - Nevada gasoline down 11.7%, diesel down 14.9%, and Jet up 3.9%
    - McCarran Airport down 0.9%, Military up 35.1%
- **Southeast**
  - Central Florida Pipeline down 1.3%
    - Gasoline up 0.4%
    - Diesel down 4.9%
    - Jet down 4.7%
  - Plantation down 0.8%
    - Gasoline up 0.7%
    - Diesel down 5.5%
    - Jet down 1.0%
- **2013 Volume Sensitivity – 1% change equals $4.0MM EBITDA**

Total NGL volumes up 21.6% vs. 2011

- **Cochin / Cypress**
  - Cochin volumes up 40% due to EP service starting May 2012

Expanding to Meet Customer Demand

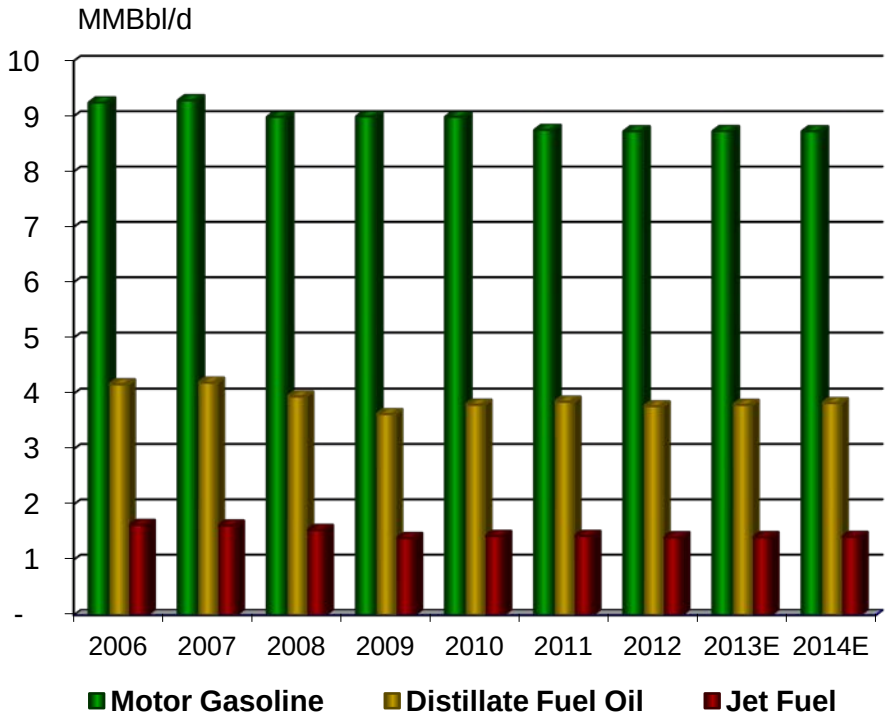
Recently Completed Projects / Acquisitions

Project	Description	In Service	Cost ($MM)
West			
Oregon Terminal projects	Add 360MBbls of storage capacity	Q4 2012	$23.5
Biodiesel Blending	Provide receipt, storage, blending, and off-load at Colton, Fresno, Phoenix and Las Vegas	Various	18.0
Carson Terminal	Construct seven 80Mbbl tanks	December 2012	77.0
Various Terminal Projects	Includes Rack expansions, tank modifications, additive, and blending systems	Various	4.6
East			
Tampa ethanol unit train	Receipt, storage, and distribution of ethanol unit trains and other terminal projects	October 2012	13.7
Various Terminal Projects / Acquisitions	Includes ethanol blending, tank modification and additive systems	Various	49.6
Cochin EP Project	Upgrade and modify pipeline to transport EP mix	May 2012	30.5
Kinder Morgan Crude and Condensate	Construction of 63.6 miles of new pipe and conversion of 109 miles of existing pipelines to liquids service	June 2012	216.0
		Grand Total =	**$ 432.9**

First full-yr EBITDA =	**$ 54.7**
EBITDA Multiple =	**7.9**

Historical Demand and 2013-14 EIA Outlook

U.S. Product Consumption



Gasoline	2006	2007	2008	2009	2010	2011	2012	2013E	2014E
MMBbl/d	9.25	9.29	8.99	8.99	8.99	8.75	8.73	8.73	8.73

EIA Demand Outlook

	2012	2013E	2014E
Mogas	-0.3%	0.0%	0.0%
Distillate	-3.2%	0.6%	0.9%
Jet Fuel	-1.3%	0.1%	0.4%
Total	-1.2%	0.2%	0.3%

