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Terminals

Jeff Armstrong

President Terminals Groups

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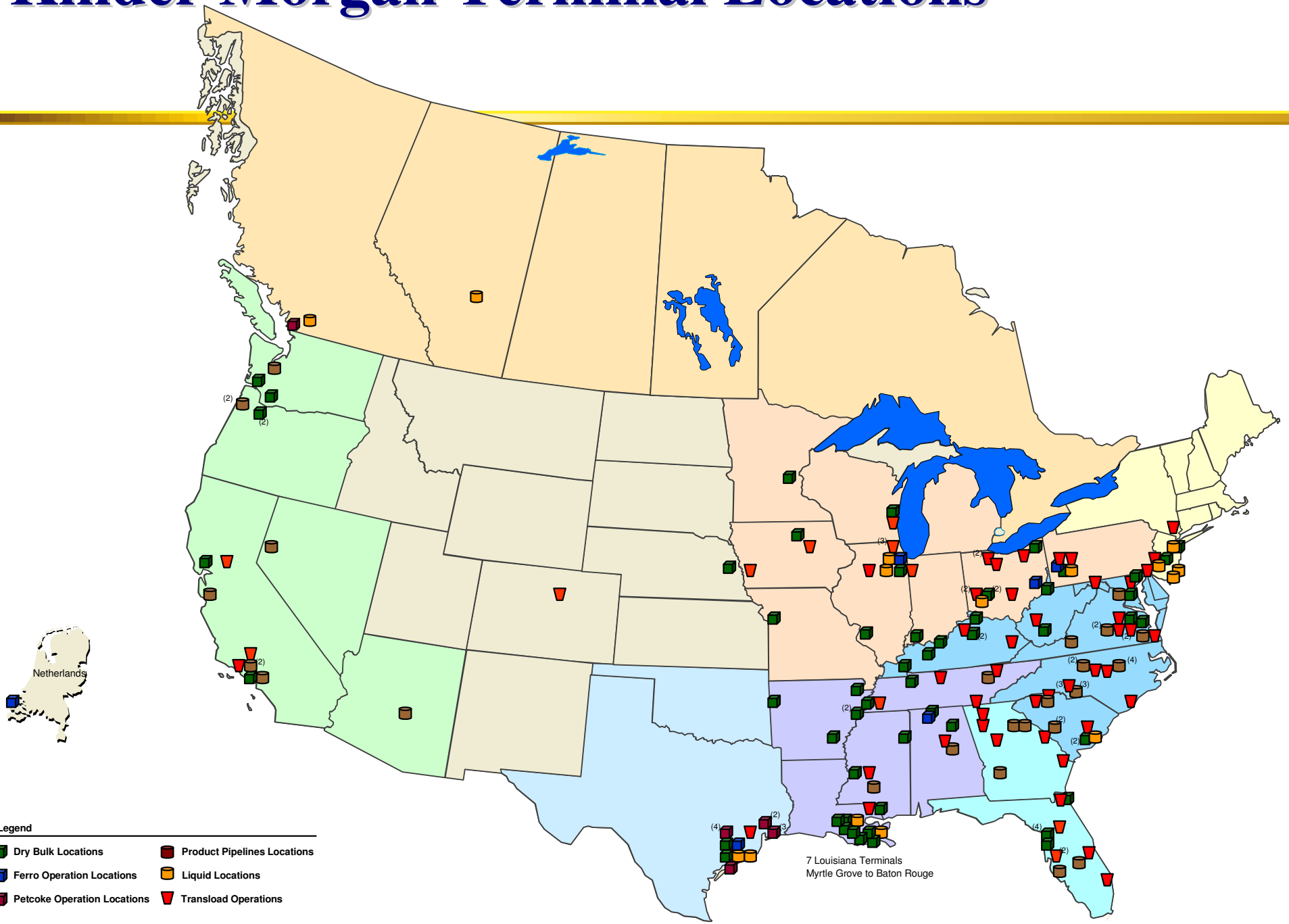
Kinder Morgan Terminal Locations



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Historical Growth

	2002	2003	2004	2005 (1)	2006 (2)	2007 Actual (2)	2008 Budget
Earnings before DD&A	208,963	240,774	263,168	318,140	396,858	442,330	550,178
Growth from prior year	25.94%	15.22%	9.30%	20.89%	24.74%	11.46%	24.38%
Internal	7.51%	7.47%	4.49%	3.97%	14.16%	2.33%	15.20%
Acquisition	18.43%	7.75%	4.81%	16.92%	10.58%	9.13%	9.19%

Compound Annual Growth Rate = 14.83%

(a) Pre environmental reserve
(b) Before certain items

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New Acquisitions 2007



Marine Terminals, Inc.

2008 EBITDA
(Budget)
$34.9MM









Materials Handled:
- Inbound - carbon scrap, pig iron, HBI, and DRI
- Outbound - steel

Services Provided:
- Harbor Service
- Port Operations
- Scrap Handling
- Scrap Processing
- Charge Bucket Loading
- Warehousing & Logistics
- Alloy Storage, Blending, Delivery

Drivers:
- Long term contract with Nucor
- One of the largest scrap-handling operations on the inland river system
- 4,450 barges handled carrying 6.6 million tons of cargo
- Up to 250 barges fleeted per day
- Over 2,370 barges cleaned
- Commodity anticipated to be handled in 2008
  - Inbound 12,560,000
  - Outbound 920,000

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New Acquisitions 2007

Vancouver Wharves
2008 EBITDA (Budget) – $25.2 MM (USD)



- Total area - 111 acres, 5 deep-sea berths in total
- Bulk commodities handled: Mineral concentrates (lead, zinc and copper), sulfur, specialty agriculture products and pulp
- 3.4 million tons anticipated to be handled in 2008
- Site total approximately 1 million tons.
- Minerals storage approx. 500,000 tons in multiple separations.
- Pulp storage – 35,000 sq. meters covered storage on wide apron dock area.
- Liquids storage – 250,000 barrels.
- Sulfur storage of approx. 175,000 tons.
- Agri-products storage includes 10 bins that hold approx. 30,000 tons in total.
- Land available for more storage approx. 12 acres

Westwego
2008 Earnings (Budget) – $3.4MM (USD)



- 173 acres
- Nineteen tanks with approximately 730MB of storage
- Vessel and barge dock
- UP rail service with ten railcar spots
- Two bay truck rack
- Peter Cremer to lease entire facility – 10 year take or pay agreement

New Acquisitions 2007

MidShip Group
2008 Earnings (Budget) - $2MM



- Purchased 25% of the membership interest of Midship Group LLC
- Headquartered: Port Washington, N.Y.
- Handle approximately 40/45 million tons of bulk cargo per year
- Handle parcels of 1,000 tons up to capesize 175,000 tons per vessel or barge domestically and globally
- In house expertise to provide integrated transportation solutions to customers
- Largest KM third party logistics provider
- Expand KM reach: introducing KM terminals/capabilities/international/domestic community of charterers, ship-owners and service providers

Central Florida
2008 Earnings (Budget) - $1.1MM



- Assets include two warehouses totaling 190,000 sq. ft., rail, real property, equipment, etc…
- Business tied with KMT Tampa operations and customer base.

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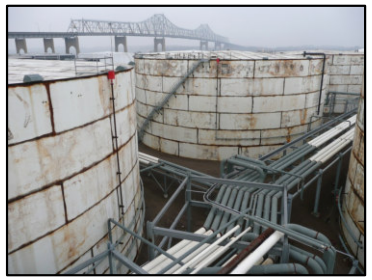
2007 - 2008 Internal Expansion Projects

Location	Project	Product	Capacity	In-Service Date	Total Investment	
Houston	Ship Dock 4	Petroleum		3Q08	20,209	
Houston	East Plant Tanks	Clean Petroleum	200k Bbls	1Q07	10,004	
Houston	Tanks	Clean Petroleum	950k Bbls	2Q08	43,191	
Houston	Green Earth Biodiesel	Biodiesel	145k Bbls	3Q07	15,189	
Houston	Green Earth Phase 2	Biodiesel	120k Bbls	3Q07	9,071	
Houston	Tanks	Clean Petroleum	200k Bbls	4Q08	10,392	
Houston	Ethanol Handling - Truck Loading	Ethanol		2Q07	9,850	
Houston	Pit 9 Tanks	Clean Petroleum	2.33mm Bbls	1Q08	107,120	
Houston	ULSD System	Diesel		1Q07	9,683	
Perth Amboy	9 Tanks	Clean Petroleum	1.4mm Bbls	1Q08	68,683	
Geismer	Drumming Facility	Chemicals	124k Bbls	4Q08	39,600	
Amory	Storage & Handling	Coal	100k Tons/Yr	4Q08	12,814	
Newport News	Pier X Dock, Cranes & Conveying	Coal	4.0mm Tons/Yr	1Q08	68,703	
Shipyard River	Warehouse	Fertilizers	120k Tons/Yr	3Q08	8,131	
Shipyard River	Tanks	Clean Petroleum	320k Bbls	4Q08	9,256	
Norfolk	ERT Warehouse	Fertilizers	50k Tons	4Q07	12,589	
Fairless Hills	Storage Facility	Fertilizers	30k Tons	3Q08	10,886	
Edmonton, AL	North 40 Terminal	Crude Oil	2.15mm Bbls	1Q08	152,000	(2)
Vancouver, BC	Tanks	Clean products	250k Bbls	4Q08	11,630	(2)
Staten Island	Refurbish Ship Dock & Tank Upgrades	Petroleum		1Q08	19,355	
Columbus	Terminal Facility	Scrap Iron	900k Tons/Yr	1Q08	8,547	
Houston	Phase IV Expansion	Clean Petroleum	2.5mm Bbls	2Q10	142,993	
Chicago	Petcoke Handling	Petcoke	2.1mm Tons/Yr	3Q10	56,000	
	2007 Investment (All Expansion Projects)				**415,251**	
	2008 Investment (Expansion Budget)				**248,278**	
	2009 / 2010 Anticipated Investment (above projects only)				**163,293**	

