KINDER MORGAN INC.

Run for Shareholders, By Shareholders

Kimberly Dang
Chief Financial Officer

February 15, 2017

Forward-Looking Statements / Non-GAAP Financial Measures

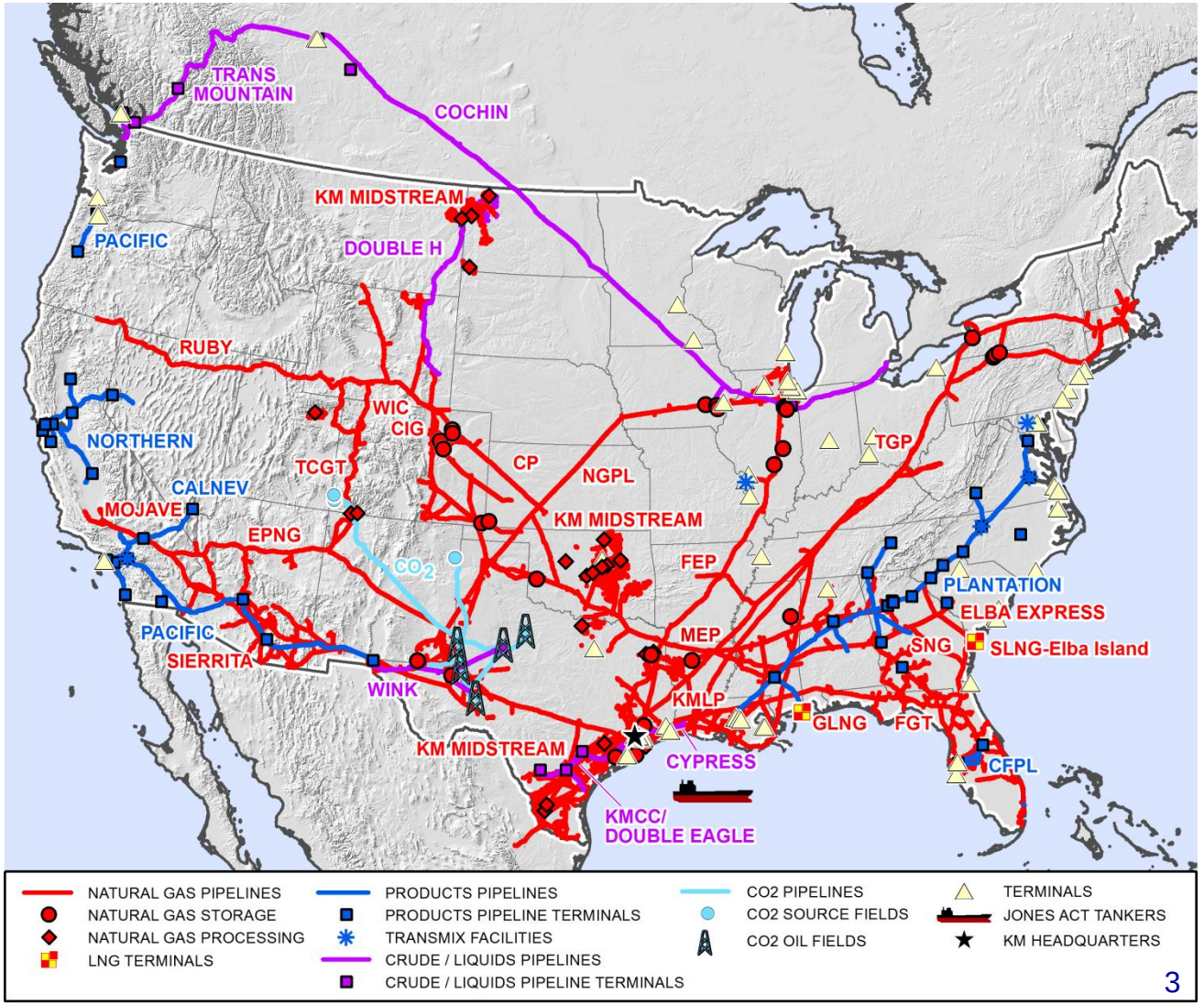
This presentation includes forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities and Exchange Act of 1934. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results or the ability to generate revenues, income or cash flow or to pay dividends are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations of Kinder Morgan, Inc. may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond Kinder Morgan's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future, including, among others, the timing and extent of changes in the supply of and demand for the products we transport and handle; national, international, regional and local economic, competitive and regulatory conditions and developments; the timing and success of business development efforts; technological developments; condition of capital and credit markets; inflation rates; interest rates; the political and economic stability of oil producing nations; energy markets; weather conditions; environmental conditions; business, regulatory and legal decisions; terrorism, including cyber-attacks; and other uncertainties. There is no assurance that any of the actions, events or results of the forward-looking statements will occur, or if any of them do, what impact they will have on our results of operations or financial condition. Because of these uncertainties, you are cautioned not to put undue reliance on any forward-looking statement. Please read "Risk Factors" and "Information Regarding Forward-Looking Statements" in our most recent Annual Report on Form 10-K and our subsequently filed Exchange Act reports, which are available through the SEC's EDGAR system at www.sec.gov and on our website at www.kindermorgan.com.

We use non-generally accepted accounting principles ("non-GAAP") financial measures in this presentation. Our reconciliation of non-GAAP financial measures to comparable GAAP measures can be found in the Appendix to this presentation. These non-GAAP measures should not be considered as alternatives to GAAP financial measures.

Unparalleled Asset Footprint

Largest Energy Infrastructure Company in the U.S.

- **Largest natural gas network in North America**
  - Own or operate ~70,000 miles of natural gas pipeline
  - Connected to every important natural gas resource play in the U.S.
- **Largest independent transporter of petroleum products in North America**
  - Transport ~2.1 MMBbl/d[(a)]
- **Largest transporter of CO_2 in North America**
  - Transport ~1.3 Bcf/d of CO_2[(a)]
- **Largest independent terminal operator in North America**
  - Own or operate ~155 terminals[(b)]
  - ~152 MMBbls liquids capacity
  - Handle ~53 MMtons of dry bulk products[(a)]
  - Own 16 Jones Act vessels (including 4 under construction)
- **Only Oilsands pipeline serving the West Coast**
  - Transports ~300 MBbl/d to Vancouver/Washington State; planned expansion takes capacity to 890 MBbl/d

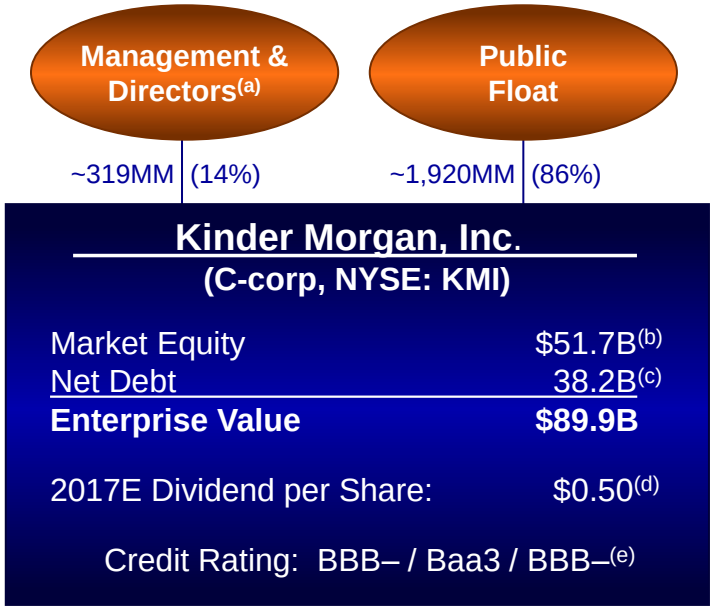


(a) 2017 budget.
(b) Excludes assets to be divested.

KMI Overview

Management Aligned with Investors; 14% Stake in KMI

Simple Public Structure



Simple Structure:

- One equity base and dividend
- One debt rating
- No structural subordination
- No incentive distribution rights

- Highly liquid: Nearly 15 million KMI shares traded daily on average during 4Q 2016

(a) Includes Form-4 filers and unvested restricted shares.
(b) Market prices as of 2/8/2017; KMI market equity based on ~2,239 million shares outstanding (including unvested restricted stock) at a price of $22.41, ~293 million warrants at a price of $0.01, and 32 million mandatorily convertible depositary shares at a price of $49.28.
(c) Debt of KMI and its consolidated subsidiaries as of 12/31/2016, net of cash, and excluding fair value adjustments and Kinder Morgan G.P., Inc.'s $100 million preferred stock due 2057.
(d) Declared dividend per share per 2017 budget.
(e) KMI corporate credit ratings from S&P (Stable outlook), Moody's (Stable) and Fitch (Stable), respectively.

Our Strategy

- **Focus on stable fee-based assets that are core to North American energy infrastructure**
  - Market leader in each of our business segments
  - Fees largely independent of underlying commodity prices and substantially secured by take-or-pay contracts
- **Maintain a strong balance sheet**
  - Our primary investing entity has been investment grade since inception
  - Reduced dividend demonstrates our commitment to investment grade and our ability to fund growth projects without need to access capital markets
- **Operate safely and efficiently**
  - Control costs: It's investors' money, not management's – treat it that way
  - Performing better than industry averages; target zero incidents
- **Leverage asset footprint to seek attractive capital investment opportunities, both expansion and acquisition**
  - Since 1997, Kinder Morgan has completed approximately $31.4 billion in acquisitions and invested approximately $27.3 billion in greenfield/expansion projects[(a)]
- **Transparency to investors**
- **Keep it simple**

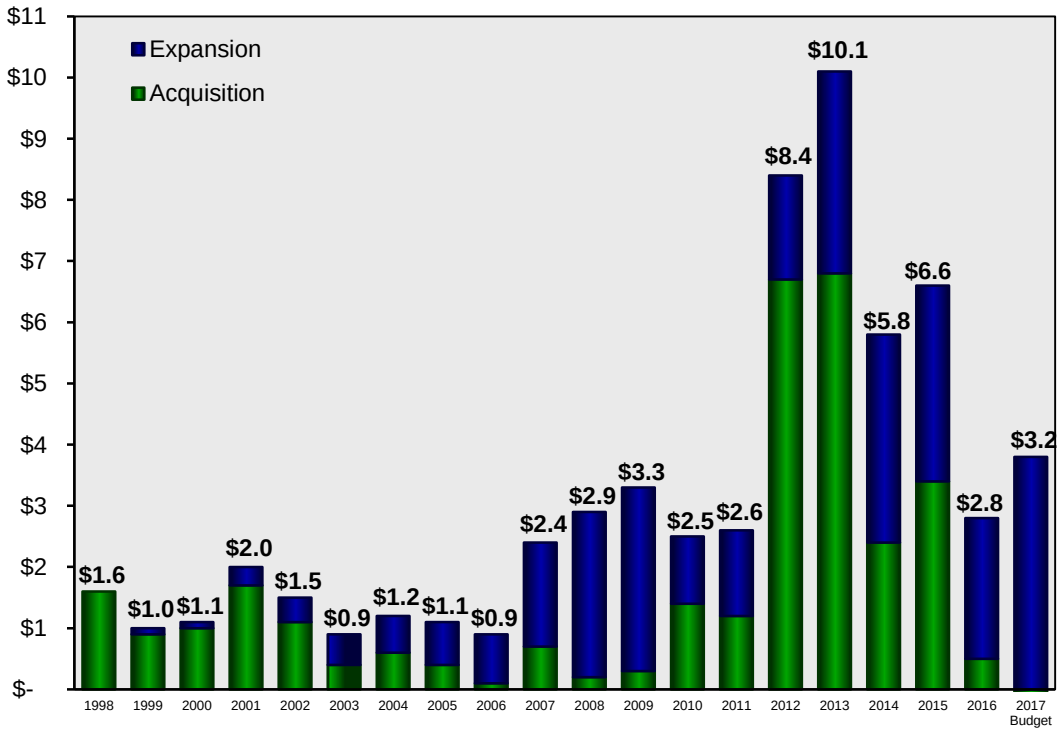
(a) From 1997 inception through 2016; represents combined investment of KMP (1997-2014), EPB (2013-2014), and KMI (2015-2016).

Capital Invested

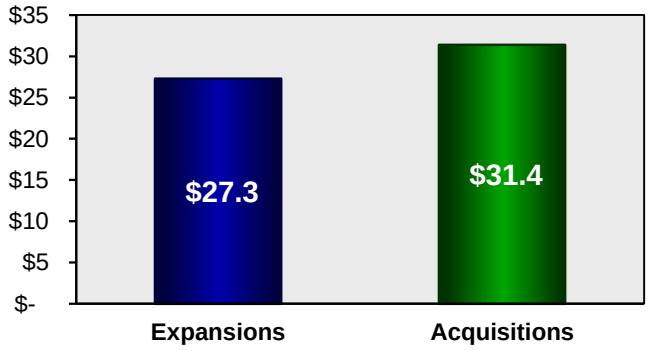
~$59 Billion of Asset Investment & Acquisitions Since Inception[a,c]

($ in billions)

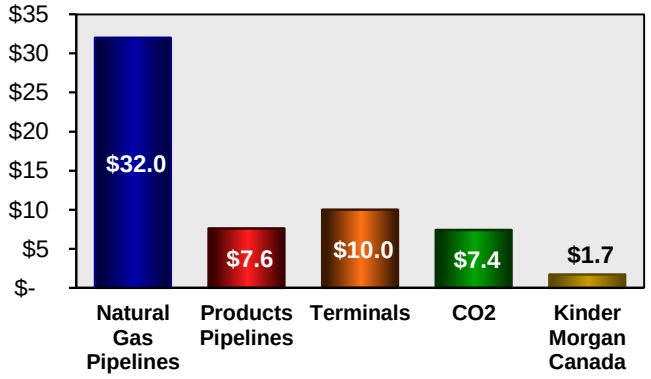
Total Invested by Year[b,c]



Total Invested by Type[a,c]



Total Invested by Segment[a,c]



Note: Includes equity contributions to joint ventures.

(a) 1997-2016; represents investment of KMP (1997-2014), EPB (2013-2014), and KMI (2015-2016).

(b) 1997-2017B; represents investment of KMP (1997-2014), EPB (2013-2014), and KMI (2015-2017B).

(c) Excludes $2.6 billion and $1.8 billion for 2016 50% SNG divestiture and 2012 FTC Rockies divestiture, respectively, in Natural Gas Pipelines segment. Excludes $11.3 billion in EPB asset acquisitions from El Paso prior to KMI's acquisition of El Paso and $2.0 billion for Citrus acquisition at KMI.
Excludes $0.3 billion for 2013 divestiture of Express-Platte pipeline system in Kinder Morgan Canada segment.
Excludes $0.8 billion of Products Pipelines legal and other settlements incurred over the past decade.
However, we do include these impacts in the denominator of our ROI calculation.

Returns on Invested Capital

Segment ROI[a]:	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Natural Gas Pipes	13.3%	15.5%	12.9%	13.5%	14.0%	15.5%	16.7%	17.5%	16.9%	14.0%	11.9%	11.9%	11.9%	10.9%[b]	10.9%[b]	10.3%[b,c]	9.9%[b,c]
Products Pipelines	11.9	11.8	12.8	12.9	12.4	11.6	11.8	13.2	12.5	13.4	13.7	12.9	12.1	12.4	12.3	12.6	13.1
Terminals	19.1	18.2	17.7	18.4	17.8	16.9	17.1	15.8	15.5	15.1	14.6	14.3	13.5	12.1	11.2	10.2	10.0
CO_2	27.5	24.6	22.0	21.9	23.8	25.7	23.1	21.7	25.4	23.1	25.3	25.9	28.1	25.9	22.8	16.2	12.3
KM Canada	--	--	--	--	--	--	--	11.0	12.1	12.8	13.7	14.1	16.3	14.8	11.5	9.7	10.1
Return on Investment	12.3%	12.7%	12.6%	13.1%	13.6%	14.3%	14.4%	14.1%	14.8%	13.9%	13.5%	13.5%	13.6%	11.9%	11.4%	10.3%	9.7%
Return on Equity	17.2%	19.4%	20.9%	21.7%	23.4%	23.9%	22.6%	22.9%	25.2%	25.2%	24.3%	24.0%	24.0%	21.7%	20.2%	15.9%	13.9%

Notes: Reflects KMP (2000–2012), KMP and EPB (2013–2014) and KMI (2015-2016). A definition of these measures may be found in the Appendix to this presentation.

(a) G&A is deducted to calculate the combined Return on Investment, but is not allocated to the segments and therefore not deducted to calculate the individual Segment ROI.

(b) Includes EPB assets. The denominator includes approximately $1.1 billion in REX capital not recovered in Nov-2013 sale price (i.e., leave behind). Excluding the leave behind cost would increase the Natural Gas Pipes-ROI to 11.3%, 11.2%, 10.5% and 10.1% in 2013, 2014, 2015 and 2016, respectively.

(c) Includes NGPL and Citrus investments.