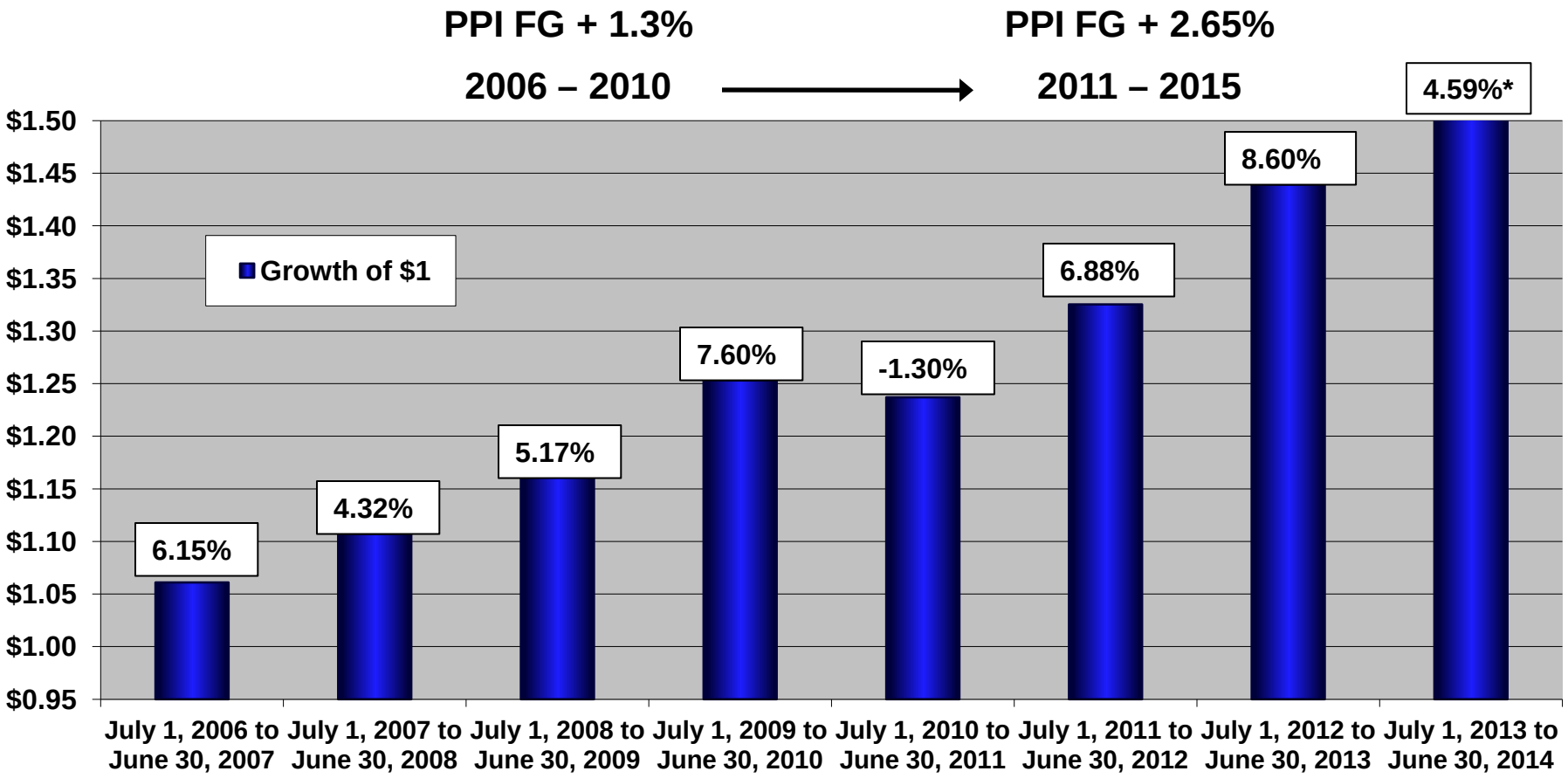
KM Refined Product Pipelines (MMBbls)

	2012	2013B	% chg
Pacific CALNEV CFPL	459.9	466.4	1.4%
Plantation & Parkway	187.5	199.4	6.3%
Total	647.4	665.8	2.8%

Source: EIA Table 4a. U.S. Crude Oil and Liquid Fuel Supply, Consumption, and Inventories and Figure 15 U.S. Liquids Fuel Consumption Growth - January 2013

