EL PASO CORP/DE
Form 425
January 25, 2012

Filed by Kinder Morgan, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934.

Subject Company: El Paso Corporation

Commission File No.: 001-14365

Commission File No. for Registration Statement

on Form S-4: 333-177895

Representatives of Kinder Morgan, Inc (KMI) made presentations, including the following presentations, on January 25, 2012 during KMI s 2012 Investor Conference.

Stable Platforms, Exceptional Growth
January 25, 2012

IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC

Kinder Morgan, Inc. (KMI) has filed with the SEC a Registration Statement on Form S-4 in connection with the merger agreement providing for the proposed acquisition of El Paso Corporation (EP), including a preliminary Information Statement/Prospectus of KMI and a preliminary Proxy Statement of EP. The Registration Statement has not yet become effective. Following the Registration Statement having been declared effective by the SEC, KMI and EP plan to file with the SEC and mail to their respective stockholders a definitive Information

Statement/Proxy
Statement/Prospectus
in
connection
with
the
proposed
transaction.
INVESTORS
AND
SECURITY
HOLDERS
ARE
URGED
TO
READ
THE
REGISTRATION
STATEMENT
AND
THE
PRELIMINARY
INFORMATION
STATEMENT/PROXY
STATEMENT/PROSPECTUS
AND
ANY
OTHER
RELEVANT
DOCUMENTS
FILED
OR
TO
BE
FILED
BY
KMI
OR
EP,
INCLUDING
THE
DEFINITIVE
INFORMATION
STATEMENT/PROXY
STATEMENT/PROSPECTUS,
BECAUSE
THEY
CONTAIN
OR
WILL

CONTAIN IMPORTANT INFORMATION. Investors and security holders are able to obtain free copies of the Registration Statement and the preliminary Information Statement/Proxy Statement/Prospectus and other documents filed with the SEC by KMI and EP through the web site maintained by the SEC at www.sec.gov or by phone, e-mail or written

request
by
contacting
the
investor
relations
department
of
KMI
or
EP
at
the
following:
Kinder Morgan, Inc.
El Paso Corporation
Address:
500 Dallas Street, Suite 1000
1001 Louisiana Street
Houston, Texas 77002
Houston, Texas 77002
Attention: Investor Relations
Attention: Investor Relations
Phone:
(713) 369-9490
(713) 420-5855
E-mail:
kmp_ir@kindermorgan.com
investorrelations@elpaso.com
This
communication
shall
not
constitute
an
offer
to
sell
or
the
solicitation
of
an
offer
to
buy
any
securities,
nor
shall

there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of

Section 10 of the Securities Act of 1933, as amended.

PARTICIPANTS IN THE SOLICITATION

KMI and EP, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxi
merger agreement. Information regarding KMI s directors and executive officers is contained in KMI s Form 10-K for the ye
Information regarding EP s directors and executive officers is contained in EP s Form 10-K for the year ended December 31,
the SEC. A more complete description will be available in the Registration Statement and the Information Statement/Proxy Sta

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

Statements in this document regarding the proposed transaction between KMI and EP, the expected timetable for completing the proposed transaction, future financial and operating results, benefits and synergies of the proposed transaction, future opportunities for the combined company, the sale of EP s exploration and production assets, the possible drop-down of assets and any other statements about KMI or EP managements future expectations, beliefs, goals, plans or prospects constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words believes, plans, anticipates, expects, estimates and similar expressions) should also be considered to be forward looking statements. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward looking statements, including: the ability to consummate the proposed transaction; the ability to obtain the requisite regulatory, shareholder approvals and the satisfaction of other conditions to consummation of the transaction; the possibility that financing might not be available on the terms committed; the ability to consummate contemplated asset sales; the ability of KMI to successfully integrate EP s operations and employees; the ability to realize anticipated synergies and cost savings; the potential impact of announcement of the transaction or consummation of the transaction on relationships, including with employees, suppliers, customers and competitors; the ability to achieve revenue growth;

national,
international,
regional
and
local
economic,
competitive
and
regulatory
conditions
and
developments;
technological
developments;
capital
and
credit
markets
conditions;
inflation
rates;
interest
rates;
the
political
and
economic
stability
of
oil
producing
nations;
energy
markets,
including
changes
in
the
price
of
certain
commodities;
weather
conditions;
environmental
conditions;
business
and
regulatory
or

legal decisions; the pace of deregulation of retail natural gas and electricity and certain agricultural products; the timing and success of business development efforts; terrorism; and the other factors described in KMI s and EP s Annual Reports on Form 10 K for the year ended December 31, 2010 and their most recent quarterly reports filed with the SEC. KMI and EP disclaim any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this document.