2017 Guidance

Supported by Diversified, Fee-based Cash Flow

2017 Published Budget

- **DCF of $4.46 billion[(a)]**
  - 2017 DCF per share of $1.99
  - 2017 declared dividend of $0.50 per share
  - ~$3.3 billion of DCF generated in excess of dividend (before growth capex)
- **Growth capital of $3.2 billion including JV contributions**
- **Adjusted EBITDA of $7.2 billion[(a)]**
- **Expected year-end 2017 net debt/Adjusted EBITDA ratio of 5.4x**
  - Assumes 50% partner on Trans Mountain to fund its share of expansion capital
  - Budget does not include any proceeds in excess the partner's share of expansion capital; KMI expects to receive such proceeds, but did not quantify for budget
  - Assumes 50% partner on Elba Liquefaction to fund its share of expansion capital as well as a reasonable promote payment
- **2017 budget assumes WTI average crude strip price of $53/Bbl and average natural gas strip price of $3.00/MMBtu**
  - $1/Bbl change in oil price = ~$6 million DCF impact
  - 10¢/MMBtu change in natural gas price = ~$1 million DCF impact[(b)]

See Appendix for defined terms and reconciliations of non-GAAP measures for the historical period.

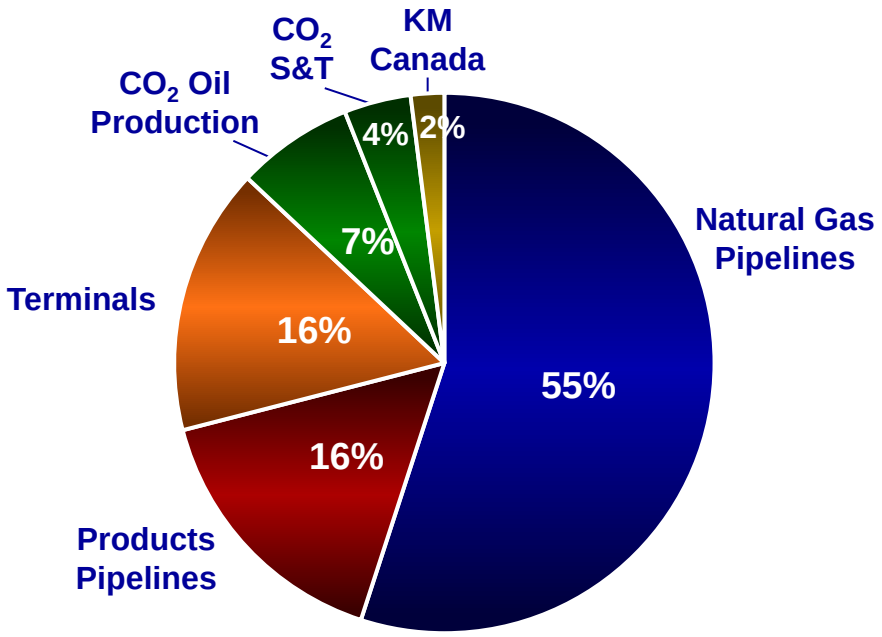
(a) Our non-GAAP measures of DCF and Adjusted EBITDA are before Certain Items and include KM-share of Certain Equity Investee DD&A.

(b) Natural gas sensitivity incorporates current hedges, and assumes ethane recovery for majority of year, constant ethane frac spread, and assumes other NGL prices maintain same relationship with oil prices.

Segment Overview

93% Pipelines & Terminals

2017 Budgeted Segment EBDA = $7.7 billion[(a)]



91% of cash flows fee-based for 2017; 97% fee-based or hedged

Natural Gas Pipelines

- 73% interstate pipelines
- 9% intrastate pipelines & storage
- 18% gathering, processing & treating
  - 88% fixed-fee (~27% of which is take-or-pay)

Products Pipelines

- 62% refined products
- 38% crude/liquids

Terminals

- 81% liquids
- 19% bulk

CO_2

- 34% CO_2 transport and sales
- 66% oil production-related
  - Production hedged (Bbl/d)[(b)]:

Year	Hedged Vol.	% Hedged	Avg. Px.
2017	35,109	75%	$59
2018	15,029	53%	$65
2019	8,100	33%	$57
2020	4,200	20%	$53
2021	0	0%	$-

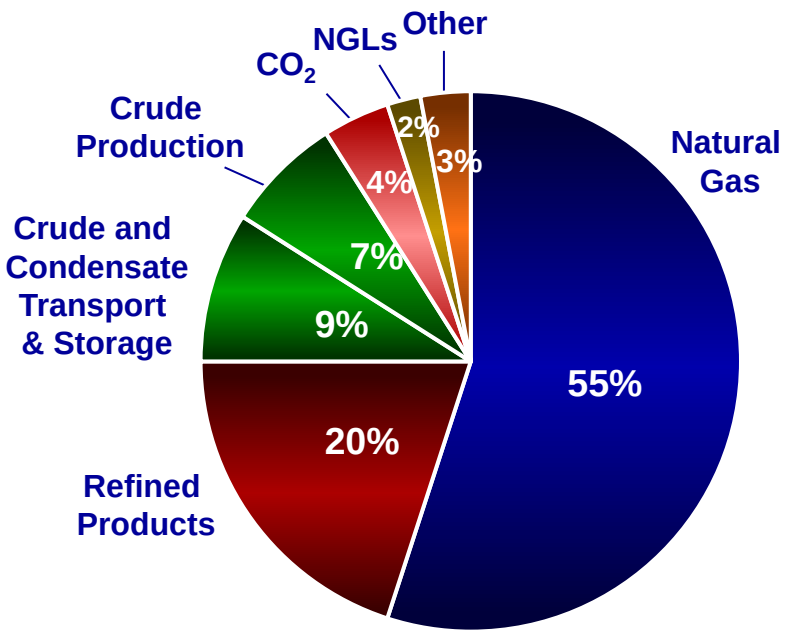
Kinder Morgan Canada

- 100% petroleum pipelines

(a) 2017 budgeted Segment EBDA before Certain Items and including KM-share of Certain Equity Investee DD&A (non-GAAP measure).
(b) Percentages based on currently hedged crude oil and propane volumes as of 12/31/2016 relative to crude oil, propane and heavy NGL (C4+) net equity production projected for 2017, and the Ryder Scott reserve report for 2018-2021.

KMI Overview by Product Served[(a)]

Natural Gas is our Largest Market



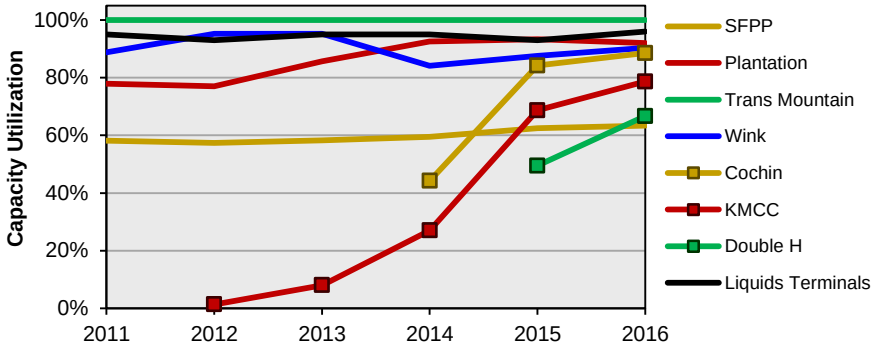
91% of cash flows fee-based for 2017; 97% fee-based or hedged

Stability of Cash Flows

- **Natural gas:** ~80% take-or-pay cash flow
- **Refined products:** competitively advantaged connection between refineries and end markets
  - SFPP, Plantation, etc., ~61% of KMT liquids business
  - Piped volumes within ~1.5% of budget over past 7 years
  - KMT liquids terminals utilization ~96% since 2001
- **Crude and condensate:** >95% take-or-pay cash flow
  - KMCC, Splitter, Double H, Wink, Trans Mountain, and ~24% of KMT liquids business
- **Carbon dioxide (CO_2):** >80% take-or-pay cash flow
- **NGLs:** >95% take-or-pay cash flow

Refined Product and Liquids Assets

- **Location matters, contracts matter**

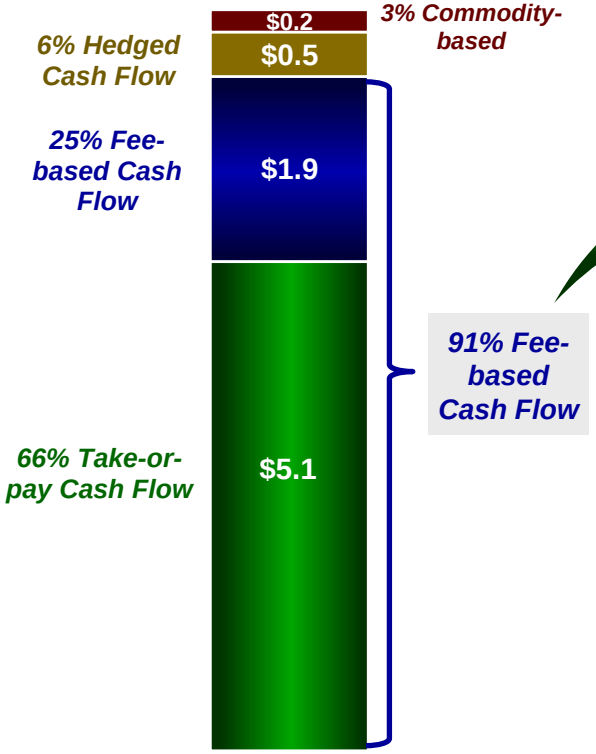


(a) All percentages based on 2017 budgeted Segment EBDA before Certain Items and including KM-share of Certain Equity Investee DD&A (non-GAAP measure).

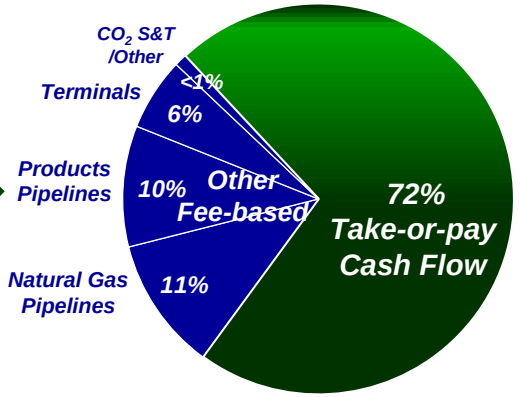
KMI's High Quality Cash Flow

Not all "fee-based" cash flow is created equal

2017 Budgeted Segment EBDA = $7.7 billion[(a)]



Composition of 91% Fee-based Cash Flow



- **72% of fee-based cash flow secured by take-or-pay contracts**
- **Other fee-based cash flow supported by stable volumes/fee-based contracts/critical infrastructure between major supply hubs and stable end-user demand**
  - **Natural Gas Pipelines:** G&P cash flow protected by dedicated producers and economically viable acreage
  - **Products Pipelines:** refined products volumes within ~1.5% of budget over past 7 years
  - **Terminals:** ~75% of Terminals' Other Fee-based associated with high-utilization liquids assets and requirements contracts for petcoke and steel

(a) Based on 2017 budgeted Segment EBDA before Certain Items and including KM-share of Certain Equity Investee DD&A (non-GAAP measure).

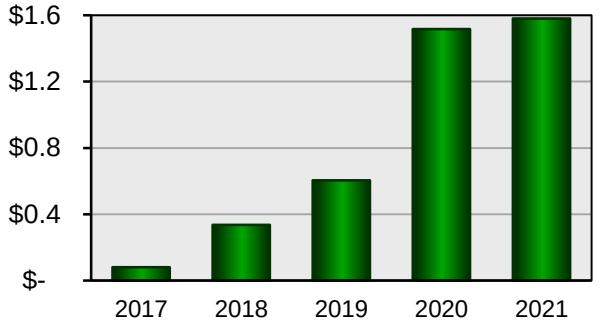
5-year Growth Project Backlog[a]

~$12 Billion of Attractive, Fee-based Projects

- **World class asset footprint has driven attractive growth opportunities, secured by long-term, fee-based contracts with creditworthy counterparties**
  - ~88% of backlog is for fee-based pipelines, terminals and associated facilities
  - ~$1.6 billion of annual Adjusted EBITDA expected to be generated from growth projects[b], excluding CO_2, an approximate 6.7x investment multiple[c]
  - Target at least 15% unlevered after-tax return to fund CO_2 projects
- **We anticipate achieving a JV or IPO of our Trans Mountain expansion project; backlog currently includes 100% of the project pending further progress**

Segment	Growth Projects[a] ($B)
Natural Gas Pipelines	$3.5
Products Pipelines	0.3
Terminals	1.4
KM Canada	5.4
Subtotal non-CO_2	10.6
CO_2 – S&T[d]	0.3
CO_2 – EOR[d]	1.1
Total	$12.0

~$1.6B of Adjusted EBITDA from non-CO_2 Backlog Projects[b]



(a) 5-year growth project backlog primarily consists of projects in progress for which commercial contracts have been secured. Includes KM's proportionate share of non-wholly owned projects. Includes estimated capitalized corporate overhead of $0.5 billion. Projects in-service prior to 1/1/2017 excluded.
(b) Estimated first full-year Adjusted EBITDA generated from fee-based pipelines, terminals and associated facilities. Excludes Adjusted EBITDA from CO_2 projects and includes 100% of TMEP. Includes roughly $150 million of Adjusted EBITDA contribution in the 2017 budget.
(c) Investment multiple calculated as total project cost divided by first full-year expected Adjusted EBITDA.
(d) S&T = CO_2 Source & Transportation. EOR = Enhanced Oil Recovery.

Market Update

Strong Demand

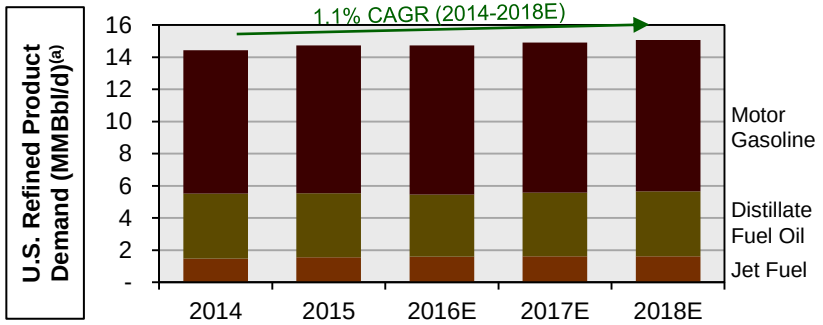
Natural Gas

- **Multiple trends driving increased demand for U.S. natural gas**

		2014	2015	2016E	2017E	2018E
Power Gen[a]	Nat gas-share	28%	33%	34%	32%	33%
	Coal-share	39%	33%	30%	32%	32%
Exports to Mexico (Bcf/d)[b,c]	KM Pipelines	1.9	2.3	2.8		
	Non-KM	0.1	0.5	0.8		
	Total	2.0	2.9	3.6	4.1	4.4
LNG Exports (Bcf/d)[b]	Net LNG Exports from U.S.	0.0	-0.1	0.4	1.5	3.2

Refined Products

- **Continued steady, modest volume growth**
- **Inflation-based tariff adjustment mechanism**



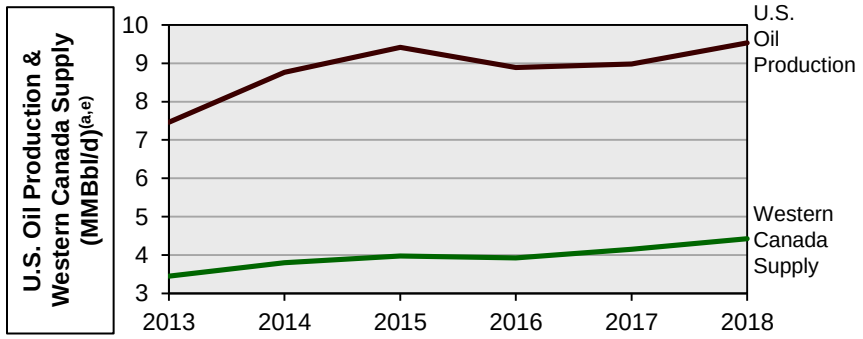
Natural Gas Liquids (NGL)

- **Petchem NGL demand projected to increase 33% by 2018**
- **NGL exports projected to increase 38% by 2018**

		2014	2015	2016E	2017E	2018E	Δ % '15-'18E
NGL Demand (MMBbl/d)[d]	Petchem	1.5	1.6	1.6	1.8	2.1	33%
	Export	0.7	1.0	1.2	1.3	1.4	38%
	Other	1.4	1.4	1.4	1.4	1.4	2%
	Total	3.6	4.0	4.2	4.5	4.9	25%

Crude Oil

- **U.S. market expected to balance in 2H 2017, increase thereafter**
- **Canadian market expected to increase 2017 and 2018**



(a) EIA, Short-term Energy Outlook, February 2017.
(b) Wood Mackenzie, Fall 2016 North America Gas Long-Term Outlook, December 2016.
(c) KM Pipelines calculation of exports to Mexico includes its deliveries into the NET Mexico pipeline. Non-KM deliveries is adjusted by an offsetting amount.
(d) Wells Fargo, Quarterly NGL Supply/Demand Update, February 2017.
(e) Canadian Association of Petroleum Producers (CAPP). Supply represents average annual Western Canada production and Bakken movements.

