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Natural Gas Pipelines

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** 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

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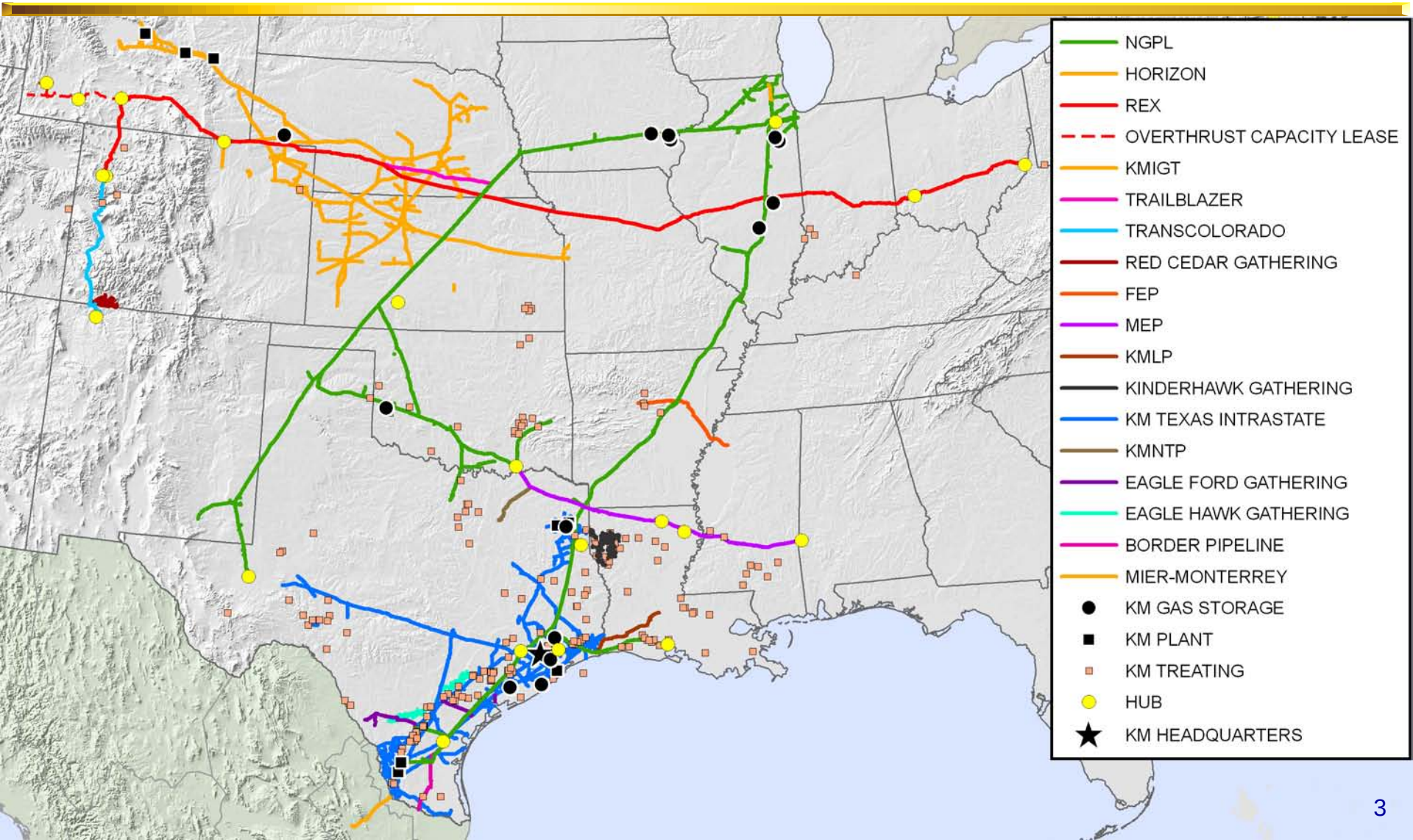
Natural Gas Pipelines and Facilities



Financial Overview

($ in thousands)

	2006	2007	2008	2009	2010	2011	Budget 2012	'11 - '12 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

(a) EBDDA includes Upstream gathering assets (2010 forward) and includes imputed share of DD&A of material joint venture investments, and incremental net cash from Eagle Ford (2011) and Endeavor (2011 and 2012)

Contracted Capacity and Term

			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	Transport Contracts Avg. = 8 yr, 9 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	Transport Contracts Avg. = 6 yr, 2 mo
	Eagle Ford JV	Transport	0.6 Bcf/d	9 yr, 11 mo	
	KinderHawk	Transport	N/A	~4 yr (life of lease)	

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

(a) Includes Eagle Ford Gathering and Upstream

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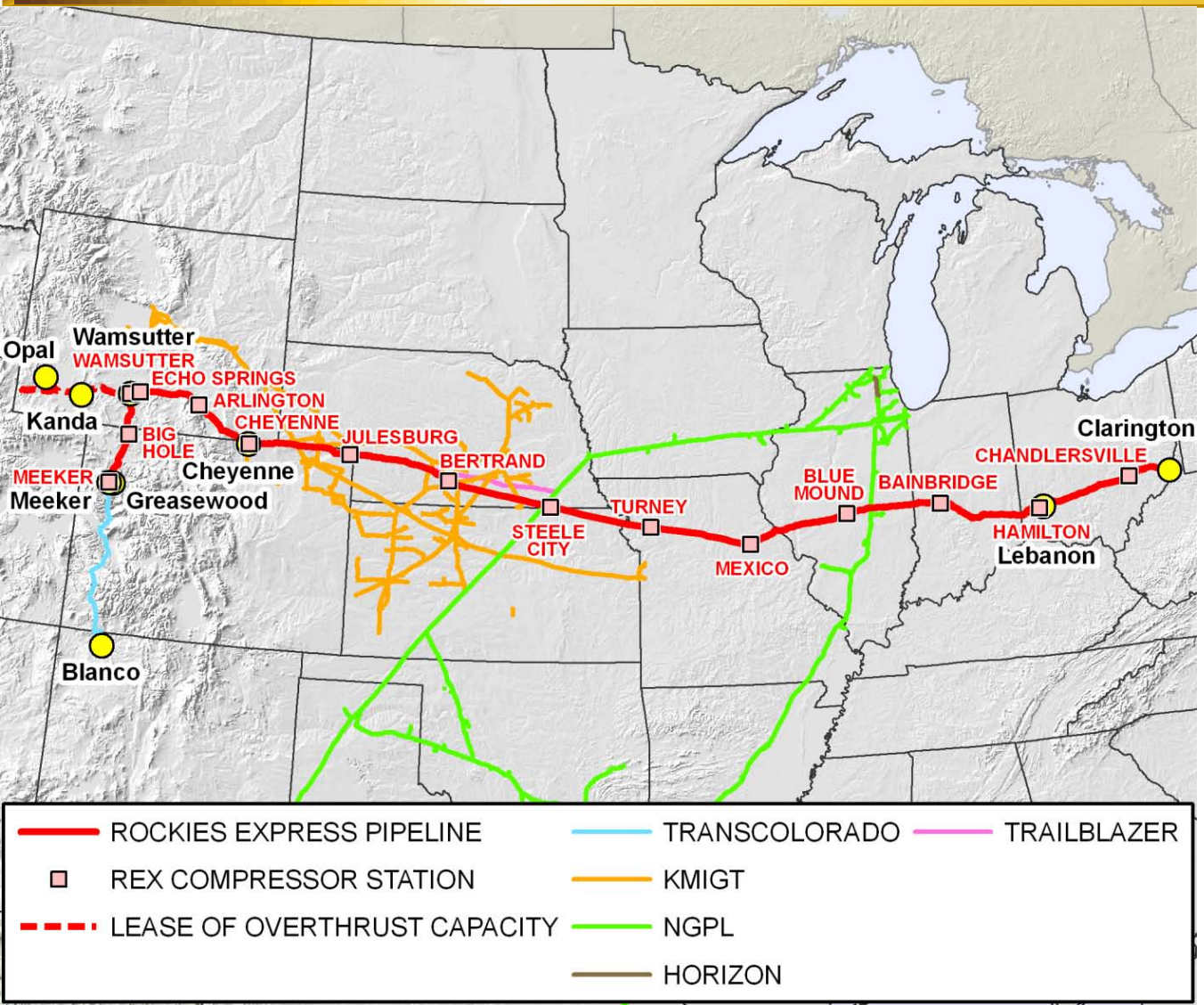
Asset Summaries