2

Use of Non-GAAP Financial Measures
KMP
The non-generally accepted accounting principles ("non-GAAP") financial measures of distributable cash flow before certain i
aggregate
and
per
unit),
segment
earnings
before
depreciation,
depletion,
amortization
and
amortization
of
excess
cost
of
equity
investments
("DD&A") and certain items, segment distributable cash flow before certain items, and earnings before interest, taxes and DD&
certain items are included in this presentation. Our non-GAAP financial measures may be different from those used by others,
considered as alternatives to GAAP measures such as net income or any other GAAP measure of liquidity or financial perform
Distributable cash flow before certain items and EBITDA before certain items are significant metrics used by us and by extern
statements, such as investors, research analysts, commercial banks and others, to compare basic cash flows generated by us to t
distributions we expect to pay our unitholders on an ongoing basis. Management uses these metrics to evaluate our overall per
Distributable cash flow before certain items also allows management to simply calculate the coverage ratio of estimated ongoi
expected cash distributions. Distributable cash flow before certain items and EBITDA before certain items are also important
measures
for
our
unitholders
because
they
serve
as
indicators
of

our success in providing a cash return on investment. These financial measures indicate to investors whether or not KMP typically is generating cash flow at a level that can sustain or support an increase in the quarterly distributions we are paying pursuant to the KMP partnership agreement. The partnership agreement requires us to distribute all available cash. Distributable cash flow before certain items, EBITDA before certain items and similar measures used by other publicly traded partnerships are also quantitative measures used in the investment community because the value of a unit of such an entity is generally determined by the unit's yield (which in turn is based on the amount of cash distributions the entity pays to a unitholder). The economic substance behind our use of distributable cash flow before certain items and EBITDA before certain items is to measure and estimate the ability of our assets to generate cash

flows sufficient to make distributions to our investors. We define distributable cash flow before certain items to be limited partners' pretax income before certain items and DD&A, less cash taxes paid and sustaining capital expenditures for KMP, plus DD&A less sustaining capital expenditures for Rockies Express, Midcontinent E
Express, KinderHawk (through second quarter 2011), Eagle Hawk, Red Cedar and Cypress, our equity method investees, less e
cash distributions received for Express and Endeavor, additional equity investees. Distributable cash flow before certain items per unit is distributable cash flow before certain items divided by average outstanding units. Segment distributable cash flow before certain items is seg

certain items and DD&A less sustaining capital expenditures. In certain instances to calculate segment distributable cash flow, we also add DD&A less sustaining capital expenditures for Rockies Express, Midcontinent Express, Fayetteville Express, KinderHawk (through second quarter 2011), Eagle Hawk, Red Cedar and Cypress, our equity method investees. We define EBITDA

before
certain
items
as
pretax
income
before
certain
items,
plus interest expense and DD&A, including the DD&A of REX, MEP, FEP, KinderHawk (through second quarter 2011), Eagl
Cypress, our equity method investees.
3

Use
of
Non-GAAP
Financial
Measures

Cont d
4
"Certain items" are items that are required by GAAP to be reflected in net income, but typically either (1) do not have a cash ir
goodwill impairments, allocated compensation for which we will never be responsible, and results from assets prior to our owr
required to be reflected in our results due to accounting rules regarding entities under common control, or (2) by their nature ar
identifiable from our normal business operations and in our view are likely to occur only sporadically, for example legal settler
impacts and casualty losses. Management uses this measure and believes it is important to users of our financial statements be
the measure more effectively reflects our business' ongoing cash generation capacity than a similar measure with the certain ite
similar reasons, management uses segment earnings before DD&A and certain items and segment distributable cash flow befor
its analysis of segment performance and managing our business. We believe segment earnings before DD&A and certain item
distributable cash flow before certain items are significant performance metrics because they enable us and external users of ou
statements to better understand the ability of our segments to generate cash on an ongoing basis. We believe they are useful m
because they are measures that management believes are important and that our chief operating decision makers use for purpos
decisions about allocating resources to our segments and assessing the segments' respective performance.
We believe the GAAP measure most directly comparable to distributable cash flow before certain items and to EBITDA before
income. Segment earnings before DD&A is the GAAP measure most directly comparable to segment earnings before DD&A
and segment distributable cash flow before certain items.
Our non-GAAP measures described above should not be considered as an alternative to GAAP net income, segment earnings b
any other GAAP measure. Distributable cash flow before certain items, segment earnings before DD&A and certain items, seg
cash flow before certain items and EBITDA before certain items are not financial measures in accordance with GAAP and hav
limitations as analytical tools. You should not consider any of these non-GAAP measures in isolation or as a substitute for an a
results as reported under GAAP. Because distributable cash flow before certain items and EBITDA before certain items exclu
items that affect net income and because these measures are defined differently by different companies in our industry, our dist
before certain items and EBITDA before certain items may not be comparable to similarly titled measures of other companies.
before DD&A and certain items and segment distributable cash flow have similar limitations. Management compensates for th
these non-GAAP measures by reviewing our comparable GAAP measures, understanding the differences between the measure
information into account in its analysis and its decision making processes.
The maps contained in this presentation have been carefully compiled and printed by Kinder Morgan from available informatic
does not guarantee the accuracy of these maps or information delineated thereon, nor does Kinder Morgan assume responsibili
thereon. Recipient agrees not to copy, distribute or digitize this map without express consent from Kinder Morgan or its affilia
For certain financial information in this presentation, a reconciliation of these measures to the most comparable GAAP measur
Appendix to this presentation.