Natural Gas Transportation & Storage

55% of 2017 Budgeted Segment EBDA before Certain Items[a]

Natural gas transport & storage is KMI's largest business

- **U.S. natural gas demand[b] expected to rise by 35% through 2026[c]**
  - KM moves about 40% of natural gas consumed in the U.S.
- **Transportation demand drivers:**
  - Power demand, exports (Mexico and LNG) and industrial market
- **Storage demand drivers:**
  - Power and LNG exports have variable-load characteristics which require storage support
  - KM well-positioned to meet demand as the largest storage operator in the U.S. with 689 Bcf out of 4.3 Tcf market (~16%)
  - Increased contracting activity at improved rates in the Interstate and Intrastate markets
- **Gathering & processing trends:**
  - Gathering supported by overall volume trends
  - Processing supported by new LPG export capacity (docks and fleet) and Gulf Coast petrochemical demand

U.S. Natural Gas Supply/Demand Outlook[c] (Bcf/d)

Demand	2016	2021	2026
LNG net exports	0.4	7.4	12.8
Mexican net exports	3.6	5.6	5.8
Power	27.6	28.4	30.0
Industrial	21.2	23.9	24.8
Other	26.2	31.0	33.5
Total U.S. demand	79.0	96.3	106.9
Increase from 2016		*22%*	*35%*
Supply			
Marcellus/Utica	22.6	37.5	44.3
Haynesville	5.0	6.2	8.4
Eagle Ford	4.5	7.7	9.5
All other	46.9	44.9	44.7
Total U.S. supply	79.0	96.3	106.9

Greater U.S. volumes = increased value of KMI assets

(a) Based on KMI 2017 budgeted Segment EBDA before Certain Items and including KM-share of Certain Equity Investee DD&A (non-GAAP measure).
(b) Including net exports of liquefied natural gas (LNG) and net exports to Mexico.
(c) Wood Mackenzie, Fall 2016 North America Natural Gas Long-Term Outlook, December 2016.

Business Risks

- **Regulatory**
  - FERC rate cases (Products pipelines and Natural Gas pipelines)
  - Legislative and regulatory changes
- **CO_2 crude oil production volumes**
- **Throughput on our volume-based assets**
- **Commodity prices**
  - 2017 budget price assumptions: $53/Bbl average strip price for crude, and $3.00/MMBtu average strip price for natural gas
  - Price sensitivities (full-year):
    - $1/Bbl change in oil price = ~$6 million DCF impact
    - 10¢/MMBtu change in natural gas price = ~$1 million DCF impact[(a)]
    - 1% change in NGL/crude ratio = ~$3 million DCF impact
- **Project cost overruns/in-service delays**
- **Economically sensitive businesses (e.g. steel and coal terminals)**
- **Foreign exchange rates**
  - 2017 budget rate assumption of 0.77 CAD/USD
  - Price sensitivity (full-year): 0.01 ratio change = ~$2.3 million DCF impact
- **Environmental (e.g. pipeline/asset failures)**
- **Terrorism**
- **Interest rates**
  - Full-year impact of 100-bp increase in floating rates equates to a ~$110 million increase in interest expense[(b)]

(a) Natural Gas Midstream sensitivity incorporates current hedges, and assumes ethane recovery for majority of year, constant ethane frac spread, and assumes other NGL prices maintain same relationship with oil prices.
(b) As of 12/31/2016 approximately $11.0 billion of KMI's net debt was floating rate (~28% floating).

The Best is Yet to Come

Positioned to Succeed for the Long-Term

- **World class set of midstream assets**
- **Secure and growing fee-based cash flows**
- **Disciplined allocator of capital; high bar for new investment opportunities**
- **Investment grade balance sheet and substantial liquidity**
- **As future cash flow exceeds investment needs, we have value-enhancing options:**
  - Invest in high-return acquisitions and/or expansions
  - Further de-lever balance sheet
  - Return cash to shareholders via increased dividends and/or share buybacks
  - Expect to communicate updated dividend guidance in latter part of 2017, with a view toward delivering additional value to shareholders in 2018
- **Experienced management team aligned with investors**
- **Transparency to investors**

Appendix

Energy Toll Road

Security of Cash

	Natural Gas Pipelines	Products Pipelines	Terminals	CO_2	Kinder Morgan Canada
Volume Security	– **Interstate & LNG:** take-or-pay – **Intrastate:** ~77% take-or-pay[a,b] – **G&P:** ~88% fee-based[b] with minimum volume requirements / acreage dedications	– **Refined products:** primarily volume-based – **Crude / liquids:** primarily take-or-pay	– **Liquids & Jones Act:** primarily take-or-pay – **Bulk:** primarily minimum volume guarantee, or requirements	– **S&T:** primarily minimum volume guarantee – **O&G:** volume-based	– Essentially no volume risk
Average Remaining Contract Life	– **Interstate:** 6.2 yrs. – **LNG:** 15.4 yrs. – **Intrastate:** 5.3 yrs.[a] – **G&P:** 4.2 yrs.	– **Refined products:** generally not applicable – **Crude / liquids:** 5.2 yrs.	– **Liquids:** 3.7 yrs. – **Jones Act:** 2.8 yrs.[c] – **Bulk:** 4.9 yrs.	– **S&T:** 8.2 yrs.	– 2.0 yrs.[d]
Pricing Security	– **Interstate:** primarily fixed based on contract – **Intrastate:** primarily fixed margin – **G&P:** primarily fixed price	– **Refined products:** annual FERC tariff escalator (PPI-FG + 1.23%) – **Crude / liquids:** primarily fixed based on contract	– Based on contract; typically fixed or tied to PPI	– **S&T:** 83% protected by minimum volumes and floors[b] – **O&G:** volumes 75% hedged[e]	– Fixed based on toll settlement
Regulatory Security	– **Interstate:** regulated return – **Intrastate:** essentially market-based – **G&P:** market-based	– **Pipelines:** regulated return – **Terminals & transmix:** not price regulated[f]	– Not price regulated	– Primarily unregulated	– Regulated return
Commodity Price Exposure	– **Interstate:** no direct exposure – **Intrastate:** limited exposure – **G&P:** limited exposure	– Minimal, limited to transmix business	– No direct exposure	– Full-yr 2017: $4.4MM in DCF per $1/Bbl change in oil price	– No direct exposure

All figures as of 1/1/2017, unless otherwise noted.

(a) Includes term sale portfolio.

(b) Based on KMI 2017 budgeted Segment EBDA before Certain Items and including KM-share of Certain Equity Investee DD&A where applicable (non-GAAP measure).

(c) Jones Act vessels: average remaining contract term for operating tankers (12) and tankers under construction (4) is 2.8 years, or 4.1 years including options to extend.

(d) Provisions in TMPL's negotiated toll settlement allow for the parties to extend the agreement to coincide with in-service of the Trans Mountain expansion project, expected at end of 2019.

(e) Percentage of 2017 budgeted net crude oil, propane and heavy NGL (C4+) net equity production.

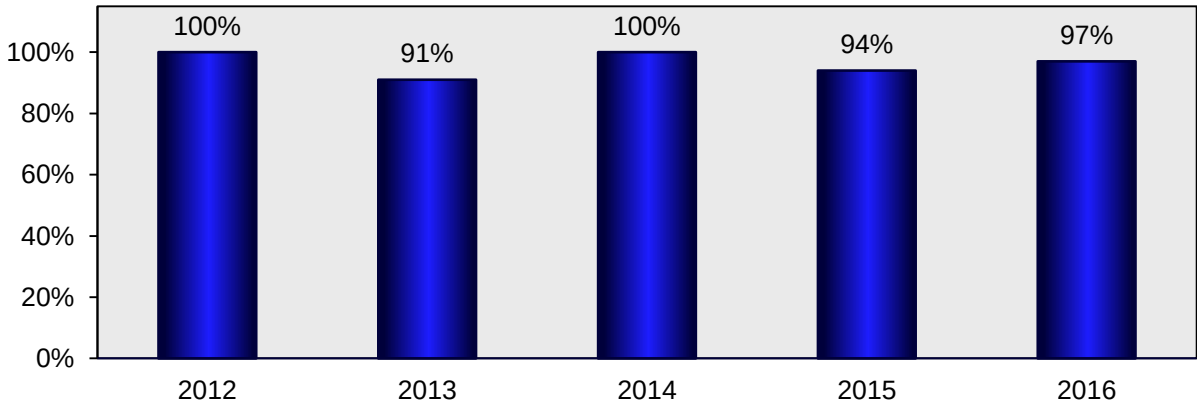
(f) Terminals not FERC regulated, except portion of CALNEV.

Asset Integrity and Safety are Top Priorities

Consistent, Better-than-industry Performance Across our Businesses

- **Safe operation of our assets is mission critical to our long-term success**
- **Continuous reduction in risk to the public, employees, contractors, assets and the environment**
- **We strive for continual improvement in safety and efficiency of existing operations**
- **Well-executed expansions and effective integration of acquired operations**
- **Consistently perform better than industry average**
  - Track over 36 safety metrics and post monthly updates to our public website
  - Currently better than industry in 35 of 36 metrics

% of Safety Metrics KM Performed Better than or Equal to Industry[(a)]

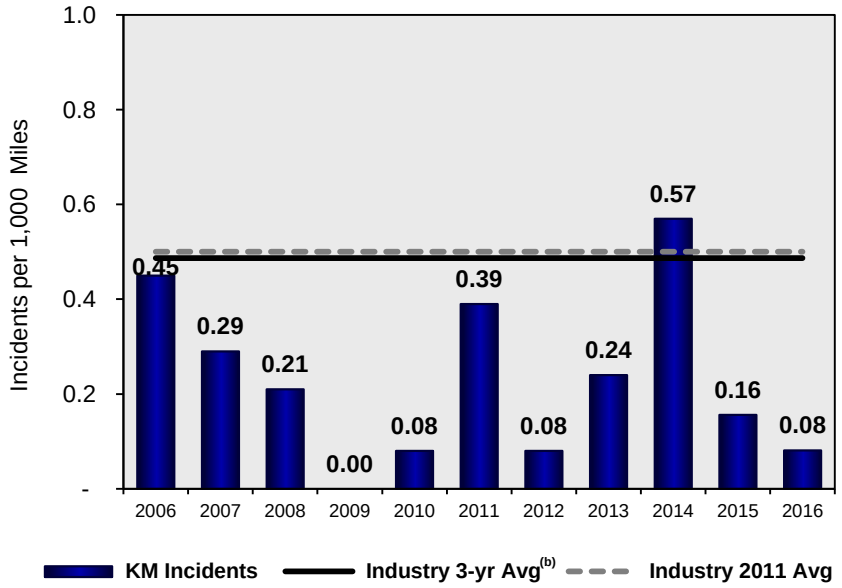


(a) Based on year-end Kinder Morgan metrics versus most applicable industry performance.

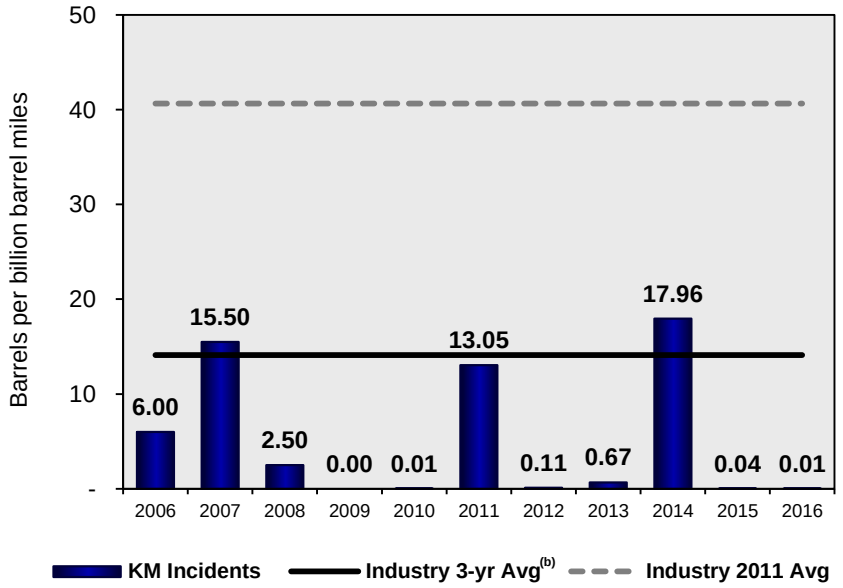
Incidents & Releases

Liquids Pipeline Right-of-way

Liquids Pipelines Incidents per 1,000 Miles[(a)]



Liquids Pipelines Release Rate[(a)]



Note: KM totals exclude non-DOT jurisdictional CO_2 Gathering and Crude Gathering for compatibility with industry comparisons.

(a) Failures involving onshore pipelines that occurred on the ROW, including valve sites, in which there is a release of the liquid or carbon dioxide transported resulting in any of the following:

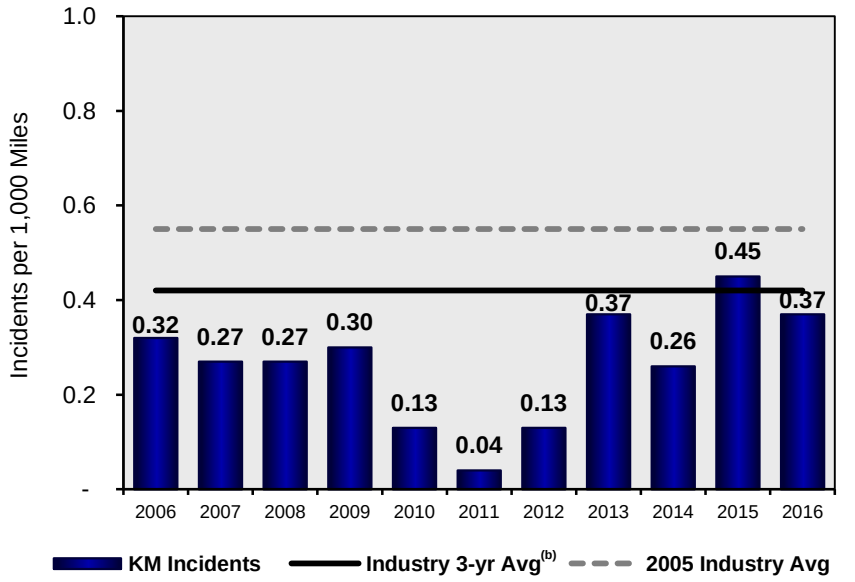
- Explosion or fire not intentionally set by the operator.
- Release 5 barrels or greater. (NOTE: PHMSA does not record system location for releases less than 5 barrels)
- Death of any person.
- Personal injury necessitating hospitalization.
- Estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of the operator or others, or both, exceeding $50,000; not included: natural gas transportation assets.

(b) 2013–2015 most recent PHMSA 3-yr average available.

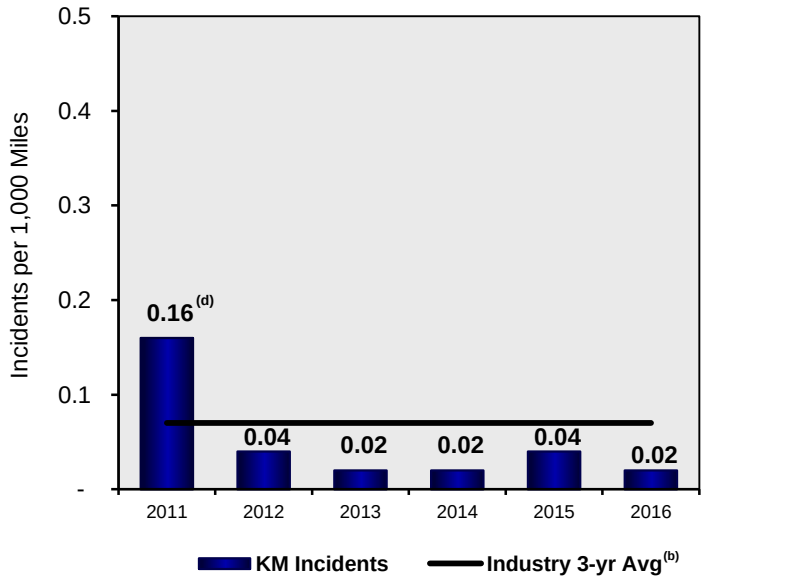
Incidents & Releases

Natural Gas Pipeline Right-of-way

Natural Gas Pipelines
Incidents Rate All Reportable Incidents[a]



Natural Gas Pipelines
Incidents Rate Onshore Ruptures-only[c]



(a) Excludes El Paso and Copano assets in periods prior to acquisition (El Paso 5/25/2012, Copano 5/1/2013). An Incident means any of the following events:
- An event that involves a release of gas from a pipeline, or of liquefied natural gas, liquefied petroleum gas, refrigerant gas, or gas from an LNG facility, and that results in one or more of the following consequences:
  i. A death or personal injury necessitating in-patient hospitalization; or
  ii. Estimated property damage of $50,000 or more, including loss to the operator and others, but excluding cost of gas lost (2010 and earlier rates include cost of gas lost)
  iii. Unintentional estimated gas loss of 3 million cubic feet or more.
- An event that results in an emergency shutdown of an LNG facility.
- An event that is significant, in the judgment of the operator, even though it did not meet the criteria of paragraphs (1) or (2) above.

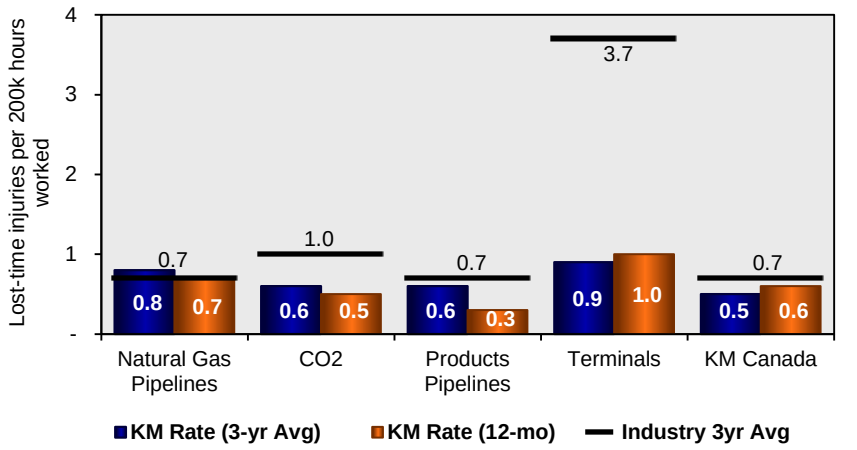
(b) 2013–2015 most recent PHMSA 3-yr average available.

