KINDER MORGAN

Terminals

Jeff Armstrong

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KMT - 2002



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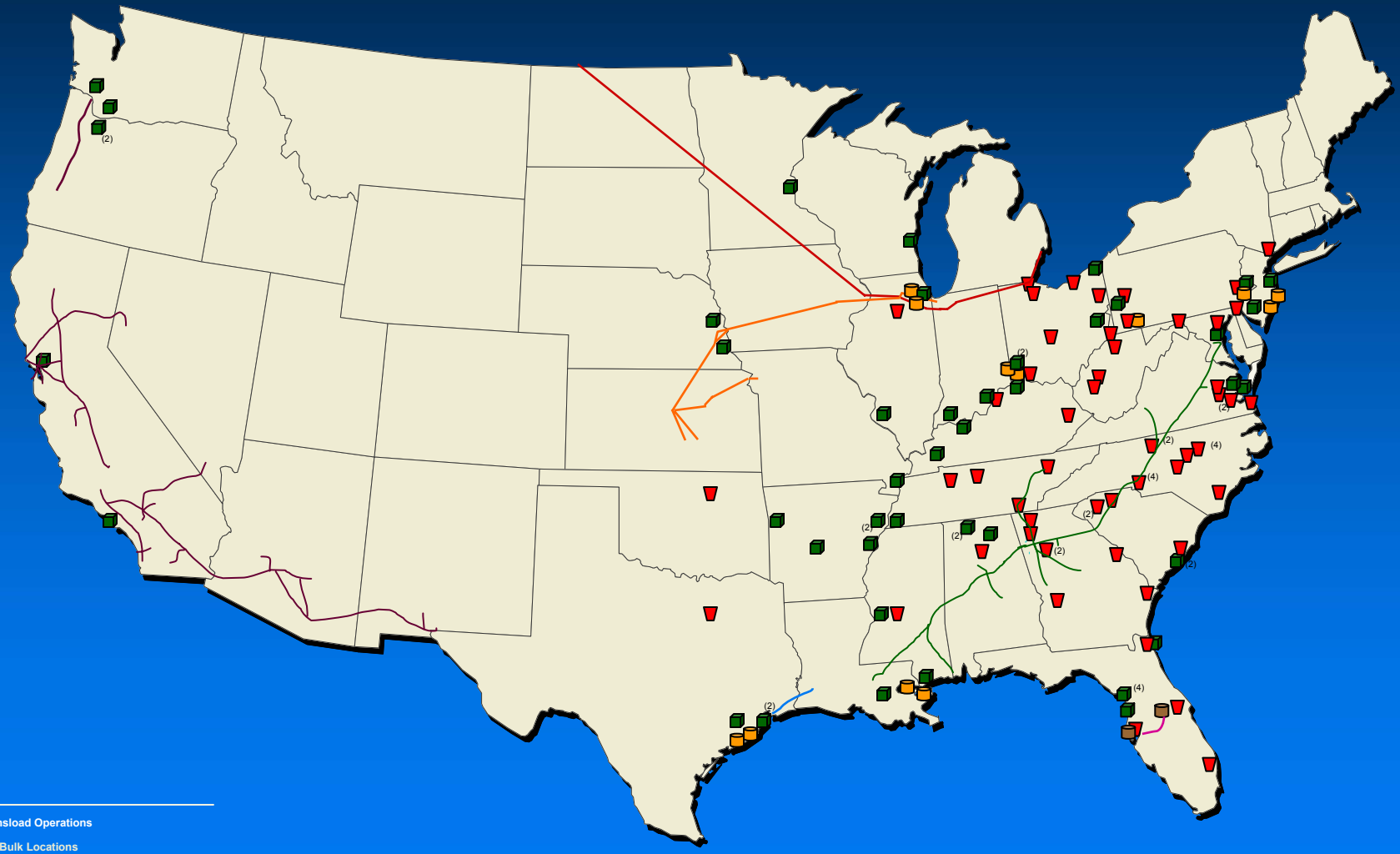
KMT - 2004



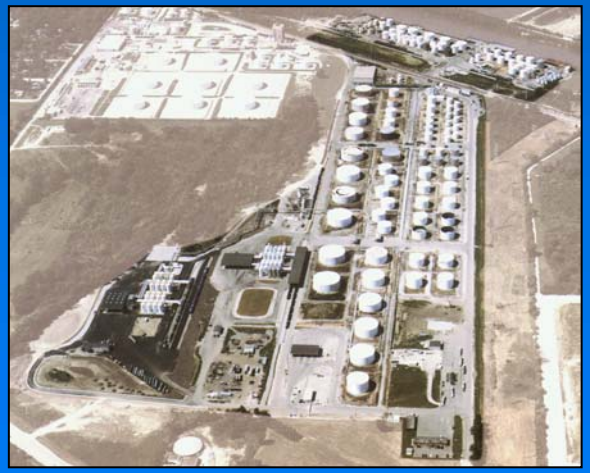
Liquids Terminals



Pasadena Terminal
Pasadena, Texas



Carteret Terminal
Carteret, New Jersey



Argo Terminal
Argo, Illinois



Harvey Terminal
Harvey, Louisiana

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Bulk Terminals



Pinney Dock Terminal
Ashtabula, Ohio



West Memphis Terminal
West Memphis, ARkansas



Shipyard River Terminal
Charleston, South Carolina



International Marine Terminal
Port Sulphur, Louisiana

Throughput - Liquids

		Jan - Dec 2002	Jan - Dec 2003	Jan - Dec 2004	Variance 2003 vs 2004 Amt	Variance 2003 vs 2004 %
KMLT Throughput (bbls)	Chemical	31,636,912	28,999,370	29,136,619	137,249	0.5%
	Distillate	135,894,540	155,931,340	170,372,223	14,440,883	9.3%
	Petroleum	305,335,004	320,328,963	341,928,782	21,599,819	6.7%
	Fuel Grade Ethanol	3,653,449	4,332,549	7,561,201	3,228,652	74.5%
	Other	1,557,826	1,664,313	2,066,659	402,346	24.2%
	Vegetable Oils	3,461,477	2,578,745	3,959,405	1,380,660	53.5%
	Animal Fats	488,070	373,372	346,116	(27,256)	-7.3%
	Agriculture	36,605	0	0	0	
	Alcohol	261,524	114,729	267,443	152,714	133.1%
	Oil Fields	887,499	636,279	503,037	(133,242)	-20.9%
	Totals	**483,212,906**	**514,959,660**	**556,141,485**	**41,181,825**	**8.0%**
KMLT Utilization	Capacity Utilization Rate	96.0%	95.8%	96.6%	0.8%	0.8%
	Shell Capacity (MM bbls)	35.3	36.2	36.8	0.6	1.7%
Refinery Utilization [1]	Percent Utilization	90.7%	92.6%	92.5%	-0.1%	-0.1%
	Operable Capacity (MBD)	16.8	16.8	16.9	0.1	0.4%

Source: EIA website, "Weekly Petroleum Status Report"

Throughput - Bulk

KMBT Throughput (tons)

	Jan - Dec 2002	Jan - Dec 2003	Jan - Dec 2004	Variance 2003 vs 2004 Amt	Variance 2003 vs 2004 %
Coal	26,423,424	23,773,778	27,364,801	3,591,023	15.1%
Coke	6,093,582	7,120,928	6,499,439	(621,489)	-8.7%
Cement (Including Clinker)	1,825,676	876,866	1,303,947	427,081	48.7%
Fertilizers	1,504,846	4,221,488	3,247,618	(973,871)	-23.1%
Salt	2,176,435	2,731,711	3,708,759	977,048	35.8%
Ores/Metals	10,263,047	12,286,689	13,635,282	1,348,592	11.0%
Soda Ash	2,388,696	2,224,929	3,257,814	1,032,884	46.4%
Other	5,248,950	5,152,959	10,209,449	5,056,490	98.1%
Totals	55,924,656	58,389,350	69,227,109	10,837,759	18.6%

Modal Count

	Vessels	Trucks	Railcars	Barges	Other
Loaded	915	1,131,341	79,254	15,907	16,734
Unloaded	2,176	116,843	373,806	13,184	1,314
Total	**3,091**	**1,248,184**	**453,060**	**29,091**	**18,048**

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Financials

	Total 2002	Total 2003	Total 2004	Budget 2005
Revenue	428,113	473,555	541,857	581,427
Cost of Sales	4,943	7,507	7,777	6,362
Gross Margin	423,170	466,048	534,080	575,065
Op Exp	197,852	210,499	252,923	263,531
DD&A	30,045	37,072	42,890	47,544
TOTI	11,135	11,049	12,066	13,644
NOI	184,138	207,428	226,201	250,346
Other Inc/(Exp)	(470)	130	(396)	88
Income Before Taxes	183,668	207,558	225,805	250,434
Income Tax	4,750	3,857	5,529	9,810
Net Income	178,918	203,701	220,276	240,624
SS Capital	17,684	20,522	22,740	23,236
DCF	191,279	220,251	240,426	264,932