Perth Amboy



Houston Manifold



Houston Pit 9



(2) - assumes exchange rate of USD $1 = C $1

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Bulk Tonnage

KMBT Tonnage (tons)

	2007	Budget 2008
Coal	29,370,780	33,165,721
Petcoke	15,266,193	15,646,888
Cement (Including Clinker)	925,385	1,455,174
Fertilizers	5,651,112	6,788,342
Salt	3,171,629	3,349,116
Ores/Metals (Bulk)	16,665,815	25,769,767
Ores/Metals (Break-Bulk)	6,274,170	7,776,170
Soda Ash	3,541,096	3,432,010
Aggregate	1,753,193	2,491,665
Break-Bulk	719,203	664,732
Other Bulk	3,724,927	3,077,855
Totals	**87,063,503**	**103,617,441**

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Liquids Throughput

KMLT Throughput (bbls)

	2007	Budget 2008
Chemical	26,128,757	22,671,455
Distillate	194,808,373	195,682,748
Petroleum	297,099,900	345,557,755
Fuel Grade Ethanol	25,624,535	30,209,610
Other	4,400,269	8,521,548
Vegetable Oils	8,494,806	10,676,370
Animal Fats	264,080	275,834
Agriculture	42,382	0
Alcohol	45,172	690,000
Oil Fields	528,442	491,734
Totals	**557,436,717**	**614,777,054**

KMLT Utilization

Capacity Utilization Rate	95.9%	97.7% [1]
Capacity (MM bbls)	47.5	52.9 [1]

Railcars Handled

Kinder Morgan Material Services [2]	347,436	341,074

Sources: [1]Based on anticipated December 2008 capacity
[2]Includes TRANSFLO, non-TRANSFLO, Deer Park and Lomita Terminals

Renewable Fuels

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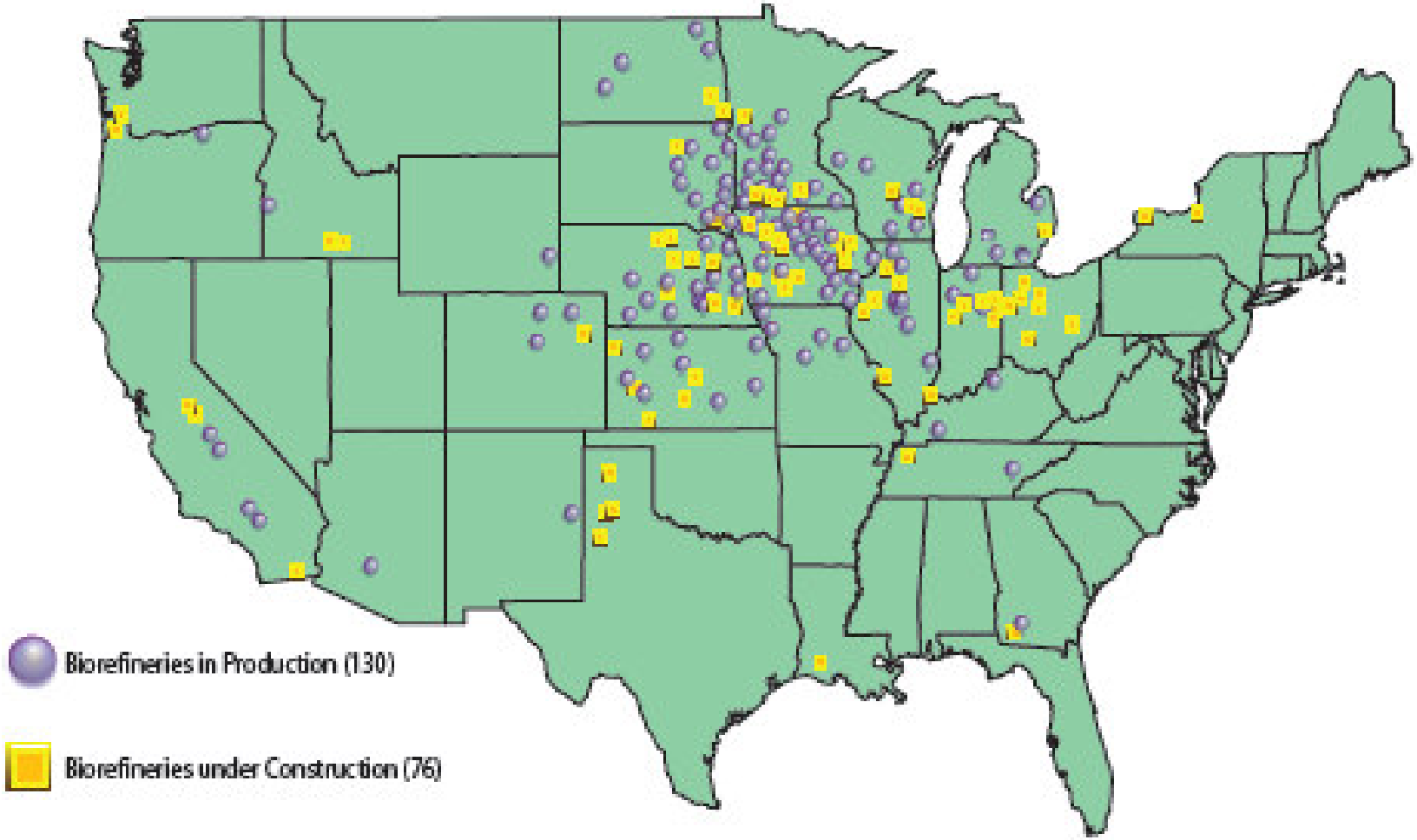
U.S. Ethanol Biorefinery Locations



Source: Renewable Fuels Association 10/04/07

U.S. Energy Independence and Security Act Highlights

Sets an increased phase-in for renewable fuel volumes beginning with 9 billion gallons in 2008 and ending at 36 billion in 2022.

15 billion of new mandate will be made up of corn based ethanol.

21 billion of new mandate to be made up of advanced biofuels (cellulosic as well as biodiesel meet this criteria).

Starting in 2009, biodiesel consumption mandated in U.S. 500MM gallon/yr increasing to 1B gpy by 2012.

Authorizes $200MM for grant programs for installation of E85 infrastructure.

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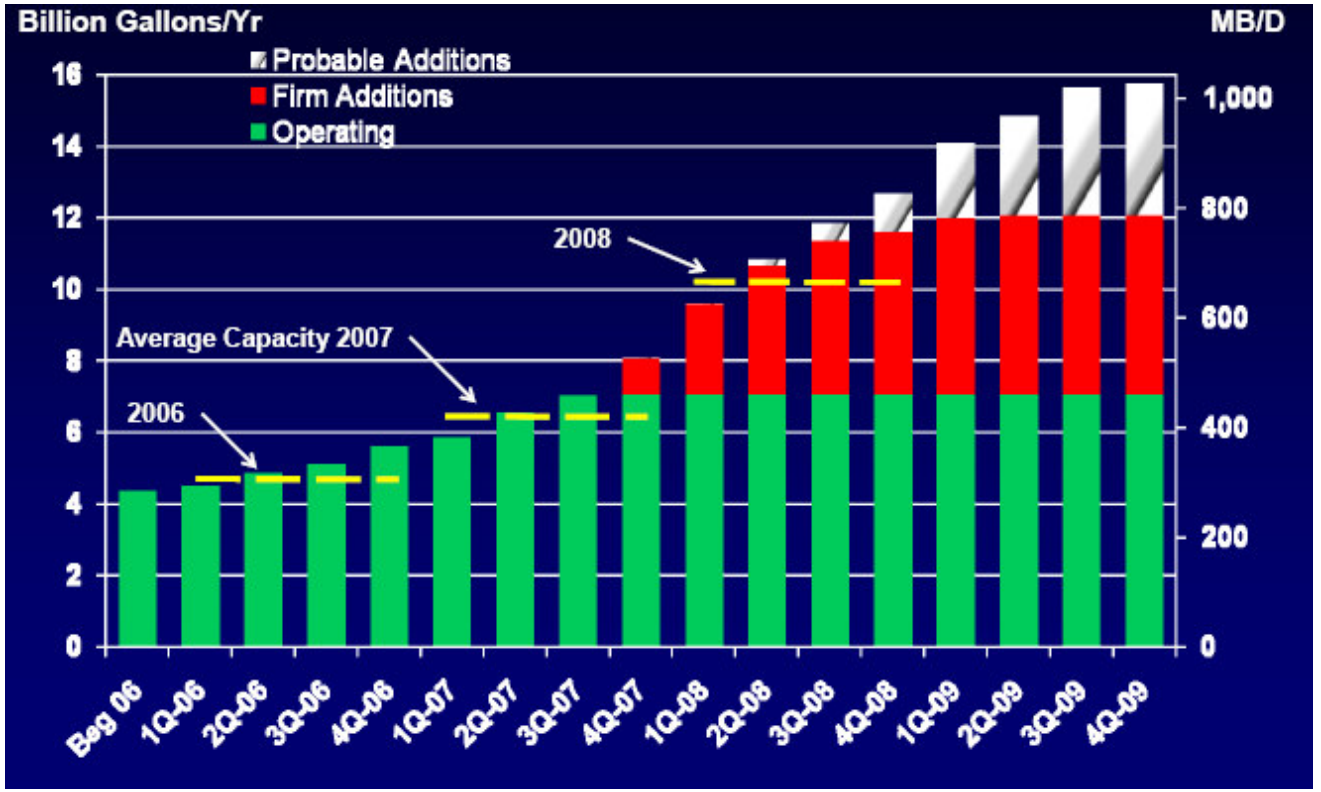
Biofuels Mandate: 2005 Law vs. 2007 Law