Use
of
Non-GAAP
Financial
Measures

Cont d
5
KMI

The non-generally accepted accounting principles, or non-GAAP, financial measure of cash available to pay dividends is pres
release. This non-GAAP financial measure should not be considered as an alternative to a GAAP measure such as net income
GAAP measure of liquidity or financial performance. Cash available to pay dividends is a significant metric used by us and by
financial statements, such as investors, research analysts, commercial banks and others, to compare basic cash flows generated
cash dividends we expect to pay our shareholders on an ongoing basis. Management uses this metric to evaluate our overall pe
available to pay dividends is also an important non-GAAP financial measure for our shareholders because it serves as an indica
in providing a cash return on investment. This financial measure indicates to investors whether or not we typically are generati
level that can sustain or support an increase in the quarterly dividends we are paying. Our dividend policy provides that, subjec
we will pay quarterly cash dividends generally representing the cash we receive from our subsidiaries less any cash disburseme
established by our board of directors. Cash available to pay dividends is also a quantitative measure used in the investment con
the value of a share of an entity like KMI that pays out all or a substantial proportion of its cash flow, is generally determined b
(which in turn is based on the amount of cash dividends the corporation pays to its shareholders). The economic substance beh
cash available to pay dividends is to measure and estimate the ability of our assets to generate cash flows sufficient to pay divi
investors.

We believe the GAAP measure most directly comparable to cash available to pay dividends is income from continuing operati
of cash available to pay dividends to income from continuing operations is provided in this release. Our non-GAAP measure d
should not be considered as an alternative to GAAP net income and has important limitations as an analytical tool. Our comput
available to pay dividends may differ from similarly titled measures used by others. You should not consider this non-GAAP n
as a substitute for an analysis of our results as reported under GAAP. Management compensates for the limitations of this non-
reviewing our comparable GAAP measures, understanding the differences between the measures and taking this information i
analysis and its decision making processes.

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thereon. Recipient agrees not to copy, distribute or digitize this map without express consent from Kinder Morgan or its affilia

For certain financial information in this presentation, a reconciliation of these measures to the most comparable GAAP measu
Appendix to this presentation.

Kinder Morgan 2012 Investor Conference
Agenda
8:00

8:45
Corporate
Overview:
Vision

Rich
Kinder
8:45

9:00
Corporate

Overview:
Financial
Excellence

Park
Shaper
9:00

9:15
Corporate
Overview:
Operational
Excellence

Steve
Kean
9:15

9:30
Break
9:30

10:15
Natural
Gas
Pipelines

Tom
Martin
10:15

10:45
Products
Pipelines

Tom
Bannigan
10:45

11:30
Terminals
Jeff Armstrong
11:30

11:45
Kinder Morgan Canada
Ian Anderson
11:45

12:30

Lunch
12:30

1:00
CO_2

Tim Bradley
1:00

1:30
Financial Review
Kimberly Dang
1:30

2:00
Q & A
6

Vision
Rich Kinder
Chief Executive Officer

Then (first analyst conference-2001)
and Now:
Stable Platforms, Exceptional Growth
Then
(a)
Enterprise
value
of
$14B
(c)
KMP Total distributions of $333MM
KMP

LP
distribution
of
$1.71/unit
(d)
3,569 employees
Now
(b)
(excluding El Paso)
Enterprise
value
of
$63B
(c)
KMP Total distributions of $3.1B
KMP LP distribution of $4.98/unit
8,328 employees
2
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
As of and for the year ended 12/31/2000, representing Kinder Morgan at the time of the inaugural Kinder Morgan analyst day
(b)
Enterprise value / employees as of and for the year ended 12/31/2011, KMP total distributions / KMP LP distribution per unit
(c)
Kinder Morgan Energy Partners, L.P., Kinder Morgan Management, LLC and Kinder Morgan, Inc. combined
(d)
Split-adjusted