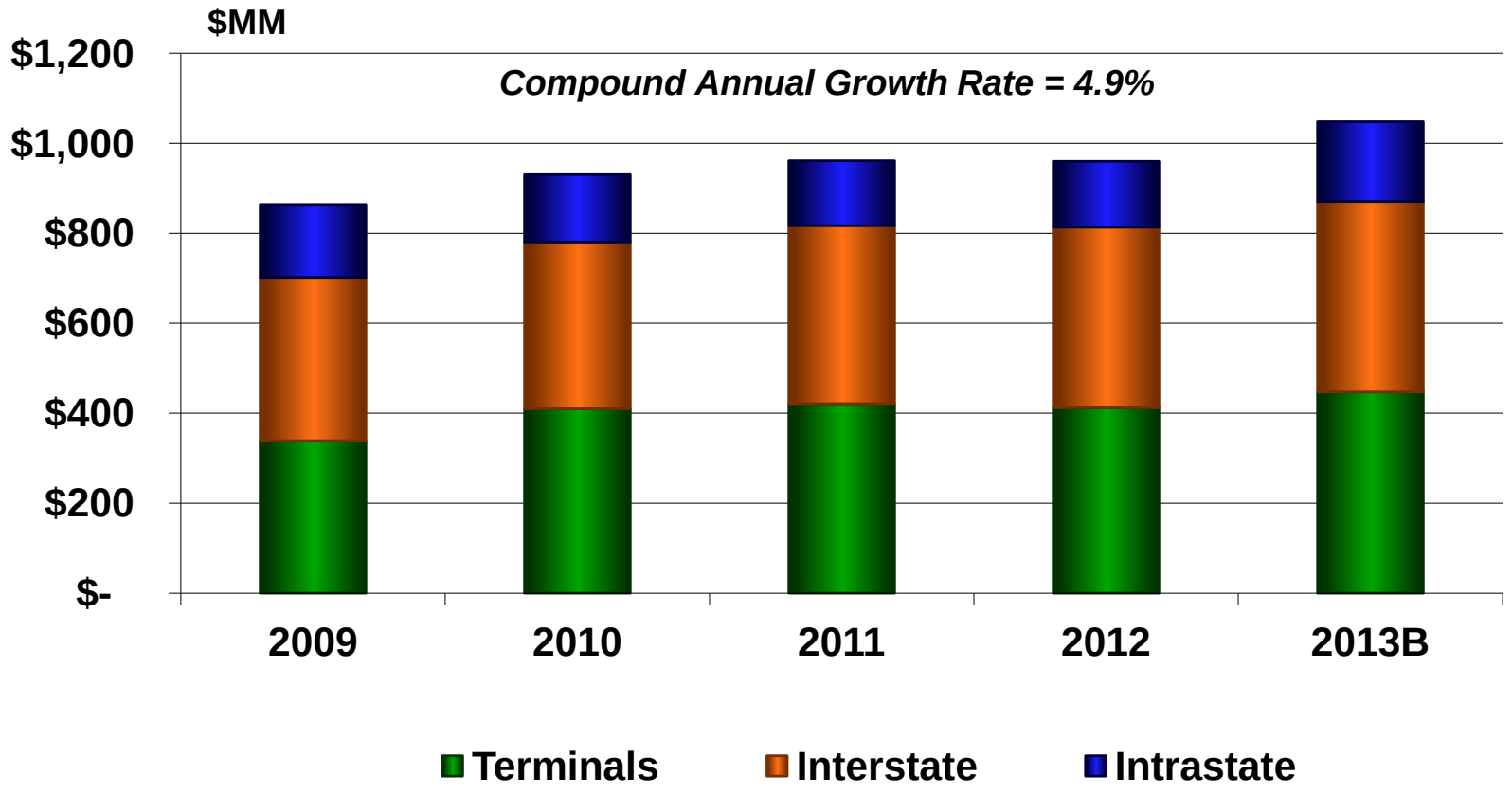
Historical FERC Tariff Index Regime

Applicable to interstate volume on SFPP, CALNEV, Plantation, Cochin (U.S.), KMCC and Central Florida



*4.59% is estimated using PPI data available as of January 15, 2013

Refined Products Segment Margin



	Terminals	Interstate	Intrastate
Compound annual growth rate	7.2%	3.9%	2.3%

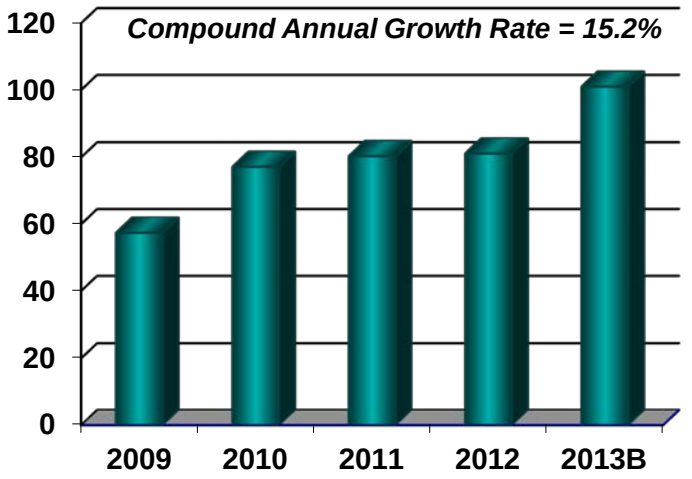
Biofuels

- **Ethanol blending available at all market locations**
- **Bio-diesel blending now available at Colton CA, Fresno CA, Las Vegas NV, and at Phoenix AZ terminals**
- **Acquired bio-fuels transload terminal in Belton, S.C. (Lincoln Energy)**
- **Tampa FLA ethanol unit train receipt facility in-service**
- **Landscape**
  - Biodiesel blenders' tax credit was reinstated by Congress through 2013
  - Regulatory climate will continue to require an increasing volume of bio-fuels
  - Opportunities associated with California low carbon fuel standard

Products Pipelines Biofuel Volumes Handled (MMBbls)

2010	2011	2012	2013B
30.2	31.1	34.4	41.8

Biofuel Revenues ($MM)



CPUC Rate Cases (The Saga Continues)

- **CPUC consolidated multiple dockets dating from 1997-2008 and assigned to two ALJ's (Long and Bemesderfer) for hearings.**
- **Proposed ALJ decisions (*Long* April 2010) and (*Bemesderfer* April 2012) deny SFPP an income tax allowance and make a series of adverse determinations on cost of service issues**
- **May, 2011, CPUC largely upholds *Long* decision including denial of income tax allowance (ITA); subsequent SFPP request for rehearing denied and SFPP files petition for writ of review with California Court of Appeals.**
- **In January 2012, SFPP files application to reduce its intrastate rates by approximately 7% reflecting CPUC disallowance of ITA, but otherwise minimizing/neutralizing expected impact of expected *Bemesderfer* decision; Shippers challenge application for rate reductions.**
- **Status**
  - October, 2012, California Court of Appeals grants SFPP's writ of review on denial of income tax allowance. Case briefed with oral argument and decision likely in second half 2013.
  - ALJ Bemesderfer has withdrawn his April, 2012 proposed decision and indicated he will reissue his proposed decision at an unspecified later date
  - Rate decrease application filed in 2012 set for hearing in April 2013 with decision expected late 2013.