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

REX

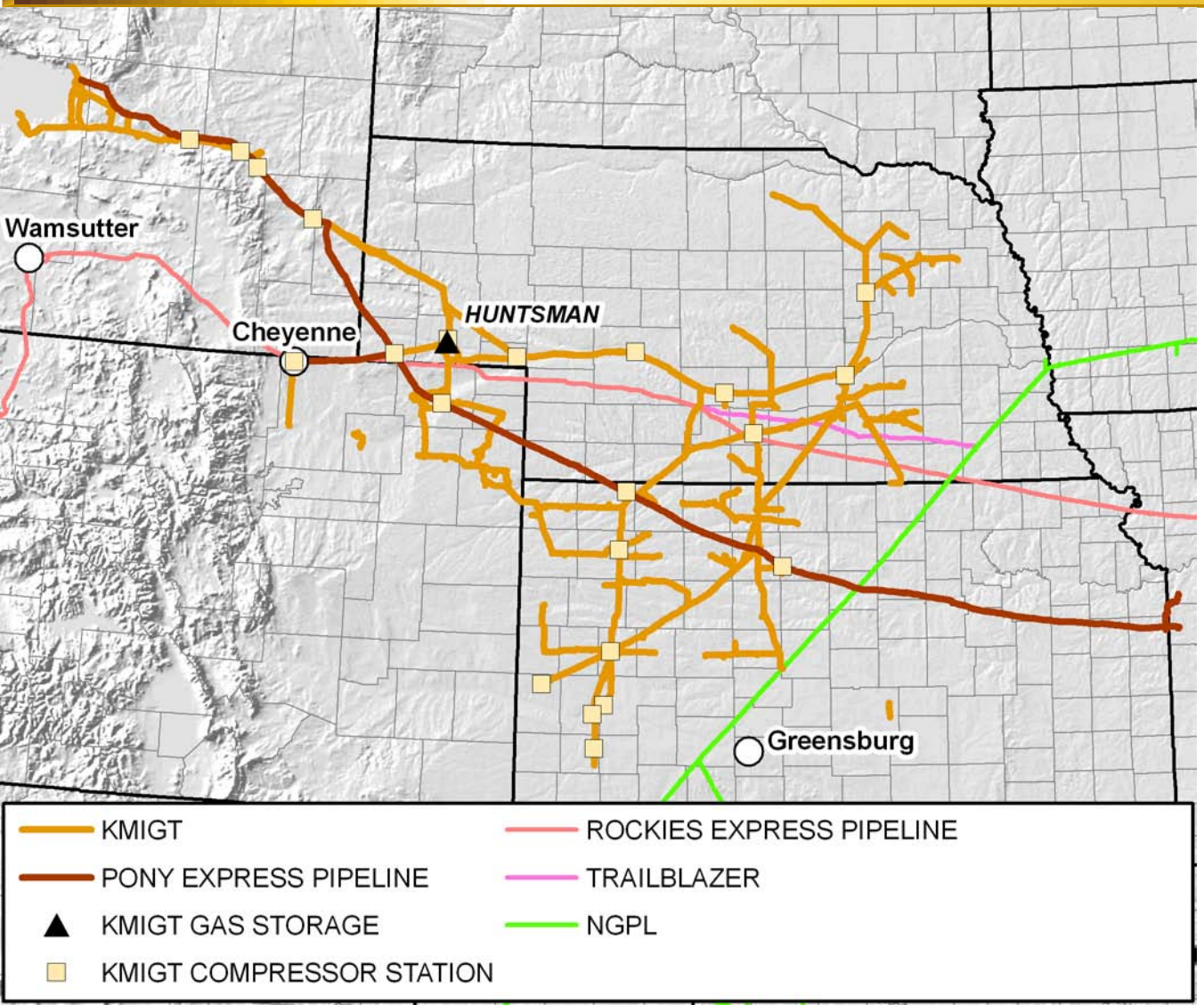
Opportunities

- **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**
  - Additional markets in Ohio and Indiana (coal to gas conversions, power plants 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