Stayed the Course
Focus on stable fee-based assets that are core to North American energy infrastructure

Market leader in each of our business segments
Control costs

It s the investors
money, not management s
treat it that way

Leverage asset footprint to seek attractive capital investment opportunities, both expansion and acquisition

KMP has completed $11.7 billion in acquisitions and $13.3 billion in greenfield / expansion projects since inception
(a)
Maintaining a strong balance sheet is paramount

Enables continued access to capital markets to grow the business

KMP accessed capital markets for nearly $26 billion since inception
(a,b)
3
(a)
From
1997
through
2011
(b)
Gross
capital
issued,
$24
billion
net
of
refinancing

4
Kinder Morgan
Asset Footprint
Note: excludes El Paso
(a)
2012 budget
(b)
2011 data not available
(c)
Excludes transload facilities (35) and transmix processing facilities (6)

(d)
Includes leased capacity
Largest independent transporter of
petroleum products in the U.S.

Transport ~1.9 MMBbl/d
(a)
2
largest
transporter
of
natural
gas
in the U.S.

Own an interest in / operate over
25,000 miles of natural gas pipeline

Connected to many important
natural gas shale plays including
Eagle Ford, Haynesville, Fayetteville
and Barnett

Largest provider of contracted
natural gas treating services in U.S.
Largest
transporter
of
CO_2
in
the
U.S.

Transport
~1.3
Bcf/d
of
CO_2
(a)
2
largest
oil
producer
in
Texas
(b)

Produce ~51 MBbl/d of crude oil
gross (~34 MBbl/d net)
(a)

Largest independent terminal
operator in the U.S.

Own an interest in or operate ~180
liquids / dry bulk terminals
(c)

~111 MMBbls domestic liquids
capacity
(d)

Handle ~108 MMtons of dry bulk
products
(a)

Including 44 MMtons of coal
(a)
Only Oilsands pipeline serving the
West Coast

TMPL transports ~300 MBbl/d to
Vancouver / Washington State
NGPL GAS STORAGE (KMI)
NATURAL GAS PROCESSING
NGPL (KMI)
NATURAL GAS STORAGE
NATURAL GAS PIPELINES
PRODUCTS PIPELINES
TERMINALS
TRANSMIX FACILITIES
PRODUCTS PIPELINES
GAS TREATERS
CO
PIPELINES
CO
OIL FIELDS
CRUDE OIL PIPELINES
TERMINALS
KM HEADQUARTERS
PETROLEUM PIPELINES
INDICATES NUMBER OF
FACILITIES IN AREA
PETROLEUM PIPELINES
TERMINALS
2
2
nd
nd

Kinder Morgan: Three Ways to Invest
5
85MM
(86%)
14MM
(14%)
Distributions
in additional
i-units / shares
KMR
(LLC)
99 million shares
(a)
LP & GP

Distributions
$1.6B
(c)
KMI
Public
Float
KMI
Cash
distributions
KMP
(Partnership)
238 million units
(a)
216MM
(91%)
KMI
(Inc.)
707 million shares
(d)
Public
Float
Management /
Original S/H
Sponsors
22MM
(9%)
114MM
(16%)
320MM
(45%)
273MM
(39%)
Kinder Morgan Energy Partners, L.P.
Market Equity
Debt
Enterprise Value
2012E LP Distribution per Unit
2012E Total Distributions
Kinder Morgan, Inc.
Market Equity
$22.8B
(d)
Debt
3.2B
(e)
Enterprise Value
$26.0B
2012E Dividend per Share
$1.35
(c)

2012E Total Dividends
$956MM
(c)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
As of 12/30/2011; KMP market equity based on ~238 million common units (includes 5.3 million Class B units owned by Kin
unlisted KMP common units) at a price of $84.95, and ~99 million KMR shares at a price of $78.52
(b)
Debt balance as of 12/31/2011, excludes the fair value of interest rate swaps, net of cash
(c)
2012 budget
(d)
As of 12/30/2011; KMI market equity based on 707 million shares (assumes full conversion of Class A, B and C shares in to C
(e)
Debt of KMI and its subsidiaries, excluding KMP and its subsidiaries as of 12/31/2011; excludes the fair value of interest rate
Morgan G.P., Inc. s $100 million of Series A Fixed-to-floating Rate Term Cumulative Preferred Stock due 2057, net of cash
$28.0B
(a)
12.4B
(b)
$40.4B
$4.98
(c)
$3.1B
(c)