120,331 Historical Bulk Terminals

144,601 Historical Liquids Terminals

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Internal & External Growth

	2002	2003	2004	2005
Earnings before DD&A	208,963	240,774	263,168	288,168
Growth from prior year	25.94%	15.22%	9.30%	9.50%
Internal	7.51%	7.47%	4.49%	9.50%
Acquisition	18.43%	7.75%	4.81%	0.00%

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Carteret New Build Tanks







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Dakota Bulk





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Colonial Manifold









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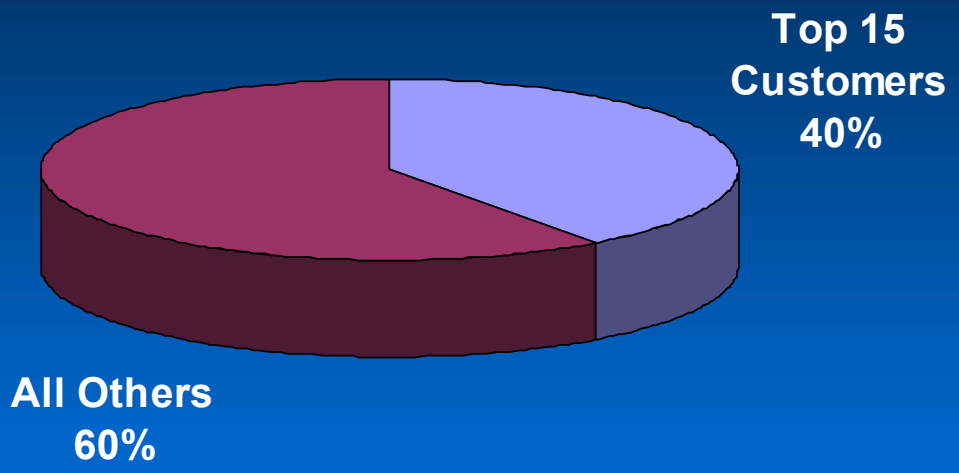
Top Customer Breakout

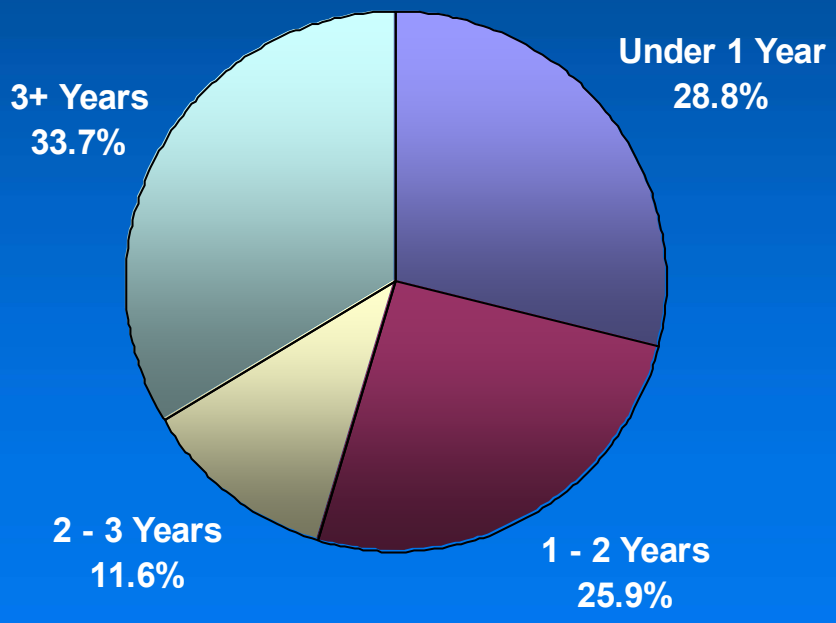
- Ansac
- BASF
- BP Oil
- CSX
- Dow
- Great Lakes
- ISG
- Koch / Flint Hills
- Mosaic (Cargill and IMC)
- Northville Industries
- Sempra
- Shell
- Tennessee Valley Authority (TVA)
- Valero
- George E Warren Corporation



2004 Revenue = $541MM

Contract Term Breakout

Contract Breakdown by Total Revenue
Liquid and Bulk, All Regions
(using January 1, 2005 start date)



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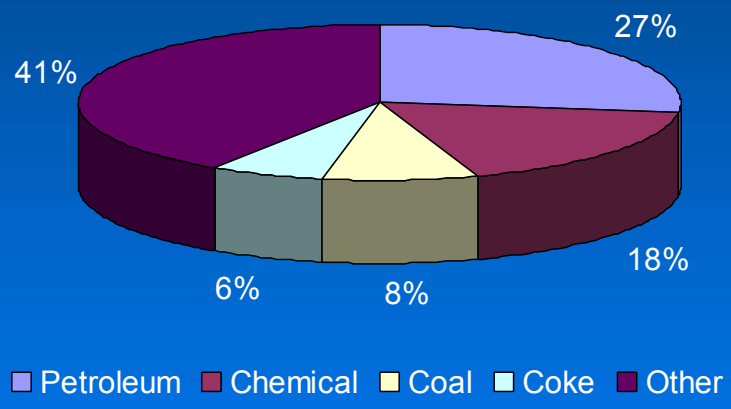
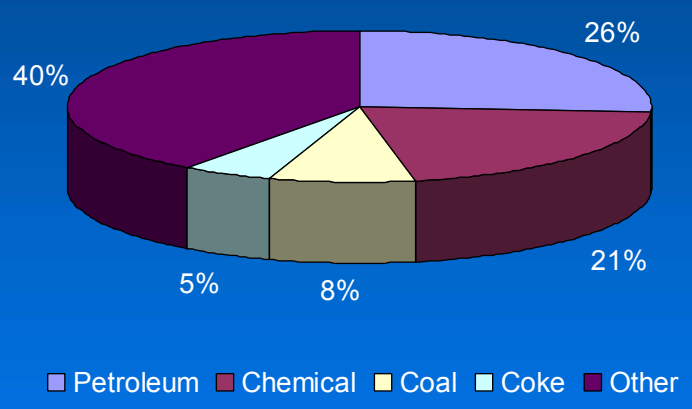
Revenue by Product Breakout

2005 Budget



2004



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US Petroleum Products Supply/Demand Balance ('000 BPD)

	2002	2003		2004		2005 (EIA est)	2006 (EIA est)
Demand							
Gasoline	8,846	8,932	(+1.0%)	9,057	(+1.4%)	(+1.9%)	(+2.4%)
Distillate	3,775	3,930	(+4.0%)	4,080	(+3.8%)	(+2.5%)	(+1.3%)
Jet	1,613	1,578	(-2.2%)	1,613	(+2.1%)	(+2.6%)	(+1.9%)
Total	**14,234**	**14,440**	**(+1.4%)**	**14,750**	**(+2.1%)**	**(+2.0%)**	**(+1.9%)**
Production							
Gasoline	8,473	8,499	(+0.3%)	8,679	(+2.1%)		
Distillate	3,592	3,706	(+3.2%)	3,818	(+3.0%)		
Jet	1,514	1,487	(-1.8%)	1,540	(+3.6%)		
Operating Capacity	90.7%	92.6%	(+2.1%)	92.5%	(-0.1%)		
Imports							
Gasoline	817	884	(+8.2%)	911	(+3.1%)		
Distillate	268	334	(+24.6%)	323	(-3.3%)		
Jet	108	109	(+0.9%)	113	(+3.7%)		