(c) Rupture defined as a break, burst, or failure that exposes a visible pipeline fracture surface.
- Kinder Morgan rupture rates calculated using most current pipeline mileage.
- Industry rate excludes Kinder Morgan data.

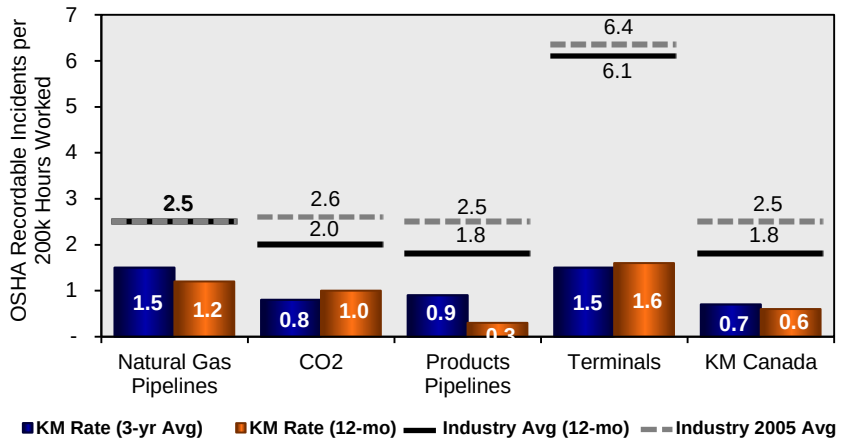
(d) All Kinder Morgan ruptures occurred on legacy El Paso facilities prior to the Kinder Morgan acquisition.

Employee Safety Statistics[a]

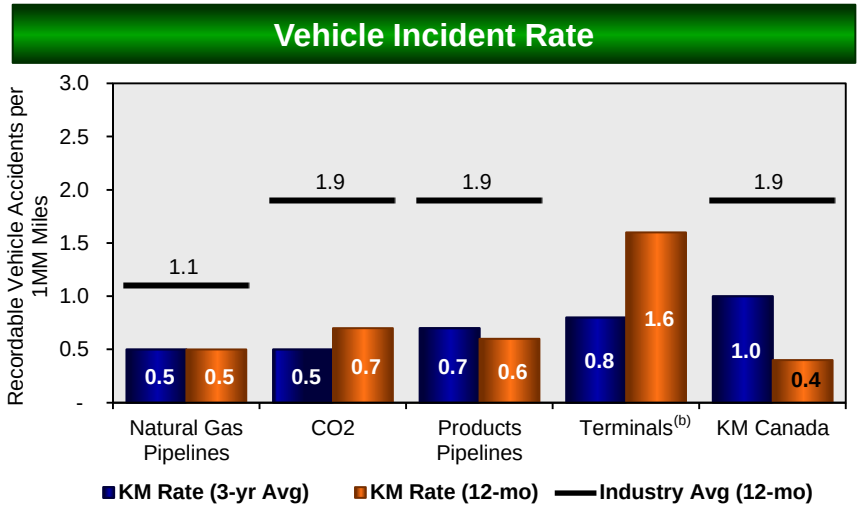
KM Lost-time Incident Rate (DART)



OSHA Recordable Incident Rate



Vehicle Incident Rate



(a) 12-month safety performance summary as of 12/31/2016.
(b) Industry average not available for Terminals.

Natural Gas Pipelines

Segment Outlook

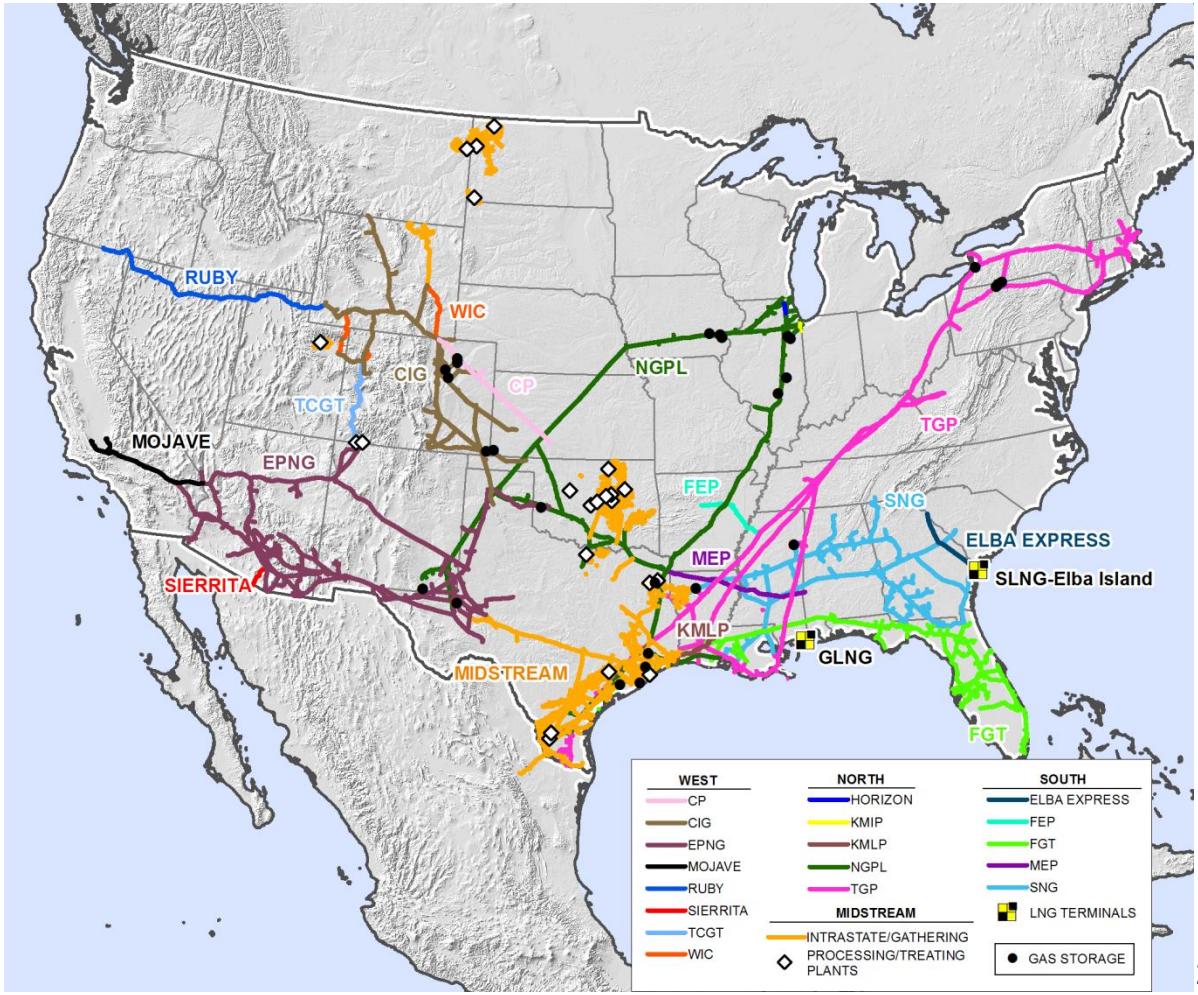
Well-positioned connecting key natural gas resources with major demand centers

Long-term Growth Drivers:

- LNG exports
  - Liquefaction facilities
  - Pipeline infrastructure
- Exports to Mexico
- Gas demand for power generation
  - Coal plant retirements
  - Regional gas-fired power demand growth
  - Backstop for wind and solar
- Industrial demand growth
- Shale-driven expansions / extensions
- Acquisitions

Project Backlog:

- $3.5 billion of identified growth projects over next four years (2017-2020)[(a)], including:
  - LNG liquefaction (Elba Island)
  - Transport projects supporting LNG liquefaction, including Elba Express
  - Expansions to Mexico border
  - TGP North-South projects



(a) Includes KM share of non-wholly owned projects. Includes projects currently under construction.

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New Firm Transport Capacity

Significant Contracting of Existing & New Capacity

Firm Transport Capacity Commitments by Capacity Type

Dec. 1, 2013 to Present	Existing Capacity (MDth/d)	Repurposed Capacity (MDth/d)	New Committed Capacity (MDth/d)	Total Capacity (MDth/d)	Capital, KM Share ($MM)	Wtd Avg. Contract Term (Yrs)
North	797	180	4,691	5,668	2,212	17.2
South	4	0	417	421	129	14.5
West	1,051	0	751	1,802	163	13.5
Midstream	70	0	750	820	284	17.2
Total Gas Pipeline Group	1,922	180	6,609	8,711	2,787	16.3
2016-only	343	180	327	850	125	15.2

Firm Transport Capacity Commitments by Customer Type / End-use Market

Dec. 1, 2013 to Present	LDC / End-user (MDth/d)	Producer (MDth/d)	Mexico (MDth/d)	LNG (MDth/d)	Total Capacity (MDth/d)
North	910	2,173	600	1,985	5,668
South	421	0	0	0	421
West	126	861	815	0	1,802
Midstream	70	160	0	590	820
Total Gas Pipeline Group	1,527	3,194	1,415	2,575	8,711
2016-only	660	61	129	0	850

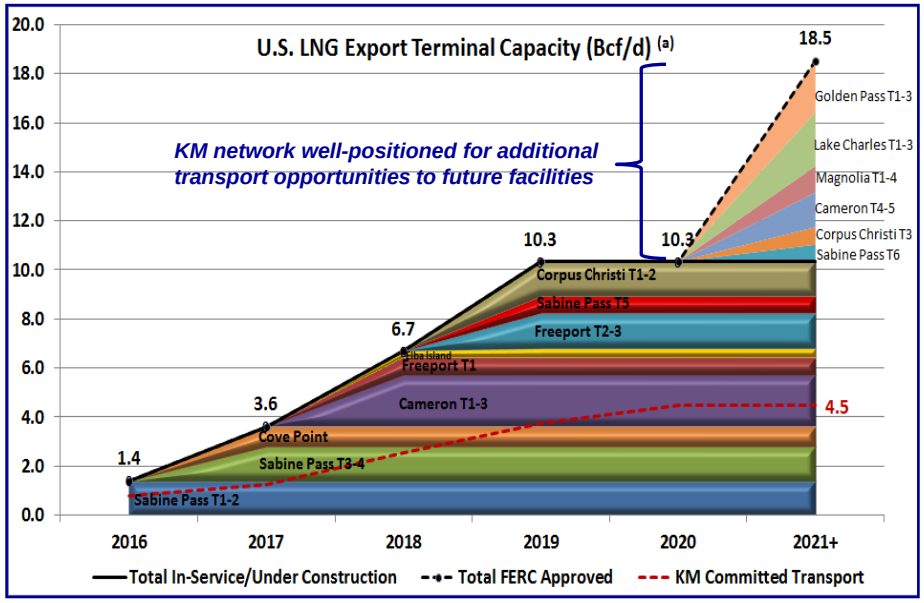
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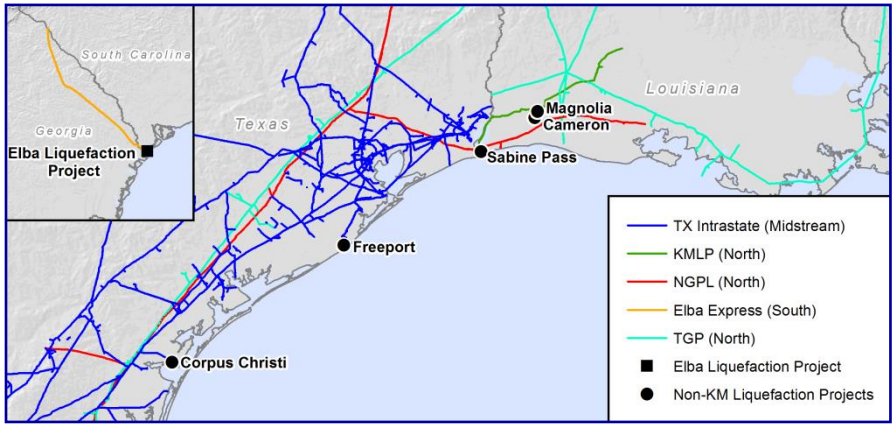
Drivers of Future Growth

LNG Exports

- **LNG Export Opportunity[(a)]**
  - 18.5 Bcf/d of FERC approved projects
  - 10.3 Bcf/d of projects under construction
  - 9.8 Bcf/d of additional projects pending approval
- **Elba Liquefaction – KM facility at Elba Island, GA**
- **LNG Transport**
  - 4.5 MMDth/d of contracted transport capacity
  - Total capital of $981 MM
  - Avg. contract term: 19 years
  - Seven active projects on five KM pipelines

KM Asset	KM Project/Transportation (Terminal)	Contracted Capacity (MDth/d)	In-Service Date	KM Capital ($MM)
NGPL	Firm Transport (Sabine Pass)	550	In-Service	N/A
EEC	EEC for Shell (Elba Island)	436	2/2017-11/2018	$102.2
TGP	SW Louisiana Supply (Cameron)	900	2/2018	$178.5
NGPL	Gulf Coast Southbound (Corpus Christi)	385	4Q/2018	$106.1
Intrastate	TX Intrastate Crossover (Corpus Christi/Freeport)	590	1Q-3Q 2019	$182.1
TGP	Lone Star (Corpus Christi)	300	7/2019	$133.8
KMLP	Sabine Pass Expansion	600	4Q/2019	$151.3
KMLP	Magnolia LNG Expansion	700	4Q/2020	$127.0





(a) FERC as of 1/5/17, industry and KM analysis.

Liquefaction at Elba Island

Elba Liquefaction Company (ELC) / SLNG



- **Capacity:**
  - LNG output capacity equivalent to 350 MMcf/d
- **Capital (100%):**
  - ELC: $1,436.4 MM
  - SLNG: $ 433.8 MM
- **Phased In-service: Mid 2018 through early 2019**
- **Project Scope:**
  - Facilities for liquefaction (10 modular units)
  - Ship loading facilities; boil-off gas compression
- **Avg. Contract Term: 20 years**
- **Current Status:**
  - FERC certificate issued June 2016
  - FERC denied requests for rehearing Dec 2016
  - Shell has committed to entire capacity of facility, as well as Elba Express expansion
  - DOE FTA and non-FTA authorizations received
  - Construction underway
- **Major Milestones:**
  - JV negotiations for ELC are ongoing

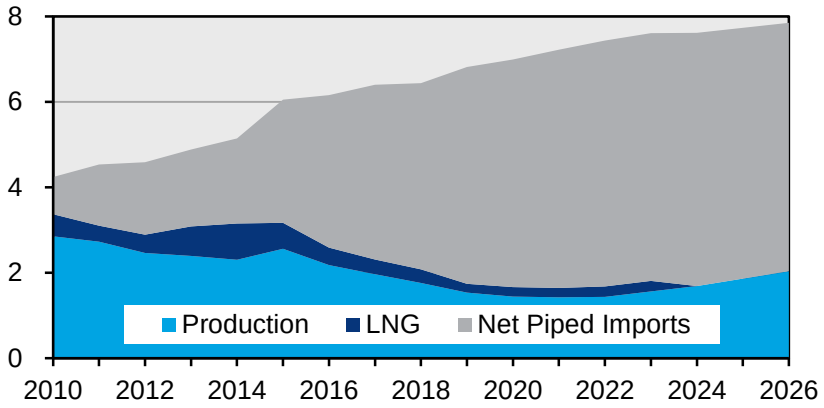
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Drivers of Future Growth

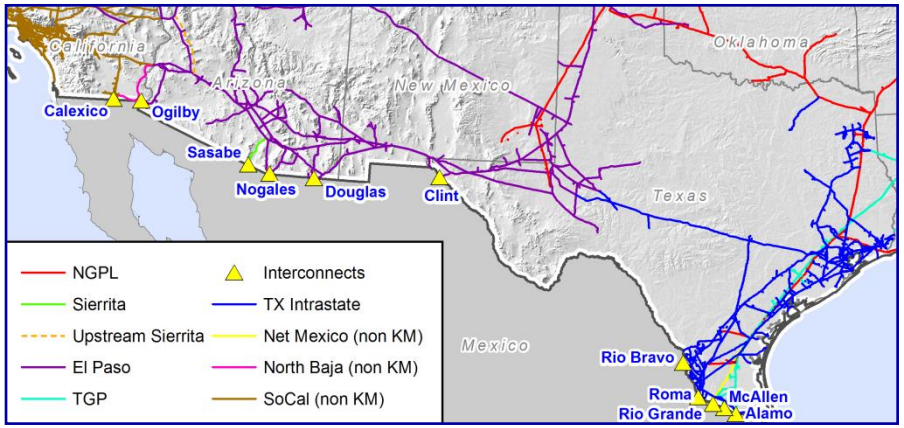
Kinder Morgan Delivers ~76% of U.S. Exports to Mexico

- **Exports to Mexico are forecasted to increase by 2.0 Bcf/d to 5.6 Bcf/d by 2021[a]**
- **KM deliveries to Mexico ~2.8 MMDth/d[b] through 17 interconnects (12 direct & 5 indirect)**
  - KM up 20% from 2015; 76% of 2016 U.S. total
  - Well positioned to serve incremental demand through extensive network connected to multiple prolific supply basins
- **KM projects and new long term commitments for export to Mexico entered into since 2013:**
  - Capacity: ~2.4 MMDth/d
  - Capital: ~$667 MM

Mexico Gas Supply (Bcf/d)[a]



KM Asset	KM Project / Transportation (Shipper)	Contracted Capacity (MDth/d)	In-Service Date	KM Capital ($MM)
Sierrita	Sierrita Gas PL (CFE)	200	10/2014	$64.1
EPNG	S. Mainline Exp. (CFE)	471	10/2014 - 7/2020	$134.8
TX Intra	Mier Monterrey (MexGas/Others)	225	12/2014	$94.0
EPNG	Transport (CFE)	85	2014 / 2017	NA
TGP	S. System Flex (MexGas)	500	1/2015 - 12/2015 - 10/2016	$229.6
TGP	Transport (MexGas)	100	1Q 2016	NA
TX Intra	Crossover Project [c]	527	9/2016	$125.0
EPNG	Transport (GIGO)	20	4Q 2016	NA
EPNG	Trans. (Mexicana de Cobre)	9	4Q 2016	NA
Sierrita	Sierrita Gas PL Expansion (CFE)	230	4/2020	$19.8



(a) Wood Mackenzie, Fall 2016 North America Natural Gas Long-Term Outlook, December 2016.
(b) 2016 calendar year average.
(c) Commitment to part of larger Crossover project designed to support LNG Exports, Gulf Coast Industrial demand and Exports to Mexico.

