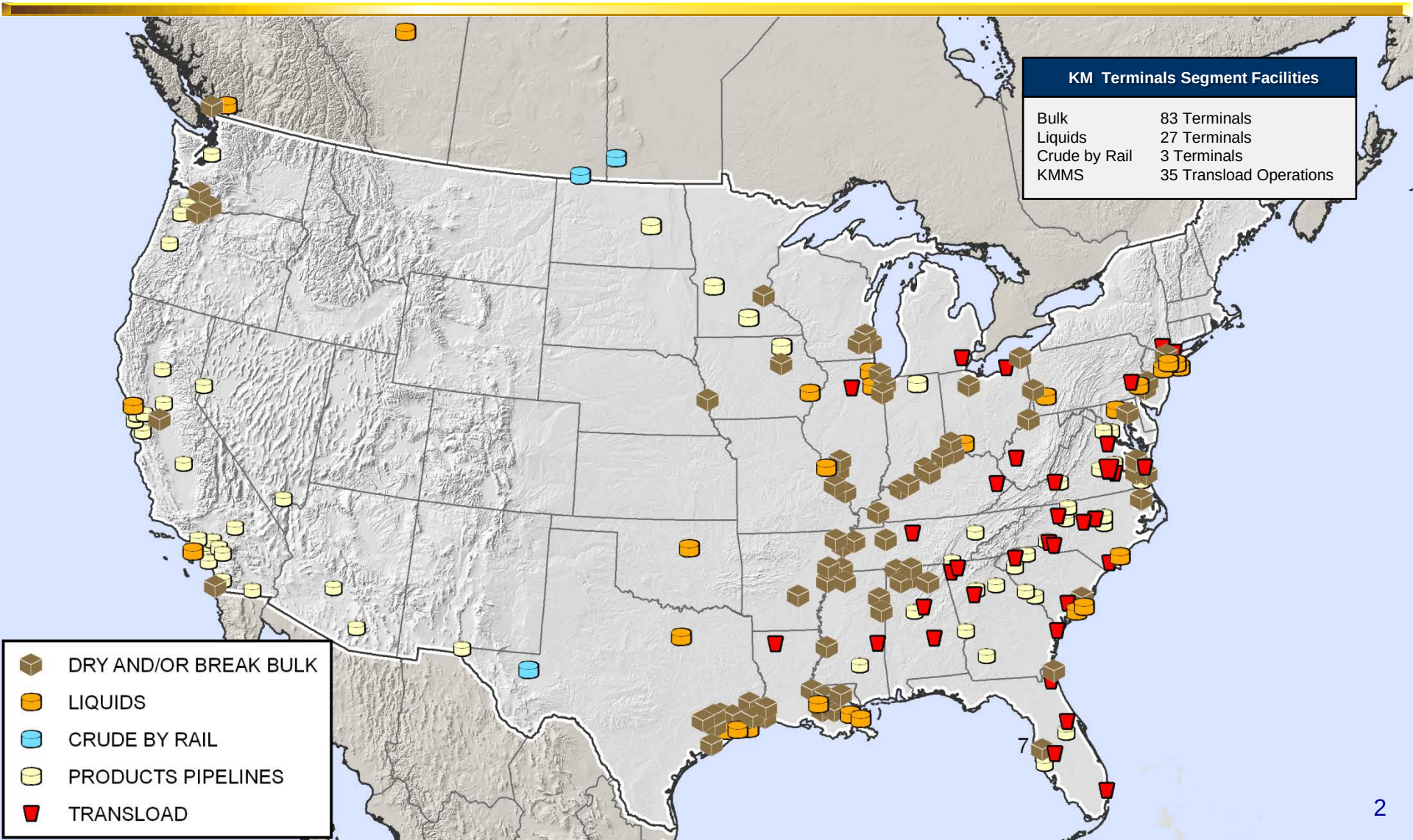
KINDER MORGAN

Terminals

Jeff Armstrong &
John Schlosser

President Terminals Group

Terminal Locations



Historical Growth [a]

($ in thousands)

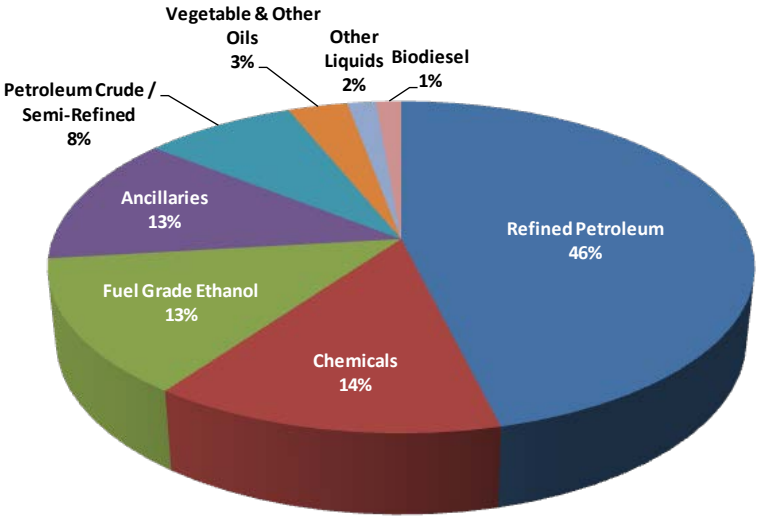
	2010 Actual	2011 Actual	2012 Actual	2013 Budget
Earnings before DD&A	646,608	701,042	752,303	838,662
Revenue (net)	$1,244,810	$1,298,507	$1,343,294	$1,462,243
Opex	$591,547	$598,212	$587,713	$609,531
EBITDA	$653,263	$700,295	$755,580	$852,712
Book Income Tax	$6,655	($747)	$3,277	$14,050
Earnings Before DD&A	$646,608	$701,042	$752,303	$838,662
Sustaining Capital [b]	$77,277	$83,187	101,420	$106,130
DCF	$569,331	$617,855	$650,883	$732,532
Expansion Capital [b,c]	$220,444	$223,173	$579,994	$525,751
Operating Margin	52.48%	53.93%	56.25%	58.32%
Growth from prior year (earnings before DD&A)	12.24%	8.42%	7.31%	11.48%
Internal	6.65%	6.05%	5.83%	10.09%
Acquisition	5.59%	2.36%	1.49%	1.39%

EBDA CAGR[d]
12.28%

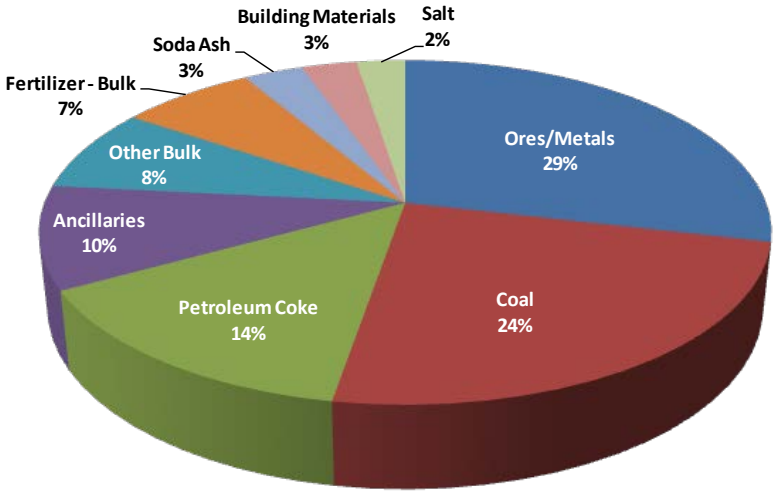
(a) Before certain items
(b) Without corporate overhead
(c) 2013 budget excludes acquisition capital of $150MM
(d) 2002-2013 CAGR

Contract Diversification

Liquids Revenue Breakout (a)



Bulk Revenue Breakout (a)



Top-10 Customers (a)

Top-10 Customers	$488MM
Total Revenue	$1,462MM

3.7-yr Avg. Contract Life (b)

Liquids	3.8 Years
Bulk	3.5 Years

(a) 2013 budget
(b) 2013 budget weighted average, as of 12/31/2012

Bulk Tonnage

KMBT Tonnage (tons)

	Actual 2011	Actual 2012	Budget 2013	Variance ('13 vs '12) Amt	Variance ('13 vs '12) %
Coal	39,007,386	37,938,692	44,278,376	6,339,684	16.7%
Petcoke	11,507,104	11,606,300	12,011,898	405,598	3.5%
Cement (Including Clinker)	587,091	612,200	605,100	(7,100)	-1.2%
Fertilizers	5,242,264	4,565,945	5,435,509	869,564	19.0%
Salt	3,537,227	2,474,605	3,635,917	1,161,312	46.9%
Ores/Metals	26,695,426	25,430,708	26,058,949	628,241	2.4%
Soda Ash	3,915,198	4,380,700	4,430,916	50,216	1.1%
Aggregate	2,535,851	2,631,868	2,603,296	(28,572)	-1.1%
Other Bulk	7,827,422	6,913,999	7,214,330	300,331	4.2%
Totals	**100,854,969**	**96,555,017**	**106,274,291**	**9,719,274**	**10.1%**

Note: acquisition tonnages represented as owned during prior periods

Liquids Throughput

Throughput (bbls)

	Actual 2011	Actual 2012	Budget 2013	Variance ('13 vs '12) Amt	%
Chemical	22,577,323	24,387,573	27,905,096	3,517,523	14.4%
Distillate	151,966,348	150,115,473	177,638,881	27,523,408	18.3%
Gasoline	331,943,826	338,491,516	357,099,961	18,608,445	5.5%
Fuel Grade Ethanol / Bio-diesel	60,951,611	65,333,084	69,075,316	3,742,232	5.7%
Petroleum Feedstocks	34,593,351	41,630,775	56,005,960	14,375,185	34.5%
Vegetable Oils	6,271,907	5,983,030	6,484,440	501,410	8.4%
Animal Fats	570,947	368,208	212,496	(155,712)	-42.3%
Other	3,370,545	3,720,475	4,054,448	333,973	9.0%
Totals	**612,245,858**	**630,030,134**	**698,476,598**	**68,446,464**	**10.9%**

KM Utilization

	Actual 2011	Actual 2012	Budget 2013
Capacity Utilization Rate	94.5	93.2	94.8
Capacity (MM bbls)	60.2	60.1	68.3

Note: 2011 throughput was revised during 2012
Budget 2013 Capacity Includes Edmonton for 3.4MB barrels in Q4, BOSTCO for 3.72MB (of 6.5M total) in Q3 – Q4, Galena Park for 750KB in Q4, Pasadena for 80KB in Q1, Fairless Hills for 100KB in Q3 and Miscellaneous of 150KB.