Source: EIA

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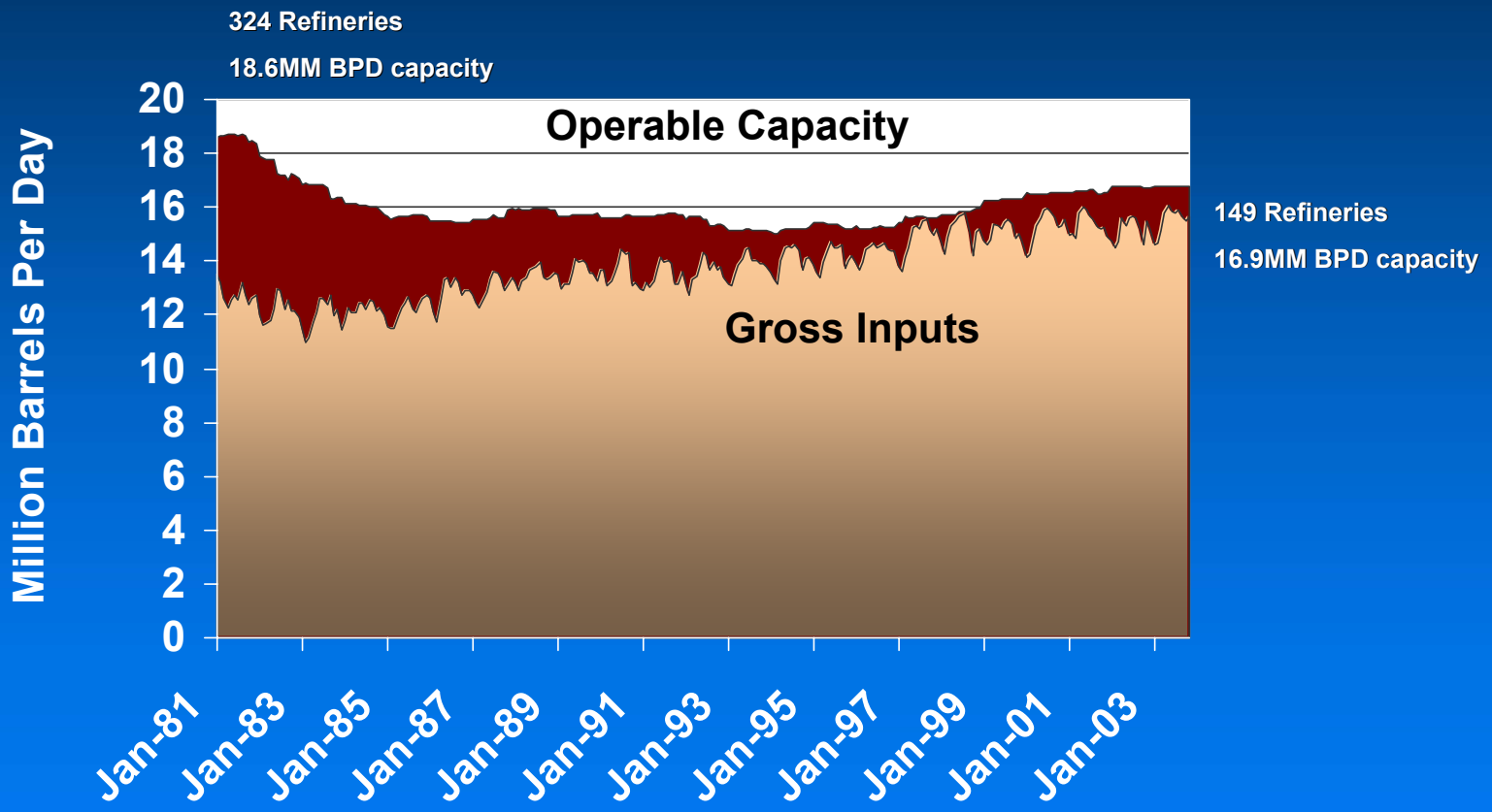
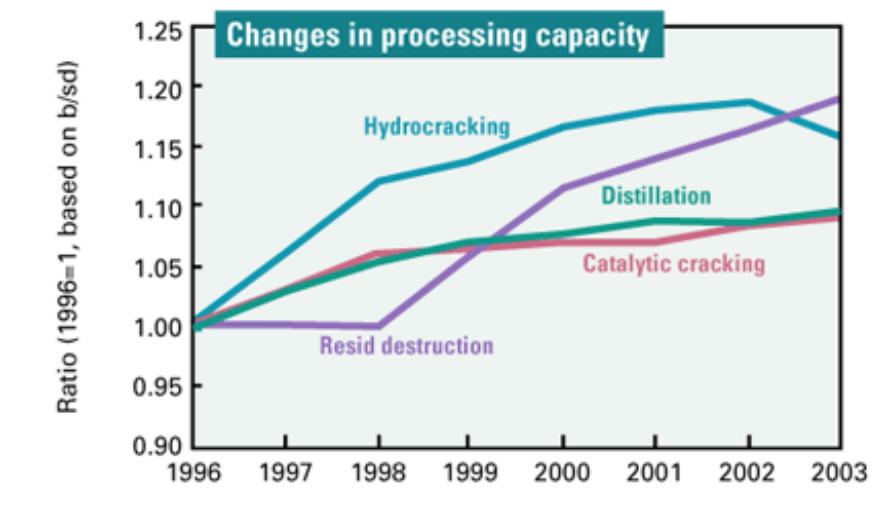
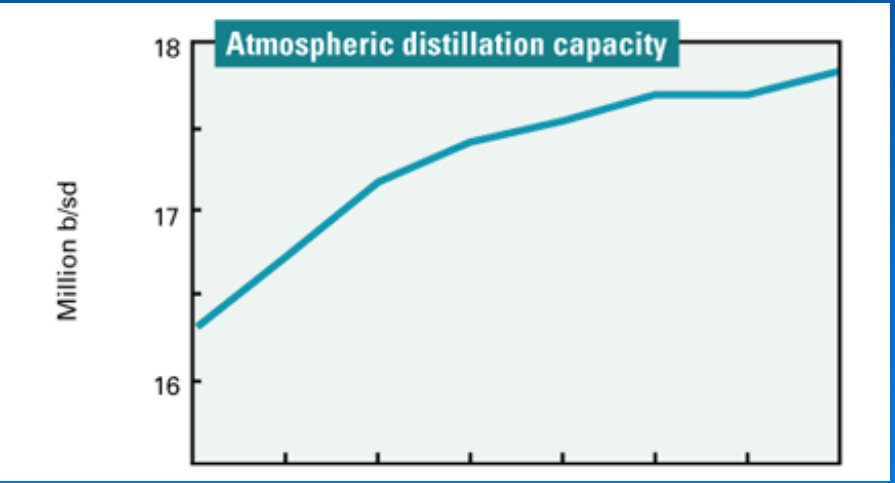
US Refining Capacity & Inputs



Source: EIA - World Petroleum Market Changes and Impact on U.S., OPIS Supply Summit, October 2004

A Look at U.S. Refining Capacity





[1] Data for each year are those reported for Jan 1 the following year. Capacities not reported for 1997; values for that year are averages of 1996 and 1998 data.

Source: Oil & Gas Journal, December 20, 1004

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US Regional Refinery Creep

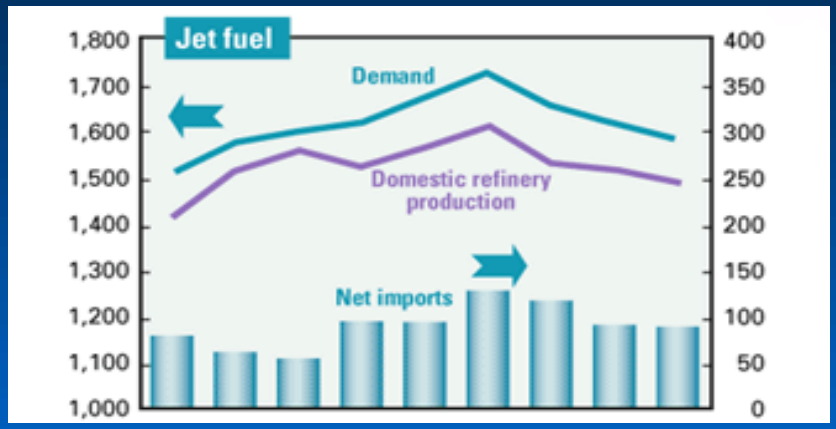
	Capacity MBPD		Increase	
	1999	2004	MBPD	%
PAD I	1,691	1,741	50	3
PAD II	3,619	3,526	(93)	-2.6
PAD III	7,411	7,882	471	6.4
PAD IV	528	582	54	10.2
PAD V	3,013	3,163	150	5
Total	16,262	16,894	632	3.9
Texas	4,185	4,468	283	6.8
Louisiana	2,600	2,753	153	5.8
California	1,929	2,022	93	4.8

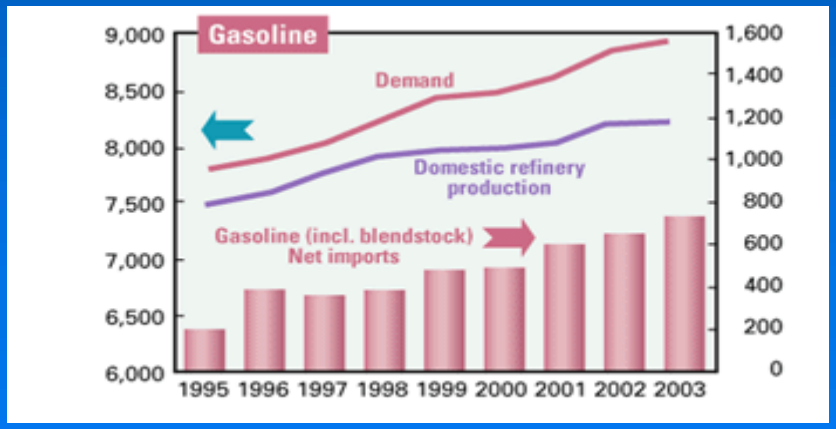
Source: EIA

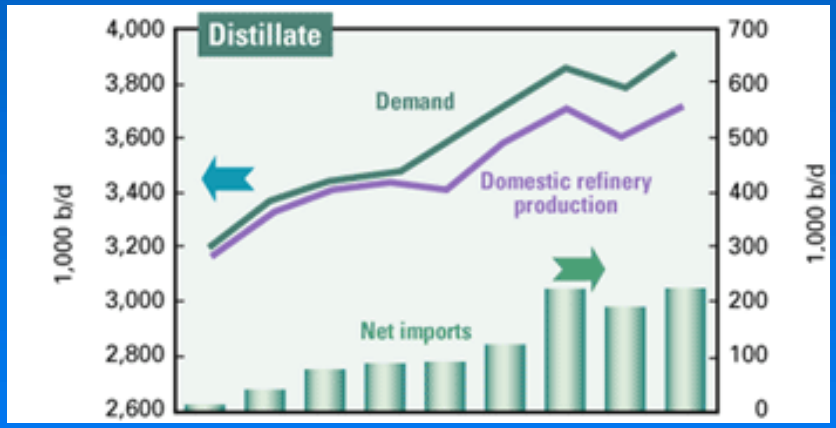
Imports

Imports as Percent of Demand

	2002	2003	2004
Gasoline	9.2%	9.9%	10.1%
Distillate	7.1%	8.5%	7.9%
Jet	6.7%	6.9%	7.0%