FERC Rate Case Updates

- **SFPP global historical settlement (approved in 2011) left two rate cases to be resolved**

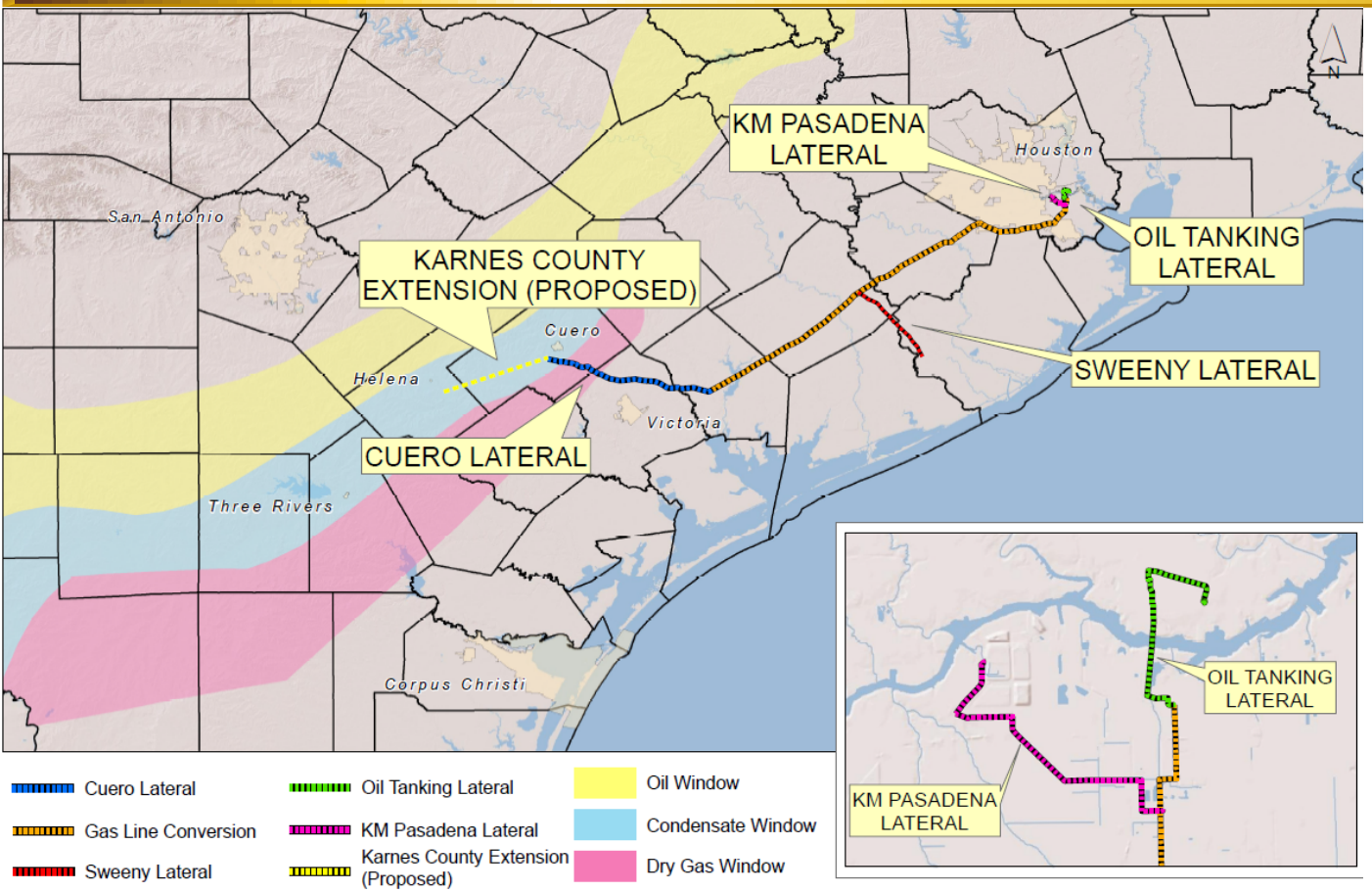
- **West Line rate case**
  - Opinions 511 & 511-A: In Opinion 511 (February 17, 2011) Commission vigorously upheld its income tax allowance (ITA) policy and adopted many of SFPP's positions on other key issues, including allocation of corporate overheads, treatment of purchase accounting adjustments, and full recovery of legal expenses via surcharges. In 511-A, (December 16, 2011) FERC largely upheld SFPP positions.
  - Awaiting order on SFPP's rehearing request on ADIT and indexing as to 511-A
  - Shippers intend to appeal both opinions to US Ct. of Appeals (DC)