Major Projects - Board Approved and in Progress

	Project Name	Product	Modeled Capacity (MMBBLS)	Capital (MM)	First Full Year EBITDA	Expected In Service	Avg. Contract Length*
LIQUIDS	Tank Expansion Phase I (Edmonton, Alberta) **	Crude	3.6	$309.4		Q4/13	12.2
	Tank Expansion Phase II (Edmonton, Alberta) **	Crude	1.2	$111.9		Q3/14	12.4
	BOSTCO Project (La Porte, TX) **(A)**	Resid/VGO/Distillates	6.5	$238.5		Q3/13 - Q2/14	6
	Houston Export Terminal	Blendstock	1.2	$169.5		Q1/16	11
	Splitter Project (Galena Park & Pasadena, TX)	Refined Petroleum	0.8	$75.8		Q4/13	12
	Greensport Crude By Rail **(B)**	Crude/Condensate	0.2	$26.4		Q3/13	5
	Pony Express (Deep Rock) **(C)**	Crude	0.8	$15.7		Q3/14	5
	Ethanol tank and truck bay (Pasadena, TX)	Ethanol	0.1	$7.9		Q1/13	N/A
	UAN Handling (Fairless Hills, PA)	UAN	0.1	$5.1		Q3/13	5
	TOTAL		**14.4**	**$960.1**			

	Project Name	Product	Modeled Capacity (MMBBLS) (E)	Capital (MM)	First Full Year EBITDA	Expected In Service	Avg. Contract Length*
BULK	Deepwater Coal Handling (Deer Park, TX)	Coal	7.0	$138.8		Q3/14	10
	Petcoke Handling (Whiting, IN)	Petcoke	2.2	$62.6		Q2/13	10
	Port of Houston Export Coal (Deer Park, TX)	Coal	2.0	$51.5		Q2/13	10
	IMT Phase 1 (Myrtle Grove, LA) **(D)**	Coal	4.0	$49.1		Q2/13	15
	IMT Phase 2 (Myrtle Grove, LA) **(D)**	Coal	2.5	$30.6		Q1/13	10
	IMT Phase 3 (Myrtle Grove, LA)	Coal	3.3	$70.8		Q2/14	10
	Pier IX Yard Expansion (Newport News, VA)	Coal	1.0	$29.3		Q1/14	10
	Mt. Milligan (Thompson Creek) Copper Gold Mine **	Copper Ore	0.2	$13.5		Q3/13	6
	Fertilizer Domes (Fairless Hills, PA)	Fertilizer	0.1	$10.0		Q3/13	4
	Shiploader Expansion (Portland, OR)	Soda Ash	1.9	$9.5		Q2/13	10
	TOTAL		**24.2**	**$465.7**			

COMBINED TOTAL			**$1,425.7**	**$188.5**	**10.5**

Potential Future Projects	**$250MM - $500MM**	Crude Refined Products Chemical Coal

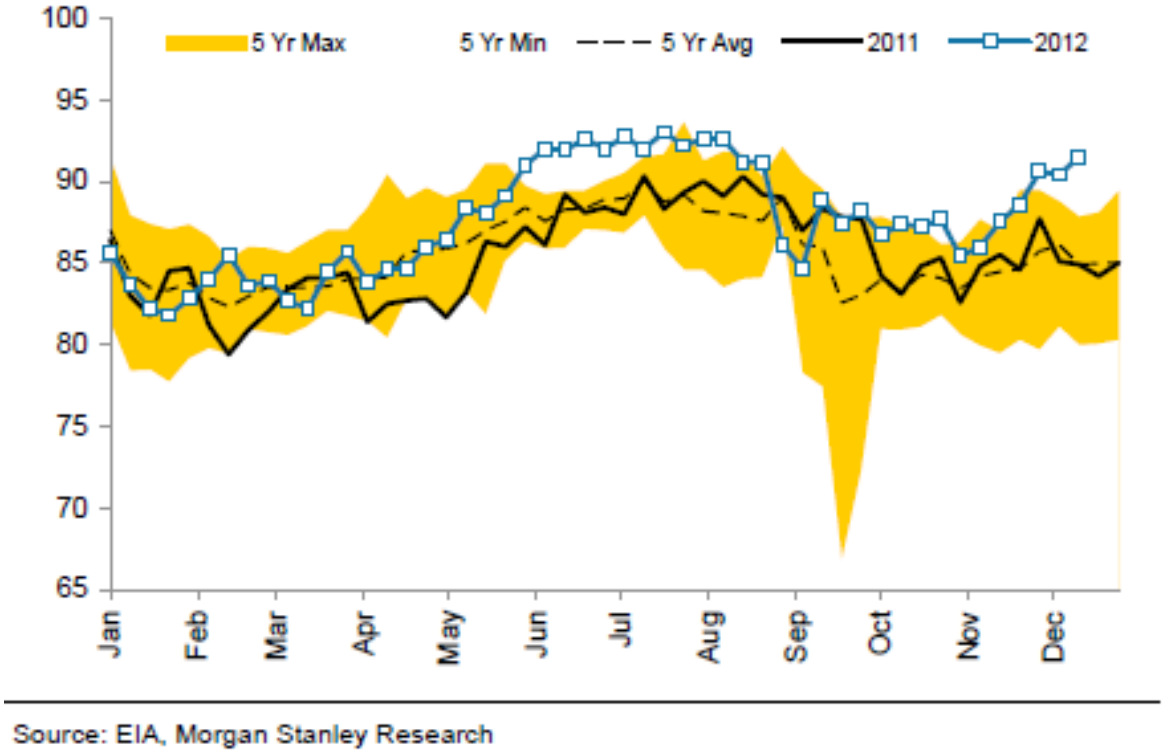
* Initial Term
** C$ / USD exchange rate 1:1
(A) Reflected at KM Ownership Level – 55%
(B) Reflected at KM Ownership Level – 50%
(C) Reflected at KM Ownership Level – 51%
(D) Reflected at KM Ownership Level – 67%
(E) Model assumption may differ from total facility capacity

KINDER MORGAN

Petroleum

Total U.S. Refining Utilization Rate (%)

2012 Average is 87.7%

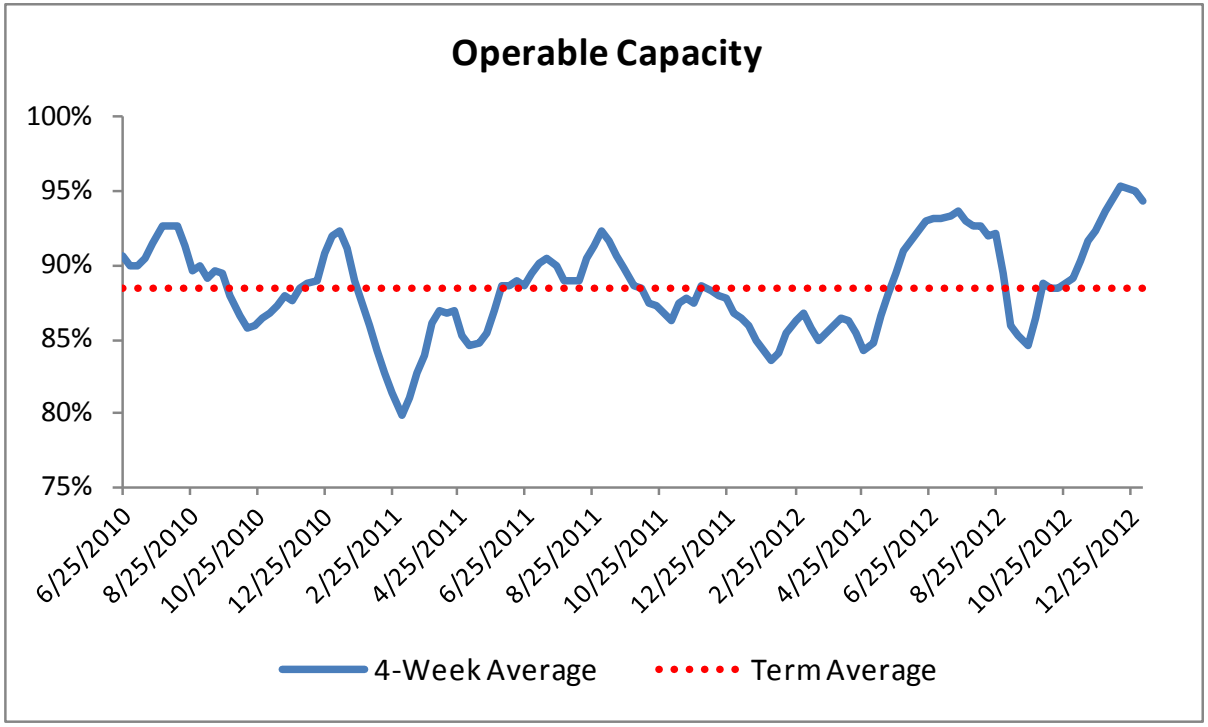


Source: EIA, Morgan Stanley Research

Source: Morgan Stanley, Refining & Marketing, 2012 Year-End Review, Refiners Almost a Double, December 23, 2012