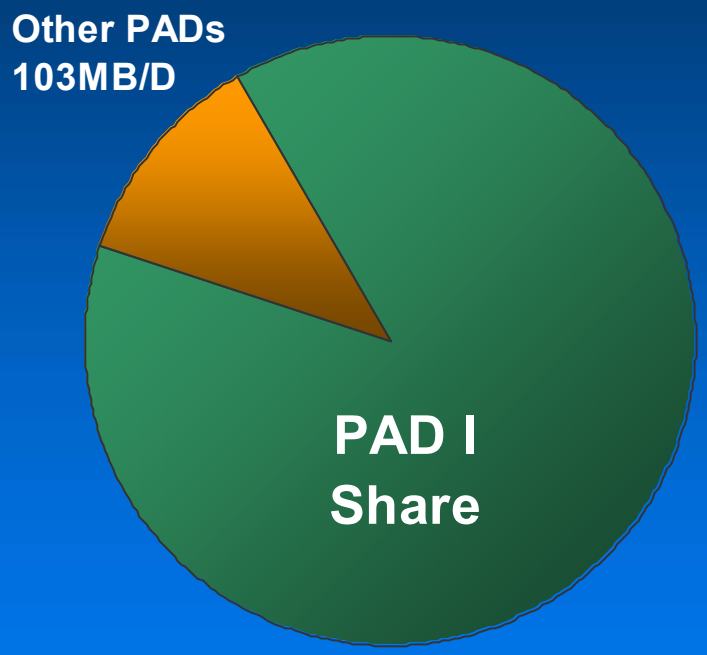




Source: Oil & Gas Journal, December 20, 1004

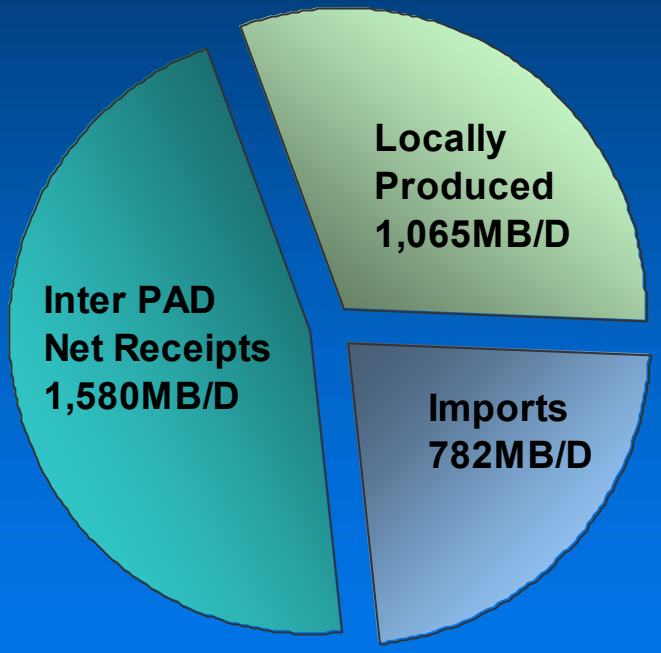
PAD I Gasoline

U.S. Import Destinations



782MB/D (2003)
88% of total U.S.

PAD 1 Sources of Supply

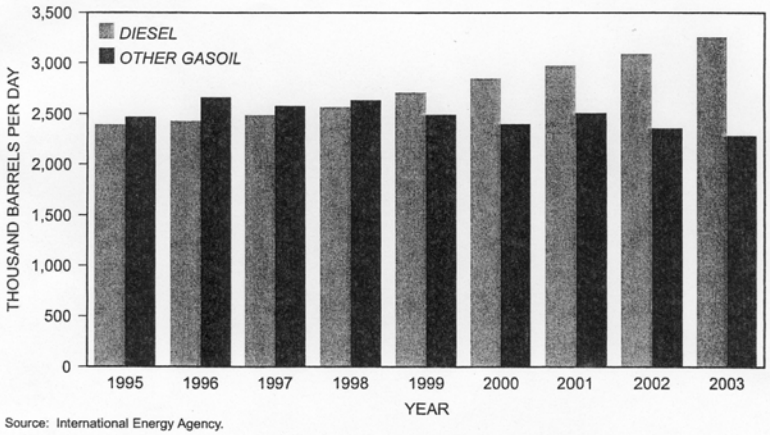


Gasoline Product Demand for PAD I

3,216 MB/D (2003); 36% Total U.S.

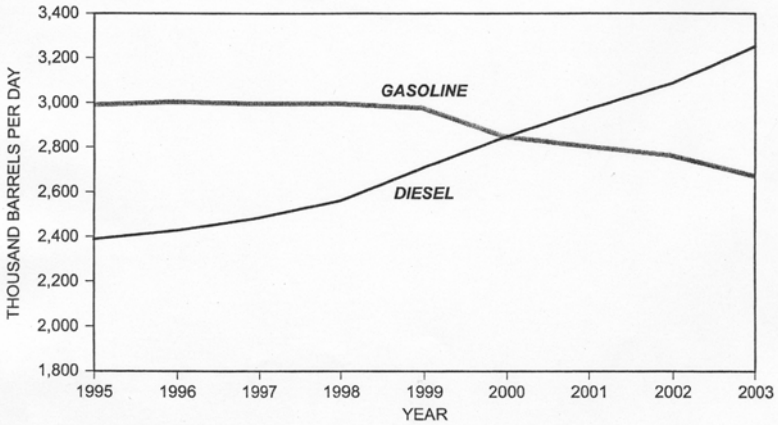
Source: EIA

European Gasoline/Diesel Demand



Source: International Energy Agency.

Figure I-15. Western European Distillate Demand



Source: International Energy Agency.

Figure I-14. Western European Gasoline and Diesel Demand

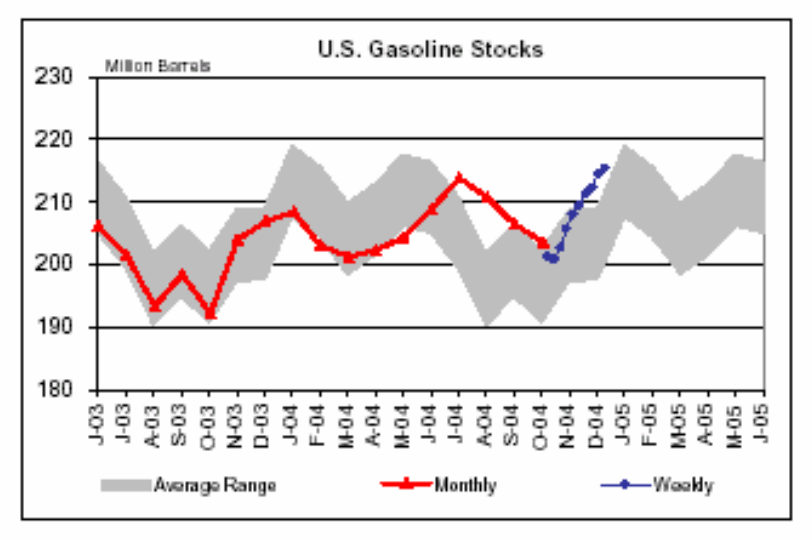
US Petroleum Stocks ('000 BPD)

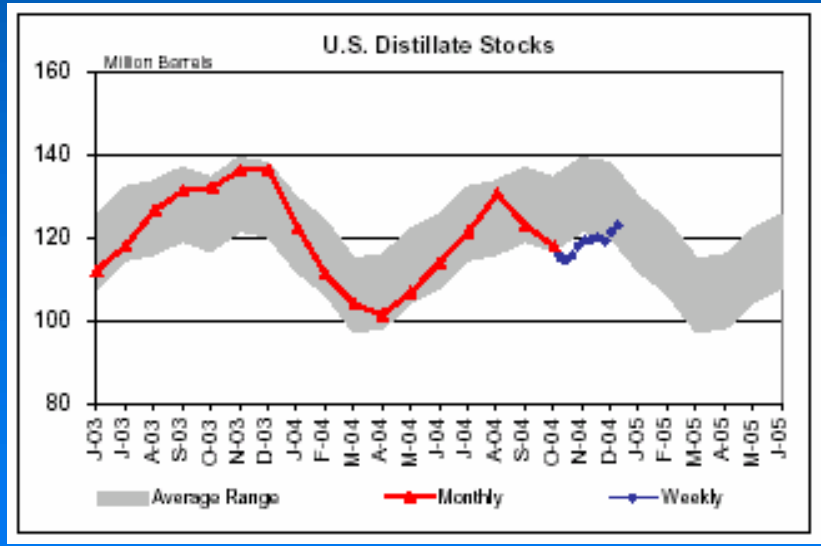
	2002	2003	2004	
Gasoline	**211.5**	**202.8**	**206.6**	
Distillate	**128.6**	**117.1**	**115.7**	**500 ppm & under - 70.7** **500 ppm & greater - 45.0**
Jet	**40.5**	**38.7**	**39.2**	