Year	Billion Gallons		MB/D	
	2005 LAW	2007 LAW	2005 LAW	2007 LAW
2007	4.7	--	307	--
2008	5.4	9	352	587
2009	6.1	11.1	398	724
2010	6.8	12.95	444	845
2011	7.4	13.95	483	910
2012	7.5	15.2	489	992
2015	--	20.5	--	1,337
2022	--	36	--	2,340

Source: PIRA 28th Annual Retainer Client Seminar

U.S. Ethanol Capacity Increasing Rapidly



Average Ethanol Capacity

2006	2007	2008
5 billion gallons	6.5 billion gallons	10.25 billion gallons
326,157 BPD	424,005 BPD	668,623 BPD

Source: PIRA 28th Annual Retainer Client Seminar

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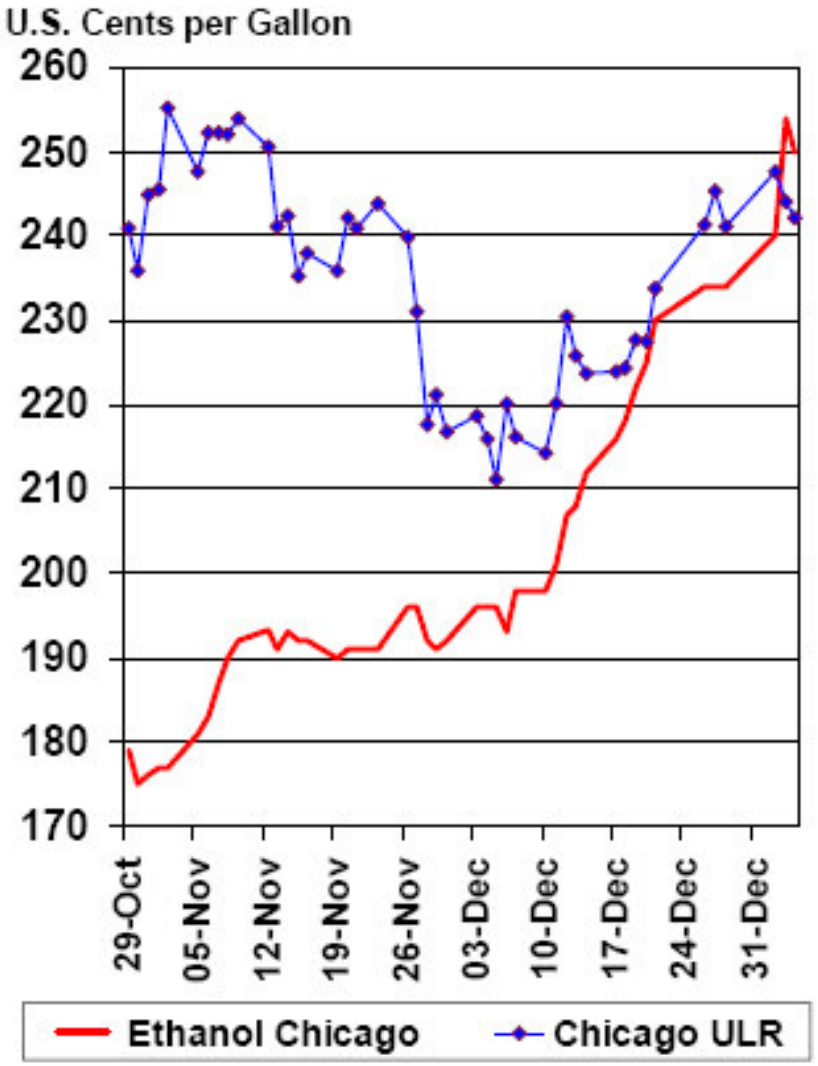
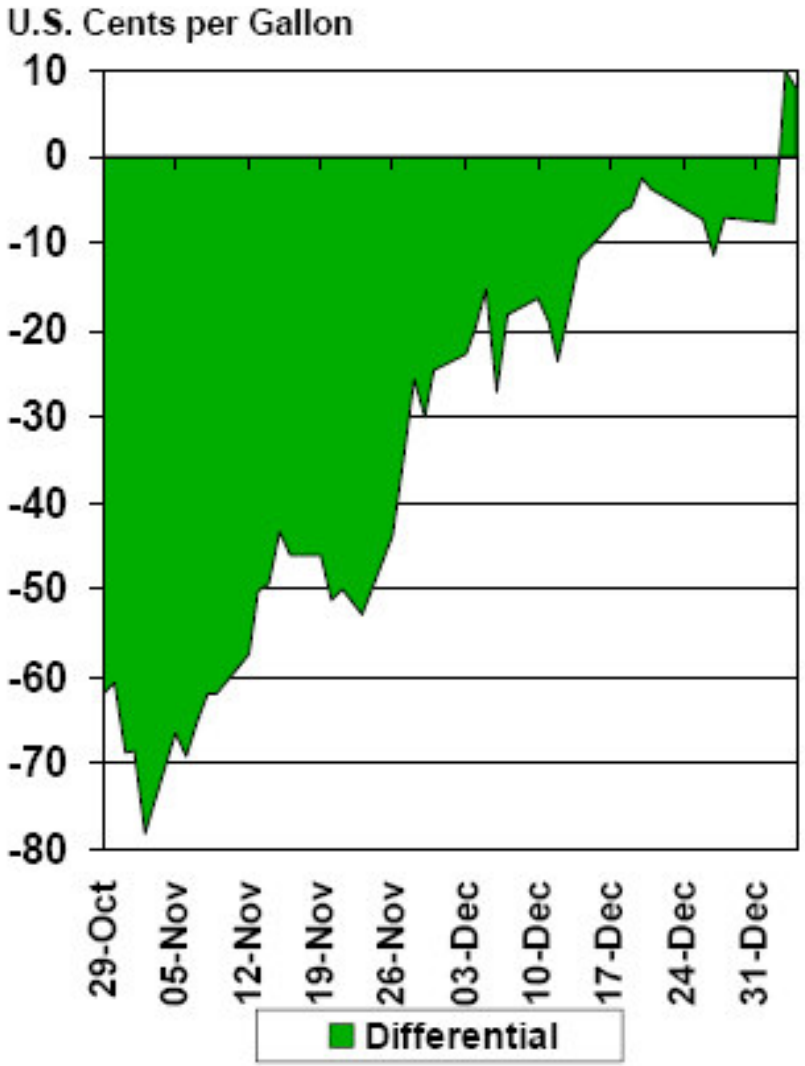
Chicago Ethanol and ULR Prices and Differential





Source: PIRA 28th Annual Retainer Client Seminar

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Kinder Morgan Ethanol Handling Locations

BioDiesel	2006	2007	2008
Storage (Mbbls)	86	677	927
Throughput (Mbbls)	462	1,800	2,700

KMT ETOH	2006	2007	2008
Storage (Mbbls)	2,500	3,038	3,543
Throughput (Mbbls)	22,184	25,624	30,209



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KMT Response to Ethanol Market

2007

- Added tank space in all major markets; Houston, New Orleans, NY Harbor, Chicago, and Philadelphia.
- Increased storage to over 3MM Bbls, increased throughput from 22MM Bbls to 25.6 MM Bbls.
- Expanded transload capabilities in 15 RFG markets.
- Reduced turnaround time on Lomita rail yard to increase throughput for Southern California ethanol deliveries. Average 22,000 bpd. Extended agreement long term.

2008

- Converting and building additional storage and transload capacity across the U.S. as new markets open up - conventional markets convert to Ethanol blends; Charlotte, Selma, Chesapeake, Florida, North California.
- Anticipate announcing 650M Bbls of additional ethanol storage during 2008.
- Utilize KM transload to move ethanol closer to gasoline racks throughout Southeast and Florida.
- Increased throughput by over 2 million barrels.