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Drivers of Future Growth

Other

- **Power generation**
  - Continued trend of generators procuring firm transportation and storage services to ensure their performance in ISO capacity reliability programs
  - Increasing need for transportation, storage and ancillary services to backstop variable renewable generation
- **New opportunities in growing export markets**
  - Storage and ancillary services in support of LNG liquefaction and exports to Mexico
- **Industrial growth markets**
  - Well positioned to serve >$170 billion announced U.S. natural-gas related petrochemical expansion projects ($76 billion completed or under construction)[(a)]
- **Residential and commercial markets**
  - Small to moderate expansions and extensions off our existing footprint to support LDC growth around the country, especially New England
- **Supply-based expansions/extensions**
  - Expansions and extensions off existing network to support growth as demand balances with existing supply

(a) American Chemistry Council, *Trade: A Pro-Growth, Pro-Competitiveness Agenda for Chemical Manufacturing factsheet*, December 21, 2016.

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Contracted Capacity and Term by Region

Region		Contracted Capacity	Average Term Remaining
North	Storage	355 Bcf	3 yr, 1 mo
	Transport	19.7 Bcf/d	6 yr, 2 mo
South	Storage	52 Bcf	1 yr, 8 mo
	Transport	13.5 Bcf/d	7 yr, 8 mo
	LNG	18 Bcf	15 yr, 5 mo
West	Storage	45 Bcf	5 yr, 4 mo
	Transport	17.4 Bcf/d	5 yr, 2 mo
Midstream	Purchases	2.5 Bcf/d	2 yr, 0 mo
	Sales	3.0 Bcf/d	2 yr, 6 mo
	Storage	101.8 Bcf	2 yr, 5 mo
	Transport [(a)]	5.1 Bcf/d	6 yr, 10 mo
	Processing	1.8 Bcf/d	6 yr, 1 mo

Interstate Transport Contracts Avg. = 6 yr, 3 mo

- **Net annual incremental re-contracting exposure (KM share)[(b)]: (% of $7.7 billion Total KMI Segment EBDA)**

Region	2018	2019
North	(1.1%)	(0.1%)
South	(0.2%)	(0.7%)
West	(0.1%)	(0.1%)
Midstream	(0.3%)	(0.1%)
Total GPG	(1.7%)	(1.0%)

(a) Gathering contracts not included.
(b) Negative figures represent unfavorable re-contracting exposure. Includes transportation and storage contracts.

Products Pipelines

Segment Outlook

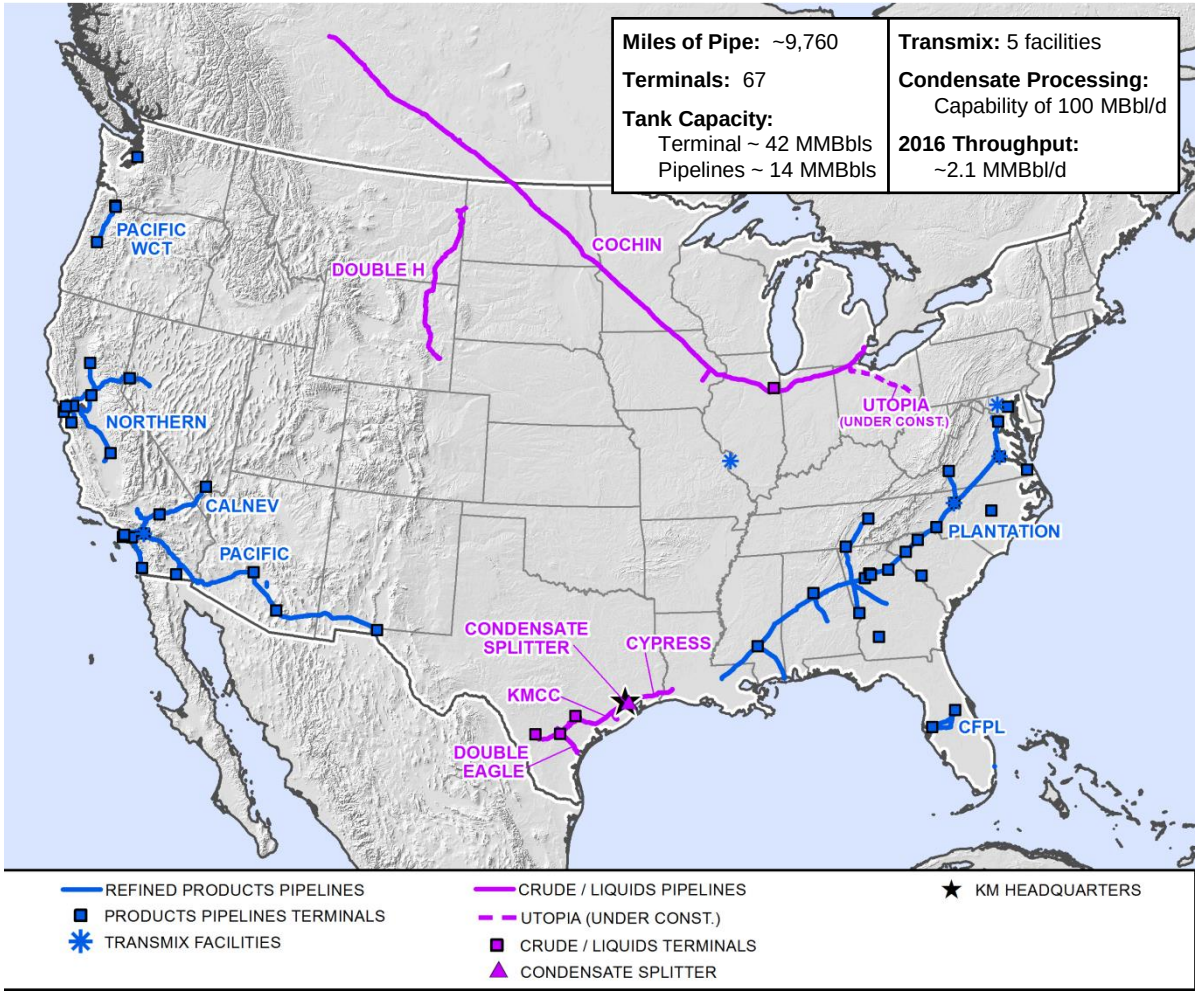
Stable, Strategic Assets

Long-term Growth Drivers:

- Increased demand for refined products volumes
- Development of shale play liquids transportation and processing (e.g. Utopia and KMCC / splitter)
- Tuck-in acquisitions (e.g. KM Phoenix Terminals)
- Expansion of refined products pipeline systems and Terminal Networks
- Repurposing portions of existing footprint in different product uses

Project Backlog:

- $318 million of identified growth projects over next two years[a] (first year total Adjusted EBITDA $22.8 million[b]), including:
  - Utopia
  - Multiple refined products terminaling and biofuels projects



(a) Includes KM share of non-wholly owned projects. Includes projects currently under construction.
(b) KM Share.

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Stability and Growth[(a)]

Refined Products[(b)]:

- **2016:**
  - Refined products volumes 1,651 MBbl/d, up 0.3% vs. 2015
  - Gasoline up 1.2%, diesel down 3.5%, jet fuel up 1.7%
- **2017:**
  - 1,676 MBbl/d budgeted, up 1.5% vs. 2016
  - Budget volume sensitivity: 1% change = $7.5M

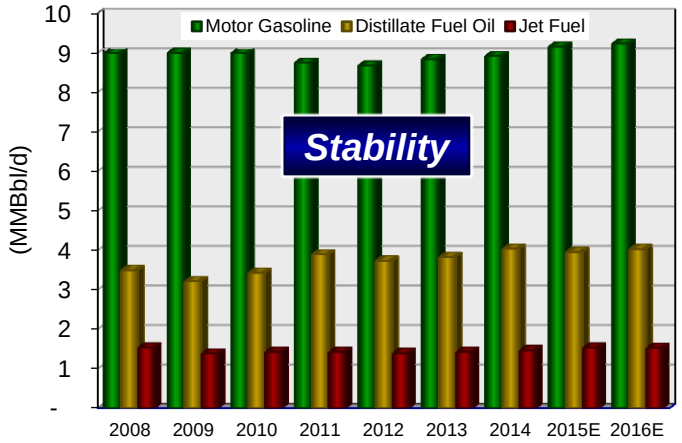
NGLs:

- **2016:**
  - NGL volumes 108 MBbl/d, up 2.7% vs. 2015
  - Drivers: higher volumes on Cochin Pipeline
- **2017:**
  - Budgeted volume up 5.6% vs. 2016
  - Drivers: Increased demand on Cochin; no forecasted turnaround in 2017 at Cypress Pipeline terminus

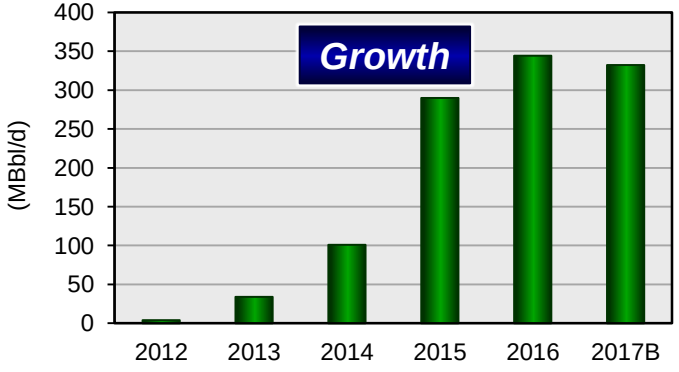
Crude/ Condensate:

- **2016:**
  - Crude/ condensate volumes 323 MBbl/d, up 18.3% vs. 2015
  - Drivers: expansion projects on KMCC/ Double Eagle and acquisition of Double H pipeline
- **2017:**
  - 312 MBbl/d budgeted, down 3.3% vs. 2016
  - Drivers: Decreased production from the Eagle Ford

U.S. Refined Product Consumption[(c)]



KM Crude and Condensate Volume Ramp[(d)]



(a) All volumes reflect KM-share for joint ventures.
(b) Parkway divested July 2016. Parkway volumes and revenue not included.
(c) EIA, Short-term Energy Outlook, January 2017.
(d) Combined throughput of KM crude / condensate pipelines: KMCC, Double Eagle and Double H.

Utopia Pipeline Project



- **Project Scope**
  - 50/50 JV with Riverstone Holdings closed on June 28, 2016
  - 215 mile new build and existing 67 mile 12" pipeline
  - Will transport ethane and ethane-propane mix from points in Harrison County, Ohio to Windsor, Ontario, Canada
  - Supported by long-term, fee-based transportation agreement
  - Initial pipeline capacity of 50 MBbl/d; expandable to 75 MBbl/d
  - Approximate $540 million[(a)] investment
- **Market Drivers**
  - Utopia will provide a new feedstock source for petrochemical companies in Ontario, and a new market outlet for Utica NGL producers
  - Common carrier pipeline system is supported by a long-term (>20 years), fee-based transportation services agreement
- **Project Status and Timeline**
  - ROW acquisition ongoing
  - Commencement of construction 1Q 2017
  - Planned in-service date of January 2018

(a) 100% project cost, excluding AFUDC.

Terminals

Segment Outlook

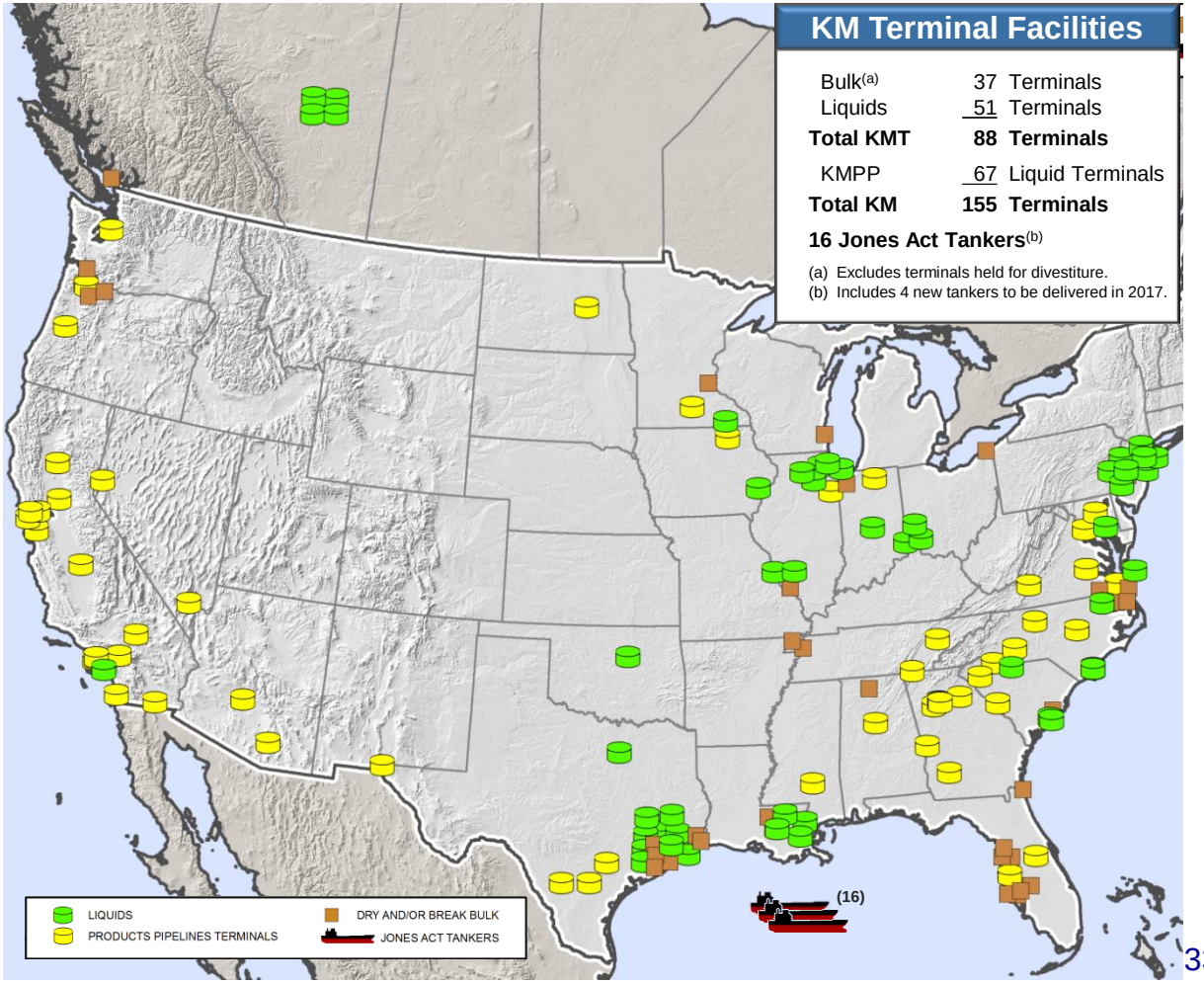
Diversified terminaling system in key refinery / market hubs

Long-term Growth Drivers

- Refined product supply and demand growth
- Gulf Coast liquids exports
- Chemical infrastructure and base business growth built on production increases
- Tuck-in acquisitions