- **East Line rate case**
  - Opinion 522 (September 20, 2012): FERC rejected nearly all of ALJ's findings adverse to SFPP and upheld its rulings in Opinions 511 and 511-A.
  - Awaiting order on SFPP's and certain shippers' rehearing requests as to Opinion 522; here too shippers intend to appeal opinion to US Ct. of Appeals (DC)

- **Next Steps**
  - Await rehearing orders and address these opinions on appeal

- **CALNEV**
  - Settlement approved by FERC in April 2012; bars shipper challenges through mid-2014

Kinder Morgan Crude & Condensate



Strategic Value

- KMCC completed in June 2012: capacity 300 MBbl/d
- Expectation for volumes to grow with Eagle Ford production
- Producers have access to condensate market via Explorer/Cochin and Beaumont/LA Refining market through KMCC Houston Ship Channel delivery points

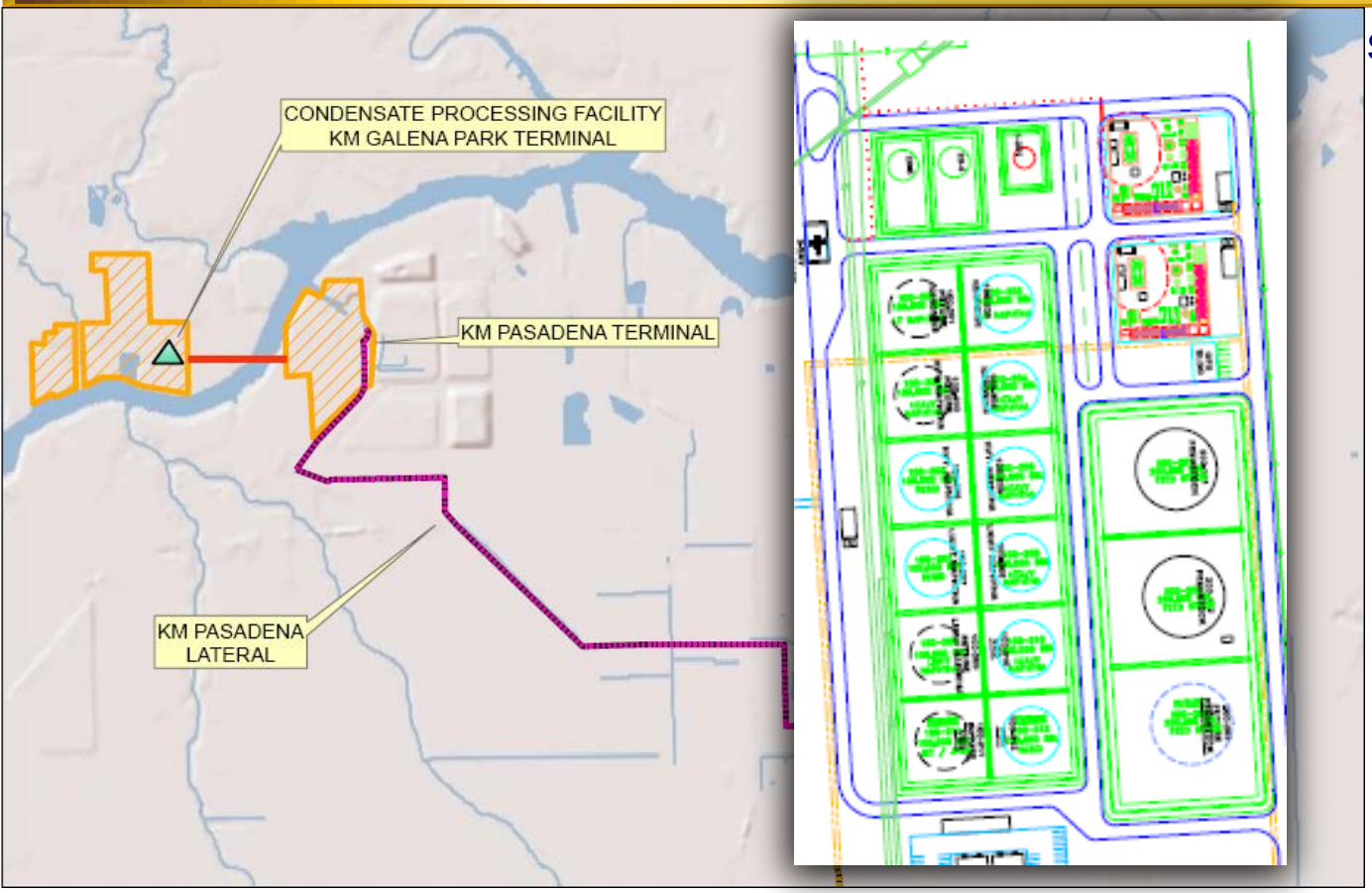
Sweeny Lateral

- Constructing ~27 mile 12" pipeline to Phillips 66 Sweeny Refinery
- $90MM CAPEX with 19MBbl/d commitment from Phillips 66
- Estimated in-service: Fourth Quarter 2013

Karnes County Extension

- Finalizing negotiation with major producer to extend main line to Karnes County
- 24" pipe, tanks, and receipt facility: Est. cost $100MM

Kinder Morgan Condensate Processing Facility



Strategic Value

- Engineered for Eagle Ford production
- Supports volume demand for KMCC
- Integrated connectivity to refining, petchem, pipeline and marine facilities