Increased Supply + Increased Demand + High Price Volatility = More Tankage

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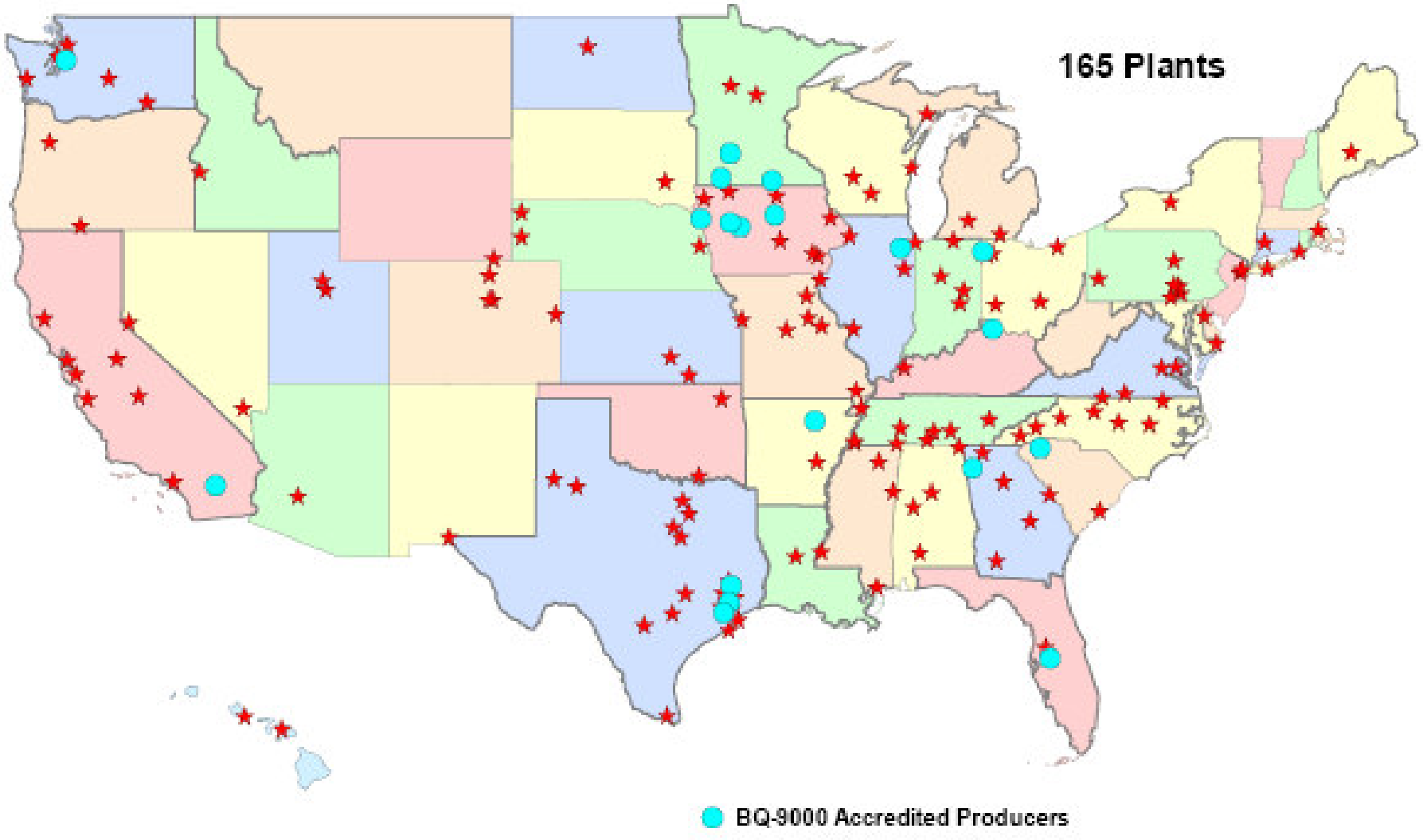
Commercial Biodiesel Production Plants



Source: National Biodiesel Board, September 7, 2007

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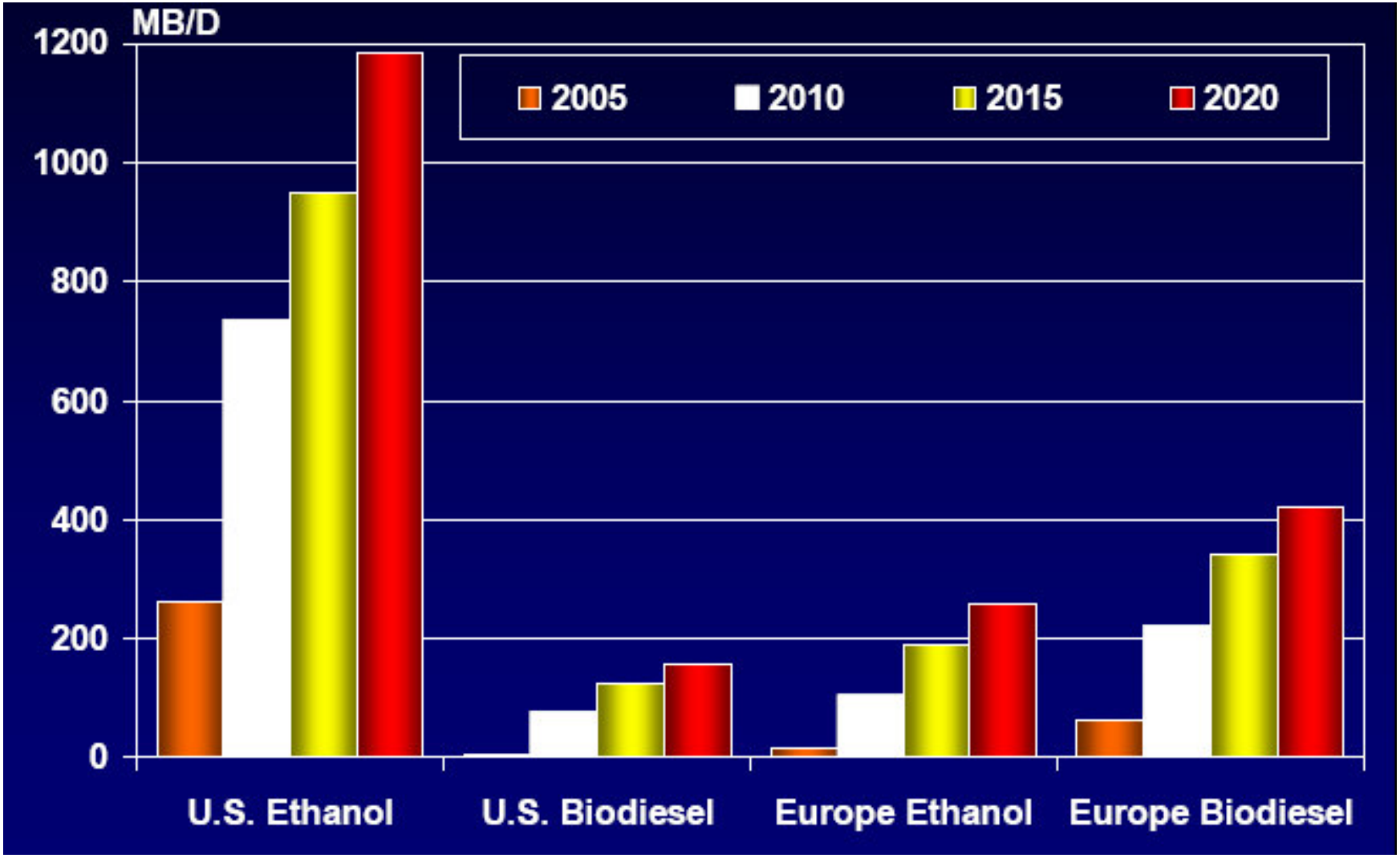
Biofuels Supply in U.S. and Europe



Source: PIRA 28th Annual Retainer Client Seminar

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Green Earth at Kinder Morgan Galena Park, TX

- 86 mmgpy capacity on line October 2007
- Produced/sold over 15 million gallons through end of 2007
- Utilizes 5 acres of KM land
- KM provides 300M Bbls of storage to support the plant
- Access to export market as well as largest distillate pool storage in Gulf Coast
- Ability to duplicate concept nationally



KM Response to Biodiesel Markets

Expanded storage in Chicago, NY Harbor, Houston, New Orleans, and Philadelphia.

Participated as origination point for pipeline test blends of B5.

Worked with producer Green Earth to provide terminaling for 86 million gpy production facility at KM Galena Park.

Continue to work with qualified companies interested in constructing biodiesel facilities within KM terminal locations across the U.S.

From 2006 to 2007 KM's biodiesel storage position went from <100M Bbls to over 700M Bbls. Already have plans to increase biodiesel storage in 2008 as domestic mandate takes affect.

KM Terminals provided storage for the significant import/export volumes in 2007.

KM Terminals handle increasing quantities of export and domestic consumption.