	Gasoline	Distillate
By PAD for 2004		
PAD I	55.3	44.1
PAD IA	*4.1*	*8.7*
PAD IB	*29.6*	*24.1*
PAD IC	*21.6*	*11.3*
PAD II	51.8	28.8
PAD III	62.9	28.6
PAD IV	6.2	2.9
PAD V	30.4	11.3
Total	206.6	115.7

Source: EIA

Stocks of Gasoline and Distillate





Source: EIA

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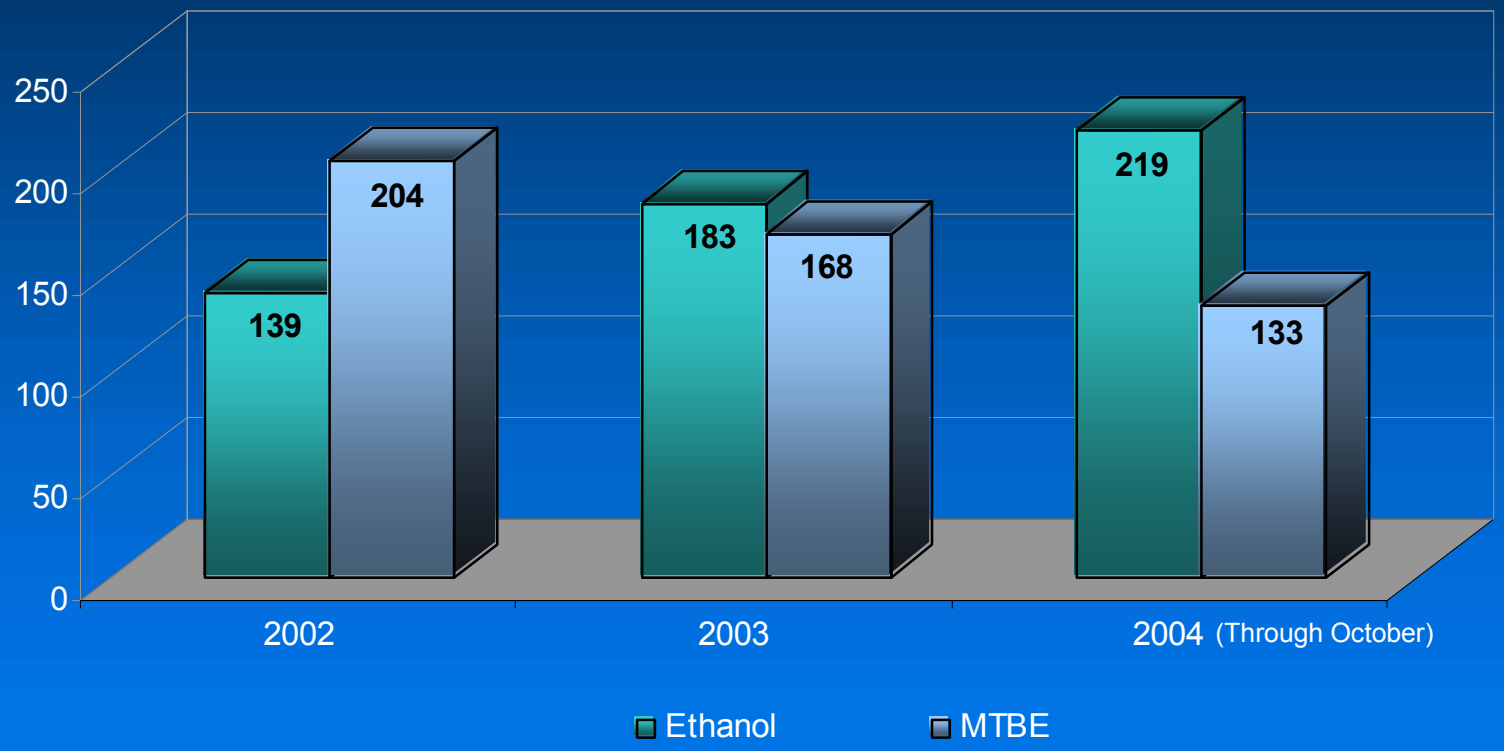
Ethanol/MTBE Production ('000BPD)



Source: EIA

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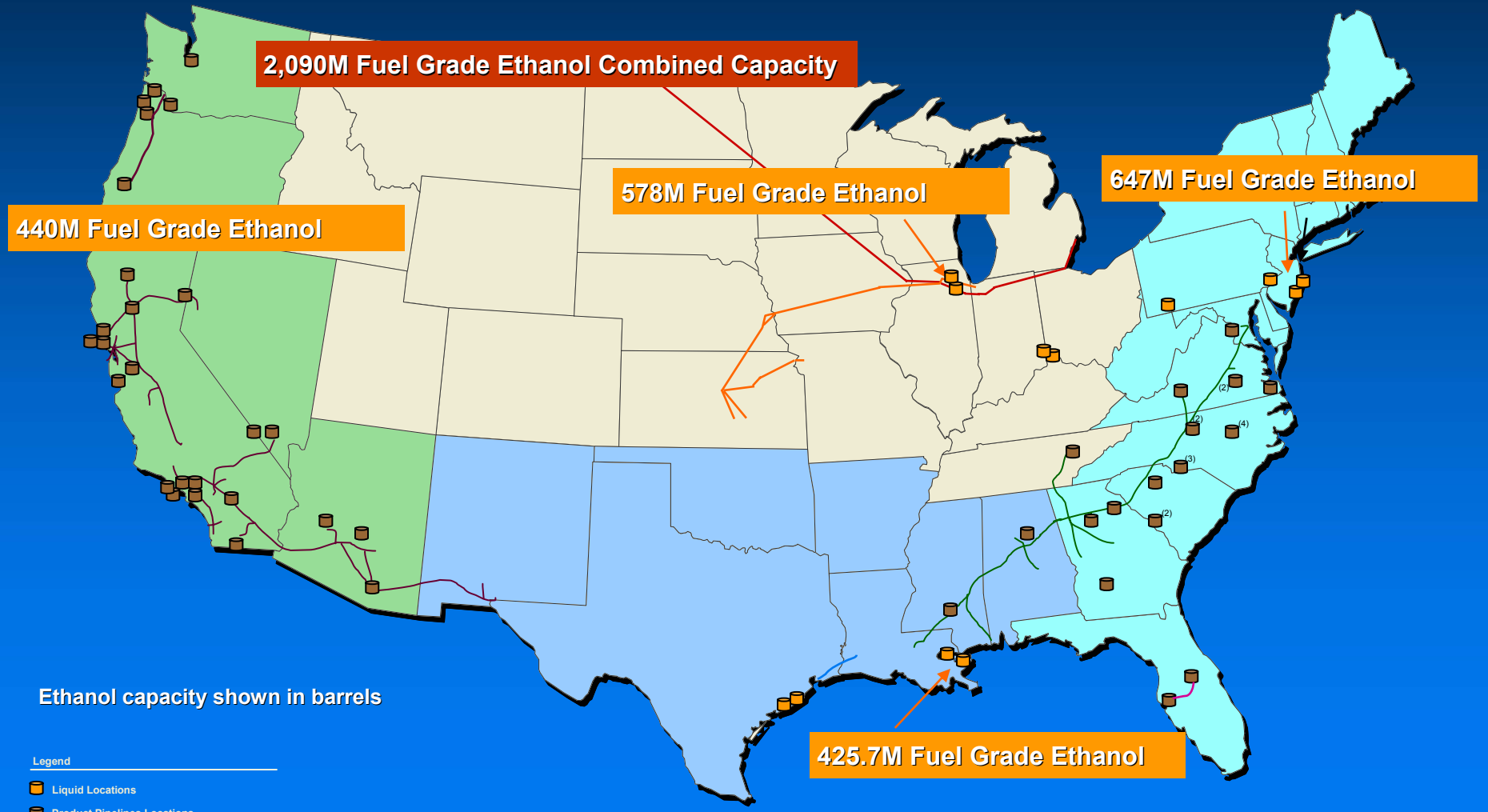
KM Assets