Delivering Consistent Growth
Total Distributions (GP + LP) ($MM)
KMP Annual LP Distribution per Unit
(b)
Net Debt to EBITDA
(c,d)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)

In 2010, total distributions paid were $2,250 million. These distributions would have been $2,420 million ($170 million greate
being a distribution of cash from interim capital transactions; the GP receives only 2% of distributions of cash from interim cap
(b)
Annual LP declared distributions, rounded to 2 decimals where applicable
(c)
Debt is net of cash and excluding fair value of interest rate swaps
(d)
For KMI, net debt also excludes purchase accounting and Kinder Morgan G.P., Inc. s preferred stock; distributions received from equity investees net of G&A and sustaining capital expenditures
EBITDA
6

Significant Historical Returns
(a)
7
KMI: 11.4% Initial Annualized Return
(e)
KMP: 26% CAGR Since   96
(b)
KMR: 16% CAGR Since   01
(c)
(d)
Alerian MLP index
(e)

Annualized total return based on partial year return following IPO on 2/10/2011; partial-year return for period is 10.0%
(f)
Calculated through 12/30/2011; start dates for 2-year, 3-year, 5-year and 10-year return calculations are 12/31/2009, 12/29/2008, 12/31/2006 and 12/31/2001, respectively
$0
$500
$1,000
$1,500
$2,000
$2,500
$3,000
$3,500
Dec-96
Dec-99
Dec-02
Dec-05
Dec-08
Dec-11
Dollars
AMZ
(d)
= $1,003
KMP = $3,362
S&P 500 = $222
Total Return
2011
2-yr
3-yr
(f)
5-
yr
10-
yr
KMP
29%
58%
129%
150%
342%
KMR
26%
66%
148%
150%
327%
KMI
11%
n/a
n/a

n/a
n/a
S&P 500 Index
Alerian MLP Index
MSCI REIT Index
Philadelphia UTY Index
(f)
(f)
(f)
(e)
2%
17%
49%
1%
33%
14%
55%
173%
95%
324%
9%
40%
79%
7%
224%
19%
26%
39%
20%
119%
-
-
$0
$75
$150
$225
$300
$375
$450
$525
Dec-
01
Dec-
03
Dec-
05
Dec-
07
Dec-09
Dec-

11
KMR = $474
AMZ
= $464
Dollars
IPO 5/14/2001
S&P 500 = $124
(d)
$0
$20
$40
$60
$80
$100
$120
$140
Dec
10
Feb-
11
Apr-
11
Jun-
11
Aug
11
Oct-
11
Dec -
Dollars
IPO 2/10/2011
UTY = $117
KMI = $110
MSCI = $104
S&P 500 = $97
-
-
11
Source: Bloomberg
(a)
Total returns calculated on daily basis through 12/30/2011, except where noted; assumes dividends / distributions reinvested in index / stock / unit
(b)
Start date 12/31/1996
(c)
Start date 5/14/2001: KMR initial public offering; KMP CAGR over same period is 16%

Promises Made, Promises Kept
8
Promises Made
Promises Kept
KMP achieved
LP distribution
target in 11
out of 12 years
(a)

On a paid basis; KMI paid a prorated dividend for 1Q 2011 of $0.14 per share on 5/16/2011; based on a full quarter, the divide
KMP Budgeted
LP Distribution:
KMI Budgeted
Dividend:
2000: $1.60
2001: $1.95
2002: $2.40
2003: $2.63
2004: $2.84
2005: $3.13
2006: $3.28
2007: $3.44
2008: $4.02
2009: $4.20
2010: $4.40
2011: $4.60
2011: $1.16
(a)
2000: $1.71
2001: $2.15
2002: $2.435
2003: $2.63
2004: $2.87
2005: $3.13
2006: $3.26
2007: $3.48
2008: $4.02
2009: $4.20
2010: $4.40
2011: $4.61
2011: $1.18
(a)
KMP Actual
LP Distribution:
KMI Actual
Dividend:

Kinder Morgan 2012 Goals (Excludes El Paso)
KMP
(a)
Distribution Target

$4.98 per unit (8.0% growth)

Excess coverage of $71MM
Maintain Solid Balance Sheet

Yr-end 2012 debt / EBITDA = 3.4x

Expansions / acquisitions
financed 50% equity, 50% debt
KMI
(a,b)
Dividend Target (declared)

$1.35 per share (12.5% growth)