Gulf Coast PADD III Refinery Utilization

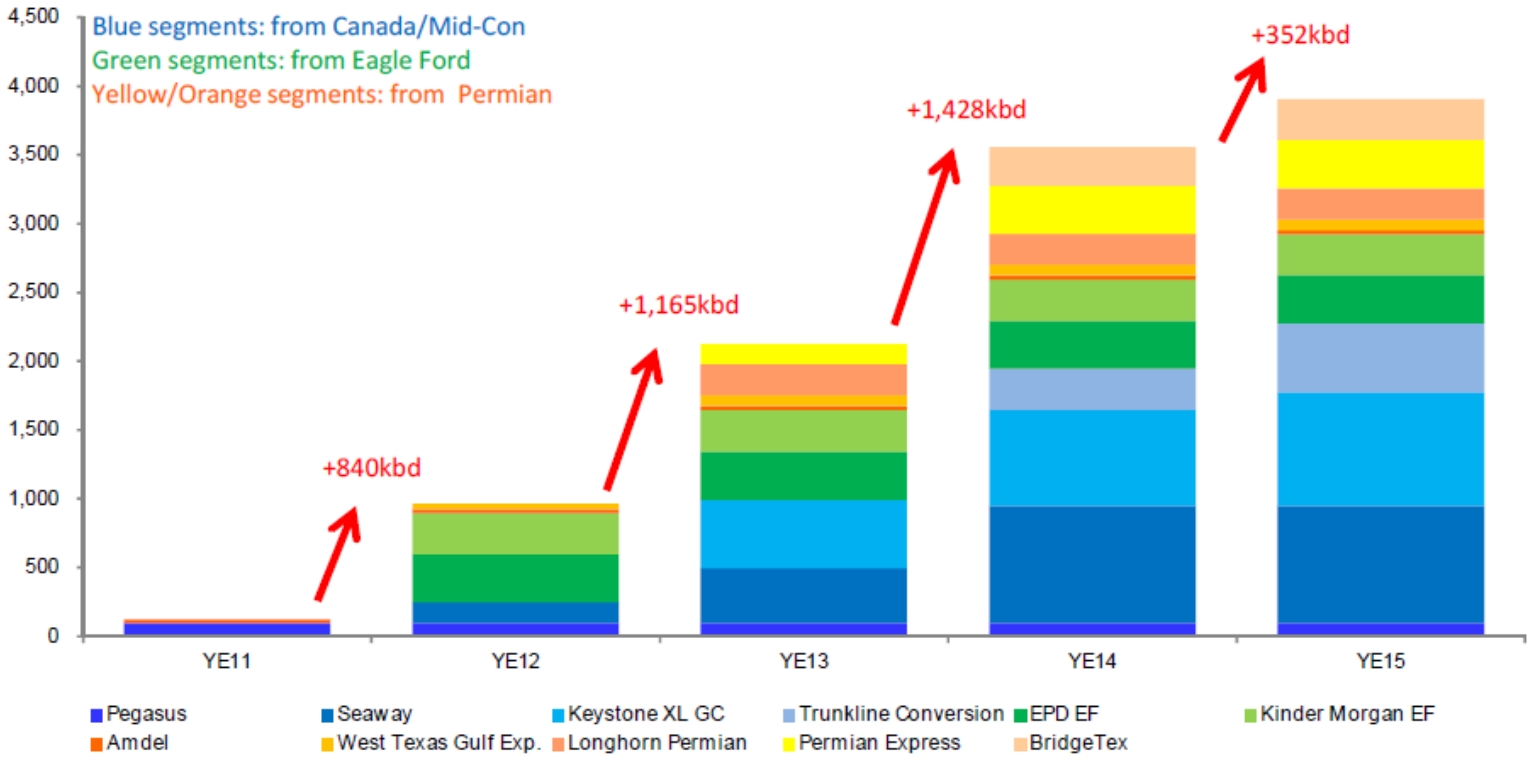
2012 Average is 89%



Source: EIA

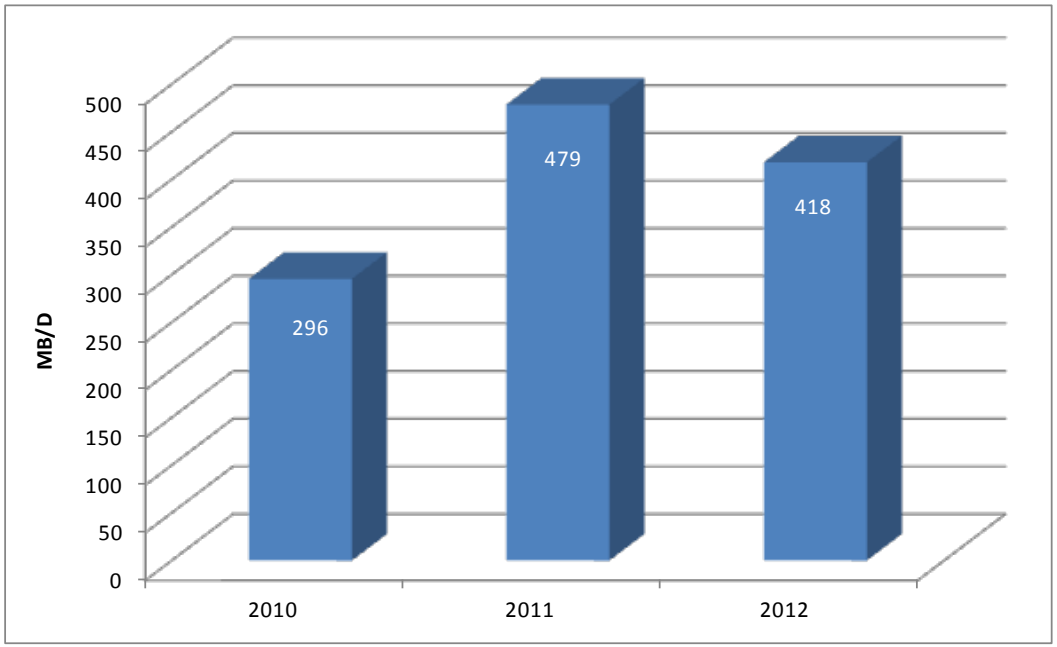
Houston – the bucket at the bottom of the crude cascade

Pipeline capacity from Mid-Con & West / South Texas (Kbd)

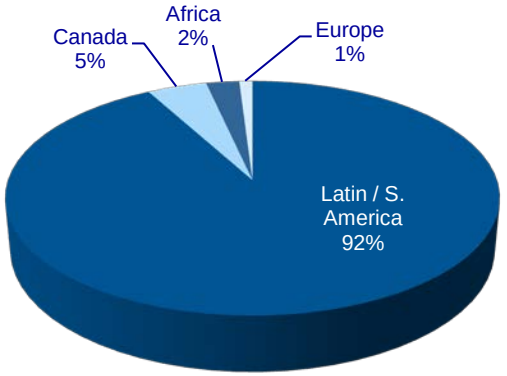


Source: Deutsche Bank, Global Equities: The Future of U.S. Oil, 2013 Update, Paul Sankey & David Clark, December 2012

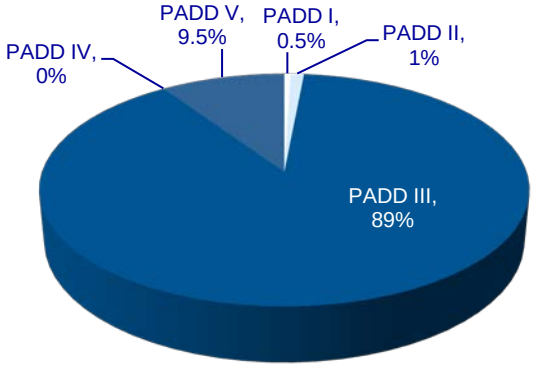
Finished Gasoline Exports



Finished Motor Gasoline – Export Destination
(% of May – Oct, 2012 Daily Average)

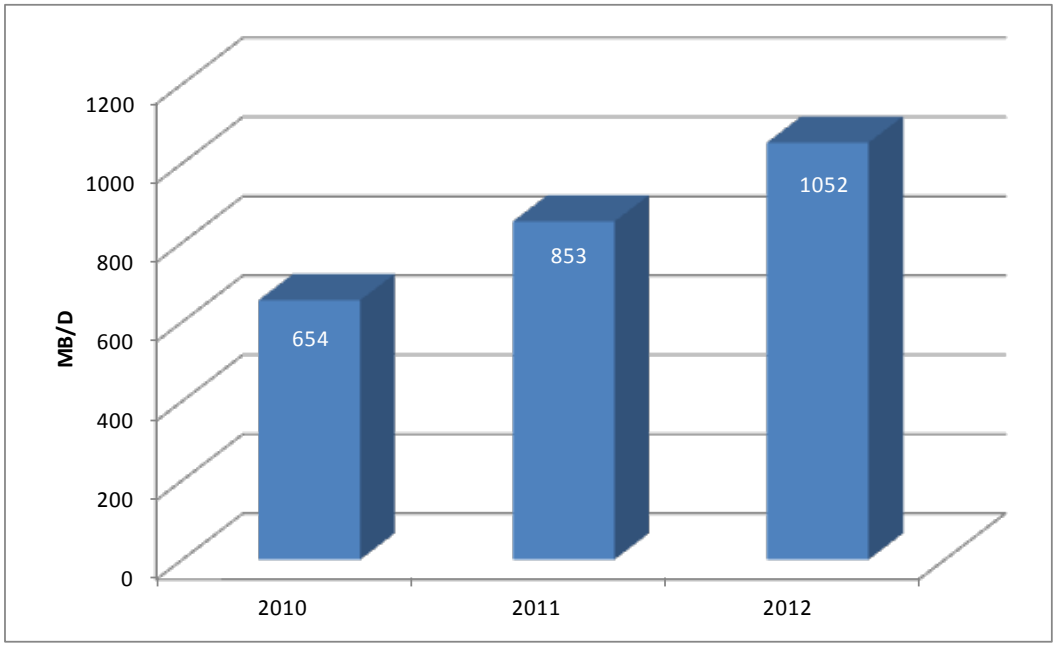


Finished Motor Gasoline – U.S. Export Location
(% of May – Oct, 2012 Daily Average)

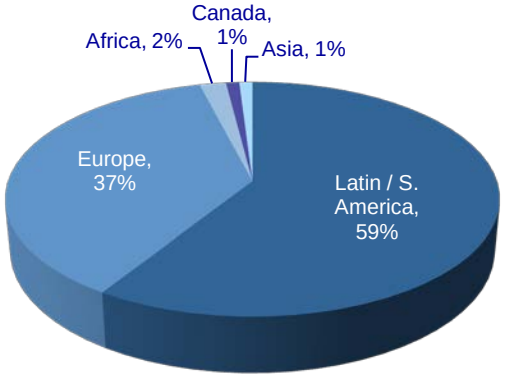


Source: EIA

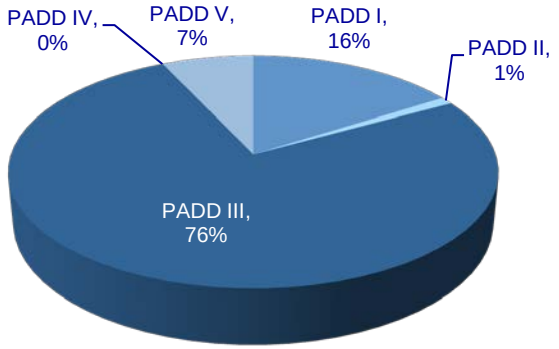
Distillate Exports



Distillate Fuel Oil – Export Destination
(% of May – Oct, 2012 Daily Average)



Distillate Fuel Oil – U.S. Export Location
(% of May – Oct, 2012 Daily Average)