Kinder Morgan Interstate Gas Transmission



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

KMIGT

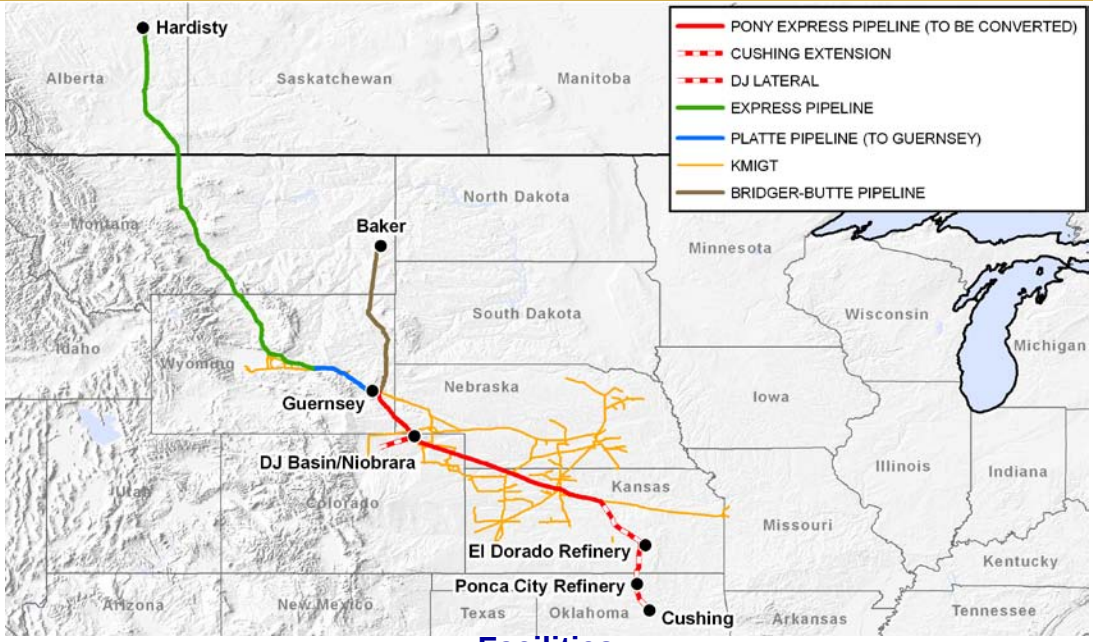
Opportunities

- **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)**

KMIGT Gas to Oil Conversion Project



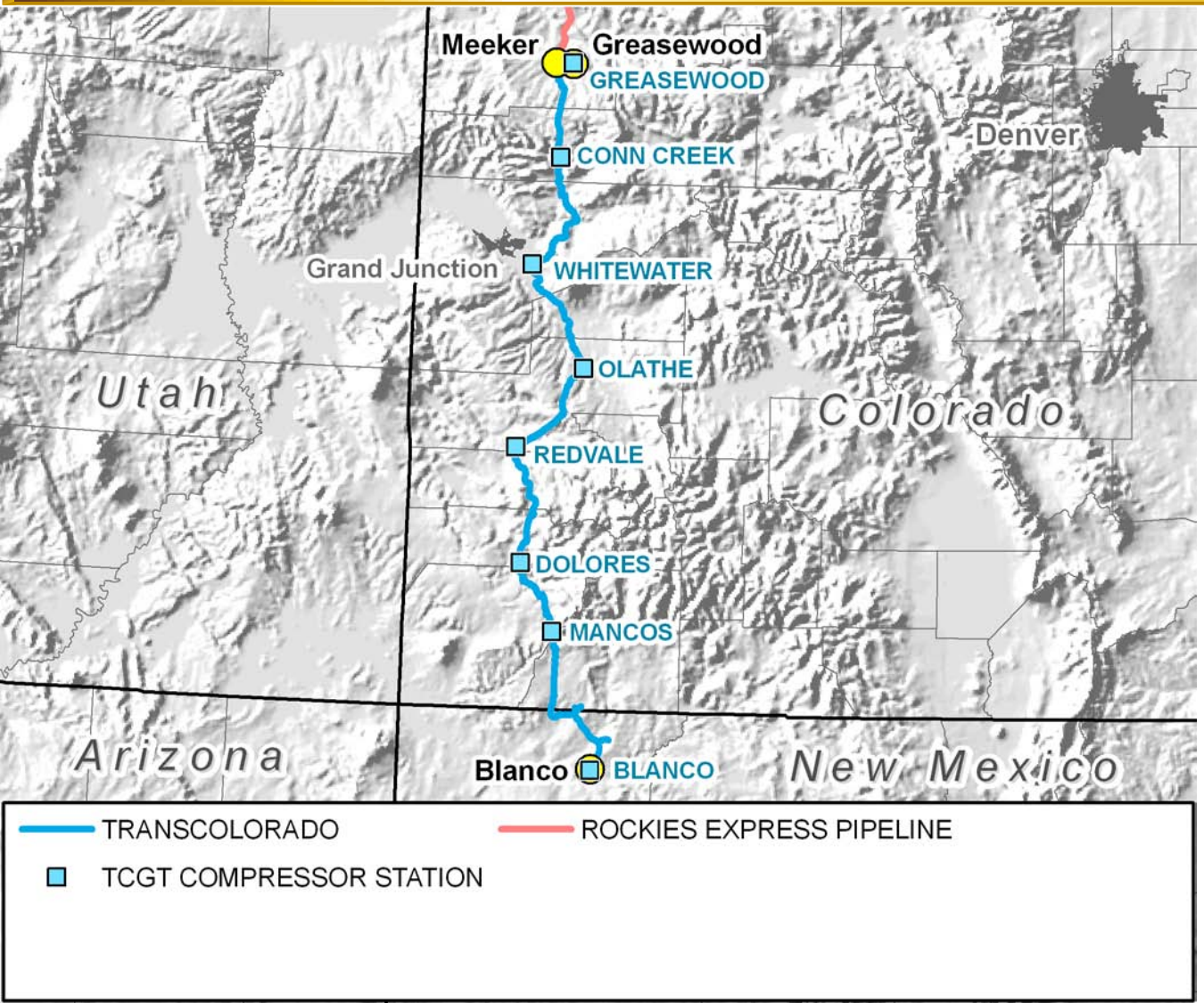
Facilities

- **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 - 800MM of capex (newbuild + conversion)
  - In service target late 2014
  - Open season ended Nov. 2011, working with potential shippers to secure contracts