$985MM in cash available for
dividends
Maintain Solid Balance Sheet

Yr-end 2012 debt / distributions
received less G&A = 2.1x
9
Operate all of our assets in a safe, compliant and environmentally sound manner
(a)
Excludes any impact from the proposed acquisition of El Paso by KMI
(b)
KMI
previously
announced
that
if
the
El
Paso
transaction
were
to
close
on
January
1,
2012,
KMI
would
expect
to
pay
dividends
per
share
of
around
$1.45
for

2012;

since the transaction will not be in effect for the full year 2012, KMI s actual dividend in 2012 will likely be less than $1.45

KMP

Well-Diversified Cash Flow
$1,303MM segment EBDA
(d)

41% Interstate

59% Intrastate
(e)
$735MM segment EBDA
(d)

52% Pipelines

44% Associated Terminals

4% Transmix
$1,381MM segment EBDA

26% CO_2 transport and sales

74% oil production related

Production hedged
(b)
:
2012=77% ($91)
(c)
2013=51% ($92)
2014=31% ($93)
2015=13% ($98)
$757MM segment EBDA

54% Liquids

46% Bulk
CO_2
Terminals
Products Pipelines
Natural Gas Pipelines
2012E KMP Segment
Earnings before DD&A
= $4.4 billion
(a,d)
$201MM segment EBDA
11
(KMP)
Kinder Morgan Canada
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Budgeted 2012 segment earnings before DD&A excluding certain items
(b)
Percent of estimated net crude oil and heavy natural gas liquids production; see slide 34 for further detail
(c)
2012 budget assumes an $93.75/Bbl price on unhedged barrels
(d)
Includes $171 million of depreciation for Natural Gas Pipelines JVs REX, MEP, FEP, Eagle Ford (Copano), EagleHawk and F
Cypress
(e)
Includes upstream assets

Stable Asset Base
Natural Gas
Pipelines
Products
Pipelines
CO
2
Terminals
Kinder Morgan
Canada
Volume Security

Interstate: virtually all

take or pay

Intrastate: ~75%
take or pay
(a)

Volume based

S&T: primarily
minimum volume
guarantee

Take or pay,
minimum volume
guarantees, or
requirements

Essentially no
volume risk
Avg. Remaining
Contract Life

Transportation: 8.0 yrs

Not applicable

S&T: 4.0 yrs

Liquids: 4.0 yrs

Bulk: 3.8 yrs

2.0 yrs
(b)
Pricing Security

Interstate: primarily
fixed based on contract

Intrastate: primarily
fixed margin

PPI + 2.65%

S&T: 70% of
revenue protected
by floors

O&G: volumes
77% hedged

(c)

Based on contract;
typically fixed or
tied to PPI

Fixed based on
toll settlement
Regulatory
Security

Interstate: regulatory
return mitigates
downside; may receive
higher recourse rates for
increased costs

Intrastate: essentially
market-based

Pipeline: regulatory
return mitigates
downside

Terminals &
transmix: not
price regulated
(d)

Primarily
unregulated

Not price regulated
(d)

Regulatory
return mitigates
downside
Commodity
Price Exposure

Interstate: no direct

Intrastate: limited

No direct

Full-yr impact is
$5.8MM in DCF
per $1/Bbl change

in oil price

No direct

No direct
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Transportation
for
intrastate
pipelines
includes
term
purchase
and
sale
portfolio
(b)
Assumes 1-year rate 2012 settlement on Trans Mountain
(c)
Percent of 2012 expected production, includes heavier NGL components (C4+)
(d)
Terminals not FERC regulated, except portion of CALNEV
12
(KMP)

2-3%
Annual
Distribution
Growth
without
Investment
Current
Environment
Products Pipelines

PPI escalator
+
Renewables handling
+
Volumes
~
Terminals
Annual escalator
+
Volumes & ancillary charges
+
Renewing contracts
+
Current
Environment
CO_2
Higher price on oil hedges
+
Higher overall oil / NGL prices
+
Recontracting CO_2 supply
+
Oil / NGL volumes
~
Natural Gas
Volume growth (shale & power)
+
Gathering, processing & treating
+
Intrastate margins
~
Storage margins

Transport renewals

Storage renewals
+
13
Note: excludes any impact from the proposed acquisition of El Paso by KMI (KMP)

2012 Growth Expenditures
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Includes equity contributions to joint ventures of $233 million
(b)
Includes
growth
capital
expenditures
for
Kinder
Morgan

Canada
of
$10
million
(c)
Includes acquisitions of $108 million
Natural Gas
Pipelines
(a)
Products
Pipelines
(a,b)
Terminals
(a,b,c)
CO
2
Oil
Production
2012E Total KMP
Growth Expenditures
= $1.7 billion
(a,b,c)
14
(KMP)
CO
2
S&T
15%
19%
40%
9%
17%