Source: EIA

KM Response

SPLITTER

- 50,000 MB/D condensate splitter at KM Galena Park, TX
- $266MM Project ($75MM on Terminal side / $191MM on KMPP side) – 100% KM Ownership
- 5 tanks totaling 750,000 barrels for feedstock and products (Terminals only)
- Connected to KMCC Eagleford condensate pipeline
- Two cross channel pipelines between KM Galena Park and Pasadena
- Ten year tolling agreement with BP and ability to expand to 100MB/D
- Operational by April 2014

HOUSTON EXPORT FACILITY

- Acquisitions of 42 acres from AES in Pasadena, TX
- $169MM project – 100% KM Ownership
- New vessel and barge dock
- 10 tanks totaling 1.2MM barrels
- Cross channel pipeline to KM Galena Park
- Backstopped by ten year commitment from large ship channel refiner
- Additional land for future tank build
- Operational by 1Q2016

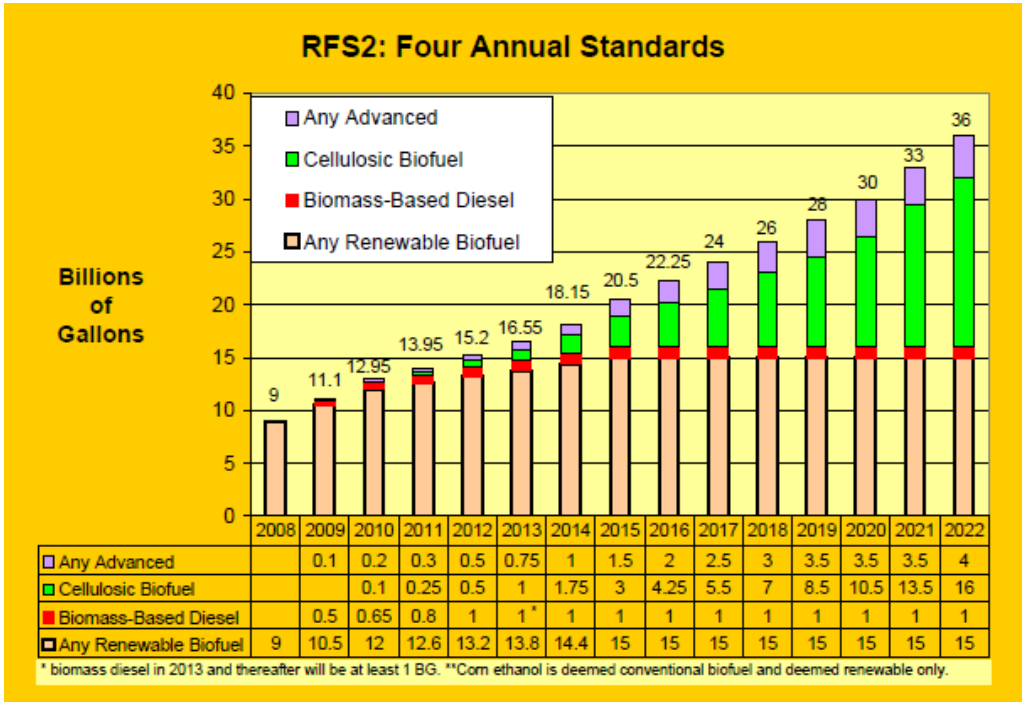
BOSTCO

- $432MM black oil storage terminal in LaPorte, TX – 55% KM Ownership
- 52 tanks totaling 6.5MM barrels
- Two deep water (45 ft) high speed (25,000 BPH) vessel docks and twelve barge docks
- Phase 1A Expansion - 6 additional tanks totaling 900MB for ULSD exports
- Additional land to support 3.2MM barrels of additional ULSD and black oil
- Pipeline connection to the KM Pasadena terminal being reviewed
- Waterfront will accommodate two additional vessel docks and four more barge spots – already permitted
- Operational by 3Q2013

OTHER

- Additional Ship Channel land and dock projects being evaluated
- Acquiring land in New York Harbor for a new vessel dock
- Expanding Colonial Pipeline capacity into KM's New York Harbor terminals
- Deeprock expansion to serve Pony Express Pipeline into Cushing, OK – Minimum 51% KM Ownership

U.S. Ethanol Demand Forecast



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Any Advanced		0.1	0.2	0.3	0.5	0.75	1	1.5	2	2.5	3	3.5	3.5	3.5	4
Cellulosic Biofuel			0.1	0.25	0.5	1	1.75	3	4.25	5.5	7	8.5	10.5	13.5	16
Biomass-Based Diesel		0.5	0.65	0.8	1	1 *	1	1	1	1	1	1	1	1	1
Any Renewable Biofuel	9	10.5	12	12.6	13.2	13.8	14.4	15	15	15	15	15	15	15	15

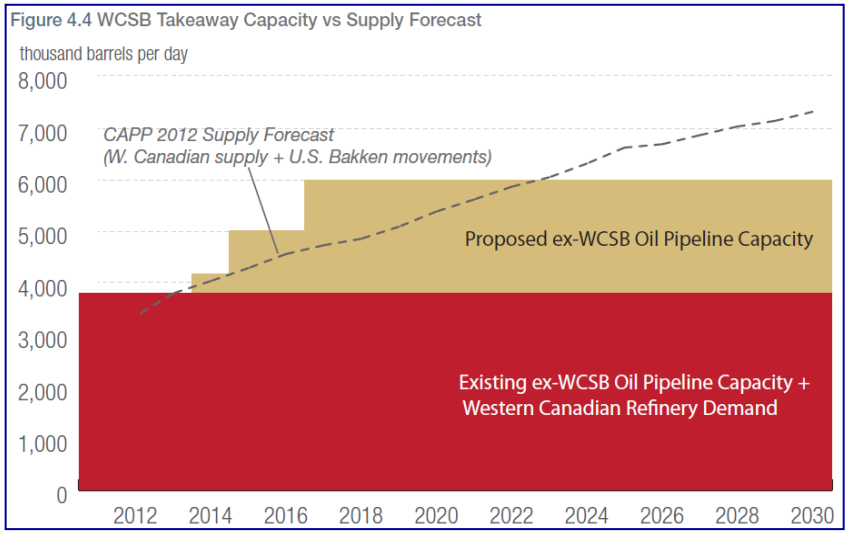
© 2012 Houston BioFuels Consultants LLC

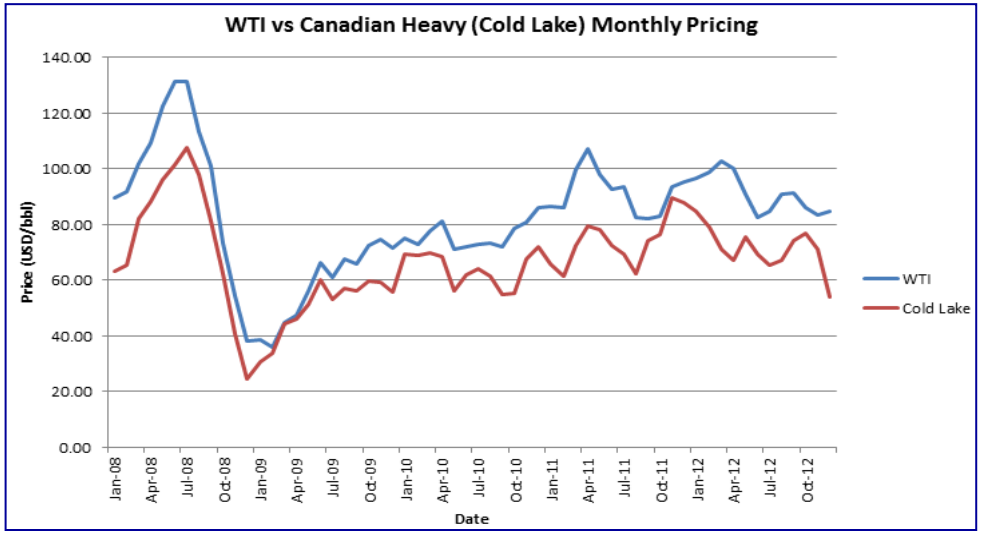
	2012	2013P
KM Terminals Ethanol Handling		
Storage (MBbls)	4,614	4,854
Throughput (Bbl/d)	173,101	183,559
KM Products Pipeline Ethanol Handling		
Storage (MBbls)	1,624	1,624
Throughput (Bbl/d)	90,816	100,548
U.S. Ethanol Demand		
Throughput (Bbl/d)	867,579	867,579

Source: Two Year Ethanol Supply and Demand Balance Forecast, Fourth Quarter 2012 Update, October 2, 2012, Houston BioFuels Consultants LLC

Canadian Crude Tankage

Canadian Crude Market Fundamentals





- Western Canadian conventional and oil sands supply is still increasing
- Several major pipeline projects under development but still risk of completion
- Pipeline infrastructure constraints will continue for the next 3 to 4 years, possibly longer
- U.S. traditional markets are shrinking due to shale oil discoveries
- Canadian crude pricing will remain volatile