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

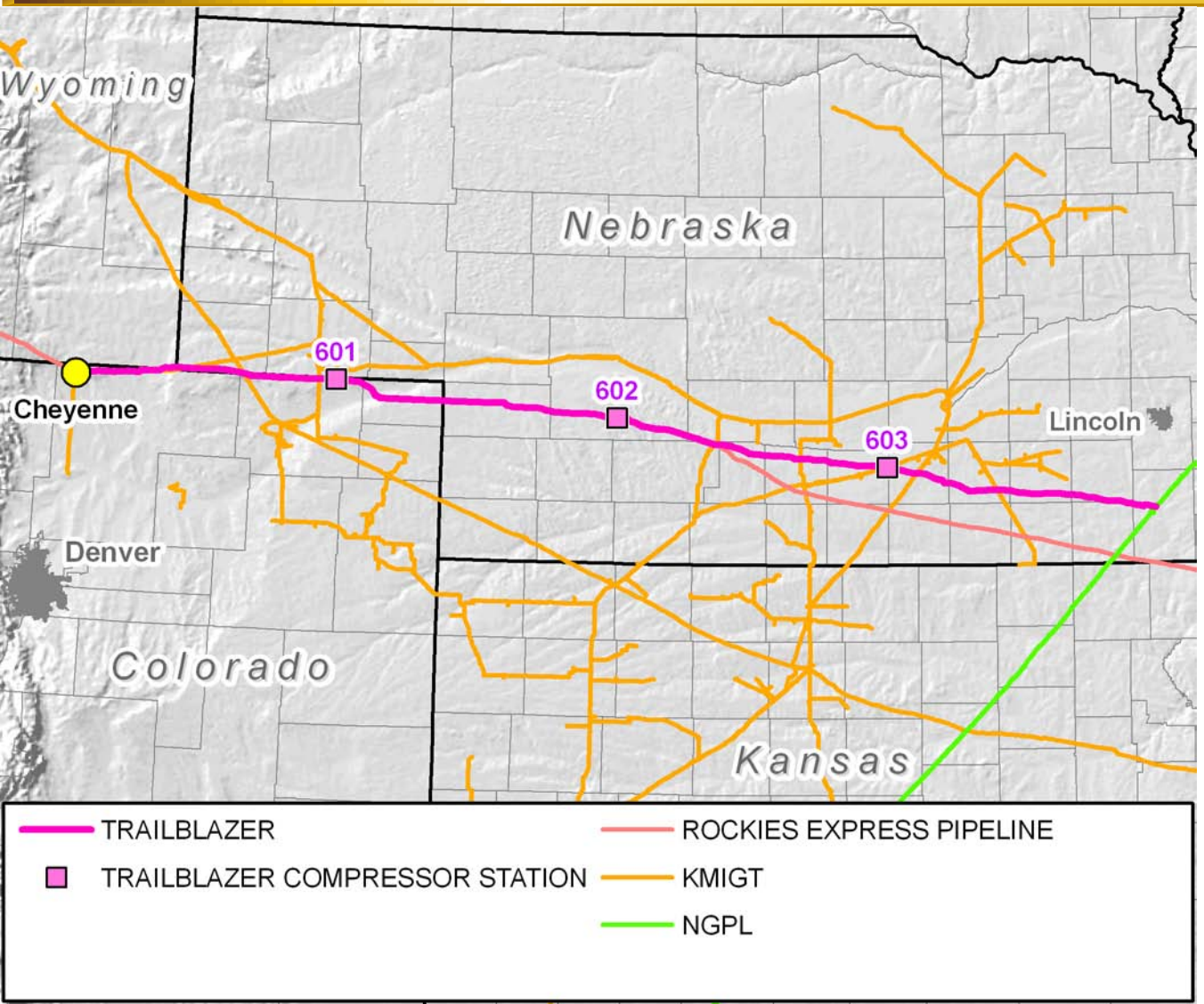
TransColorado Gas Transmission



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

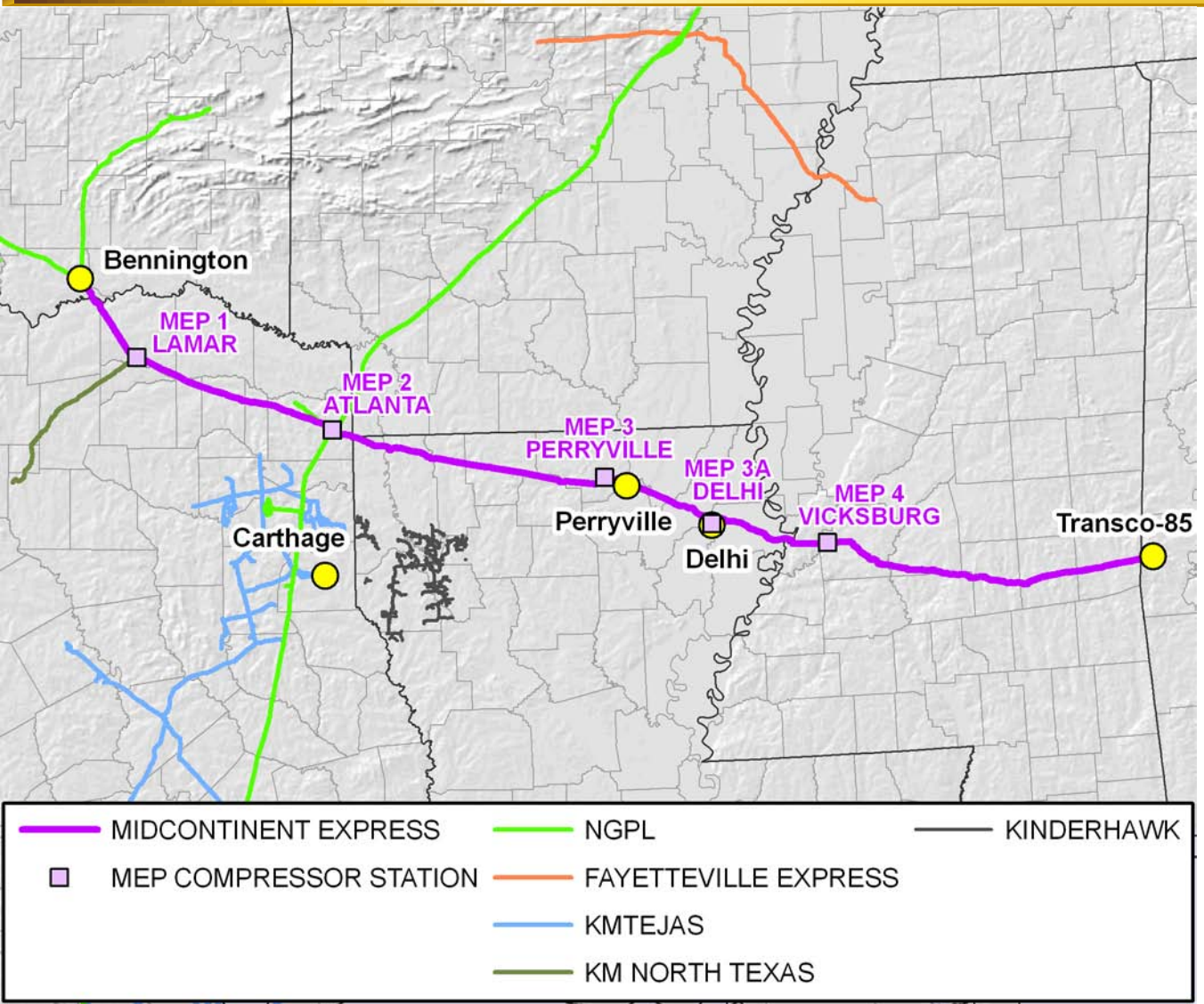
Trailblazer Pipeline



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

Midcontinent Express Pipeline



MEP

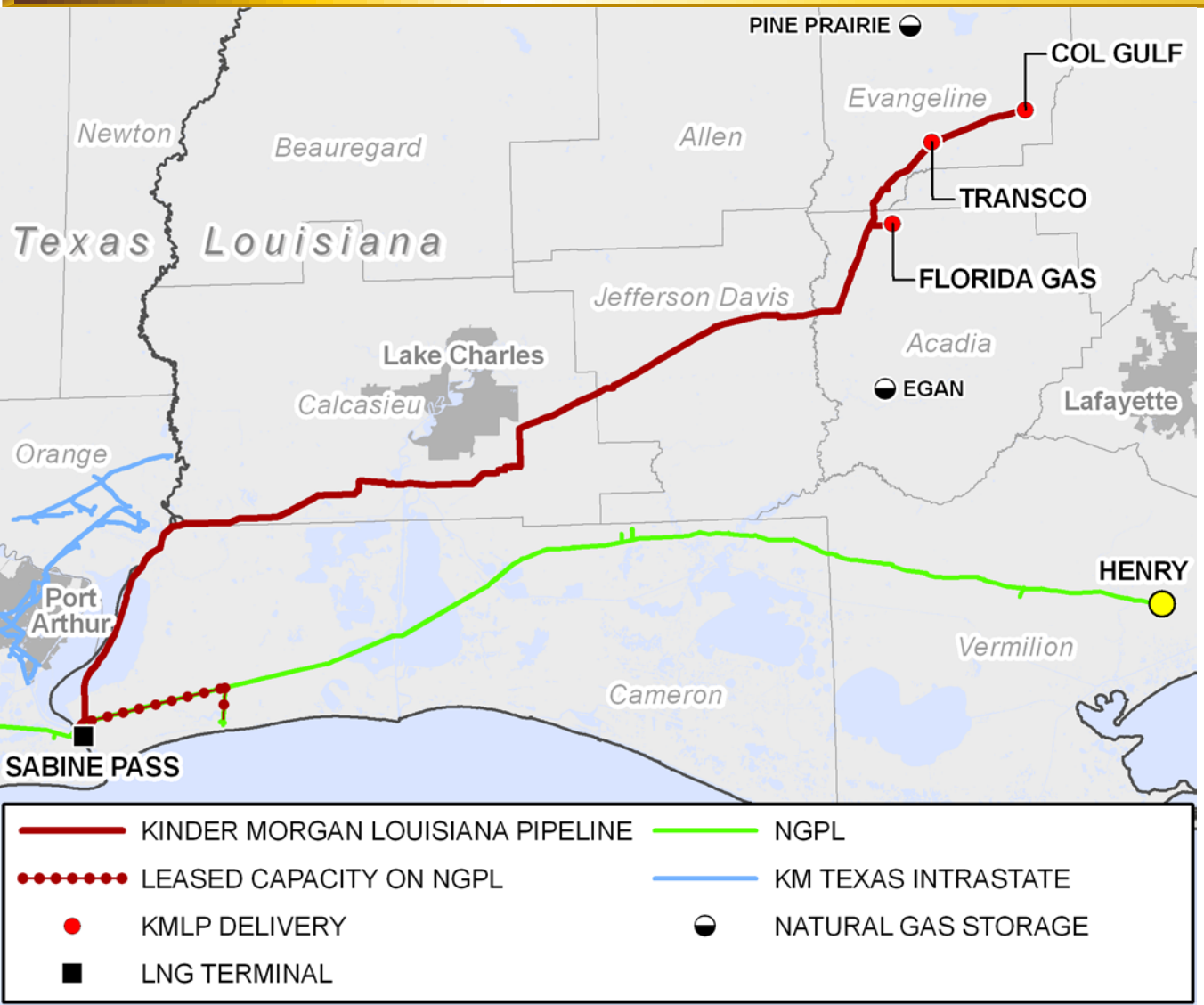
- 507 miles of 42”, 36” and 30” pipe
- Originates at Enogex, Bennington and terminates at Transco Station 85
- Capacity:
  - Zone 1: 1.8 Bcf/d
  - Zone 2: 1.2 Bcf/d
- JV between KMP (50%) and Regency (50%); KMP operates
- Pipeline fully-subscribed with long-term firm contracts
- FERC-regulated