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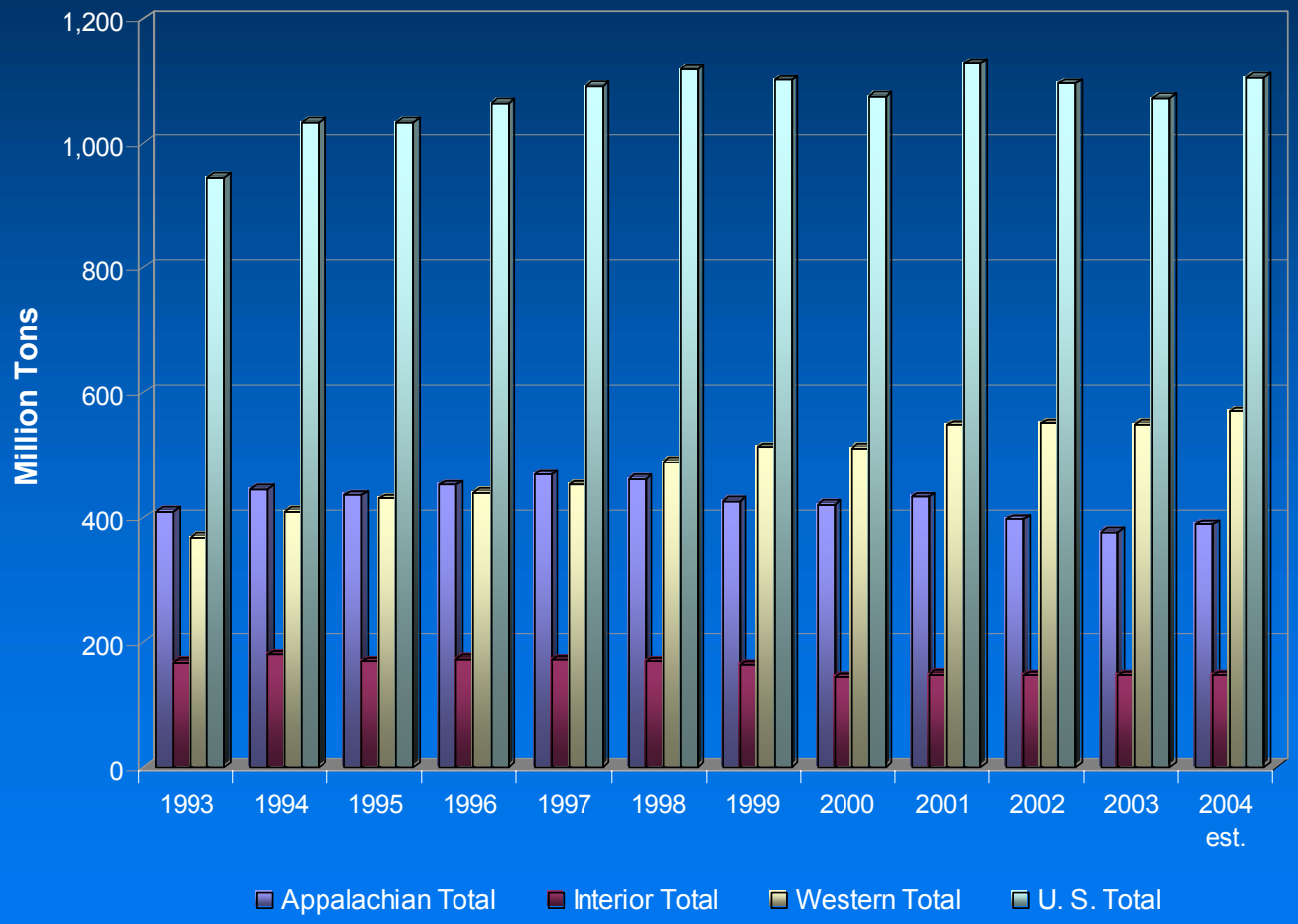
U. S. Coal Production



Compounded Annual Growth Rate	
Appalachian	*-0.76%*
Interior	*-1.21%*
Western	3.68%
U.S. Total	**1.15%**

Source: EIA Monthly Production Reports

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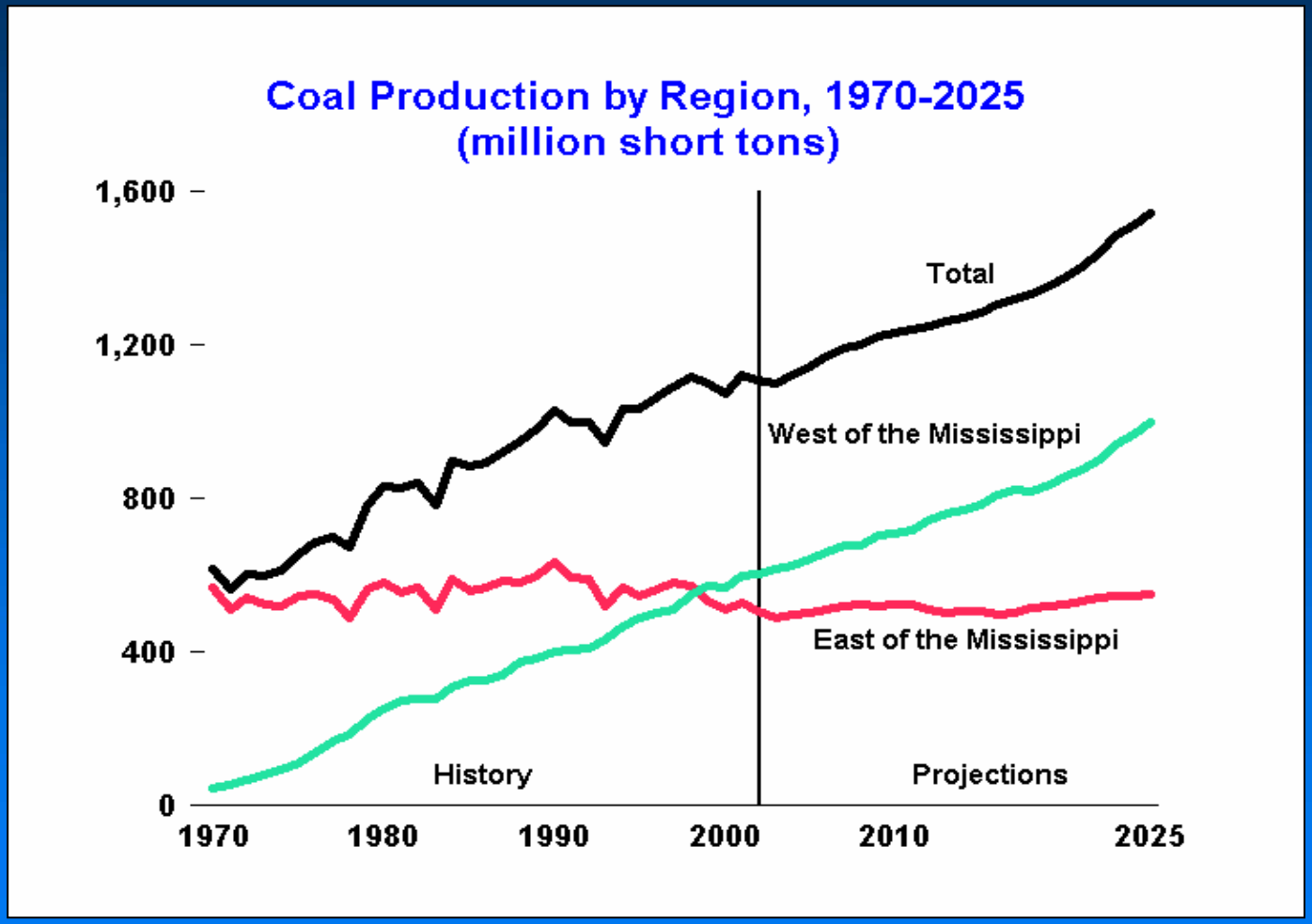
Domestic Coal Supply Considerations