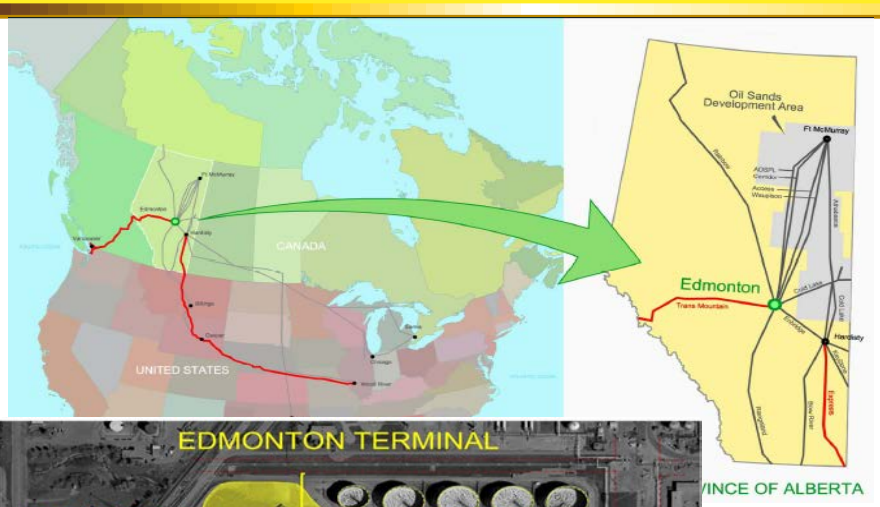
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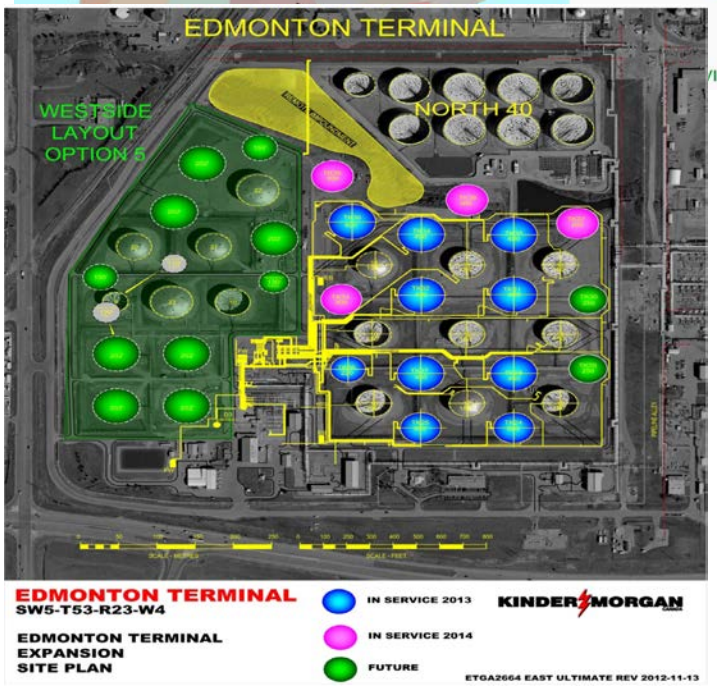
Increased Canadian demand for petroleum storage

Source: Figure 4.4 - CAPP Crude Oil Forecast, June 2012; WTI - Chevron.com, Posted Pricing - East of the Rockies, East of the Rockies - Bulletin 11/-E30 and Cenovus.com, Crude oil pricing

KM Response

Build Edmonton AB Merchant Tankage





Kinder Morgan's Edmonton Terminal:

- Trans Mountain Operational 2.5 MM Bbls
- North 40 Merchant 2.1 MM Bbls
- Edmonton Merchant Phase 1 3.6 MM Bbls
  Under construction – completion Q4-2013
  Total Capital = $309.4 MM
- Edmonton Merchant Phase 2 1.2 MM Bbls
  Starting construction – completion Q3-2014
  Total Capital = $111.9 MM
- Future Phases 2.5 MM Bbls

Current and Future Capacity: 11.9 MM Bbls

- Connected to 10 major inbound feeder streams
- Direct connection to Trans Mountain Pipeline
  - West Coast Canada, Puget Sound and Off shore access
  - Will stage for TMX expansion
- Connected to Enbridge mainline
  - All major North American inland markets
- Adjacent to the Edmonton refinery complex
- Rail origination facility now under consideration
- Customer flexibility
  - Storage & Blending
  - Subleasing
  - Trunk pipeline and rail staging
- Future economies of scale = competitive pricing

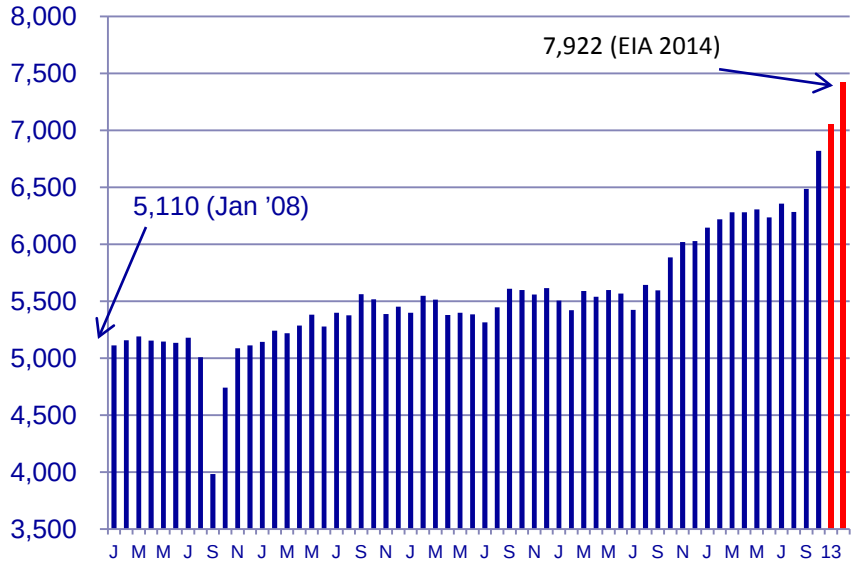
KINDER MORGAN

Crude by Rail

U.S. Crude-by-Rail Trends

U.S. Crude Oil Production

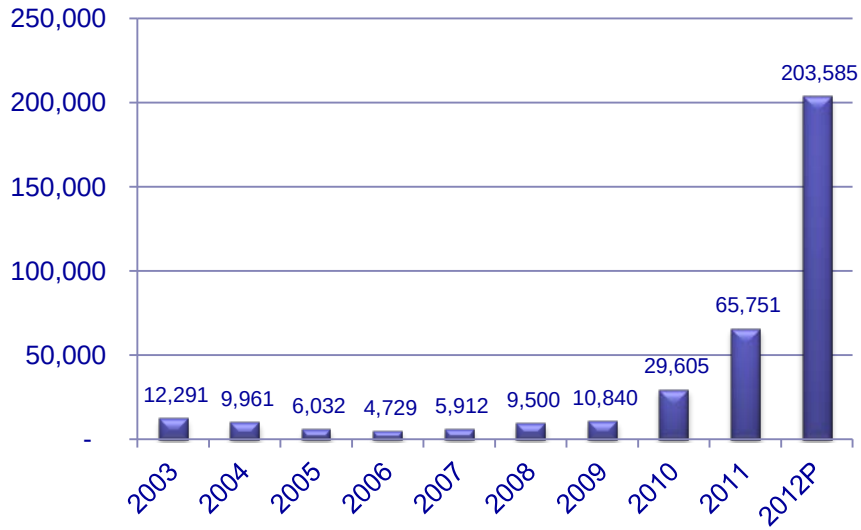
Bbls/day since 2008, by Month; 2013-2014 Projected (red)



Source: EIA Monthly Statistics EIA 2013 Short Term Forecast

Originated Rail Carloads of Crude Petroleum

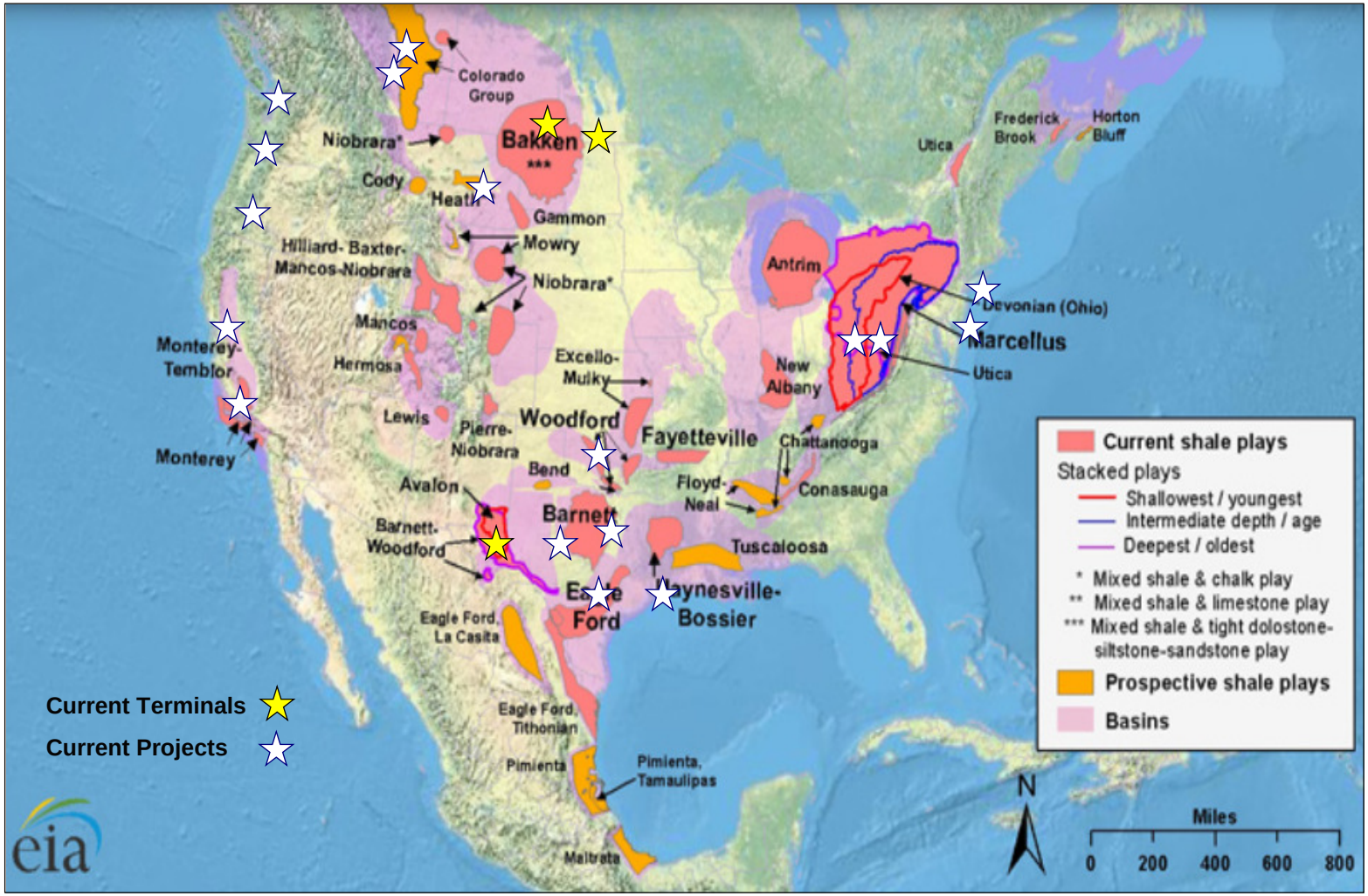
U.S. Class I Railroads, 2003-12



Source: AAR Quarterly Commodity Statistics Database

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KM-Watco Crude-by-Rail Joint Venture