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)**

Kinder Morgan Louisiana Pipeline



KMLP

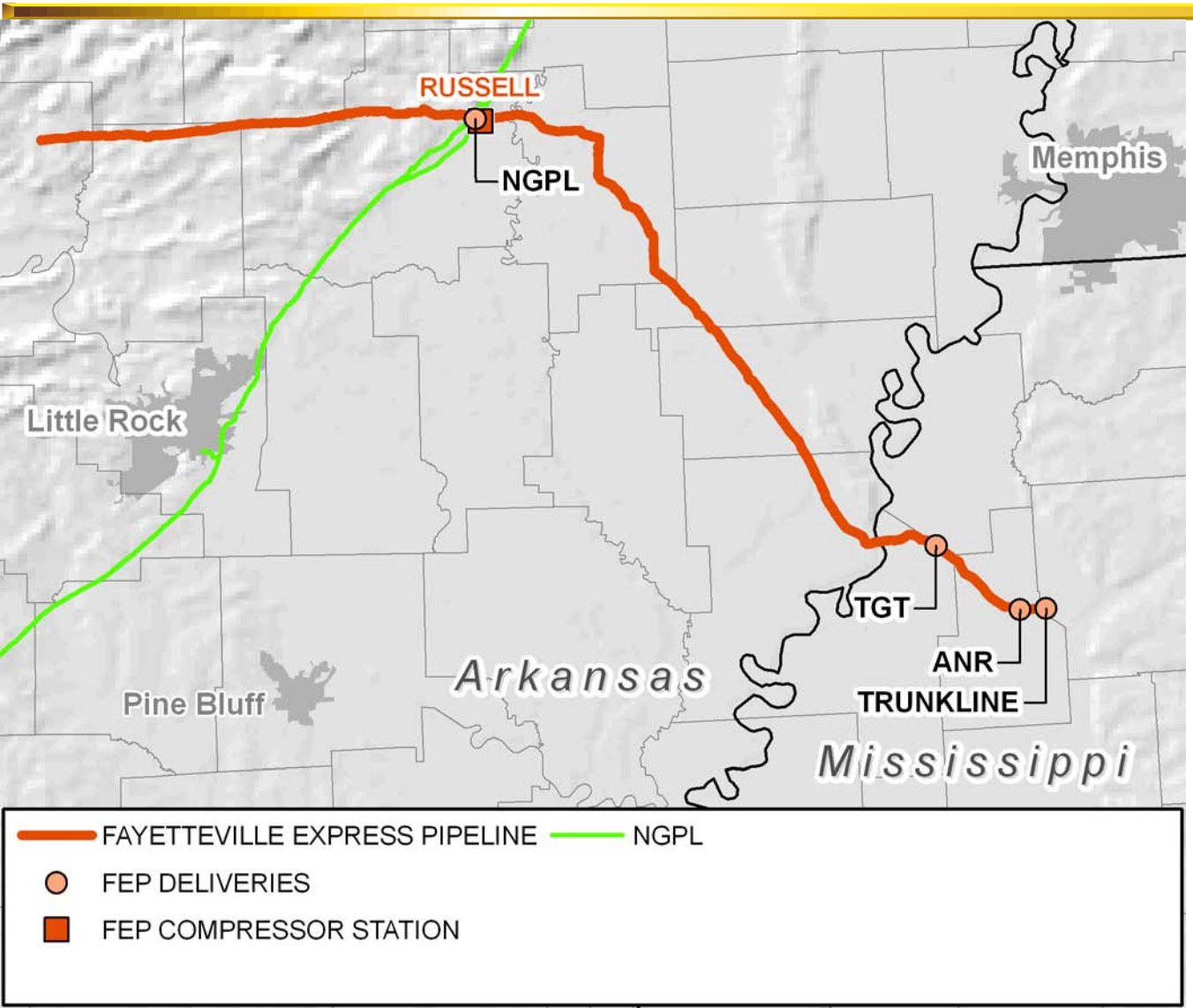
- 133 miles of 42” pipe
- Originates at Cheniere Sabine pass LNG and interconnects with 12 interstate pipelines
- Two storage fields connected to pipeline
- Capacity: 3.2 Bcf/d
- Pipeline fully-subscribed with 20-year contacts (~18 years remaining)
- FERC-regulated