Natural Gas Pipelines Growth Drivers
2012
Growth
Drivers:
Growth and full year contribution on Kinder
Hawk
Full year contribution from Eagle Hawk and
SouthTex
Eagle Ford shale development (on

standalone basis, and under JVs with
Copano and BHP)
Full year of higher throughput on
Fayetteville Express (FEP) pipeline (volume
ramp through 2011)
West Clear Lake storage contract rollover
Longer-term
Growth
Drivers:
Natural gas is the logical fuel of choice

Cheap, abundant, domestic and clean
Demand growth and shifting supply from
multiple basins lead to:

Pipeline / storage expansions and
extensions (e.g. Eagle Ford)

Greenfield development

Optionality of deploying portions of
existing footprint in different product
uses
Expand service offerings to customers
(e.g. treating and G&P)
LNG exports
Acquisitions
Well-positioned in the Rockies, shales and in Texas
15
(KMP)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
TransColorado
2
2
KMTP
KMTejas
KMIGT
Trailblazer
2
KMLP
REX
REX
FEP
MEP
KinderHawk
Eagle Ford
NATURAL GAS PIPELINES
NATURAL GAS STORAGE
NATURAL GAS PROCESSING
KM HEADQUARTERS

(2)
OF FACILITIES IN AREA
GAS TREATERS (KMP)

Products Pipelines Growth Drivers
2012
Growth
Drivers:
PPI tariff escalator
Modest organic volume growth
Initial year of Crude and Condensate
operations, Cochin E/P project, and
terminal projects including new tank

expansions for refined products and
biodiesel blending services
Longer-term
Growth
Drivers:
Development of shale play liquids
infrastructure

Condensate transportation,
processing and storage services from
Eagle Ford

Condensate processing facility
located in Houston Ship Channel, in-
service Jan-2014

Crude / condensate service on Cochin
Parkway Pipeline in-service 2013
Increased fuel export opportunities
RFS
(a)
increases demand for storage and
ancillary services

Ethanol and biodiesel growth
including terminals and pipeline
expansions
Tariff index adjustments / organic volume
growth
Tuck-in acquisitions
Well-located with origin in refinery / port hubs and terminus in population centers
(a)
RFS (U.S. Renewable Fuels Standard) requires an increase in use of renewable fuels, from 15 Bgal/yr in 2012 to 36 Bgal/yr in
16
Pacific
WCT
Northern
2
Pacific
CALNEV
Cypress
Central
Florida
2
Cochin
2
KMCC
Parkway
Pipeline
Proposed

Condensate
Processing
Plantation
2
4
3
2
2
PRODUCTS PIPELINES
PRODUCTS PIPELINES
TERMINALS
TRANSMIX FACILITIES
(2)
INDICATES NUMBER OF
FACILITIES IN AREA
PIPELINES UNDER CONSTRUCTION
CONDENSATE PROCESSING FACILITY
(KMP)

Terminals Growth Drivers
2012 Growth Drivers:
Increase in rates on existing contracts
Higher coal throughput
Full year of 2011 acquisitions (Cushing, Total, Watco) and expansion projects (Carteret, Cushing, Deer Park, Port of Houston)
Partial benefit from over $650 million in

2012 expected growth expenditures
Longer-term Growth Drivers:
Newbuild and expansion of export coal
and petcoke terminals (IMT, Houston,
Whiting)
Expansions and higher rates at well-
located, high-connectivity terminals
Petroleum exports
Canadian crude oil merchant tankage
Increase in use of renewable fuels
(a)
leads to ethanol / biofuel expansion
Acquisition of terminals from mom
and pop
owners and from majors
Well-located in refinery / port hubs and inland waterways
17
(a)
RFS (U.S. Renewable Fuels Standard) requires an increase in use of renewable fuels, from 15 Bgal/yr in 2012 to 36 Bgal/yr in
TERMINALS
KM HEADQUARTERS
OF FACILITIES IN AREA
(KMP)

CO
2
Growth Drivers
2012 Growth Drivers:
Higher overall oil / NGL prices
CO_2
S&T price increases
Relatively flat oil production
Longer-term Growth Drivers:
Strong demand for CO_2

Expansion of CO_2
source fields

and pipelines

Expect to execute several
large, long-term CO_2
S&T
contracts

Higher rates and better terms
on new/renewed CO_2
S&T
contracts
Billions of barrels of domestic oil
still in place to be recovered at
SACROC, Yates and Katz
18
(KMP)
CO_2
PIPELINES
CO_2
OIL FIELDS
CRUDE OIL PIPELINES
KM HEADQUARTERS
CO_2
SOURCE FIELDS
Own and operate best source of CO
2
for EOR