Project Backlog

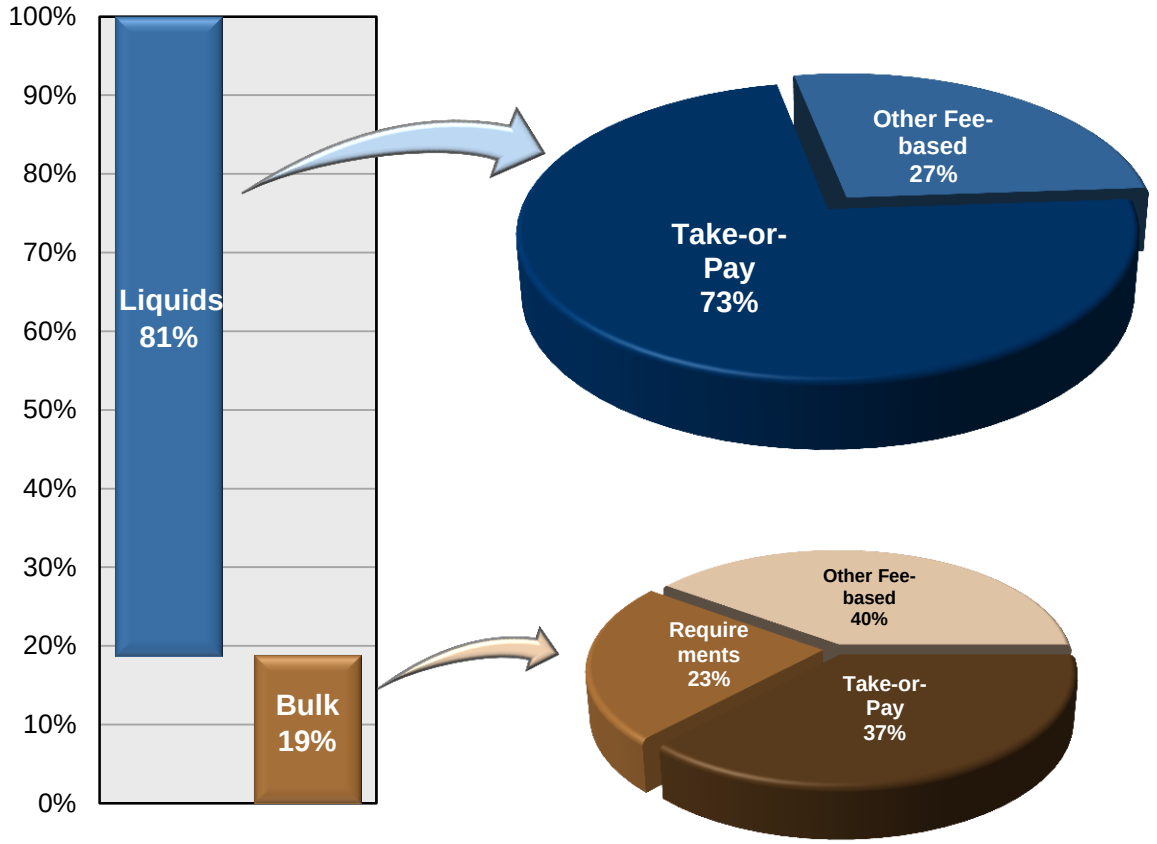
- $1.4 billion of identified growth projects over next 2 years[(a)], including:
  - Houston Ship Channel network expansion
  - Edmonton merchant crude terminal
  - Jones Act tanker builds



(a) Includes KM share of non-wholly owned projects. Includes projects currently under construction.

Stable Fee-Based Business

- ~2/3 of KMT's 2017 budgeted EBDA is supported by take-or-pay contracts



KMT 2017 Budgeted EBDA = $1,178 million

Liquids

- **73% Take-or-pay**
  - fixed monthly lease payments (MWC)
  - minimum throughput guarantees
  - Jones Act tanker charters
- **27% Other fee-based**
  - ancillary fees for blending, additives, dock services, etc.
  - throughput fees

Bulk

- **37% Take-or-pay**
  - minimum throughput guarantees
- **23% Requirements**
  - tied to petroleum coke or steel production
- **40% Other fee-based**
  - throughput & ancillaries

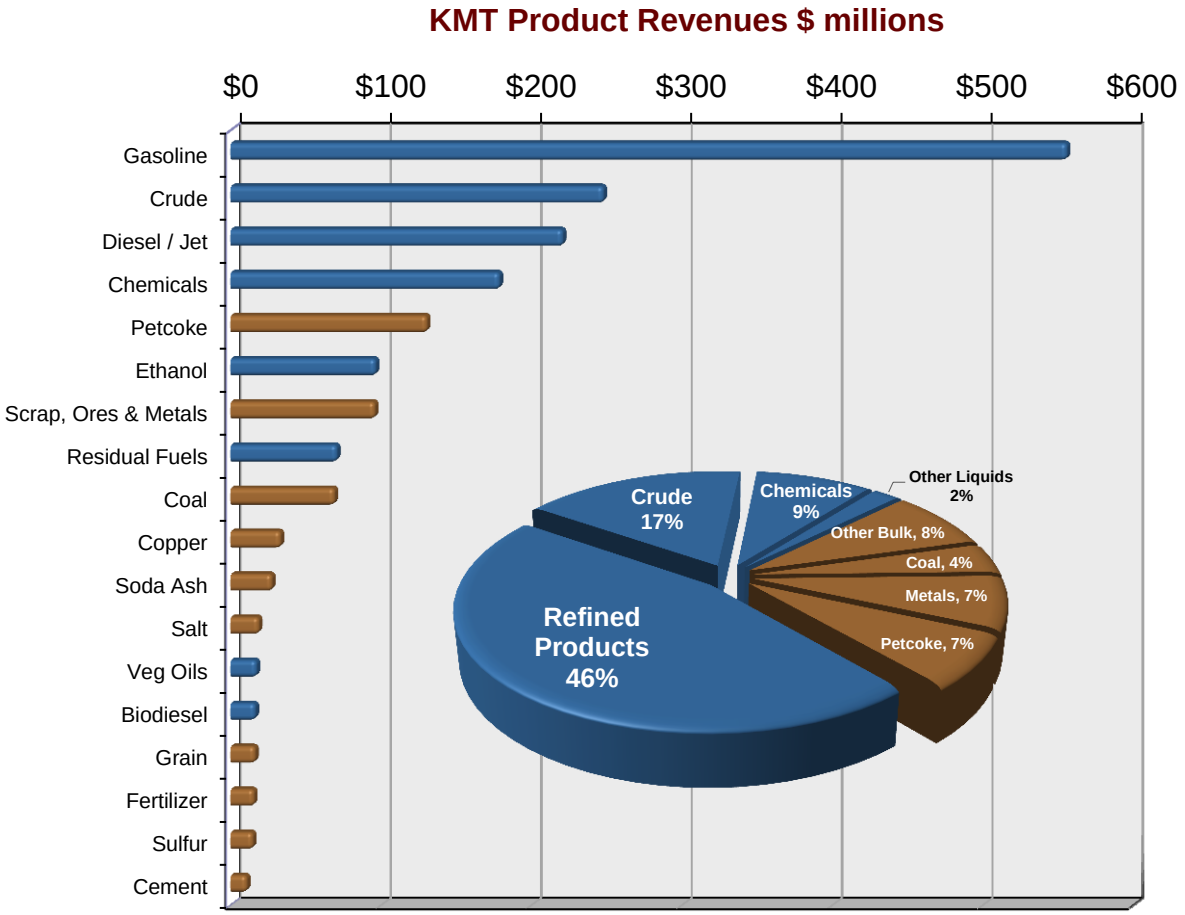
Note: All data is based on 2017 budget.

Diversified Revenues

- **Diversified revenues across liquids and bulk**

	2017 Budget[a] ($ millions)	(percent)
Liquids	$1,426	74%
Bulk	$500	26%
Total Revenue	$1,926	100%
Top-10 Customers[b]	$911	47%

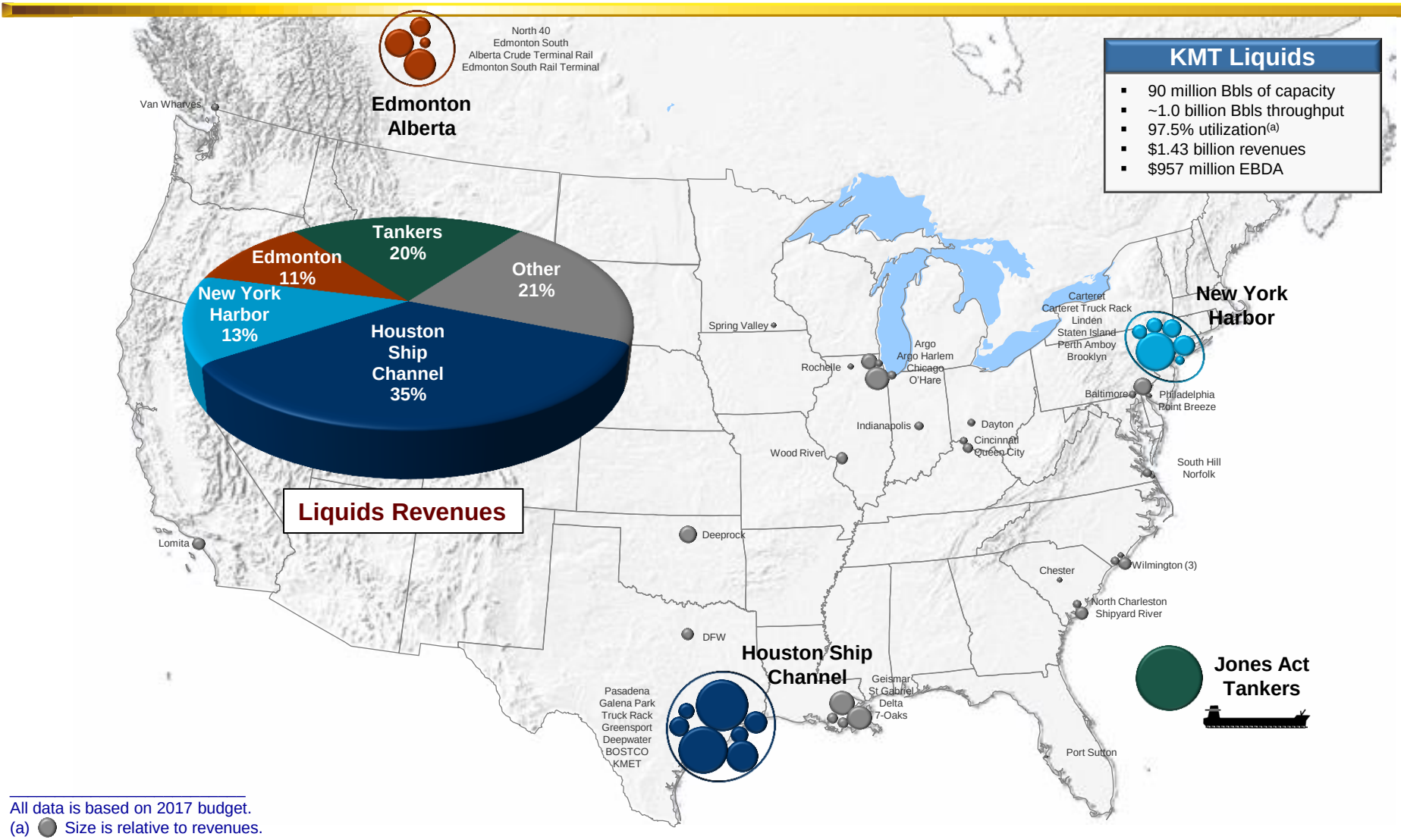
	Average remaining contract term[c] (years)
Liquids	3.7
Bulk	4.9



(a) 2017 budget includes non-controlling interests in certain terminals.
(b) No single customer is greater than 9.5% of revenues.
(c) Budget weighted average as of Jan 1, 2017.

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KMT Presence in Liquids Hubs



All data is based on 2017 budget.
(a) Size is relative to revenues.
(b) Terminal utilizations reflect tankage unavailable for lease due to API inspections and routine maintenance.

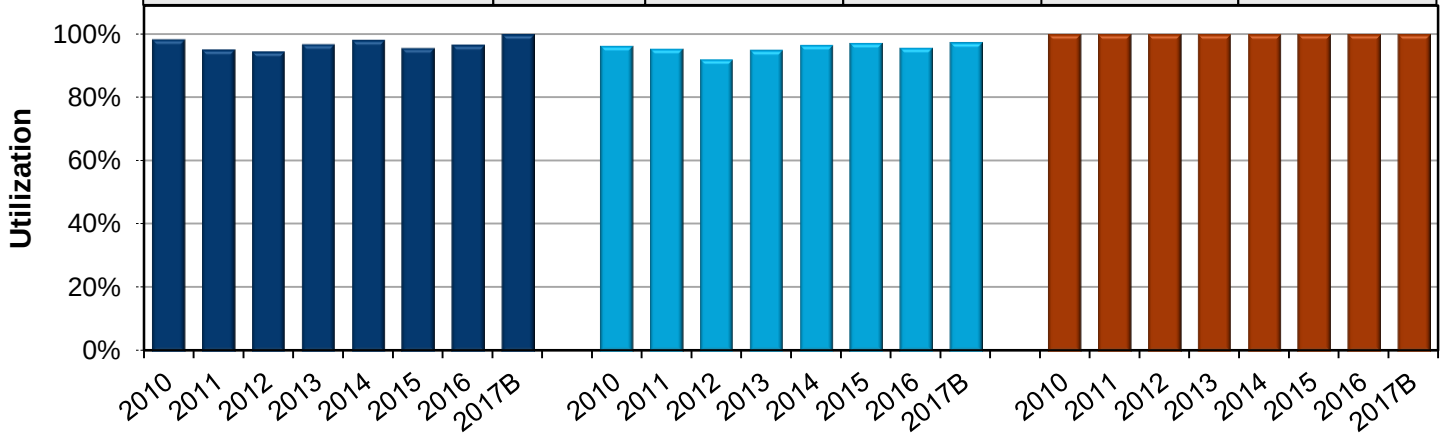
KINDER MORGAN INC.

High Demand Liquids Hubs

Critical infrastructure to industry and our customers, 100% contracted

- **Houston Ship Channel –** largest integrated refined product terminaling system in the world
- **New York Harbor –** global refined product clearing hub with liquid, transparent markets
- **Edmonton –** largest independent Canadian merchant crude terminaling system

	EBDA[a] ($ millions)	Total Terminal Capacity[b] (million Bbls)	Capacity added since 2010[b] (million Bbls)	Average Remaining Contract[c] (years)	Average Utilization (2010-2017B)
Houston Ship Channel	$336	43	16.7	5.5	96.8%
New York Harbor	$121	16	2.9	2.4	95.8%
Edmonton	$100	7	5.1	5.0[d]	100%



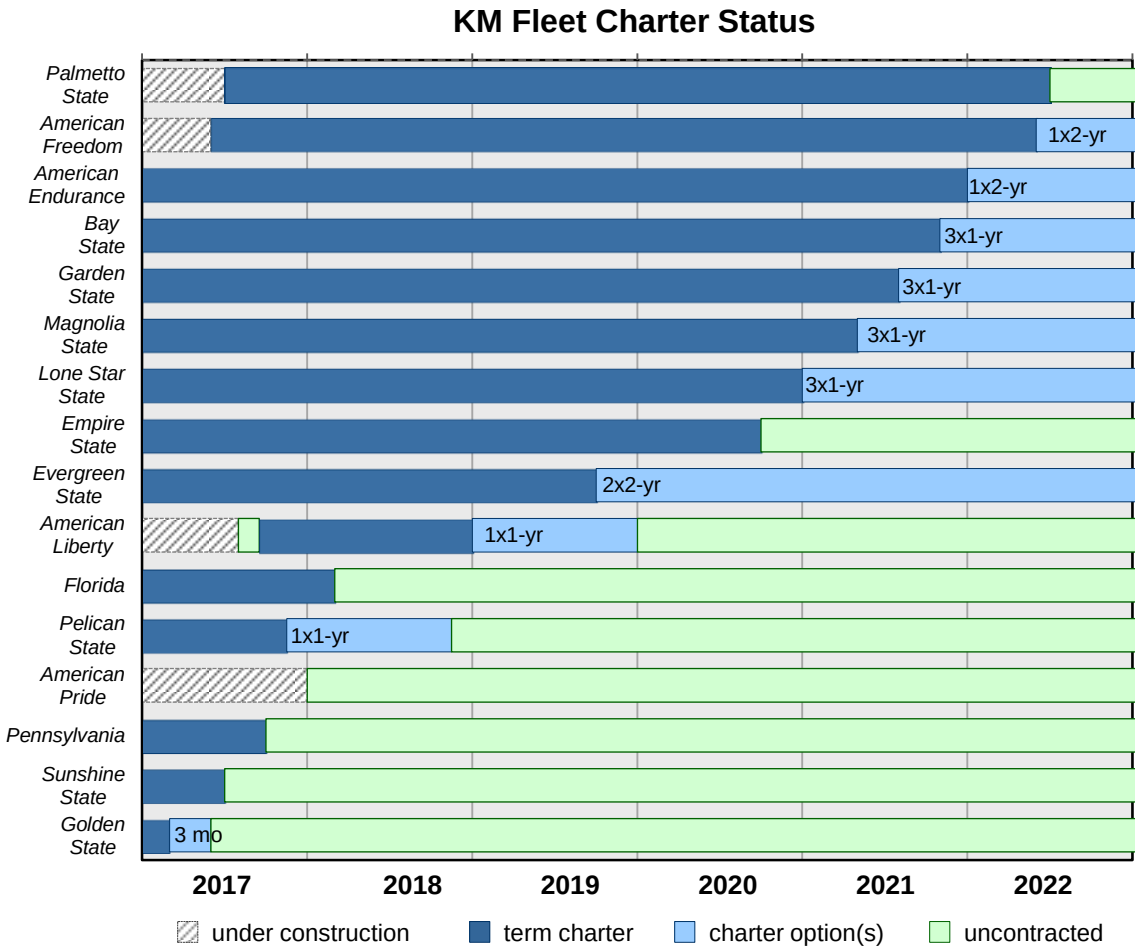
— Terminal utilizations reflect tankage unavailable for lease due to API inspections and routine maintenance

(a) Based on 2017 budget.
(b) Includes tankage currently under construction and to be completed in 2017.
(c) As of Jan 1, 2017.
(d) Excludes Base Line Terminal which will be in service beginning in the 1st quarter 2018 – 7.5 year average contract life.