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**

Fayetteville Express Pipeline



FEP

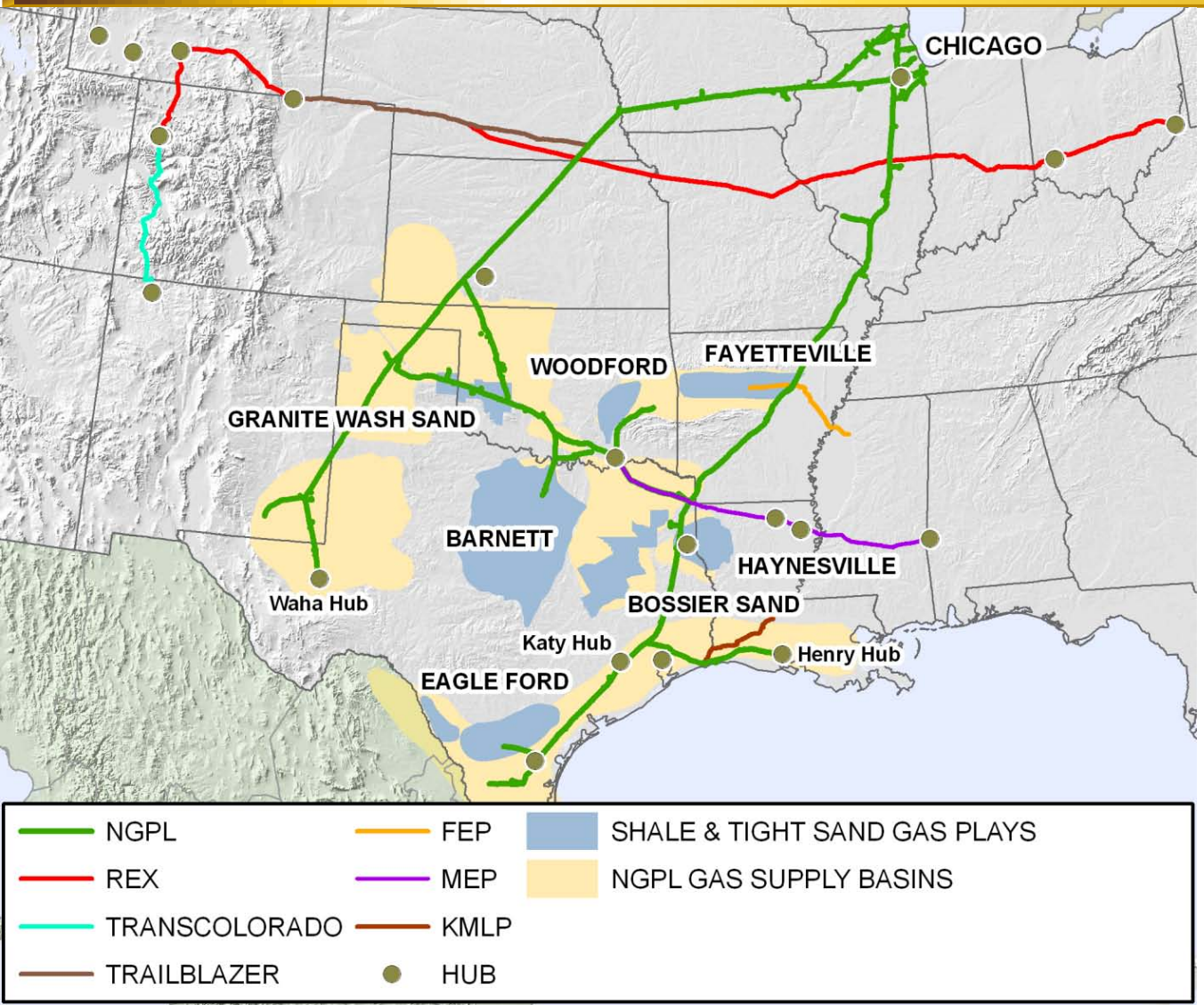
- 185 miles of 42” pipe
- One compressor station with 72,000 HP
- Capacity: 2.0 Bcf/d
- 15 receipt points (producer specific)
- 4 delivery meters
- JV between KMP (50%) and Energy Transfer (50%); Energy Transfer operates
- 1.85 Bcf/d capacity under long-term contracts
- FERC-regulated

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**

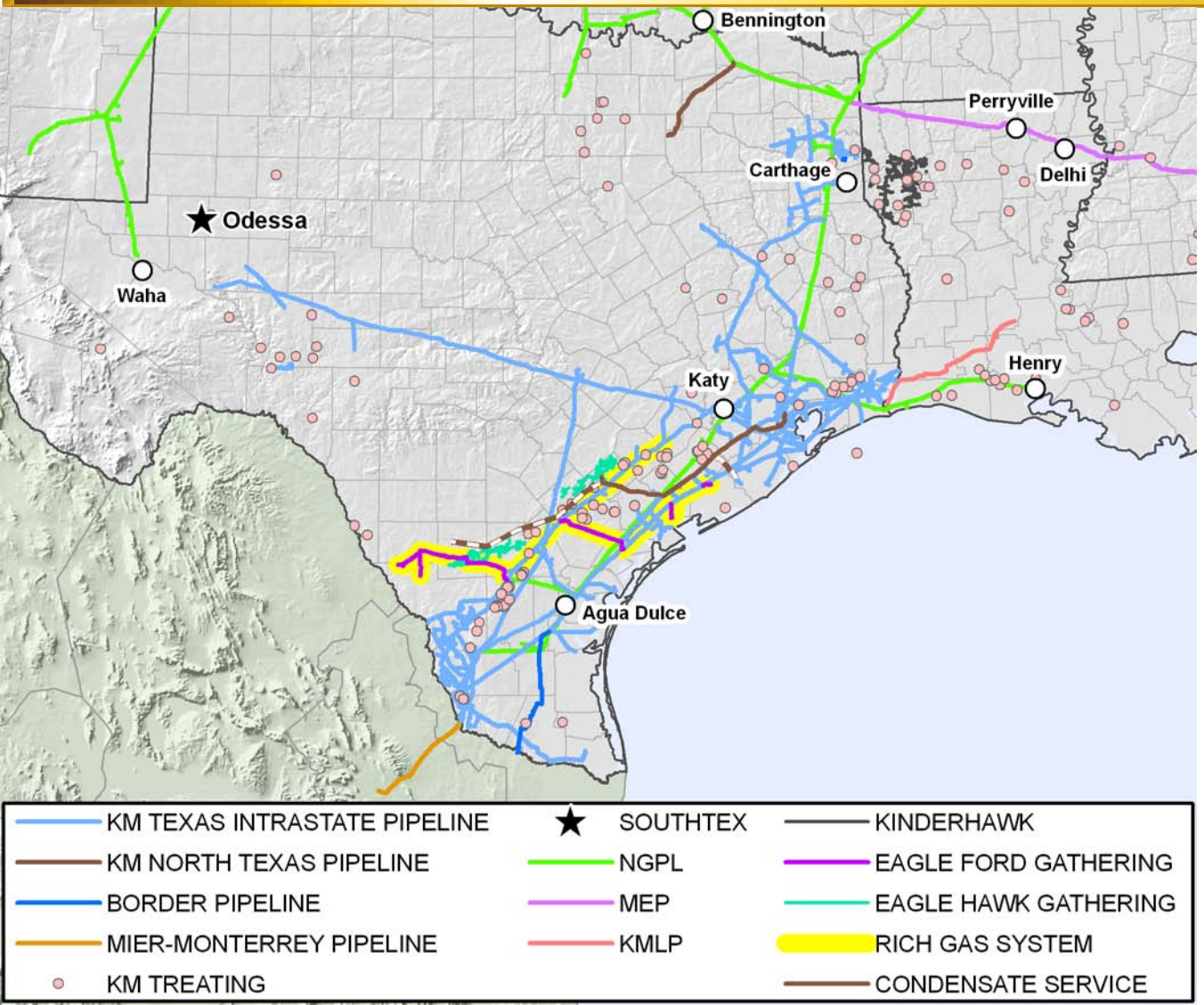
KMI (20% Ownership)
Natural Gas Pipeline Company of America