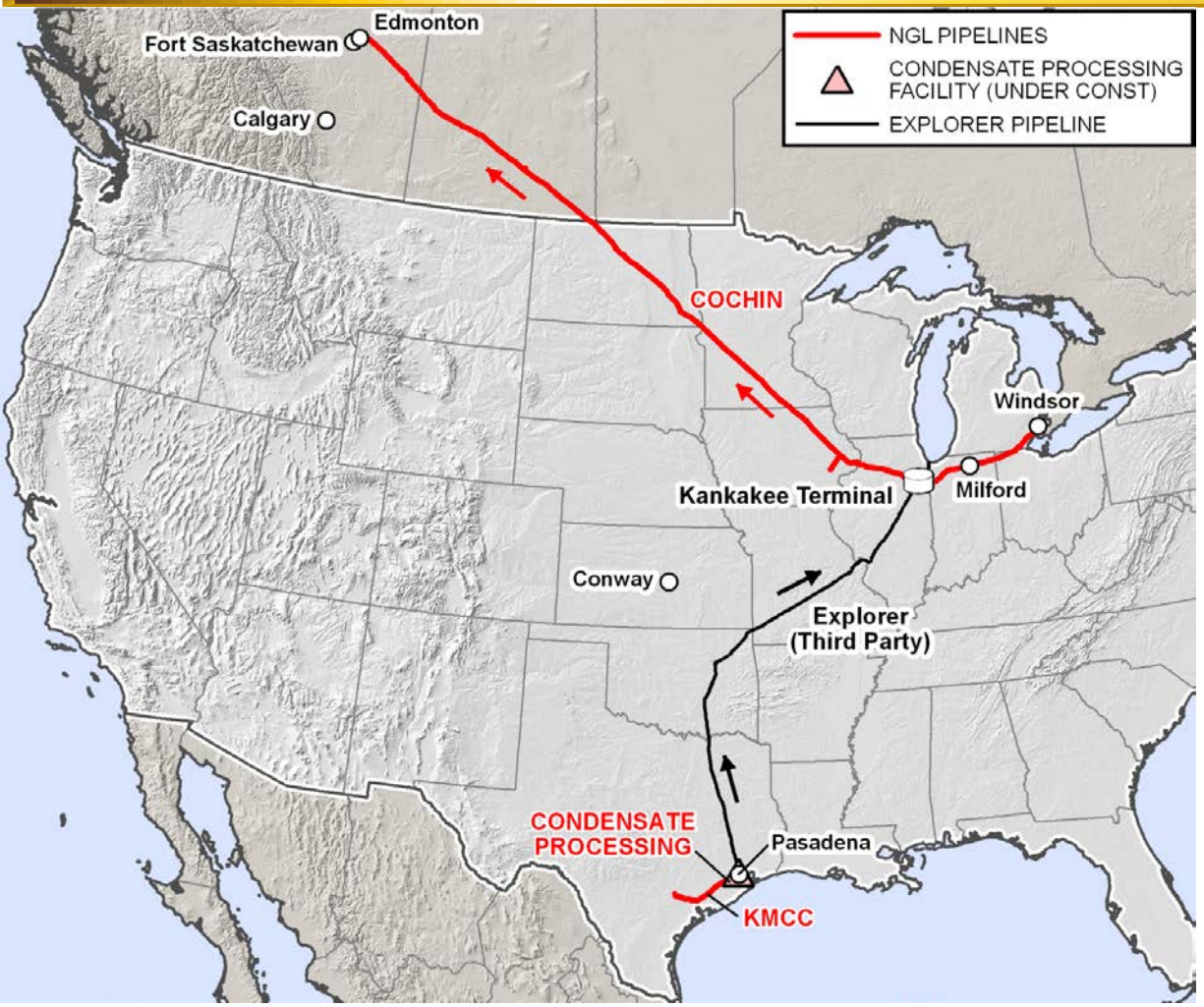
Facility Specifications

- $200 Million Initial Project
- Processing Unit and 1.2 MBbl of new tankage on 60 acres within KM's Galena Park Terminal
- BP committed exclusively for 10 years to the initial capacity of 42 MBbl/d of the 50MBbl/d capacity
- Estimated in-service April 2014

Further Opportunities

- Design provides for a second unit and tanks to double total capacity to 100 MBbl/d
- Phase 2 cost estimate at $150MM to $170MM
- Negotiating with counterparty to commit volumes to Phase 2
- Expect to conclude Phase 2 negotiations in the first quarter of 2013

Cochin Line Reversal Project



Strategic Value

- Project to reverse product flow on western leg of system to provide 95,000 bbl/day light condensate to oil sands producers in Western Canada
- Supported by 85,000 bbl/day shipper commitments for initial 10 year term
- Receipt connection from Explorer Pipeline
- Explorer shippers can source product from Eagle Ford using KMCC