Fertilizer

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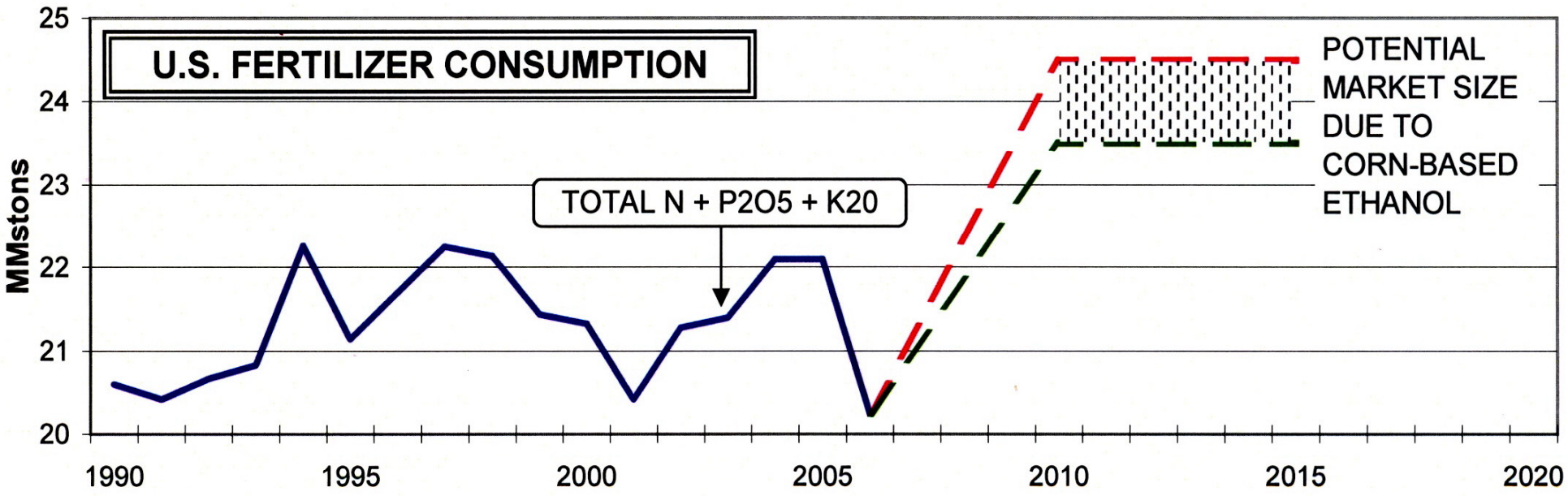
U.S. Fertilizer Demand



Source: Blue, Johnson Associates, Inc., Blue Book, 2007 Edition

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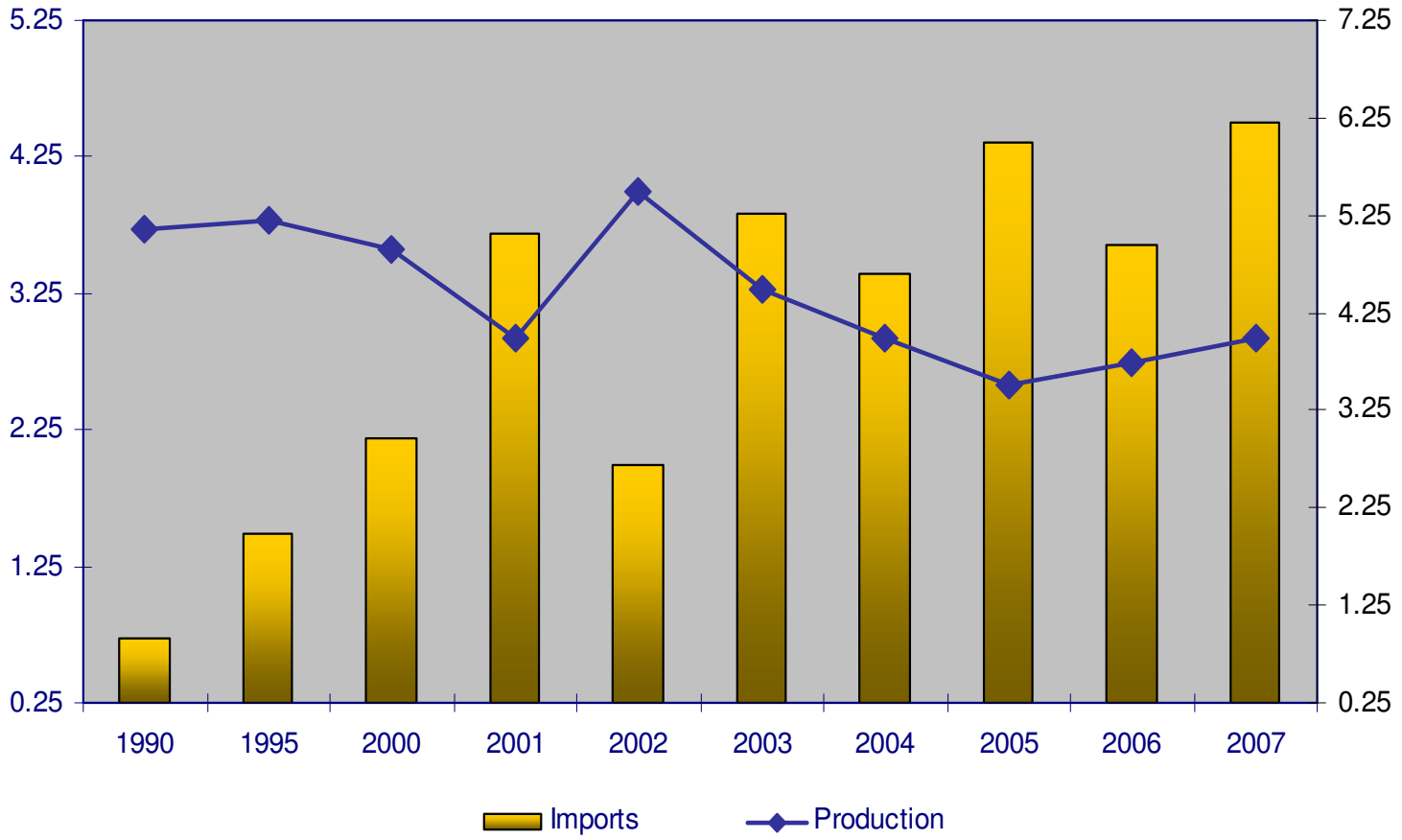
U.S. Urea (1990 through 2007)

MMStons



Source: Blue, Johnson Associates, Inc., Blue Book, 2007 Edition

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Kinder Morgan Response

2003 & 2006	Port Sutton Terminal Expansion Project (Florida)	$9.8 Million
2004	Hartford Street Expansion Project (Florida)	$2.0 Million
2005	Black Hawk - New Acquisition (Waterloo, IA)	$1.9 Million
	Blytheville Terminal – Acquisition plus Build-out (Arkansas)	$10.7 Million
2007	Elizabeth River Terminal – New Warehouse (Virginia)	$12.6 Million
2008	Shipyard River Terminal (South Carolina)	$8.1 Million
	Fairless Hills Terminal (Pennsylvania)	$10.9 Million
	Total Kinder Morgan Investment =	**$56 Million**



Port Sutton



Elizabeth River



Fairless Hills

Clean Petroleum Products

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U.S. Refinery Construction Outlook through 2014

Process Unit Additions

(Thousands of Barrels per Day)

Year	Crude Distillation	Coking	Cracking	Octane	HDS
2008	129	45	40	0	40
2009	166	85	133	20	155
2010	730	275	265	223	378
2011	76	152	64	5	95
2012 - 2014	300	155	140	80	210
Total	**1401**	**712**	**642**	**328**	**878**

Source: Turner, Mason & Company

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U.S. Refinery Construction Outlook through 2014

Estimated Production Increases

(Thousands of Barrels per Day)

Year	Gasoline	Distillates	Other	Total Production
2008	58	47	24	129
2009	117	78	-29	166
2010	285	333	112	730
2011	20	37	19	76
2012 - 2014	136	105	59	300
Total	**616**	**600**	**185**	**1401**

Source: Turner, Mason & Company

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Non-U.S. Refinery Construction Outlook through 2014

Process Unit Additions

(Thousands of Barrels per Day)

Location	Crude	Vacuum	Coking	FCCU	HCU
Canada / Mexico	500	270	139	80	45
Central & S. America	1,231	660	390	189	169
Europe / FSU	621	231	143	150	298
Middle East	3,441	1,265	325	515	575
Africa	567	135	20	5	25
Asia / Pacific	4,504	1,901	636	654	832
Total	**10,864**	**4,462**	**1,653**	**1,593**	**1,944**

Source: Turner, Mason & Company

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Non-U.S. Refinery Construction Outlook through 2014

Estimated Production Increases

(Thousands of Barrels per Day)

Location	Gasoline	Distillate	Residual Fuel	Other Products	Total Production
Canada / Mexico	225	177	11	87	500
Central & S. America	562	398	(55)	326	1,231
Europe	70	145	-	(6)	209
Former Soviet Union	191	242	32	(53)	412
Middle East	1,105	1,441	324	571	3,441
Africa	122	182	60	203	567
Asia / Pacific	1,530	1,763	298	913	4,504
Total	**3,805**	**4,348**	**670**	**2,041**	**10,864**