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

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

Texas Intrastate Pipelines

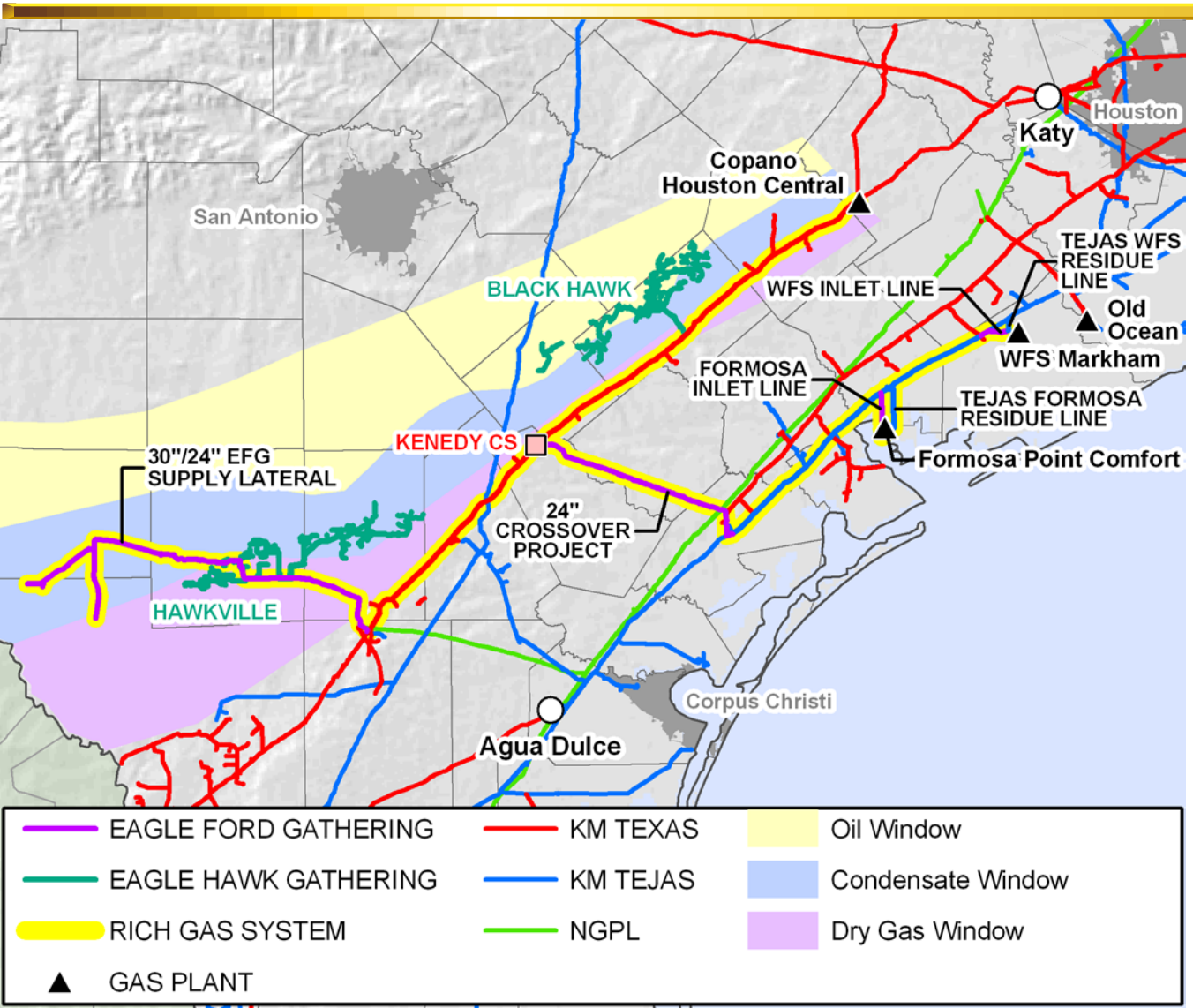
Opportunities

- **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**

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

Eagle Ford Joint Ventures

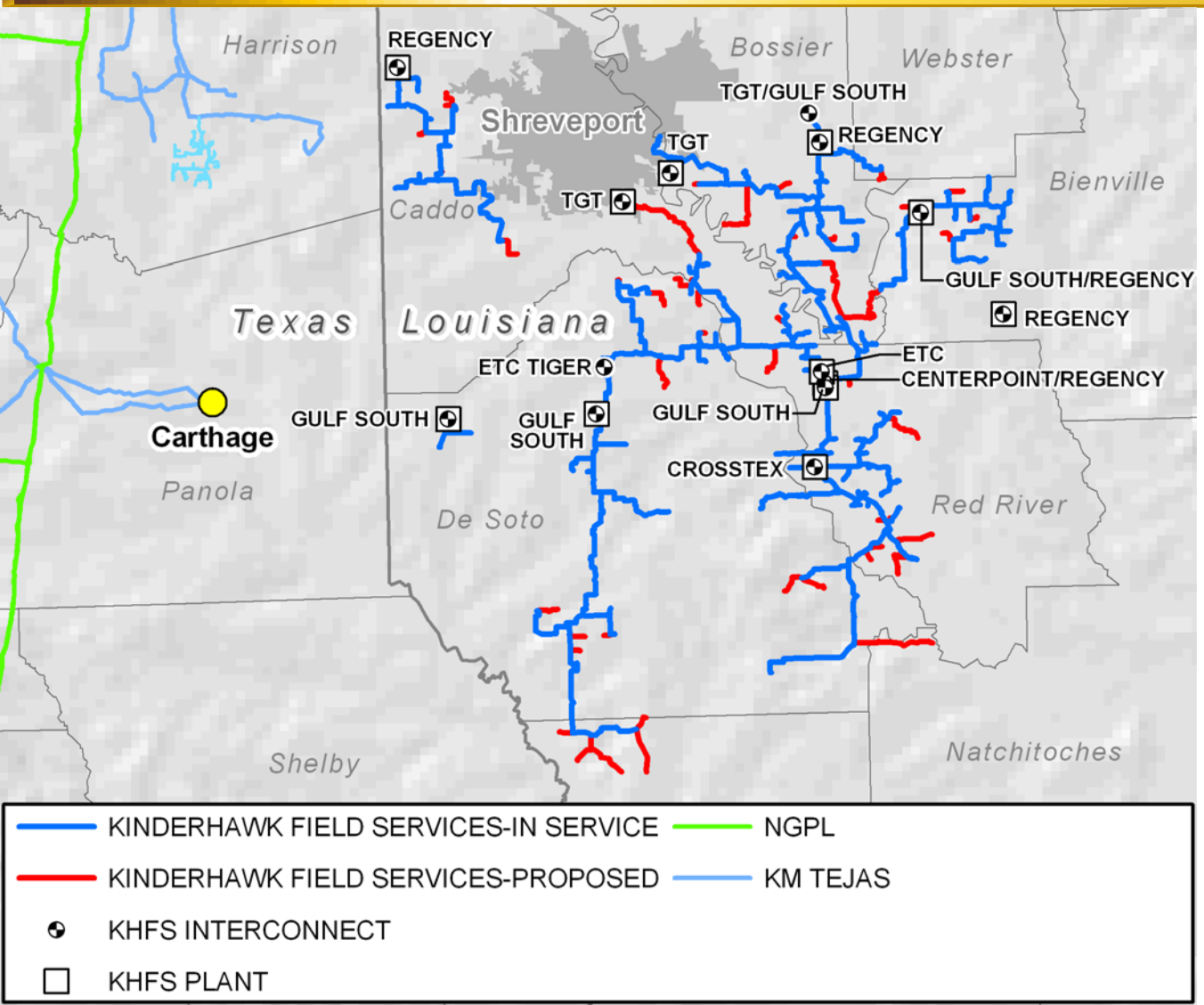
Opportunities

- 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

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

KHFS

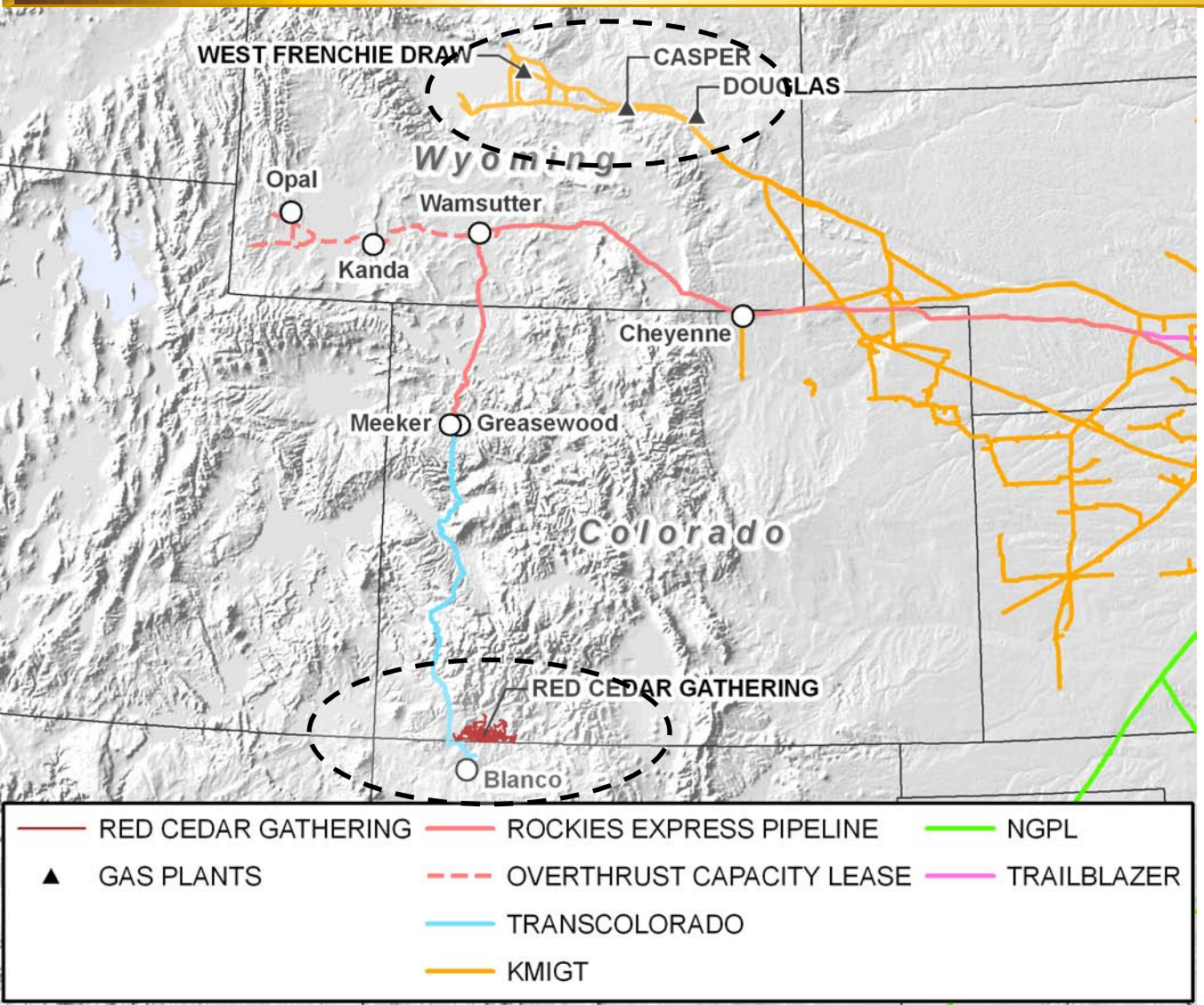
Opportunities

- 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 3rd 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