Tankers – APT Jones Act Fleet

All of APT's available vessels are sailing under time-charter with limited 2017 exposure

- Average term contract length of 2.8 years across 16-vessels
- 4 new vessels to be delivered in '17
  - *American Freedom*
  - *Palmetto State*
  - *American Liberty*
  - *American Pride*
- Currently-uncontracted vessels:
  - **$2.9 million or 0.2% exposure to KMT's 2017 budgeted EBDA**
- Marketing
  - Short-term charters
  - Bundled terminaling services
  - Prompt market voyages



CO_2
Segment Outlook[(a)]

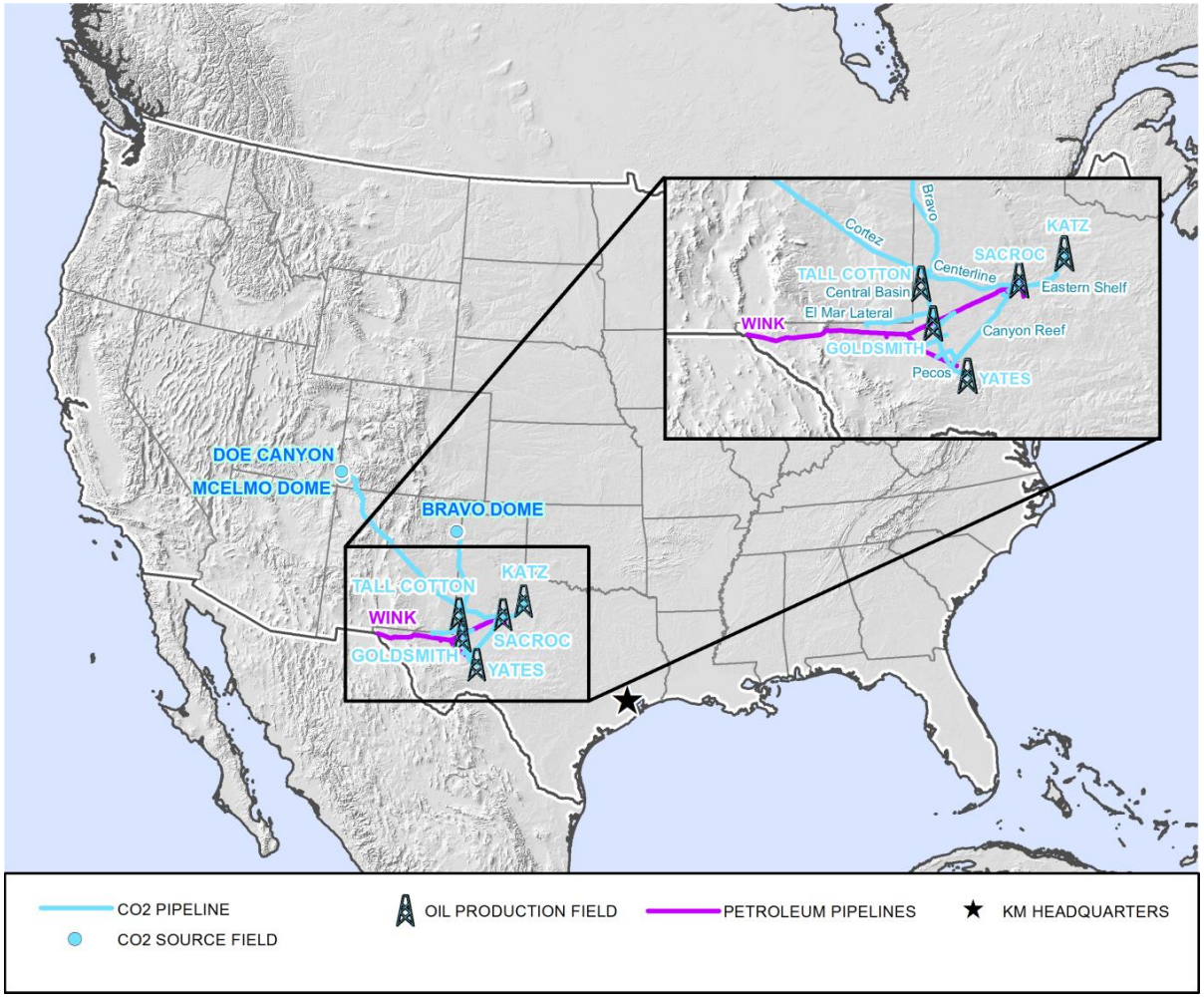
Own and operate best source of CO_2 for EOR

Long-term Growth Drivers:

- Demand for scarce supply of CO_2 drives volume and price
- Expect to maintain current CO_2 production levels with minimal incremental investment
- Billions of barrels of domestic oil still in place to be recovered in the Permian Basin
- >9 billion barrels Original Oil In Place in KM operated fields

Project Backlog:

- Identified growth projects totaling $0.3 billion and $1.1 billion in S&T and EOR, respectively, over next 5 years[(b)], including:
  - S&T: Southwest Colorado CO_2 production
  - EOR: SACROC / Yates / Goldsmith / Tall Cotton oil production



(a) EOR = Enhanced Oil Recovery, S&T = Source & Transport.
(b) Includes KM share of non-wholly owned projects. Includes projects currently under construction.

KM CO_2 Current Outlook

$4.7 Billion Cumulative Free Cash Flow Generated Since Inception[(a)]

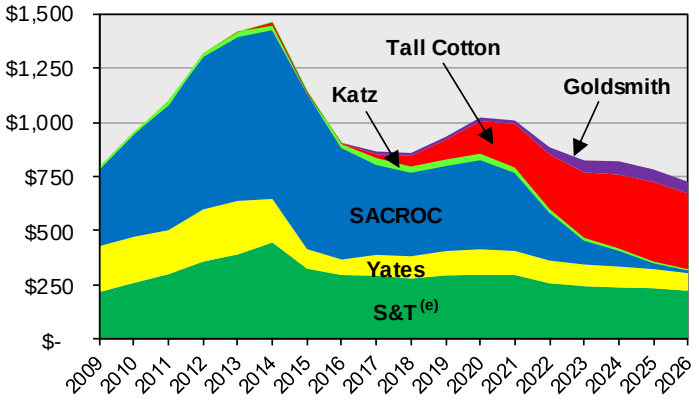
Development Plans 2017-2026

- **SACROC**
  - Continue platform development/redevelopment
  - Expand Bypass Pay/Infill programs
  - Exploit transition zone opportunity
- **Yates**
  - Continue HDH programs and gravity drainage depletion plan
  - Initiate new Westside Waterflood
  - Evaluate HCM pilot
- **Katz**
  - Continue conformance program
  - Optimize flood performance
- **GLSAU**
  - Continue downspacing evaluation
  - Optimize flood performance
- **Tall Cotton**
  - Commence Phase 2 expansion
  - Develop additional project prospects
- **CO_2 S&T**
  - Maintain capacity in existing source fields (McElmo & Doe Canyon)
  - Optimize production and increase efficiency
  - Manage source portfolio to be prepared for increase in demand

- **Total Business IRR (2000-2026): 28.2%**

2017-2026	Net BOE[(b)] (MMBOE)	KM Share Capex ($MM)[(c)]
SACROC	58	$697
Yates	26	143
Katz	7	61
GLSAU	12	268
Tall Cotton	46	1,006
CO_2 S&T		442
Total	150	$2,617

DCF ($MM)[(e)]



(a) Net of invested capital.
(b) Net BOE = Net Crude plus Net NGLs plus Net Residue Gas sold and thereafter divided by 6.
(c) KM Share Capex is inclusive of Capitalized CO_2 and Capitalized OH.
(d) 2017 = Budget, 2017 at $53/Bbl, 2018 at $55/Bbl, 2019 at $60/Bbl, 2020+ at $65/Bbl; cost metrics based on 2016 run rate; development plans may change in different price scenarios.
(e) CO_2 profits not eliminated from S&T.

2017 Projects – Price Sensitivity

AT IRR % vs Oil Price

$/Bbl	$50 flat	$53 flat	$60 flat	Forward Curve[(a)]
SACROC-Bypass (Long Lateral)	27%	32%	44%	37%
SACROC-Bypass (Sidetrack Lateral)	41%	47%	61%	50%
SACROC Hawaii	14%	19%	30%	22%
Yates Horizontal Drain Hole Program	65%	73%	96%	75%
Tall Cotton Phase 2	32%	36%	43%	38%

- **Budgeted 2017 operating cash costs:**
  - SACROC = $17.91 /Bbl
  - Yates = $13.14 /Bbl

(a) Forward curve as of 1/18/2017.

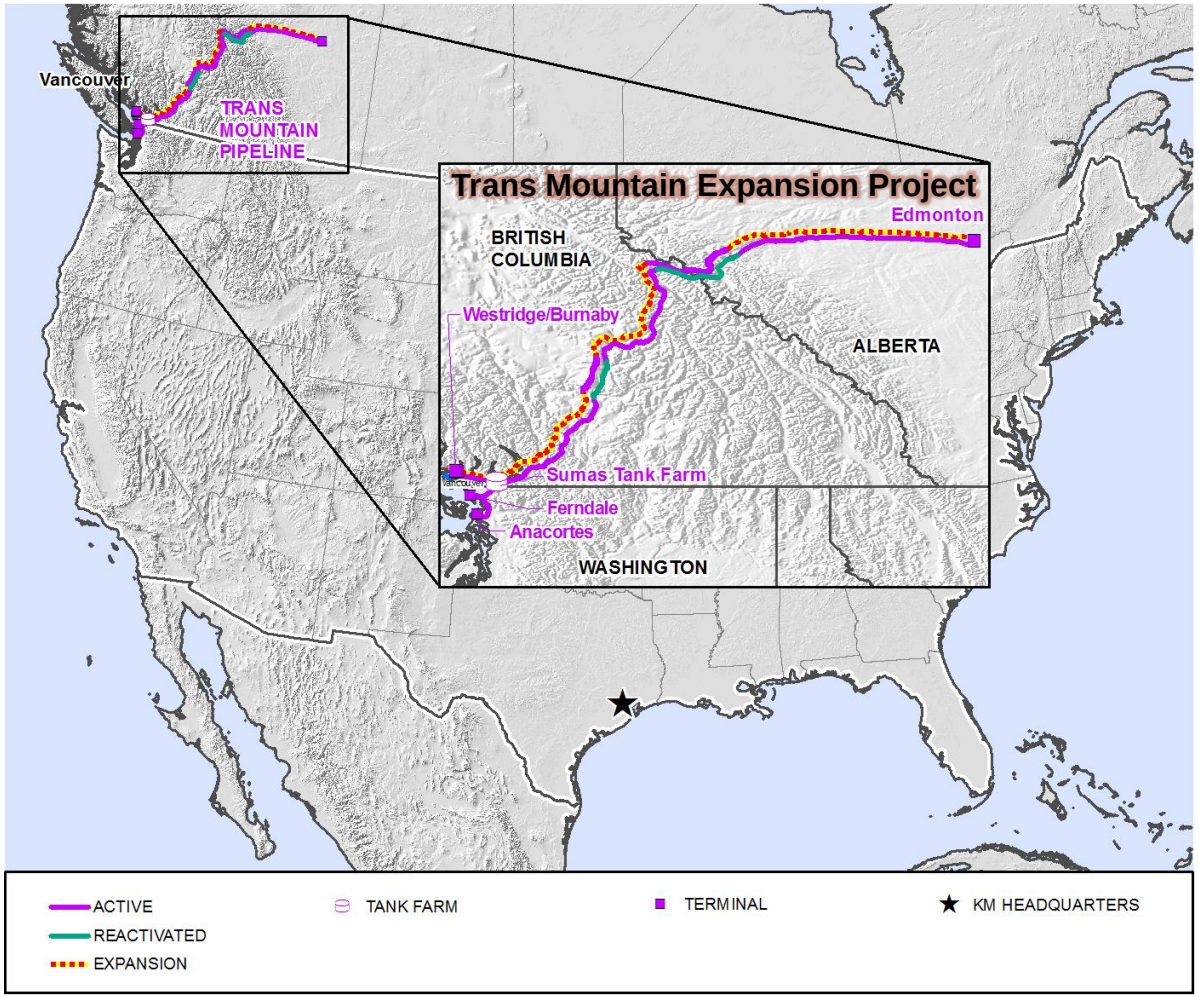
Kinder Morgan Canada

Segment Outlook

Sole oil pipeline from Oilsands to West Coast / export markets

Long-term Growth Drivers:

- Expand Oilsands export capacity to West Coast and Asia
  - Following successful regulatory process, major expansion plans under way
  - The Trans Mountain Pipeline Expansion Project (TMEP) more than doubles capacity, from 300 MBbl/d currently to approximately 890 MBbl/d
  - Strong commercial support from shippers with binding long-term 15 and 20 year contracts for 708 MBbl/d of firm transport capacity
  - Expected in-service end of 2019
- Expanded dock capabilities (Vancouver)
  - TMEP will increase dock capacity to over 600 MBbl/d
  - Access to global markets



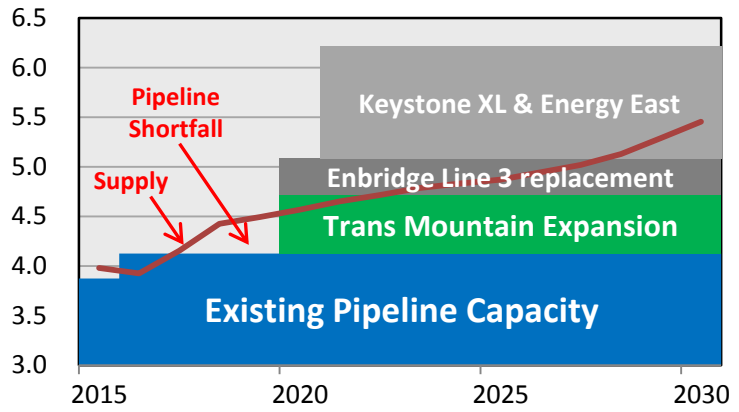
KINDER MORGAN INC.

Trans Mountain Expansion Project (TMEP)

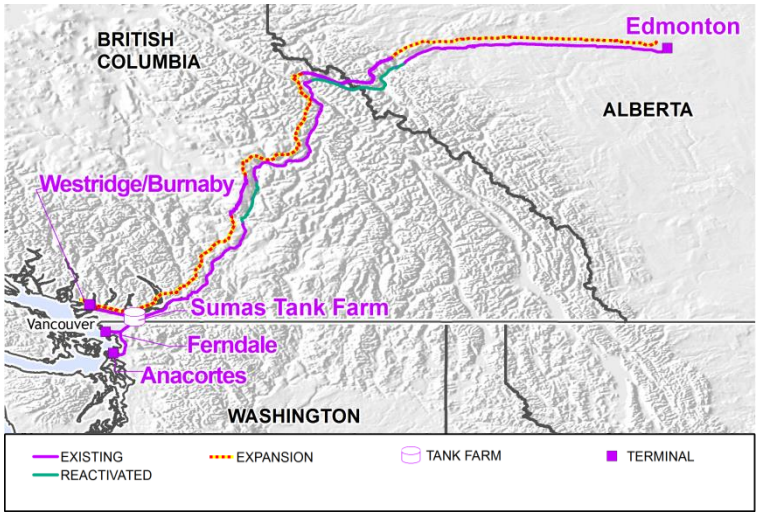
- **Expansion to 890 MBbl/d from 300 MBbl/d today**
  - 615 miles new pipe; 12 new pump stations
  - 630 MBbl/d tanker export capacity; 3 new berths
  - 20 new tanks
- **13 companies contracted for 708 MBbl/d**
  - 15 & 20 year take-or–pay contracts
  - Commercial terms approved by NEB May 2013
- **Projected Cost**
  - Finalizing cost estimates with contractors
  - Demand remains strong; we expect shippers to remain committed or have other shippers subscribe if final costs are above $6.8 billion CAD
  - Each $100mm >$6.8 billion CAD = ~$0.07 tariff increase
  - Additional cost pass through protection during construction
  - Substantial development cost protection
- **Timeline**
  - 2016 - NEB recommendation, May ‘16
    - Federal approval, Dec. ‘16
  - 2017 - B.C. approval, Jan. ‘17
    - Cost review with shippers, Feb. ’17
    - KM FID, 1Q / 2Q 2017
    - Begin construction, Sep. ‘17
  - 2018-2019 - Complete Construction, In-Service Dec. ‘19

(a) Canadian Association of Petroleum Producers (CAPP), 2016 Crude Oil Forecast, Markets & Transportation, June 2016, and KM analysis. Supply represents Western Canada production and Bakken movements.