Source: Turner, Mason & Company

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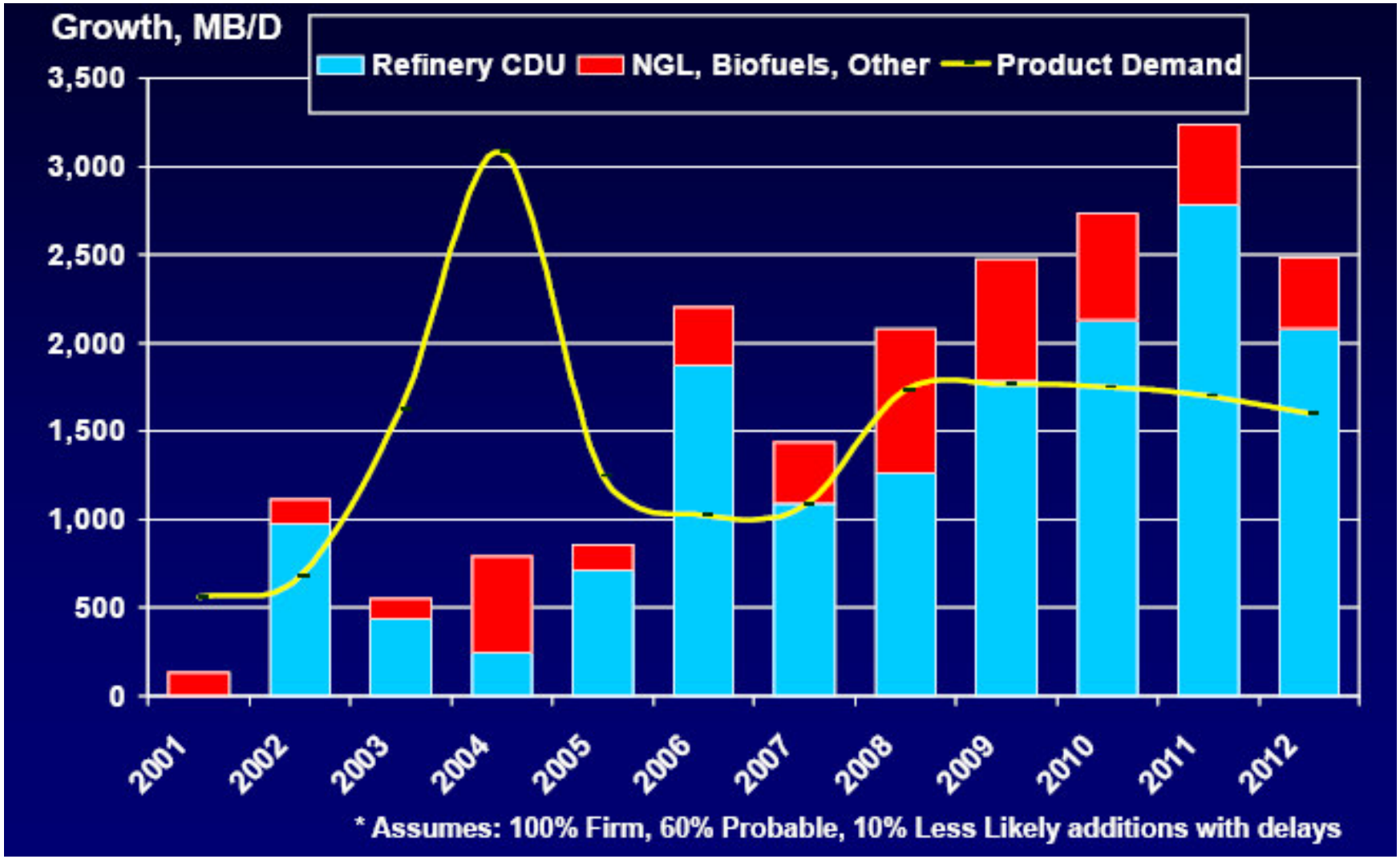
World Refinery Expansions will Outpace Oil Demand Growth in 2009+



Source: PIRA 28th Annual Retainer Client Seminar

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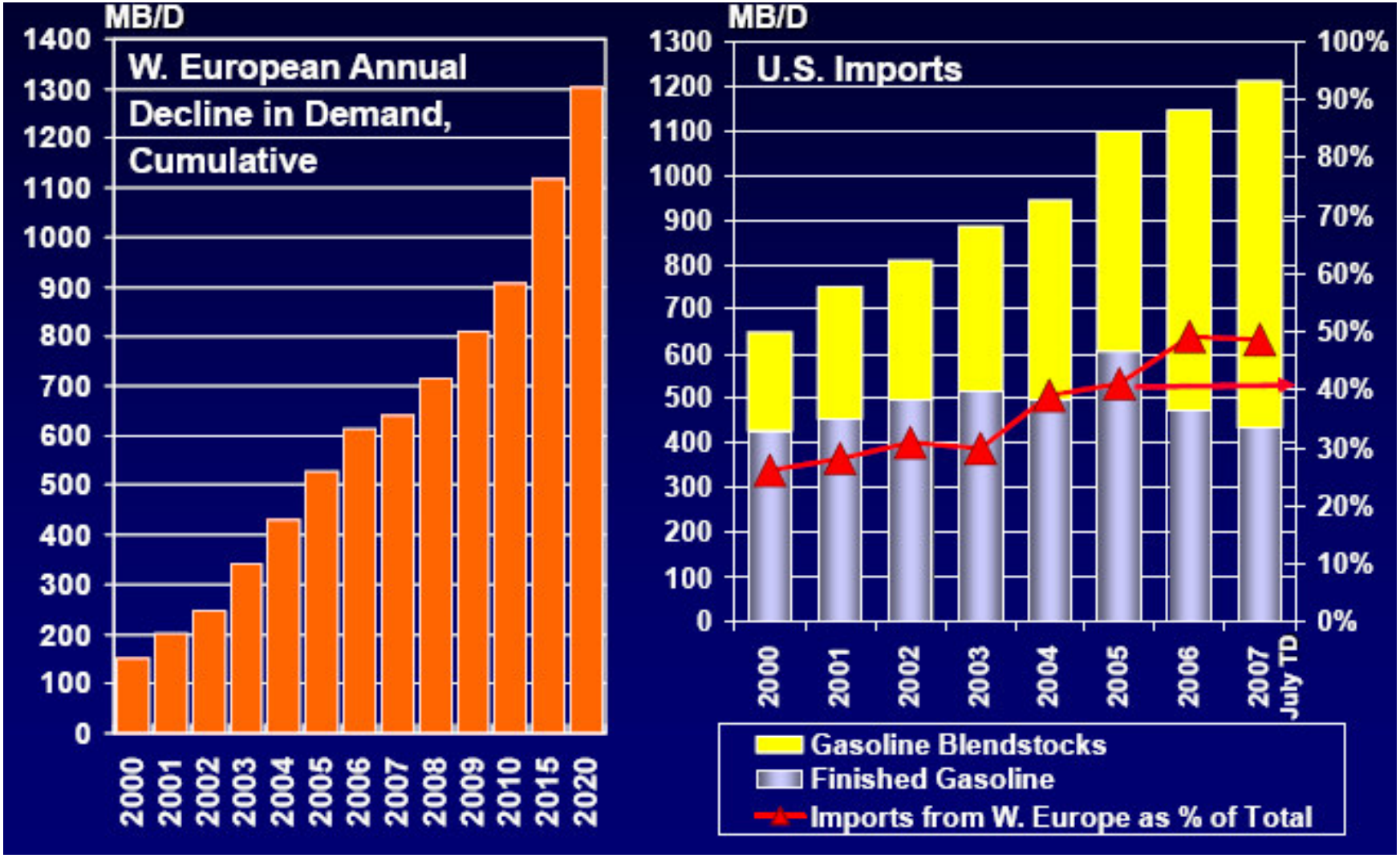
Declining European Mogas Demand Leads to More Exports to U.S.



Source: PIRA 28th Annual Retainer Client Seminar

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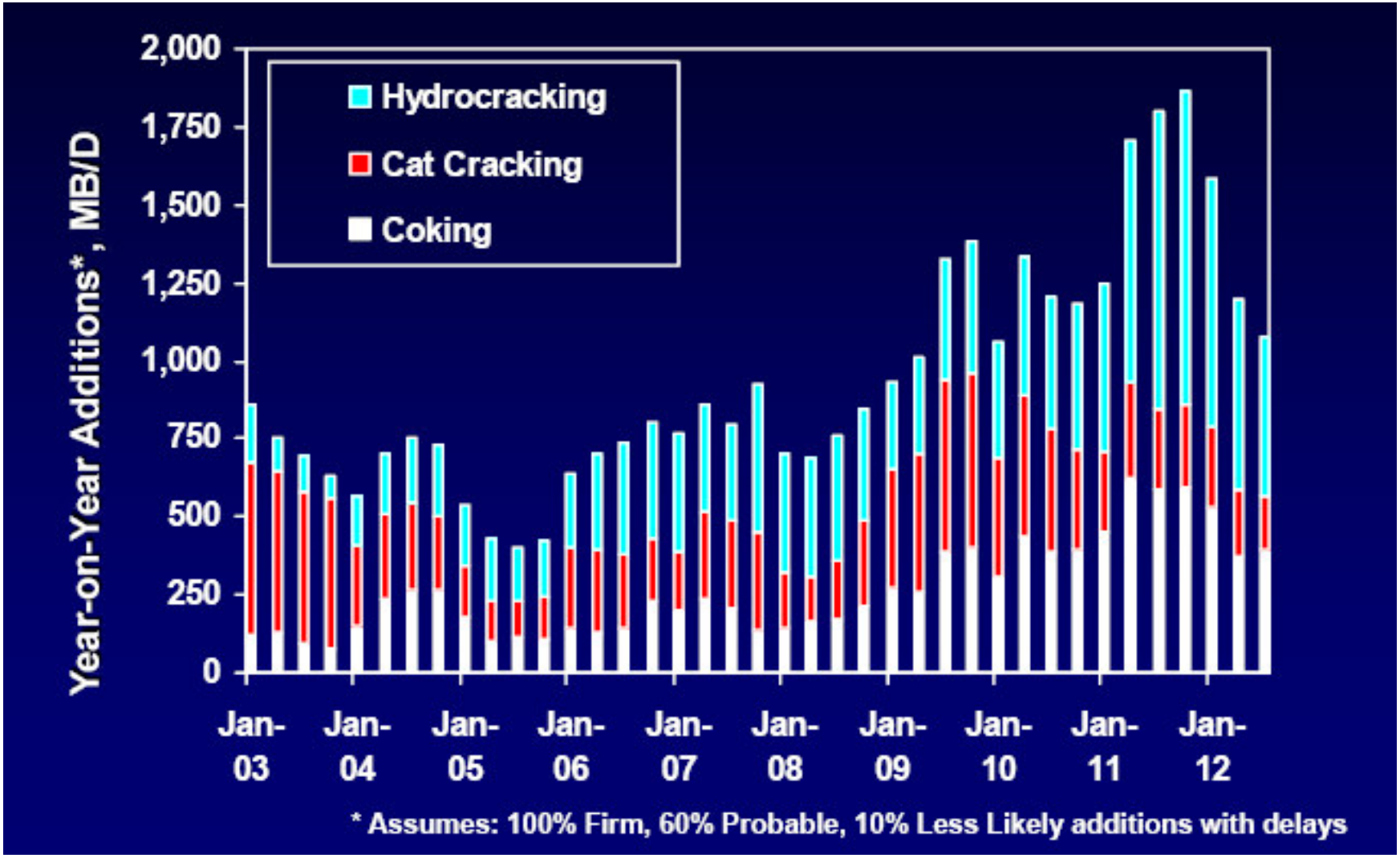
Increasing Growth in Refinery Conversion Capacity Will Increase Light Product Supply and Tighten Resid