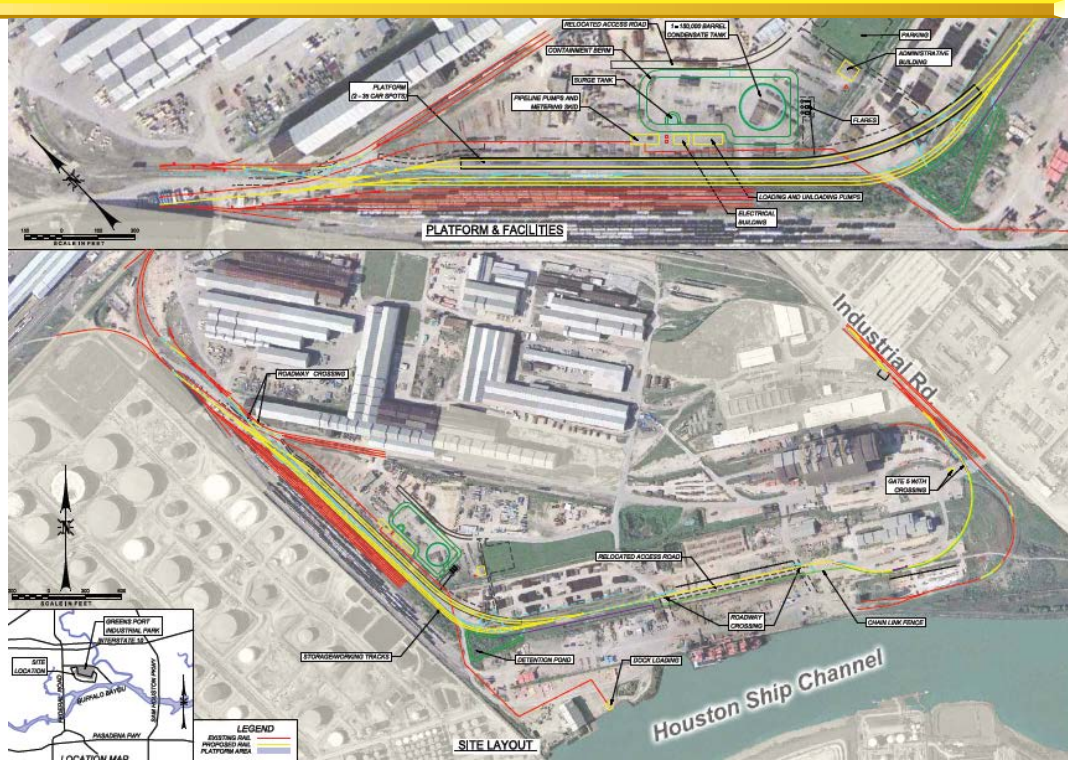


KM Response

Pending KWE JV Projects 50/50

Gulf Coast

- New crude oil receipt terminal, Houston Ship Channel.
- Large international trading house as counterparty
- Watco-owned facility
- Crude in by rail, out by barge and pipe.
- Condensate in by barge, out by rail.
- 250,000 bbls storage, 105 car unloading
- Barge dock
- Tied to adjacent terminal - storage, pipeline access, barge and vessel loading capability
- Single customer
- Approximately $50 million capital - 8/8ths
- Five year take-or-pay, five year extension
- Phase 1 operational Q3 2013
- Phase 2 Q3 2014



Selected Projects

North Dakota

- Sand & proppants storage and distribution in Dore, ND alongside current Watco facility. Unit train capable. Projected Q1 2014.

Permian

- Crude Oil loading terminal, Pecos, TX. Phase 1 manifest and operational. Phase 2 - unit train, Projected Q1 2014.

Other

- *Currently, nineteen projects are being evaluated for development, including both West and East Coast crude destination facilities.*

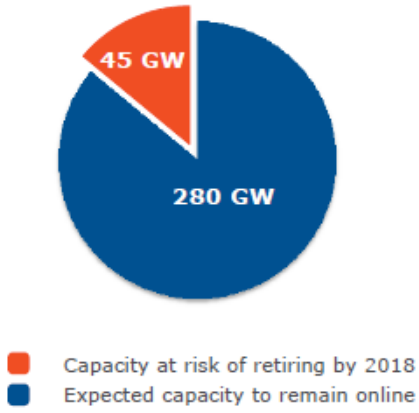
Watco Preferred Investment To Date $100MM

Coal

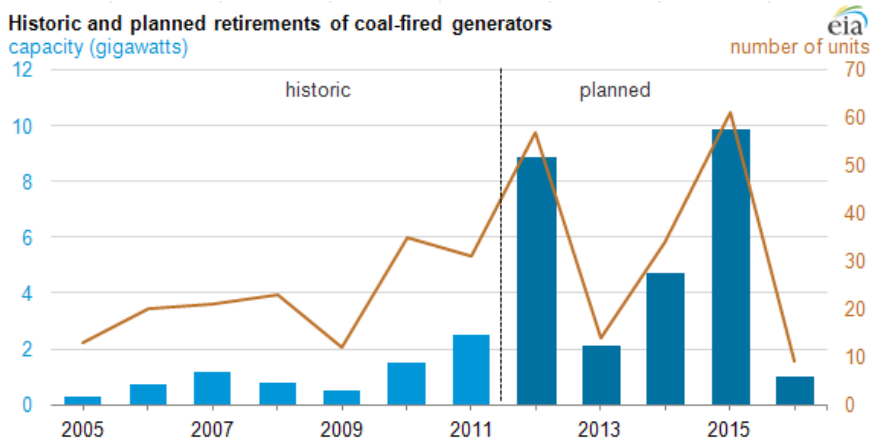
Domestic Coal Markets

- Sustained competition of natural gas drives reduced coal demand in the U.S.
- Retirement of coal fired power plants and increased environmental regulations on current plants
- Between 30 to 40 GW of coal fired capacity are expected to retire with very few new plants coming on line
- U.S. coal consumption to decrease by 97 Mts of coal on a compounded annual rate of -2.2 % from 2011 through 2017 driven by a decrease in U.S. power consumption
- For Kinder Morgan Terminals - 2013 domestic tonnage = 43% of total coal budget; earnings = only 15% of total budget for coal

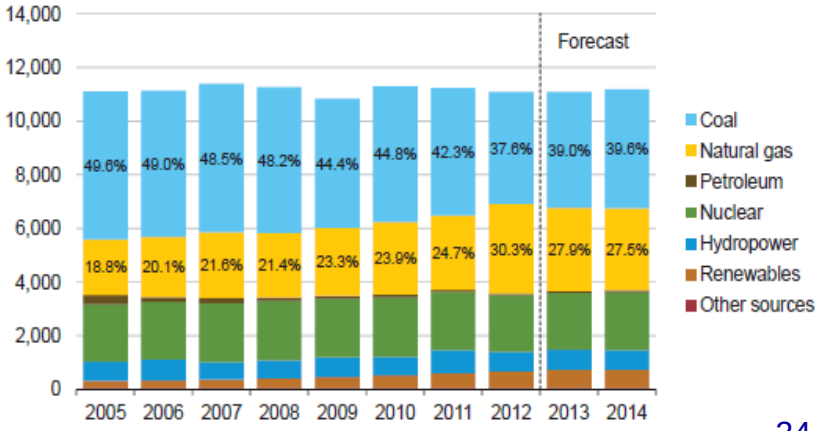
Forecasted Coal Power Reduction by 2018 (GW)



U.S. Coal Plant Retirements 2011- 2016



U.S. Coal Electricity Generation by Fuel, All Sectors (thousand mega watt hours per day)



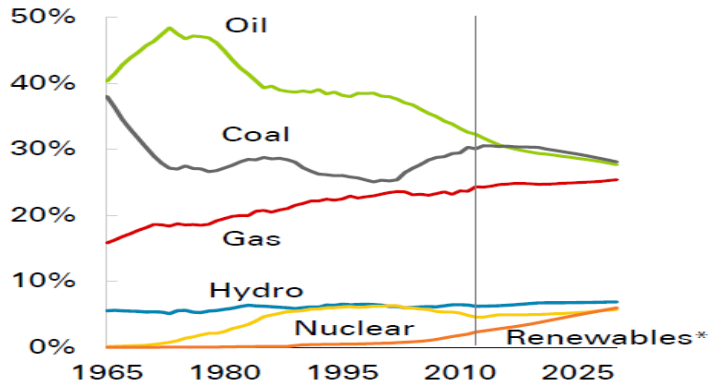
Source: Peabody Energy Inc., Arch Coal, Inc., EIA, IEA

International Steam Coal

Market Conditions & Drivers

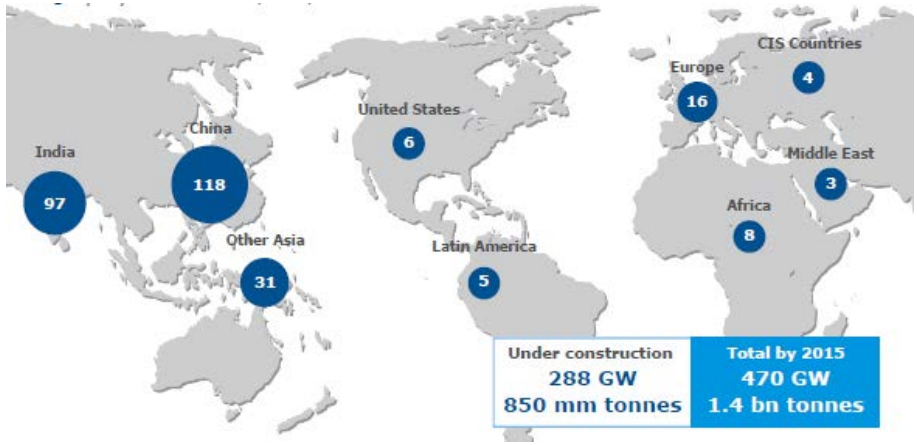
- New coal powered utilities under construction around the world to provide 470 GW of power by 2015 and represent 1.4B new tons of demand.
- China and India's net import coal demand is projected to increase 1.2B tons by 2030 from an approximate 300 Mts tons in 2012 driven by China which has 118 GW and India which has 97 GW of coal fired plants under construction already.
- Gas fired power generation in Europe has declined due to low coal prices.
- Seaborne thermal coal exports from the U.S. are projected to grow by 15 Mts between 2012 and 2017, and further growth of 373 Mts between 2017 and 2030.