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

KMULLC

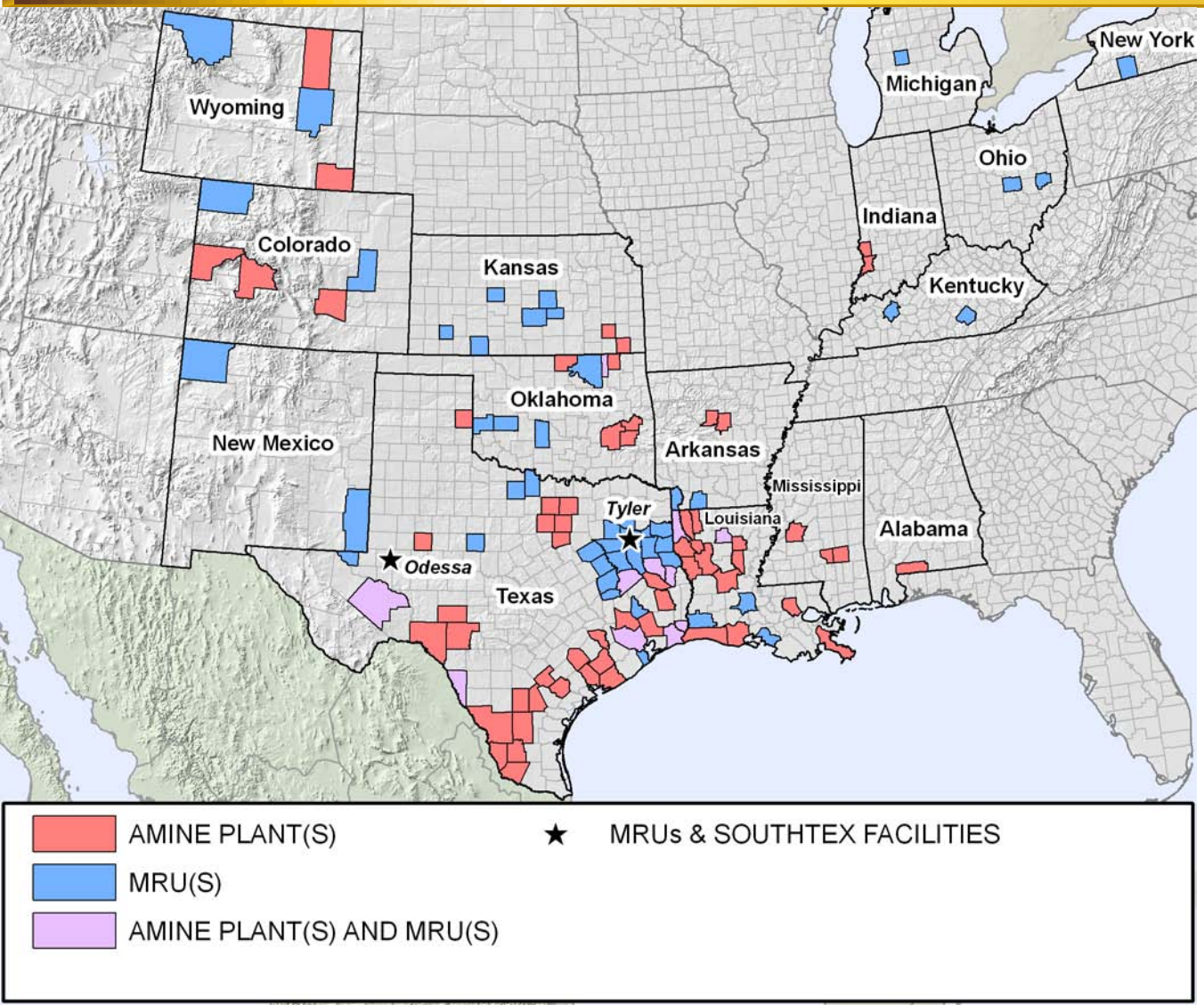
Opportunities

- **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**

Treating Services



Treating Services

- Largest fleet of contract operated amine plants in the U.S. that remove CO_2 and H_2S 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

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 3rd 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

Growth Opportunities in 2012, 2013 and Beyond

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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