Source: PIRA 28th Annual Retainer Client Seminar

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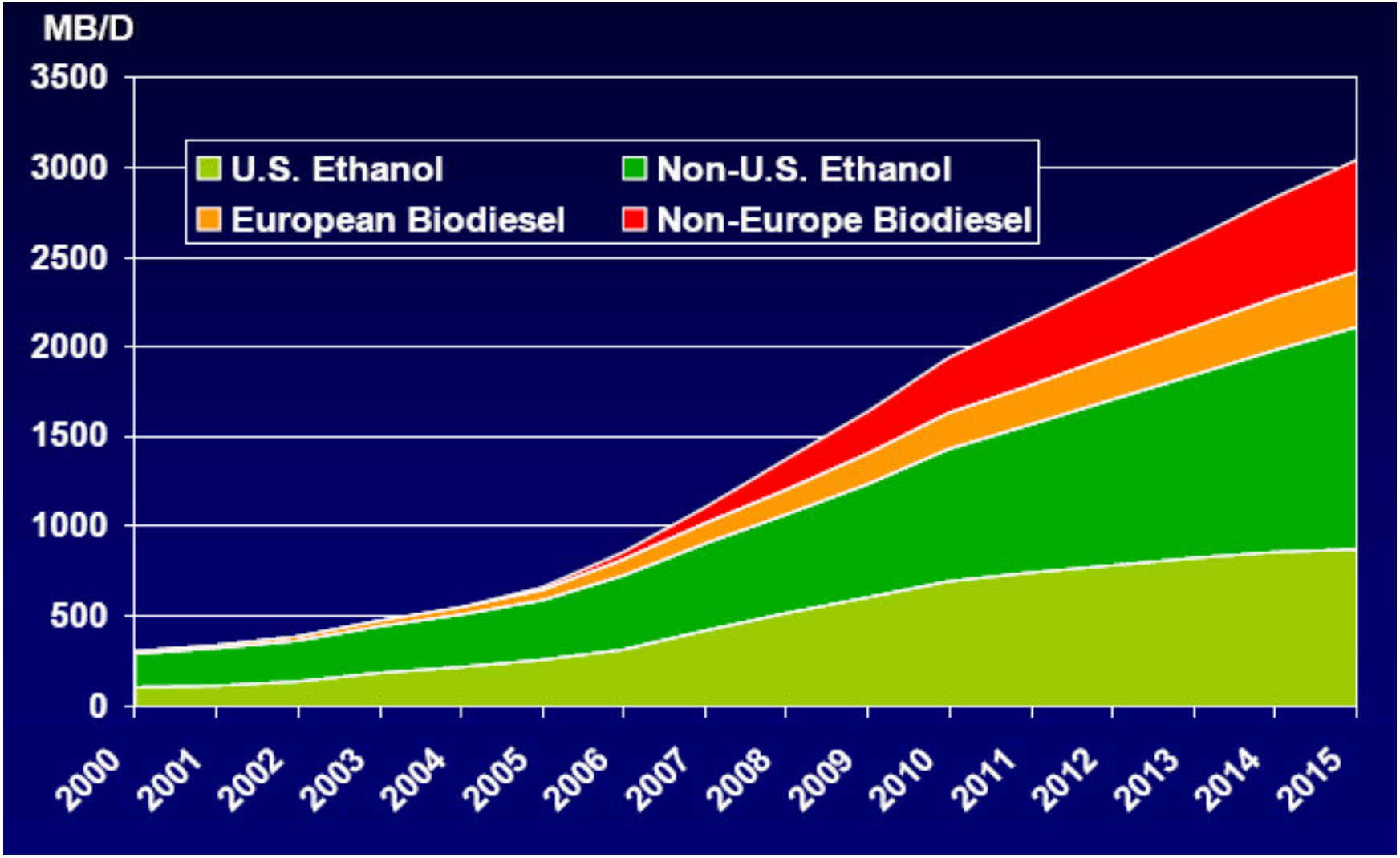
Growing Global Ethanol and Biodiesel Production Adds to Light Product Supply / Reduces Crude Runs



Source: PIRA 28th Annual Retainer Client Seminar

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KM Response

Total tankage increase from

- January 2007 43.3 MBbls
- December 2008 52.9 MBbls

3.75 million barrels new capacity in the 1Q08

Potential 2.4 million barrels of new tankage in 2009

Build two new ship docks (Galena Park and Staten Island)

Increased Supply + Increased Volatility = Increased Storage

Coal / Petcoke

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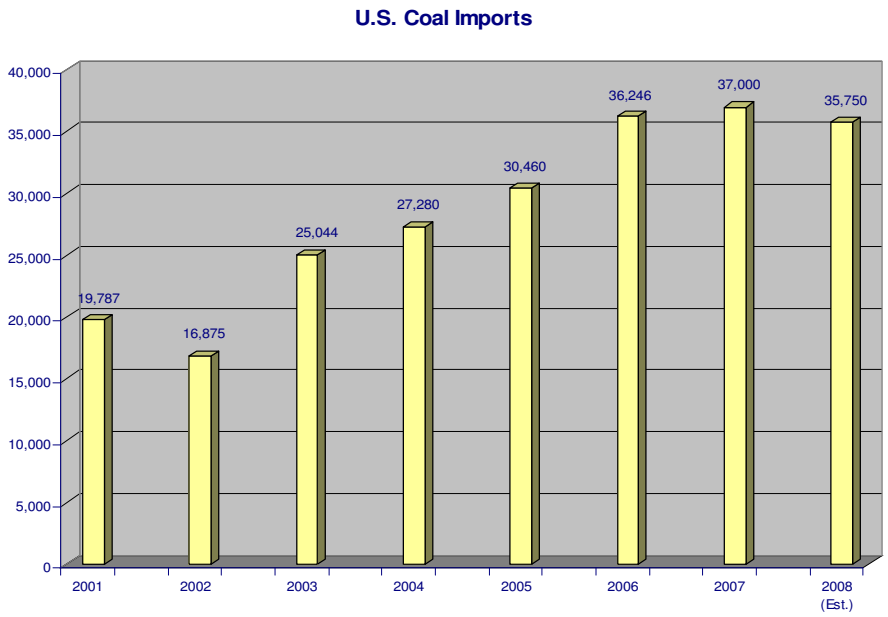
Coal Imports



U.S. Coal Imports

Declining Central and Northern Appalachian production, affecting Eastern Utilities

Tougher Environmental regulations on SO2

U.S. Utilities continue to diversify supply & transportation

Kinder Morgan expects U.S. coal imports to be flat to slightly declining in 2008 due to increased world demand for U.S. coals *(see next slide)*