Shares of World Primary Energy

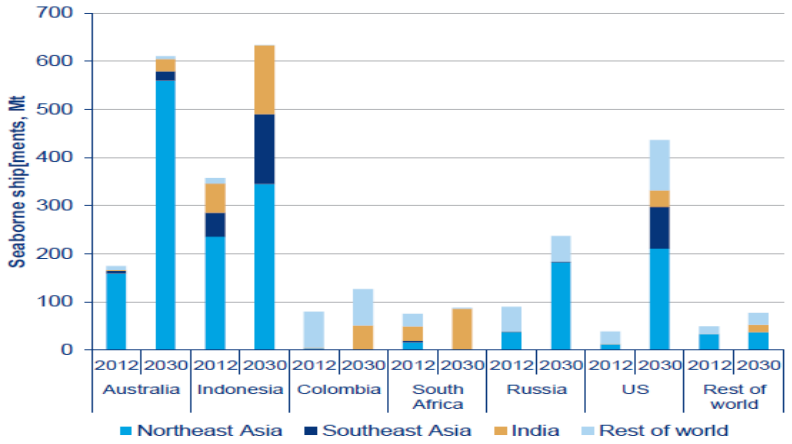


* Includes biofuels

New Coal-Fueled Generation Coming Online by 2015 (Capacity under construction, in GW, from 2012 - 2015)



Seaborne Coal Demand by Supply Region



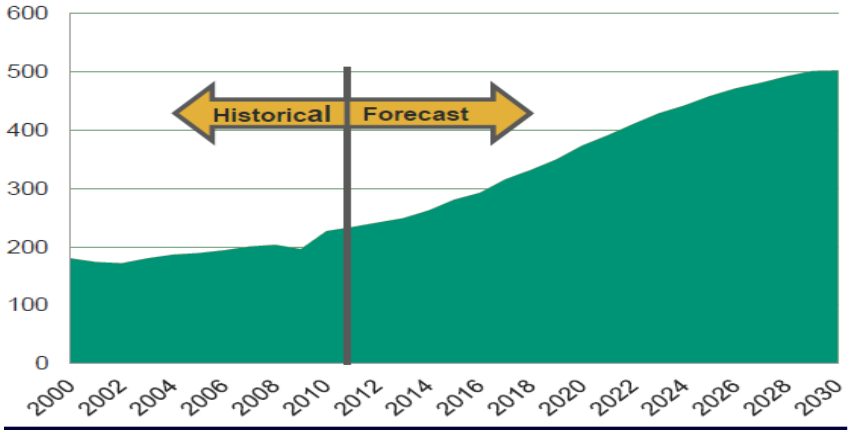
Sources: Arch Coal Inc., Platts, Wood Mackenzie, IEA, BP Energy Outlook 2030, January 2013

International Metallurgical Coal

Market Conditions & Drivers

- Steel production forecasted to grow 20% worldwide between 2011 and 2016 needing an additional 200 Mts of metallurgical coal
- The U.S. is second only to Australia in metallurgical coal exports for world seaborne met coal demand
- China to double imports of metallurgical coals from 50 Mts per year to over 100 Mts by 2016
- India is forecasted to double their import of metallurgical coals from 30 Mts to between 50 – 60 Mts per year by 2016.

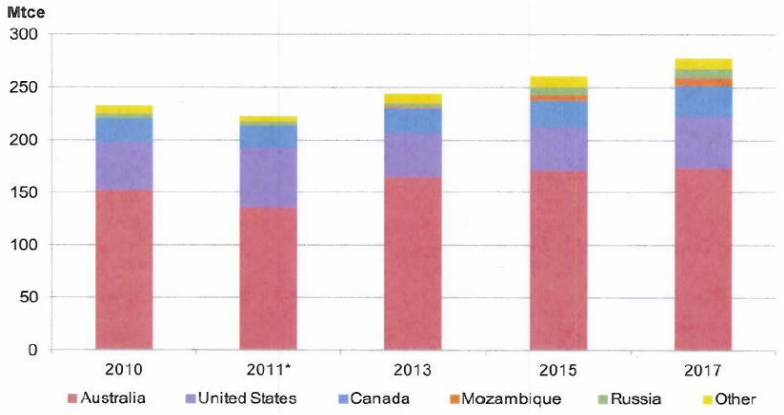
Total Seaborne Demand of Met Coal (Millions of Tons)



Short Term Forecast of Apparent Steel Use

Regions	ASU, Mt		
	2011	2012 (f)	2013 (f)
European Union (27)	152.8	150.9	155.8
Other Europe	33.0	35.0	37.2
CIS	54.0	56.2	59.1
NAFTA	121.2	127.5	134.0
Central & South America	46.0	49.1	52.5
Africa	22.7	25.1	28.2
Middle East	48.1	49.8	53.0
Asia & Oceania	895.5	928.6	966.0
World	**1 373.3**	**1 422.3**	**1 485.7**
Developed Economies	393.3	397.5	408.5
Emerging & Developing Economies	980.0	1024.9	1077.1
China	623.9	648.8	674.8
BRIC	757.2	789.9	826.1
MENA	59.8	63.2	68.5
World excl. China	749.4	773.5	810.9

Seaborne Metallurgical Coal Exports



Sources: Arch Coal Inc, Peabody Energy Inc., Alpha Natural Resources Inc., World Steel Association , IEA

KM Response

East Coast

(1) Pier IX, Newport News VA
expected capital outlay = $29.3 mm
1.5 mm tons per year

U.S. Gulf

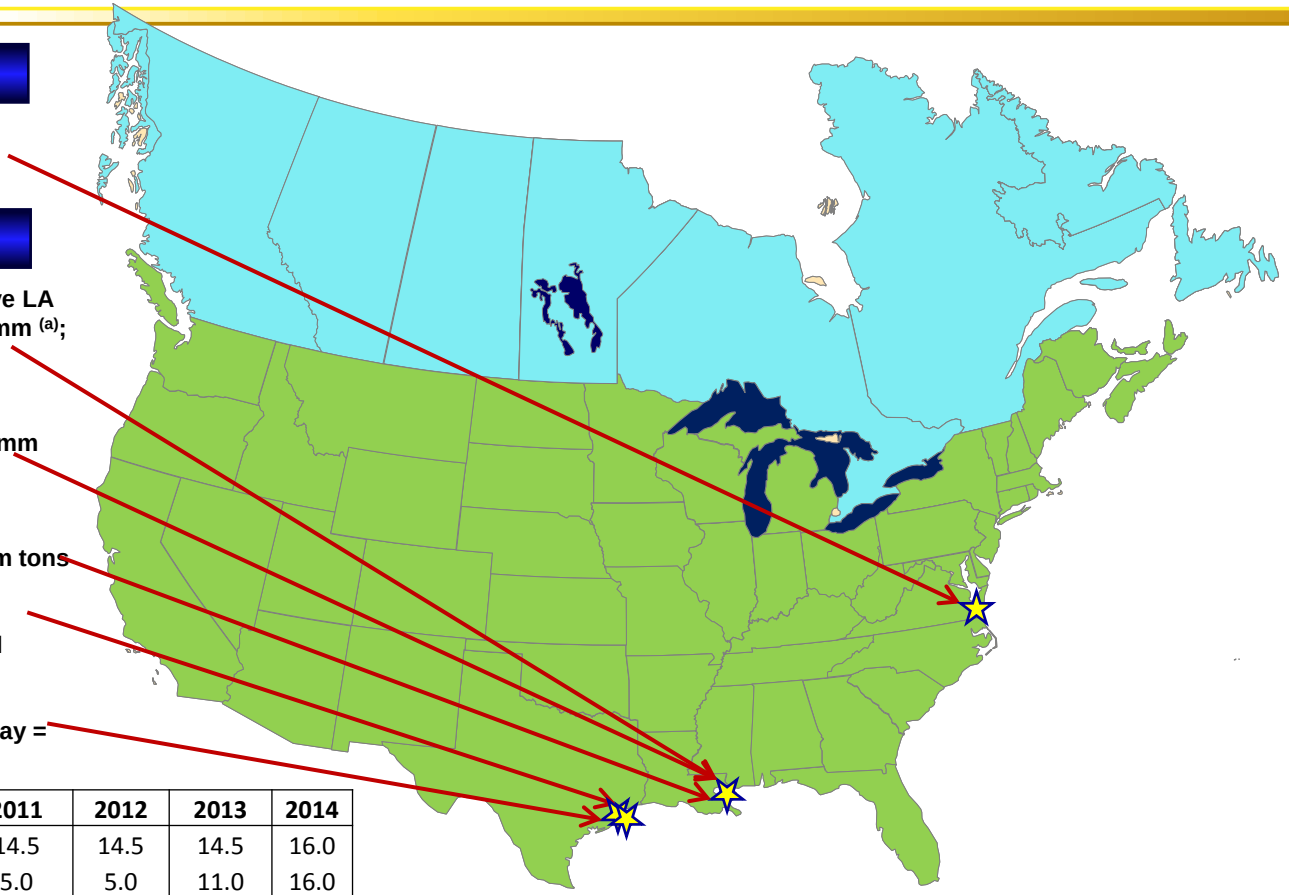
(2) International Marine Terminal, Myrtle Grove LA – Phase 1 expected capital outlay = $49.1 mm [(a)]; 6.0 mm tons

(3) International Marine Terminal, – Phase 2 expected capital outlay = $30.6 mm [(a)]; 4.0 mm domestic tons

(4) International Marine Terminal, – Phase 3 expected capital outlay = $70.8 mm; 5.0 mm tons (exports)

(5) Port of Houston Terminal, expected capital outlay = $51.5mm; 2.7 mm tons

(6) Deepwater Terminal, expected capital outlay = $138.8 mm; 10 mm tons



Terminal Coal Export Nameplate Capacity [(b)]	2011	2012	2013	2014
Pier IX	14.5	14.5	14.5	16.0
IMT - Export Volume	5.0	5.0	11.0	16.0
Houston Bulk Terminal	2.2	2.2	2.7	2.7
Deepwater	0.0	0.0	0.0	10.0
Total	**21.7**	**21.7**	**28.2**	**44.7**
% of Total Estimated U.S. Export Capacity [(c)]	**18%**	**18%**	**20%**	**26%**

(a) Capital outlay in (2) and (3) above represent KM 2/3 ownership interest in IMT
(b) Differs from modeled minimums as previously portrayed on Major Project Log (Page 8)
(c) DNB Markets U.S. Capacity Estimates, September 25, 2012