Western Canada Supply vs Takeaway Capacity (MMBbl/d)[a]



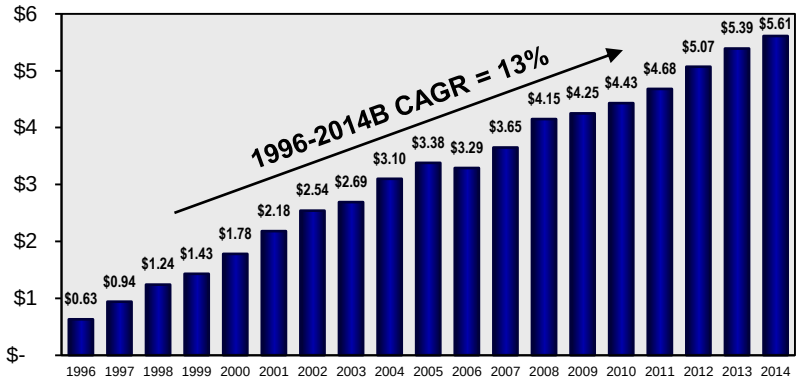
Trans Mountain Expansion Project



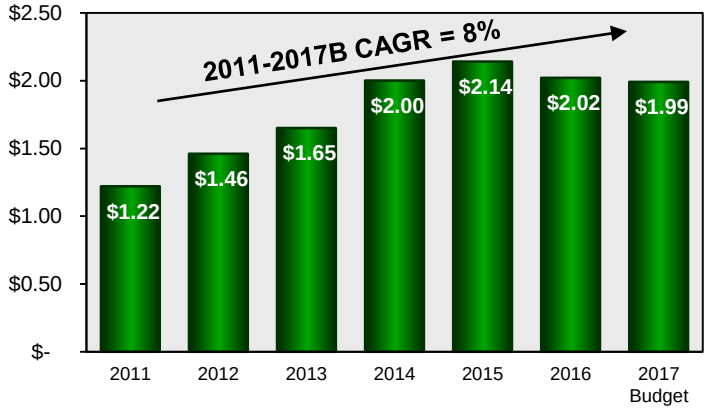
Two Decades of Stable Growth

Strategy Has Led to Consistent, Growing Results

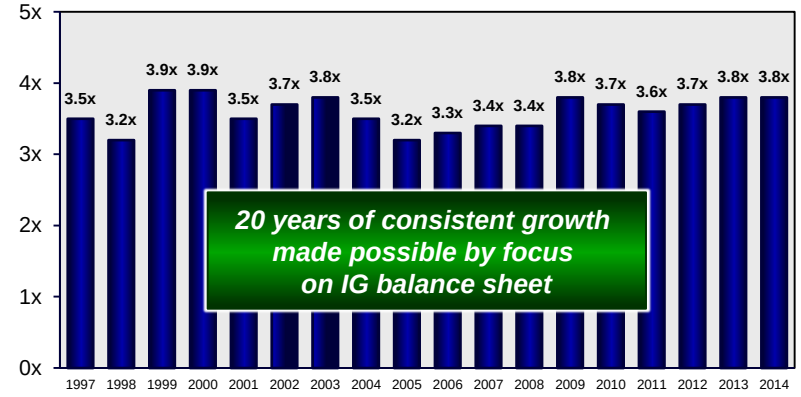
KMP Annual LP DCF per Unit[(a)]



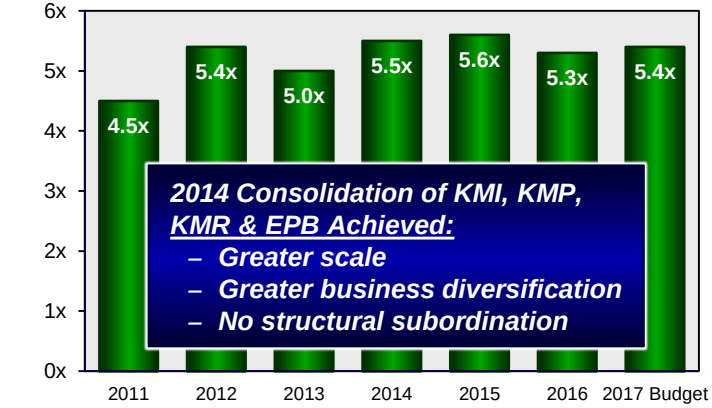
KMI Annual DCF per Common Share



KMP Net Debt/Adjusted EBITDA[(b)]



KMI Net Debt/Adjusted EBITDA[(b)]



Notes: DCF and Adjusted EBITDA are before Certain Items (non-GAAP measures). 2017 per budget. See Appendix for defined terms and reconciliations to GAAP measures.
KMP was Kinder Morgan's primary investment vehicle and held the majority of operating assets from 1996 to 2014.

(a) KMP annual LP DCF per share. 2014 data per budget as KMP was acquired by KMI prior to close of 4Q 2014. Assumes full distribution of DCF per unit for 1996-1999.

(b) Debt is net of cash and excludes fair value adjustments. KMP 2014 as of 9/30/2014.

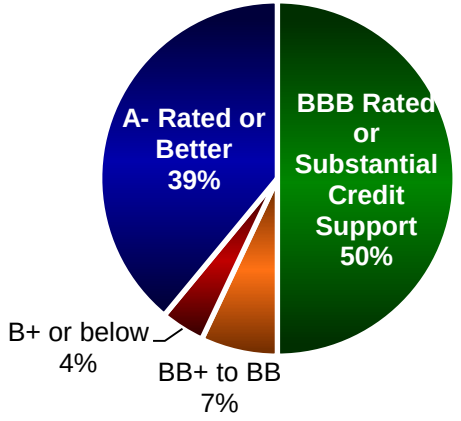
KMI Counterparty Exposure

Strong Customer Credit, Valuable Services Limit KMI's Risk[a]

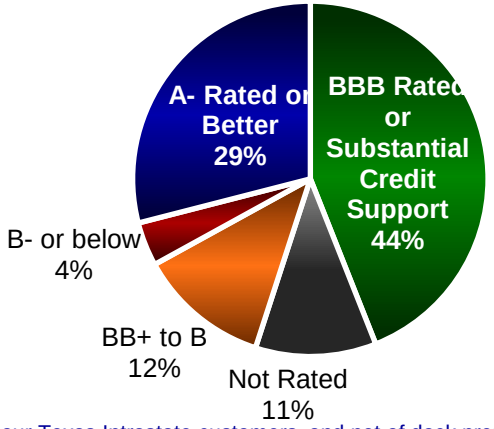
High-Quality, Diversified Customer Base

- **KMI's 2016 DCF was impacted by less than $10 million due to oil & gas bankruptcies**
- **Greater than 2/3 of revenue[b] generated by end-users (utilities, LDCs, refineries, chemical, large integrateds, etc.)**
- **KMI's average customer represents less than 0.10% of annual revenue[b]**
- **Top 25 customers = ~50% of KMI's revenue[b]**
- **Top 218 customers[c] = ~88% of KMI's revenue[b]**
  - <4% of these revenues from customers with B- or lower rating (net exposure is approximately half[d] of this)

Top 25 Customers[b]



Top 218 Customers[b,c]



(a) Company credit ratings as of 2/6/2017.
(b) Based on budgeted 2017 net revenues, which include our share of unconsolidated joint ventures, net margin for our Texas Intrastate customers, and net of dock premiums for our Canadian customers. Company credit ratings per S&P and Moody's. The charts above use S&P's equivalent rating symbols utilizing a blended rate for split-rated companies.
(c) Customers who individually represent >$5 million of 2017 budgeted revenue.
(d) Net exposure is revenues less credit support less market value of capacity.

2017 Budgeted Growth Capital

(millions)

- **2017 budgeted growth capital fully funded by internally generated cash flow, with no requirement to access capital markets**

Growth capital	2017 Budget[(a)]	2016 Actual
Natural Gas Pipelines	$ 1,762	$ 1,304
CO_2 - S&T	31	(2)
CO_2 - EOR	321	265
Products Pipelines	199	183
Terminals	730	947
Kinder Morgan Canada	197	110
Total growth capital	**$ 3,240**	**$ 2,807**

(a) 2017 includes JV contributions of $1,109 million and JV catch-up contributions (Elba Liquefaction, Trans Mountain) of $575 million.

Self-Reliant Funding

No Need to Access Capital Markets During 2017

(millions)

- **Distributable cash flow can fully cover dividends and growth capital needs**
  - No need to access equity market in 2017
- **Over $5 billion of liquidity at beginning of 2017 adds tremendous flexibility**
  - No need to access debt market in 2017
- **2017 budget assumes a 50% partner on Trans Mountain to fund its share of expansion capital**
  - Budget does not include any proceeds in excess of the partner's share of expansion capital
  - KMI expects to receive such proceeds, but did not quantify them for budget purposes

Sources	2017 Budget
DCF	$ 4,456
LT Debt Issuance	2,500
ST Borrowing (net of cash)[(a)]	(36)
Total Sources	**$ 6,920**

Uses	2017 Budget
Dividends	$ 1,120
Growth Capital	3,240
Debt Maturities[(b)]	2,560
Total Uses	**$ 6,920**

Note: See Appendix for defined terms and reconciliations of non-GAAP measures for the historical period.

(a) Excludes changes in working capital including potential rate case refunds.

(b) 2017 Budget assumes EP Trust Preferred Securities, which are convertible into the EP merger consideration, are not converted during 2017. Budget also assumes Cora revenue bonds are not put to KMI during 2017. Both are classified as short term debt under GAAP.

Credit Ratios and Liquidity[a]

($ in millions)

Leverage metrics	2013	2014	2015	2016	2017 Budget
Net debt[b] to Adjusted EBITDA	**5.0x**	**5.5x**	**5.6x**	**5.3x**	**5.4x**
Adjusted EBITDA to Interest, net	3.9x	4.1x	3.5x	3.6x	3.8x

Revolver capacity[c]	
Committed revolving credit facility	$ 5,000
Less:	
CP / Revolver borrowing	-
Letters of credit	(160)
Excess capacity	**$ 4,840**

Long-term debt maturities[d]	
2017	$ 2,560
2018	2,329
2019	3,820
2020	2,204
2021	2,422

Note: As of 12/31/2016. See Appendix for defined terms and reconciliations of non-GAAP measures for the historical period.
(a) Debt of KMI and its consolidated subsidiaries excluding fair value adjustments.
(b) Debt as defined in footnote above, net of cash and excluding Kinder Morgan G.P. Inc.'s $100 million preferred stock due 2057.
(c) KMI corporate revolver (maturity in November 2019).
(d) 5-year maturity schedule of annual aggregate long-term debt principal.

Use of Non-GAAP Financial Measures

The non-generally accepted accounting principles (non-GAAP) financial measures of distributable cash flow (DCF), both in the aggregate and per share, segment earnings before depreciation, depletion, amortization and amortization of excess cost of equity investments (DD&A) and Certain Items (Segment EBDA before Certain Items), net income before interest expense, taxes, DD&A and Certain Items (Adjusted EBITDA), and adjusted earnings (Adjusted Earnings), both in the aggregate and per share, are presented herein . Our non-GAAP measures described above should not be considered alternatives to GAAP net income or other GAAP measures and have important limitations as analytical tools. Our computations of DCF, Segment EBDA before Certain Items, Adjusted EBITDA and Adjusted Earnings may differ from similarly titled measures used by others. You should not consider these non-GAAP measures in isolation or as substitutes for an analysis of our results as reported under GAAP. Management compensates for the limitations of these non-GAAP measures by reviewing our comparable GAAP measures, understanding the differences between the measures and taking this information into account in its analysis and its decision making processes. Reconciliations of DCF, Segment EBDA before Certain Items, Adjusted EBITDA and Adjusted Earnings to their most directly comparable GAAP financial measures are included herein.

Certain Items are items that are required by GAAP to be reflected in net income, but typically either (1) do not have a cash impact (for example, asset impairments), or (2) by their nature are separately identifiable from our normal business operations and in our view are likely to occur only sporadically (for example certain legal settlements, hurricane impacts and casualty losses).

DCF is a significant performance measure used by us and by external users of our financial statements to evaluate our performance and to measure and estimate the ability of our assets to generate cash earnings after servicing our debt and preferred stock dividends, paying cash taxes and expending sustaining capital, that could be used for discretionary purposes such as common stock dividends, stock repurchases, retirement of debt, or expansion capital expenditures. Management uses this measure and believes it provides users of our financial statements a useful measure reflective of our business's ability to generate cash earnings to supplement the comparable GAAP measure. We believe the GAAP measure most directly comparable to DCF is net income available to common stockholders. DCF per share is DCF divided by average outstanding common shares and restricted stock awards that participate in dividends.

Segment EBDA before Certain Items is used by management in its analysis of segment performance and management of our business. General and administrative expenses are generally not under the control of our segment operating managers, and therefore, are not included when we measure business segment operating performance. We believe Segment EBDA before Certain Items is a significant performance metric because it provides us and external users of our financial statements additional insight into the ability of our segments to generate segment cash earnings on an ongoing basis. We believe it is useful to investors because it is a measure that management uses to allocate resources to our segments and assess each segment's performance. We believe the GAAP measure most directly comparable to Segment EBDA before Certain Items is segment earnings before DD&A and amortization of excess cost of equity investments (Segment EBDA). Segment EBDA before Certain Items is calculated by adjusting Segment EBDA for the Certain Items attributable to a segment, which are specifically identified in the footnotes to the accompanying tables when reported.

Adjusted EBITDA is used by management and external users, in conjunction with our net debt, to evaluate certain leverage metrics. Therefore, we believe Adjusted EBITDA is useful to investors. We believe the GAAP measure most directly comparable to Adjusted EBITDA is net income. Adjusted EBITDA is calculated by adjusting net income before interest expense, taxes, and DD&A (EBITDA) for Certain Items, noncontrolling interests before Certain Items, and KMI's share of Certain Equity Investees' DD&A and book taxes, which are specifically identified in the footnotes to the accompanying tables when reported.

Adjusted Earnings is used by certain external users of our financial statements to assess the earnings of our business excluding Certain Items as another reflection our business's ability to generate earnings. We believe the GAAP measure most directly comparable to Adjusted Earnings is net income available to common stockholders. Adjusted Earnings per share is Adjusted Earnings divided by Average Adjusted Common Shares which include KMI's weighted average common shares outstanding, unvested restricted shares that contain rights to dividends (which may not be dilutive under GAAP) and any shares resulting from dilutive impact of warrants under treasury stock method.

Budgeted Net Income is not provided (the GAAP financial measure most directly comparable to DCF and Adjusted EBITDA) due to the inherent difficulty and impracticability of predicting certain amounts required by GAAP, such as ineffectiveness on commodity, interest rate and foreign currency hedges, unrealized gains and losses on derivatives marked to market, and potential changes in estimates for certain contingent liabilities.

Certain Equity Investees, for the periods during which these are accounted for as equity method investments, include Plantation, Cortez, SNG, ELC, MEP, FEP, EagleHawk, Red Cedar, Bear Creek, Cypress, Parkway, Sierrita, Bighorn, Fort Union, Webb/Duvall, Liberty, Double Eagle, Endeavor, WYCO, GLNG, Ruby, Young Gas, Citrus, NGPL and others. DD&A and sustaining capex for Plantation and Cortez were made beginning in 2017. For joint ventures consolidated by KMI, JV DD&A and sustaining capex are net of our partners' share of these items.

GAAP Reconciliation

($ in millions)

Reconciliation of DCF	Yr. Ended 12/31/16
Net Income	$ 721
Certain Items	933
Net Income before Certain Items (Adjusted Earnings)	1,654
DD&A	2,268
JV DD&A[(a)]	349
Book taxes[(b)]	993
Cash taxes	(79)
Noncontrolling interests[(c)]	(21)
Sustaining capex including KMI share of JV sustaining capex	(540)
Other[(e)]	43
Distributable Cash Flow (DCF) attributable to Kinder Morgan, Inc.	4,667
Preferred stock dividends	(156)
DCF attributable to Common Stockholders	$ 4,511

Reconciliation of Segment EBDA before Certain Items	
Segment EBDA before DD&A	$ 6,366
Certain Items impacting segments	1,119
Segment EBDA before Certain Items	7,485

Reconciliation of net debt	
Long-term debt excluding fair value adjustments[(f)]	$ 36,148
Current portion of debt	2,696
Less: cash & equivalents	(684)
Net debt	$ 38,160

Reconciliation of Adjusted EBITDA	Yr. Ended 12/31/16
Net Income	$ 721
Certain Items	933
Net Income before Certain Items (Adjusted Earnings)	1,654
Book taxes[(b)]	993
Noncontrolling interests[(c)]	(21)
DD&A	2,268
JV DD&A[(a)]	349
Interest, net before Certain Items	1,999
Adjusted EBITDA	$ 7,242

Certain Items	
Acquisition related costs	$ 13
Fair value amortization	(143)
Contract early termination revenue	(57)
Legal and environmental reserves	(16)
Mark to market and ineffectiveness	75
Loss on impairments and divestitures, net	848
Project write-offs	171
Other[(g)]	24
Subtotal	915
Book taxes on Certain Items	18
Total Certain Items	$ 933

Note: Definitions for defined terms found in the Appendix.

(a) Includes KMI share of Certain Equity Investees DD&A.

(b) Includes KMI share of Certain Equity Investee book taxes of $94 million, and excludes book taxes on Certain Items of $13 million.

(c) Before Certain Items. Represents net income allocated to third-party ownership interests in consolidated subsidiaries.

(d) Includes KMI share of Certain Equity Investee sustaining capital expenditures $90 million.

(e) Consists primarily of book to cash timing differences related to certain defined benefit plans partially offset by retiree medical contributions.

(f) Excludes Kinder Morgan G.P. Inc.'s $100 million preferred stock due 2057 and ($43) million non-cash foreign exchange impact on KMI's Euro-denominated debt.

(g) 2016 Other Certain Items include $14 million employee right-sizing, $5 Nassau crane incident, $4 Berry bankruptcy, $4 CBS closure, ($4) mark to market power contract adj. and $1 other.

Notes


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