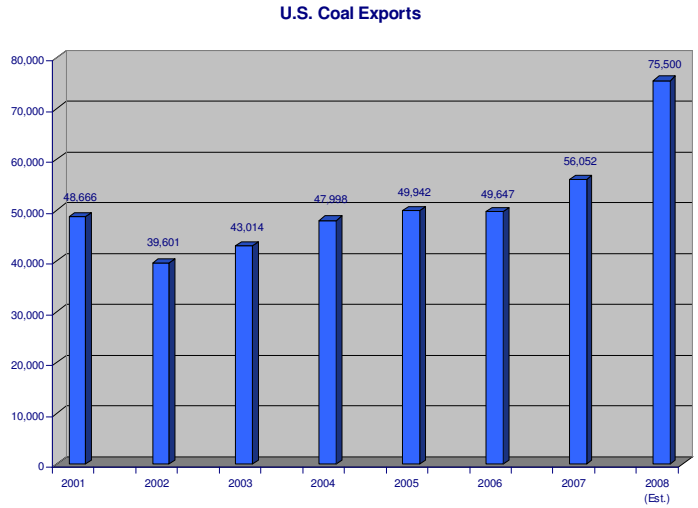
Kinder Morgan's Response

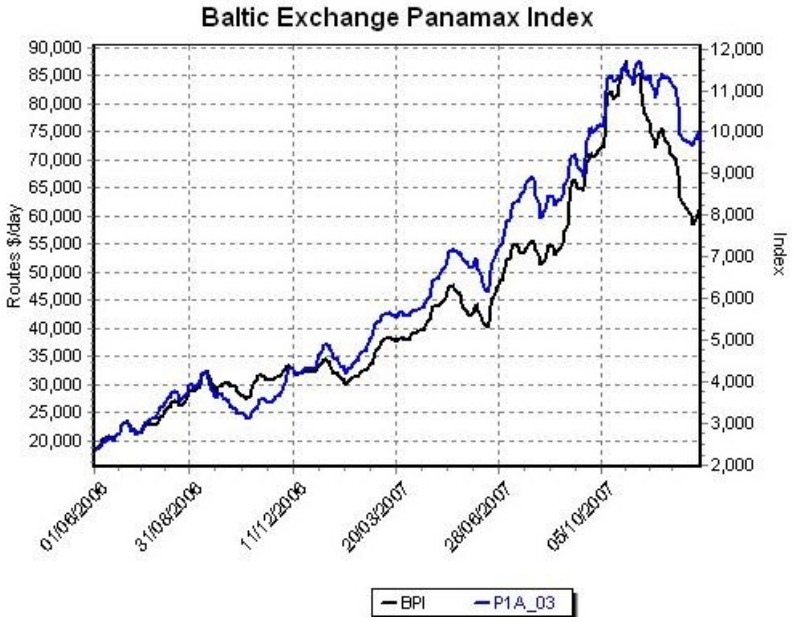
Shipyard River Terminal: Expansion project came on-line in 2007 adding additional import capabilities

Pier IX: Investing $70 mm to add import capabilities to Pier IX, will come on-line in 1st quarter of 2008

Both expansion project were done in conjunction with long term contracts with Alabama based Drummond Coal

Coal Exports





U.S. Coal Exports

Increased demand from Asian Markets (China & India)

Transportation & Port Infrastructure problems in Australia has dept coal out of the traditional Asian Markets

South African coal has shifted from its traditional European destinations to service Asian markets

The U.S. has been called upon to fill the shortfall in European supply – met. and steam coal

Vessel rates have increased significantly, making the U.S. East Coast Ports much more attractive to load at

U.S. / European Arbitrage Calculation

(BTU adjusted)

European Coal (CIF ARA) $128.32

U.S. Central App. Coal (Steam)

- Coal Cost $54.00
- Rail & Terminal Fees $21.25
- Vessel Freight $52.10
- Total Cost (CIF ARA) $127.35

KM Response

Kinder Morgan's flexible terminal network allows us to participate in both markets, simultaneously

Pier IX and IMT will see increased export tonnage

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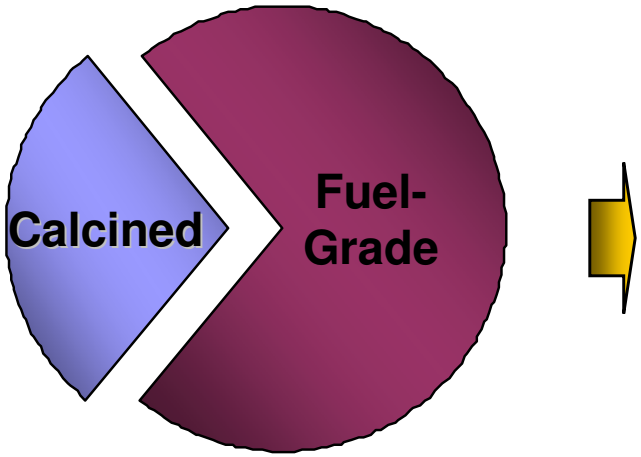
Petroleum Coke Production Trends

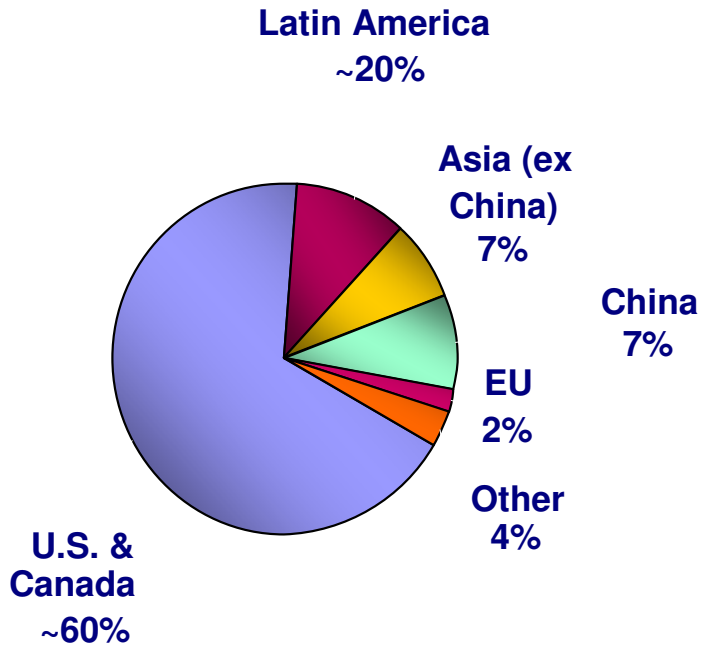
- World Production
  - **2007 ~ 90 MDMT * est.**
  - **2000 = 56 MDMT**
  - **1995 = 41 M/DMT**
- 75% (~67 DMT in '07) is fuel grade
- 25% (~23 DMT in '07) is calcined grade
- World Production will be 125+ M/DMT by 2012; North America will be 75 M/DMT (N.A. = 48 M/DMT in 2007)
- 60+ coker projects globally
- Strong refining and Alberta oil sands economics spurring new coker and upgrader announcements
- Potential for significant petcoke production in regions with less obvious means for consumption

*DST = 1.1023 x DMT
Source: Jacobs Consultancy

World Petcoke Production - 2007

Total Production ~ 90 million DMT
Total US Production ~ 41 DMT





Fuel Grade ~ 67 million DMT
US Fuel Grade ~ 35 million DMT

Source: Jacobs Consultancy

Steel

KINDER MORGAN
ENERGY PARTNERS, L.P.

Steel Supply/Demand in the United States

All data – short tons

	2002	2003	2004	2005	2006	Estimated 2007
Production	102,000	103,000	109,000	103,000	109,000	108,000
Shipments	99,200	106,000	112,100	103,000	109,000	107,000
Exports	6,000	8,200	7,900	9,400	9,700	11,100
All Imports	32,700	23,100	35,800	32,000	45,300	34,700
Finished Steel Imports	23,800	18,300	28,400	25,000	36,000	27,600
Apparent Supply (Consumption)	117,000	116,100	132,600	118,600	135,300	123,500

Kinder Morgan Terminals - Imports Handled - 3 million tons

Source: *American Iron and Steel Institute production, shipments and apparent supply data; U.S. Bureau of Census import and export data
Revised January 3, 2008

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KM Network of Steel Terminals

Deepwater Ports	
Chicago West	IL
Chesapeake Bulk	MD
Pinney Dock (Ashtabula)	OH
Fairless Hills	PA
Texas Terminals (Houston)	TX
Southwest Stevedores	TX

River Ports and Houston Ship Channel	
Decatur	AL
Guntersville	AL
Trinity, AL	AL
Barfield, AR	AR
Ft Smith	AR
Hickman, AR	AR
Pine Bluff	AR
West Memphis	AR
West Memphis Reload	AR
Chicago	IL
Chicago West	IL
Evansville	IN
Jeffersonville	IN
Ghent	KY
Louisville	KY
Ownesboro Gateway	KY
Ownesboro Gateway East	KY
Dakota Bulk (St Paul)	MN
St. Joseph	MO
Columbus, MS	MS
Vicksburg	MS
Hertford, NC	NC
Omaha	NE
Industry	PA
Berkeley, SC	SC
Memphis	TN

Transload Services	
Ontario	CA
Stockton	CA
Denver	CO
Ocala	FL
Tampa	FL
Council Bluffs	IA
Chicago	IA
Chicago Heights	IL
Harvey	IL
East Chicago	IL
Fostoria	OH
Memphis	TN
Milwaukee	WI

KINDER MORGAN
ENERGY PARTNERS, L.P.

SeverCorr

Site:	Columbus, Mississippi
Water:	Mile 331 on the Tenn-Tombigbee Waterway
Plant Site:	8 Road Miles from the River dock Plant Site
Steel Produced:	1.5 Mil TPY of Automotive Grade Steel
Commodities:	Inbound - Carbon Scrap, Pig Iron, HBI, DRI and Ferroalloys Outbound – Coils
Tons Per Year:	Minimum 600,000 TPY to Maximum 900,000 TPY
Contract:	15 Years
Capital Invested:	$8.5 mil

- Site Preparation
- River Dock
- 2 - Crane–Various Buckets
- Front end Loader
- Office
- Maintenance Shop
- Winches
- 1 - Harbor Boat

Manning: 20 People