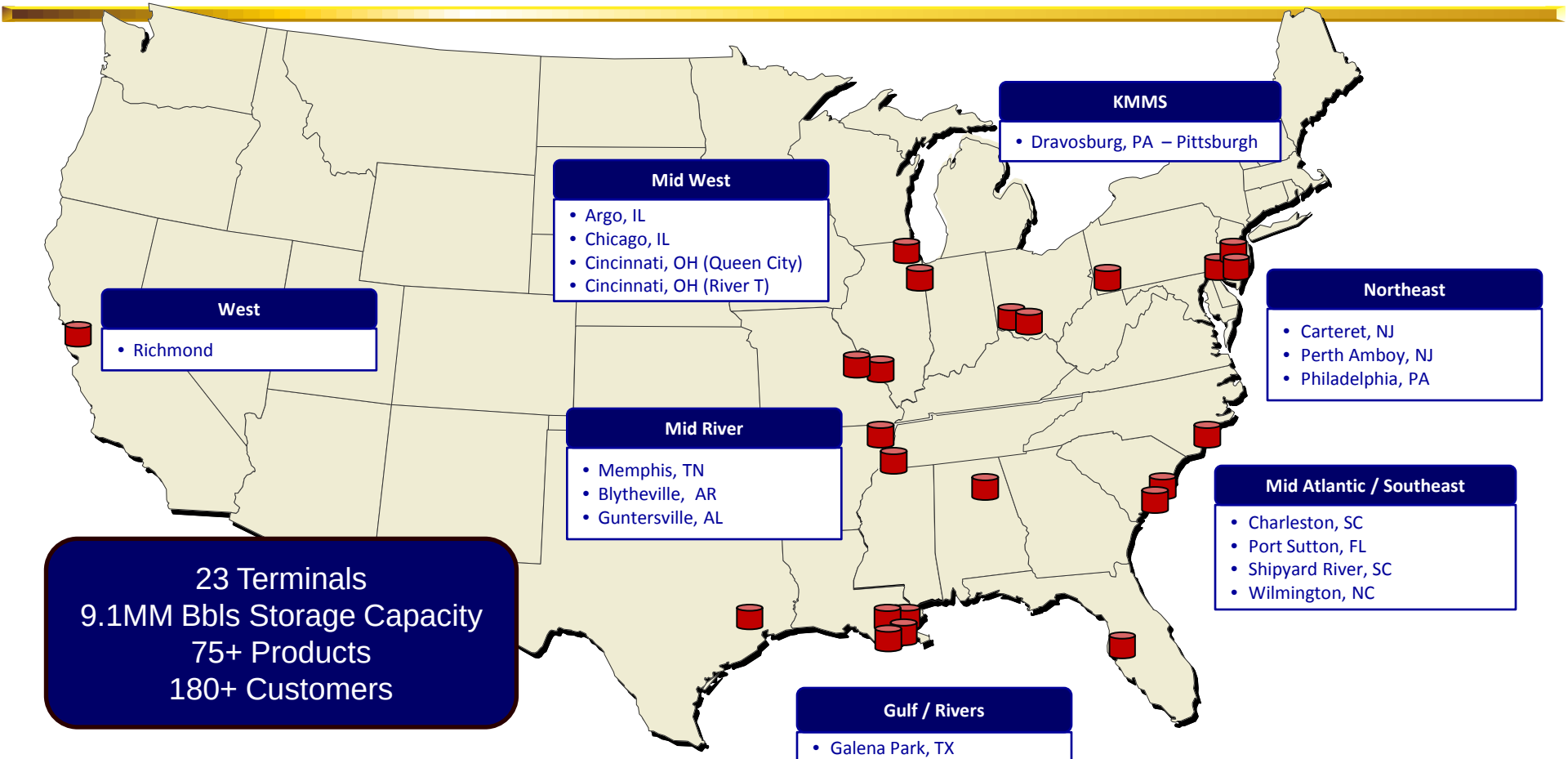
Potential Future Export Coal Capacity

8 million tons – Charleston
15 million tons – Port Westward
23 million tons – Future Exports

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Chemical

KM Chemical Network



KMMS
- Dravosburg, PA – Pittsburgh

Mid West
- Argo, IL
- Chicago, IL
- Cincinnati, OH (Queen City)
- Cincinnati, OH (River T)

West
- Richmond

Northeast
- Carteret, NJ
- Perth Amboy, NJ
- Philadelphia, PA

Mid River
- Memphis, TN
- Blytheville, AR
- Guntersville, AL

Mid Atlantic / Southeast
- Charleston, SC
- Port Sutton, FL
- Shipyard River, SC
- Wilmington, NC

23 Terminals
9.1MM Bbls Storage Capacity
75+ Products
180+ Customers

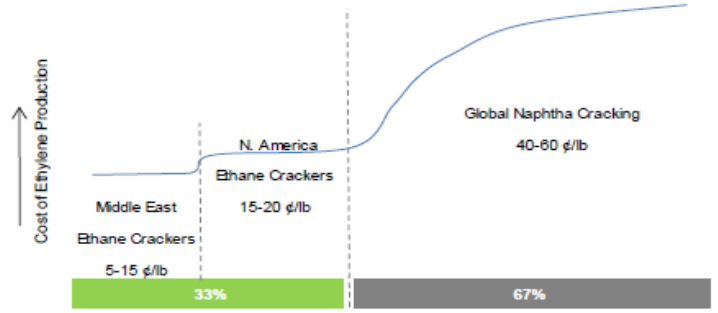
Gulf / Rivers
- Galena Park, TX
- Geismar, LA
- Harvey, LA
- Cahokia, IL
- St. Gabriel, LA
- St Louis, MO
- Westwego, LA

Legend

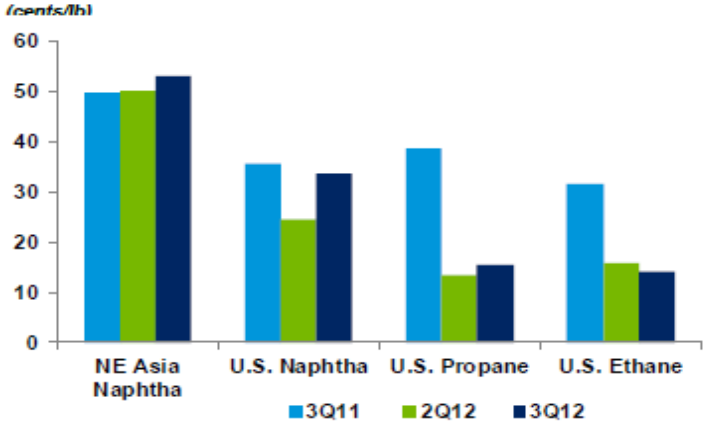
Liquid Terminal

Significant Impact of North American Shale Gas Production on U.S. Chemical Industry

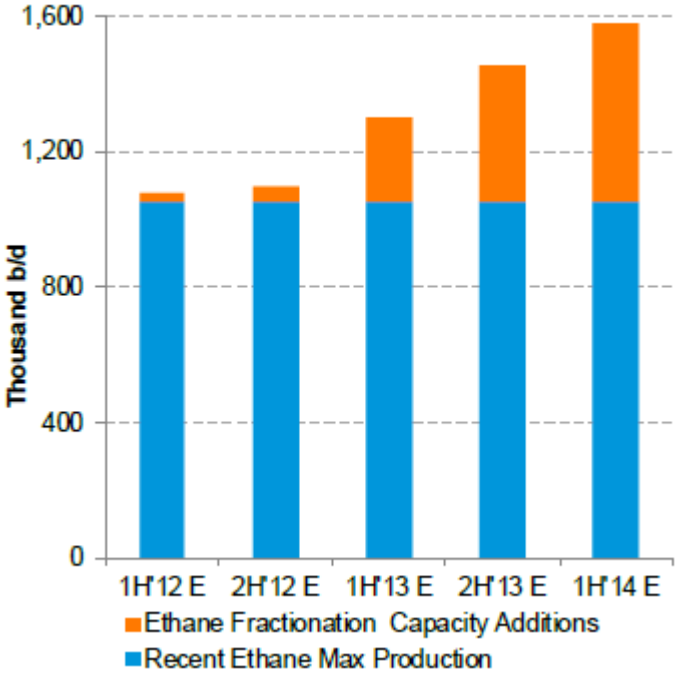
Global Capacity Cost Curve



Cost of Ethylene Production



U.S. Ethane Production



Source: LyondellBasell

U.S. Shale Gas

Triggering a Chemical Building Boom

- **Dow**, St. Charles, LA cracker restart operational 2013
- **Dow** ethane flexibility project in LA
- **Dow** “world-scale” PDK / propylene production facility & ethylene plant in Freeport, TX
- **LyondellBasell** LaPorte olefins expansion 800mmp ethylene increase
- **Lyondell** Channelview restart
- **Shell Chemicals’** ethylene cracker in OH, WV, or PA
- **Eastman Chemical** ethylene cracker
- **Bayer** ethane crackers in WV
- **Westlake Chemical** expansion in KY in 2014
- **Nova Chemicals** and **Statoil** and U.S.-based **Caiman Energy** for ethane sourced from the region
- **Renewable Mfg. Gateway** and **Aither Chemicals** $750m petrochemical plant
- **Sasol** Lake Charles, LA, 1.0-1.5m tonne/year cracker
- **Methanex** plant re-start in Canada and relocation of operations from Chile to USGC
- New Nitrogen production plants to be built in eastern IA, northern KY, and Southern IN



Source: Company Reports

KM Response to the Chemical Market



- **Geismar, LA**
  New chemical terminal expansion on 200+ acres with marine, rail, and terminal connectivity. 720kb capacity including 3x220kb storage tanks and 3 processing tanks. Capital investment of $54MM with target start-up in late 2014.



- **Honeywell, Philadelphia, PA**
  $14MM in new capital to refurbish multiple chemical tank assets in-service 2012 and supporting regional growth initiative, improved feed-stock supply channels, and new exporting capabilities.

- **Additional Contracted Projects**
  $22MM in new capital for five additional projects along the river system and in the East.



- **Others under Consideration**
  Approximately nine projects – estimated capital between $20MM - $69MM predominantly on the Gulf Coast.

Summary Highlights

- CAGR since 2002 – 12.28%
- Only true national bulk and liquids terminal network
- Largest terminal footprint in USA and Canada = significant capital investment opportunities.
- Significant growth from identified opportunities currently under development - $1.4B in progress. Additional $250 - $500MM actively under review.
  - Export distillate and gasoline
  - Continued Edmonton tank expansion
  - Crude by rail terminal development
  - Execution of contracted coal expansion projects
  - Chemical inside the fence line expansion and Greenfield projects
- Continued focus on KMT's safety performance
  - 1.58 TRIR vs. Comparable Blended Industry Average of 5.8 [(a)]

(a) Composite of liquids ILTA, port and harbor operations and marine and cargo handling


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