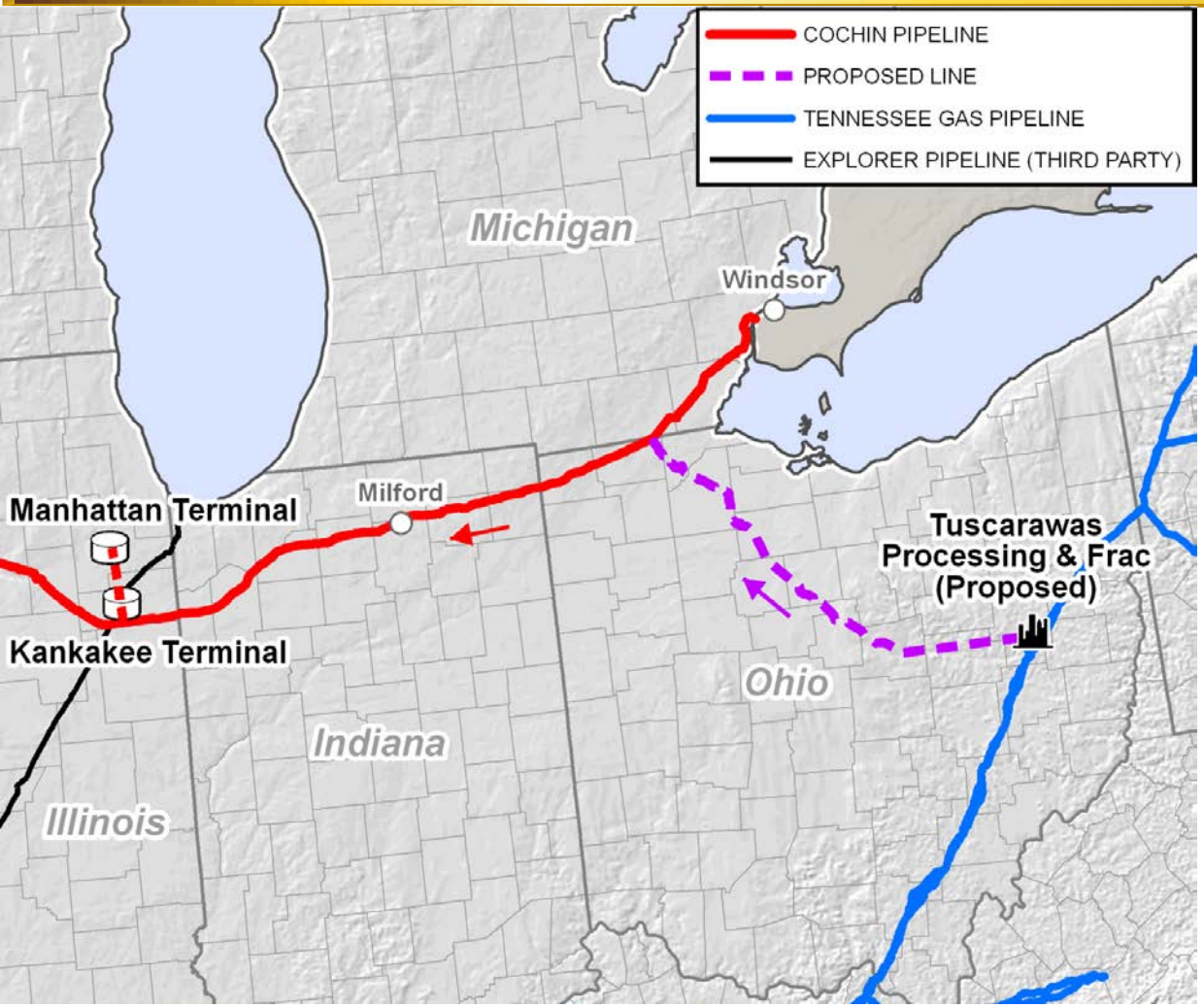
Pipeline Specifications

- $260 million investment
- Project includes construction of new receipt terminal/tank farm/pump station, reversal of 25 pump stations

Project Status and Timeline

- Engineering, procurement and pipeline/tank farms permitting work underway
- Coordinating service transition issues with existing customers
- In-service July 2014