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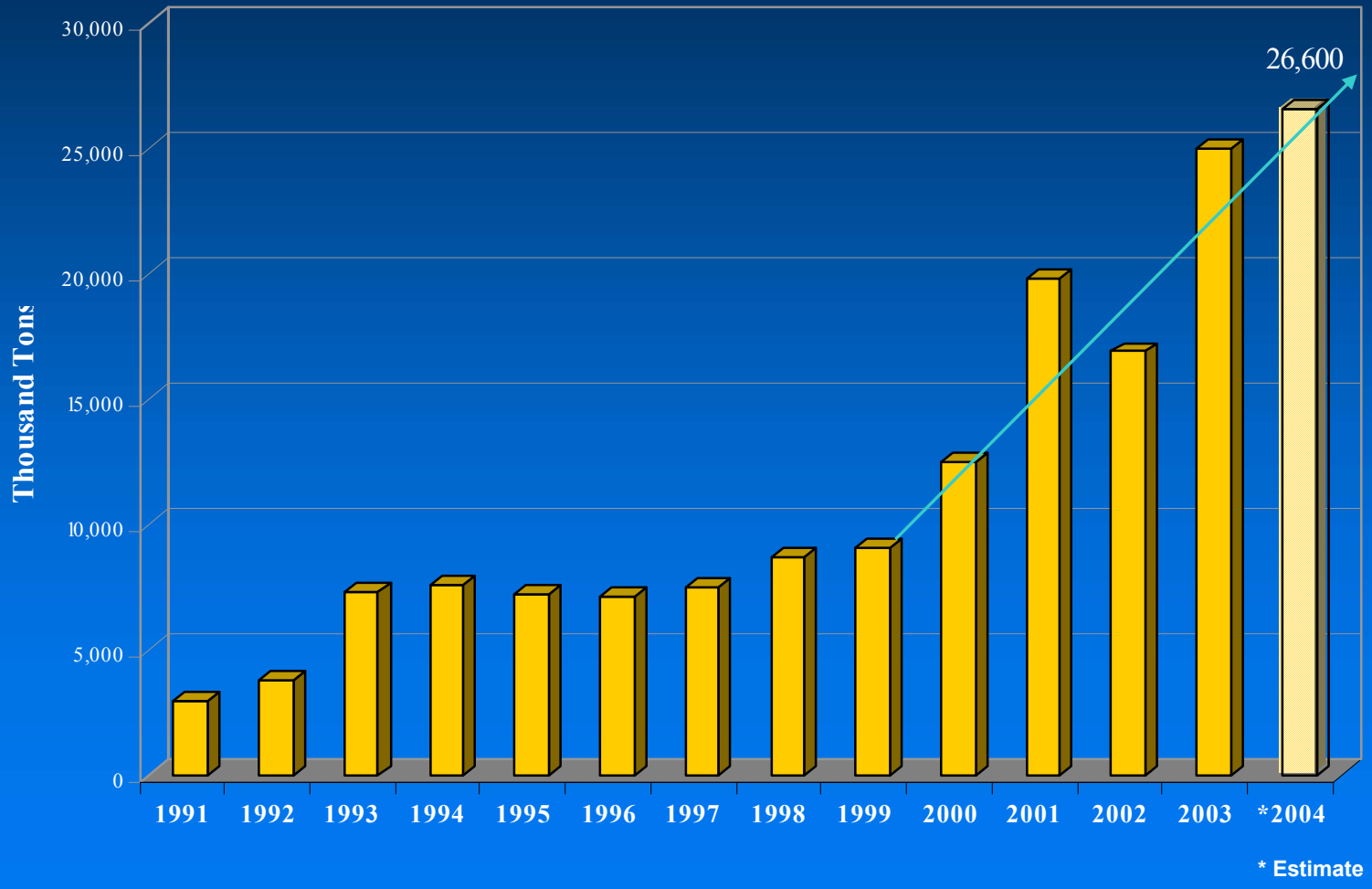
U. S. Coal Imports



* Estimate

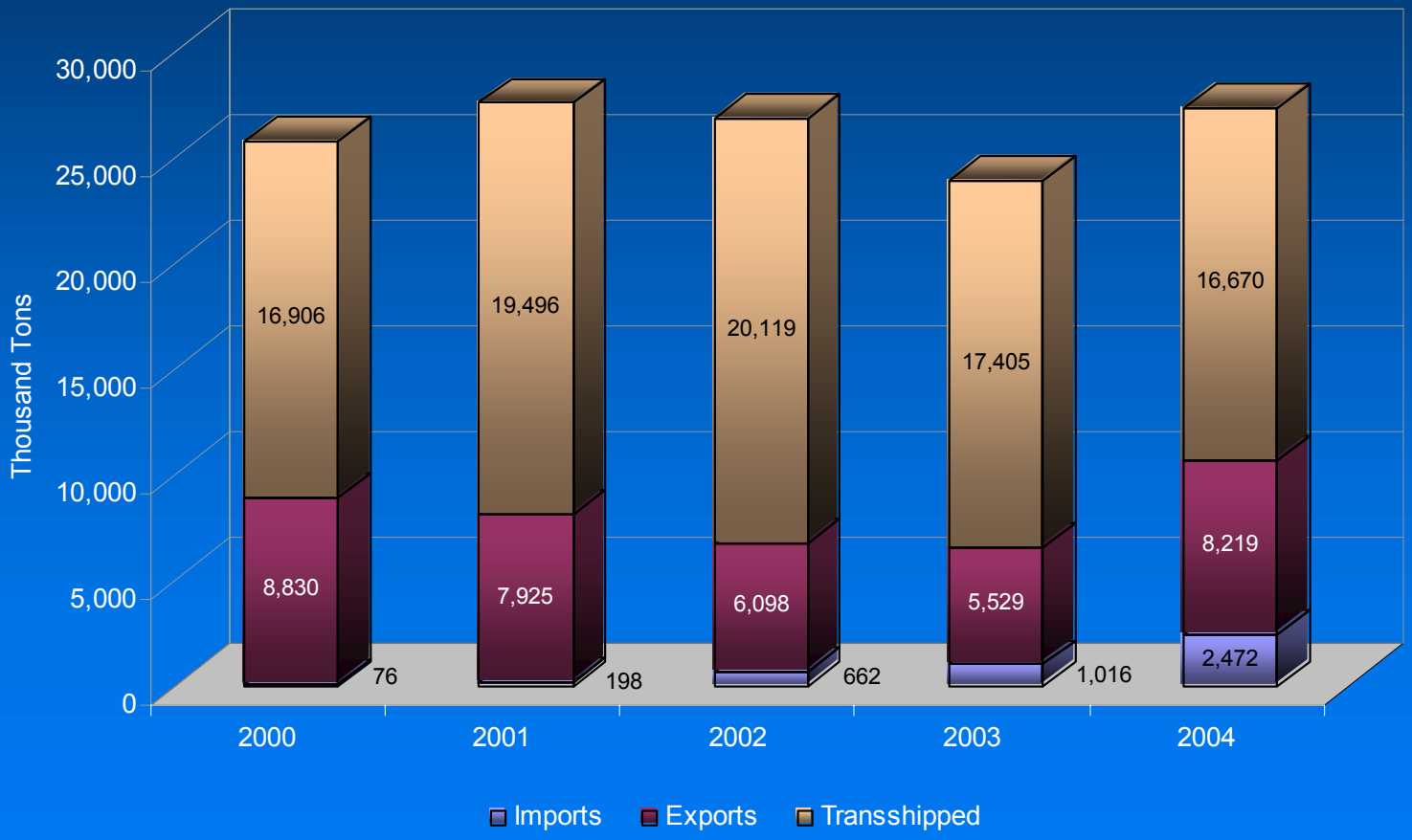
Source: EIA Monthly Production Reports

Potential Imports (2004-2010)



- 11 million tpy currently received by water served utilities
- Rapid Rail turnaround required
- Import potential as high as 43 million tons
- Some infrastructure upgrade required
- Over 234 million tons of coal consumed by Electric Utilities in East Coast States in 2003
- Over 60 power plant locations to service

KMT's Coal Volumes



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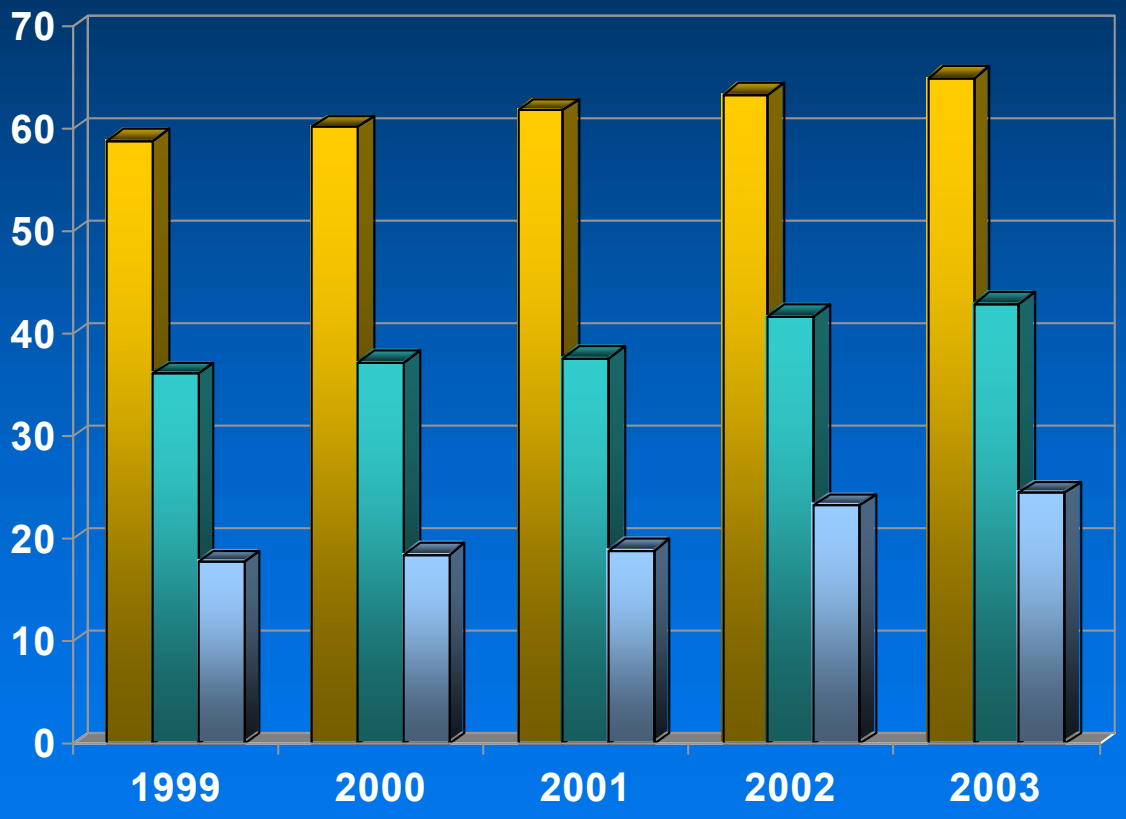
Coke Supply



Worldwide Production (1)	
North America (Gulf Coast 39%)*	63%
South America	12%
Europe	7%
Africa	3%
Asia	15%

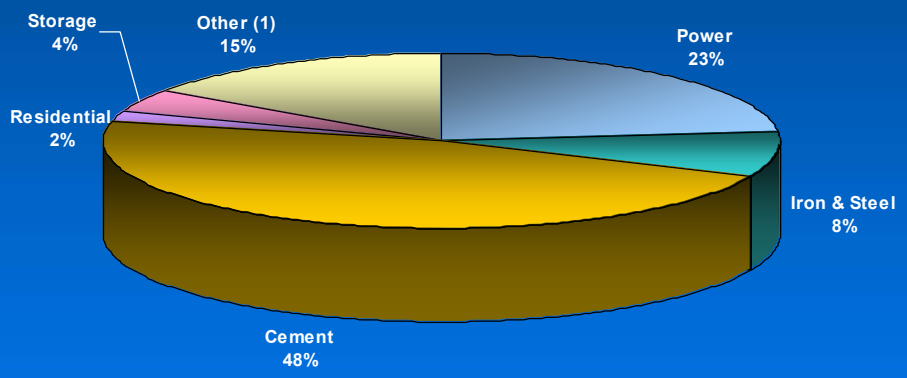
* TX, MS, LA

(1) Source: Oxbow Carbon

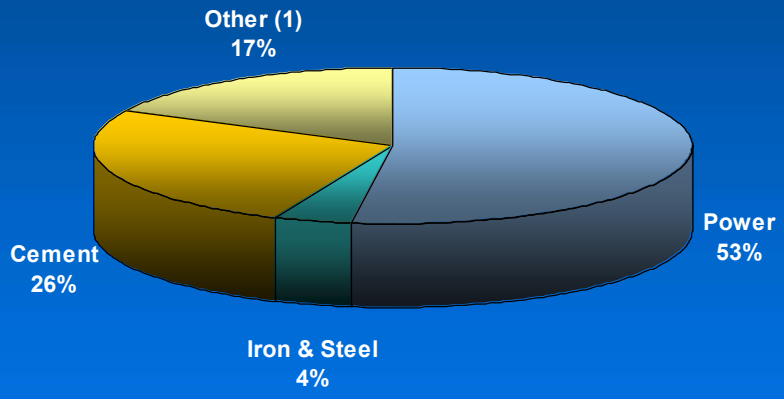
(2) Source: Oil & Gas Journal

Fuel Grade Petcoke Demand

World



United States

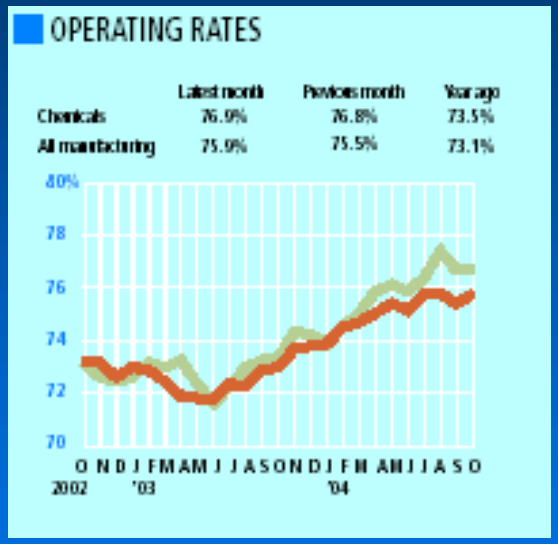


(1) (Lime, Chemical Processes, Paper & Pulp)

Source: Jacobs Consultancy

Chemical Demand

Production Increases



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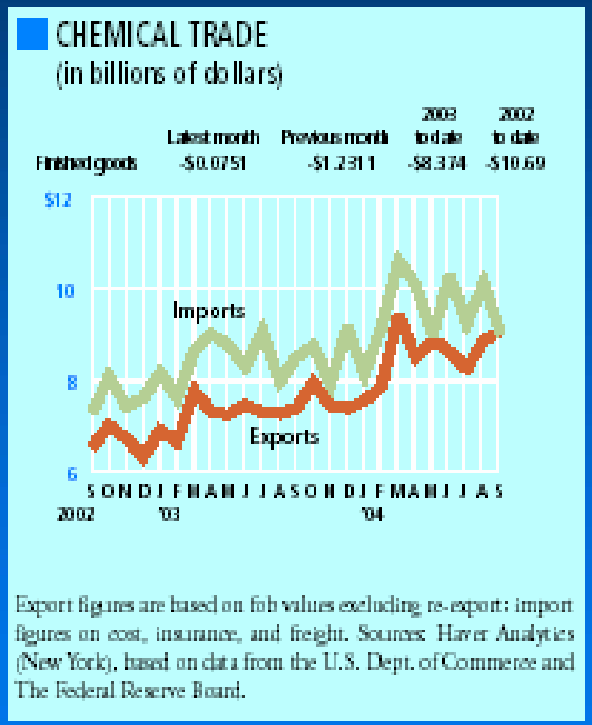
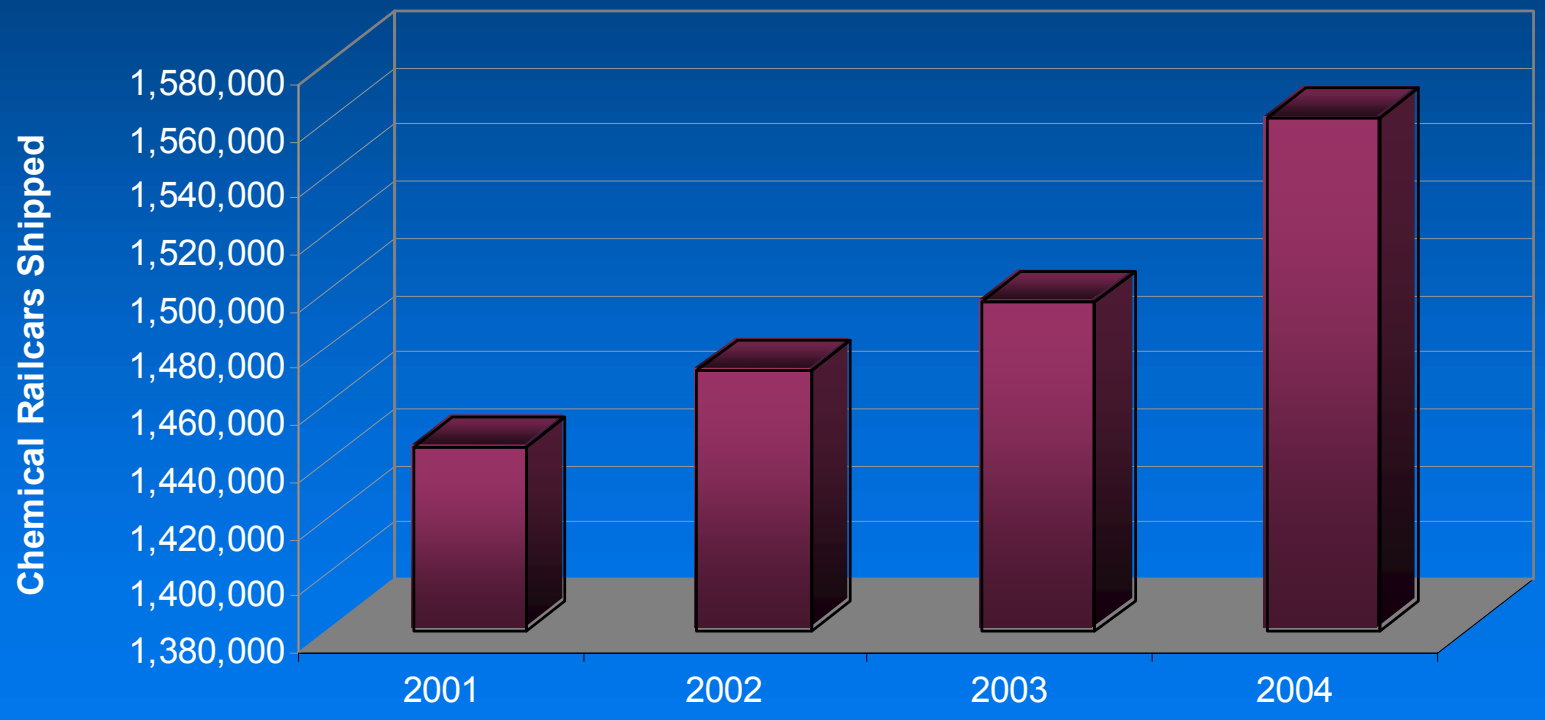


Source: Chemical Week, December 22/29, 2004, Pg. 31

U.S. Chemical Railcar Shipments

4.3% increase in 2004



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KMT - 2004

66MM barrels of combined capacity

Kinder Morgan Terminals – 36.8MM barrels of capacity

Kinder Morgan Product Pipelines – 29.2MM barrels of capacity