Cochin East Leg Opportunities



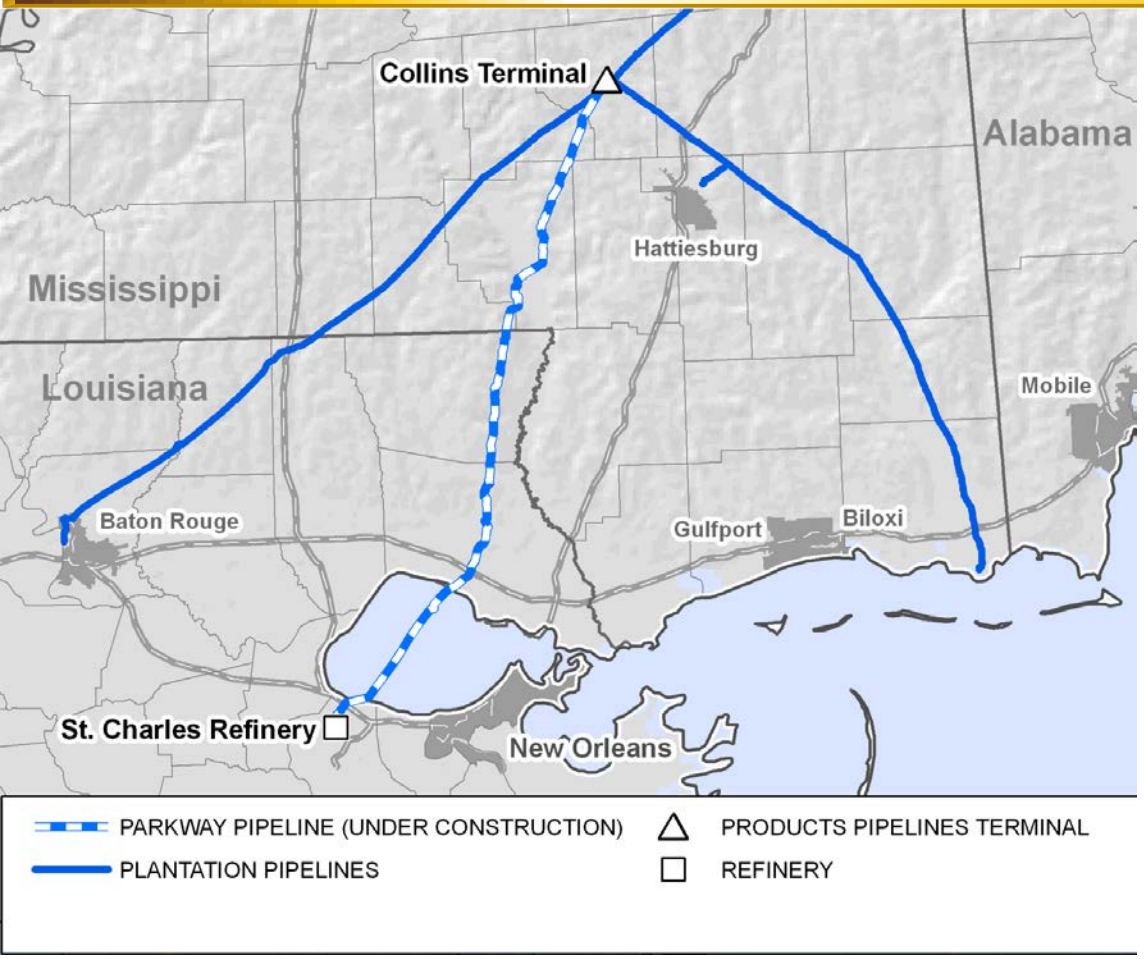
Strategic Value

- Cochin east leg can be reversed and extended with new pipe to provide light condensate gathering solution for the growing Utica & Marcellus shale plays
- Provides producers an alternative to regional refinery sales by opening up access to the growing Western Canadian condensate market
- Provides outlet for C5+ from condensate gathering systems in the region including Kinder Morgan Midstream's proposed Tuscarawas processing plant and fractionator.
- Proposed Kankakee Terminal connection to Enbridge Southern Lights Manhattan Terminal will provide access to committed shippers on both pipeline systems

East Leg Pipeline Specifications

- Capacity for up to 95,000 bbl/day
- Anticipated in-service first half of 2015

Parkway Pipeline



Strategic Value

- Provides Plantation Pipe Line with additional supply optionality
- Increase pipeline supply feeding KM Southeast Terminals

Pipeline Specifications

- 137 mile, 16-inch originating at Valero's St. Charles Refinery
- $109.6 million capital project (KM share)
- Project is supported by a long-term throughput agreement for 100kbpd
- Valero and KM own 50/50
- Connects to Plantation Pipe Line at Collins, MS
- Initial design capacity 110 MBbl/d expandable with additional pump stations to over 200 MBbl/d (100 MBbl/d committed)

Status and Timeline

- Lake construction completed Jan. 2013
- Land lay beginning first quarter of 2013
- Scheduled in-service Sept. 2013

Expanding to Meet Customer Demand

Approved Near-Term Projects

Project	Description	In-service	Cost ($MM)
West			
Carson Terminal	Provide marine access post-2013 termination of existing Los Angeles harbor terminal lease	May 2013	$ 17.4
Edwards Air Force Base	Provides for direct pipeline interconnection to Edwards AFB via the Calnev mainline	January 2014	6.1
East			
Cochin Reversal	Reverse product flow on western leg of Cochin to provide 95kbpd light condensate to oil sands producers in Western Canada.	July 2014	260.2
Kinder Morgan Crude & Condensate Sweeny Lateral	Construction of 27 miles of new 12’ pipe to connect the KMCC main line in Wharton County TX to the Phillips 66 Sweeny Refinery	October 2013	86.0
Kinder Morgan Condensate Processing Facility	Facility in Galena Park TX to process Eagle Ford or imported condensates into blend stocks with processing capability of 50kbpd expandable up to 100 kbpd.	April 2014	190.7
Parkway Pipeline Project	Construct new 141 mile, 16” liquid products pipeline	September 2013	109.4*
Various Terminal Projects	Includes various additive and blending systems	Varies	2.1
		Grand Total =	**$671.9**
		First full-yr EBITDA =	**$119.6**
		EBITDA Multiple =	**5.6**

*KM-share

Summary Highlights

- **Expectation for modest volume growth on existing asset base**
  - Continue to exploit bio-fuels opportunities
- **Full-year contribution from recently completed expansion and acquisition projects**
- **Significant growth from identified opportunities currently under development**
  - Extension of the Eagle Ford crude and condensate system
  - Expansion of the condensate processing facility
  - Cochin east line conversion/utilization
- **Continued focus on pipeline safety**