Kinder Morgan Canada Growth Drivers
2012:
Extending new toll settlement on Trans Mountain pipeline (TMPL); results in relatively flat financial performance between 2011 and 2012
Longer-term
Growth
Drivers:

Expand Oilsands export capacity to
West Coast and Asia

TMPL is lowest-cost option with
ability to do staged expansions,
or one large expansion

Open season underway for firm
commitments to major expansion
Expanded dock capabilities
(Vancouver)
Sole oil pipeline from Oilsands to West Coast / export markets
19
(KMP)
KM HEADQUARTERS
PETROLEUM PIPELINES
PETROLEUM PIPELINES TERMINALS
OF FACILITIES IN AREA

KMI

Overview
99% of Cash Comes from KMP
Limited capital expenditures at KMI
Stock ownership:

Public
16%

Rich Kinder, other management
and
original
stockholders

39%

Sponsors
45%
In 2012:

KMI expects to receive $1.6
billion in distributions

$985 million budgeted cash
available for dividends after
paying cash taxes, cash interest
and G&A
General Partner interest receives incentive
distributions from KMP
KMI owns ~11% of total limited partner
interests
21
Interests in KMP
(c)
2012E KMI Total
Cash Receipts
= $1.6 billion
(a)
(KMI)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
2012 budget
(b)
20% equity interest; KMI is operator of Natural Gas Pipeline Company of America
(c)
As of 12/31/2011; includes: (i) general partner interest, (ii) 21.7 million KMP units and (iii) 14.1 million KMR shares
GP
Interest
88%
LP
Interest
11%
NGPL
1%
(b)

Growth in KMP Distributions Leads to KMI Growth
Growth in KMP Distributions Received by KMI
22
(KMI)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
2012 budget
$1,600
$1,400
$1,200

$1,000
$800
$600
$400
$200
$0
$1,380
$1,585
$1,217
$1,340
$163
$181
$64
$4.61
$4.98
2011 actual
2012 budget
Budgeted 8%
growth in
KMP Distribution
per LP Unit
LP interests
GP interest
GP Distribution on Additional
16MM KMP Units
An 8% increase in the annualized LP distribution per unit from
$4.61 to $4.98 with a 16MM unit increase in KMP units outstanding results
in
an
increase
of
15%,
or
$205MM,
in
total
distributions
to
KMI
(a)

El Paso Update

Strong Asset Base
(a)
Horizon
NGPL
Pacific
Northern
TransColorado
2

Pacific
CALNEV
KMCO
2
2
KMTP
KMTejas
Wink
SACROC
Yates
9
5
2
3
2
Plantation
Cypress
4
Central
Florida
7
3
2
2
4
3
2
2
4
3
KMIGT
Trailblazer
2
Cochin
Express
Platte
Trans
Mountain
Claytonville
2
4
KMLP
REX
REX
MEP
2
FEP
2
2
2

3
2
2
KinderHawk
2
2
3
Katz
Eagle Ford
ESPL
2
Puget Sound
NGPL (KMI)
NGPL GAS STORAGE (KMI)
PRODUCTS PIPELINES (KMP)
PRODUCTS PIPELINES
TERMINALS (KMP)
TRANSMIX FACILITIES (KMP)
NATURAL GAS PIPELINES (KMP)
NATURAL GAS
STORAGE (KMP)
NATURAL GAS
PROCESSING (KMP)
CO_2
PIPELINES (KMP)
CO_2
OIL FIELDS (KMP)
CRUDE OIL PIPELINES (KMP)
TERMINALS (KMP)
KM HEADQUARTERS
PETROLEUM PIPELINES (KMP)
PETROLEUM PIPELINES
TERMINALS (KMP)
(2,3,8)
INDICATES NUMBER OF
FACILITIES IN AREA
GAS TREATERS (KMP)
EL PASO PIPELINES
24
(a)
Shows all current Kinder Morgan assets and
El Paso pipeline assets

El Paso Transaction Timeline
El Paso E&P sale process under way

Targeting closing all or a material portion of E&P asset portfolio
around time of closing of El Paso acquisition
Integration plan being developed
targeting $350 million of
synergies
Expect Q1 2012 shareholder meetings
HSR review underway

Pre-merger notifications filed

2
request
received

Providing additional information to FTC
Expect Q2 2012 closing
25
nd

Dividend and Distribution Growth Targets
KMI
Current targets excluding El Paso
Declare budgeted 2012 dividends of $1.35 per share (12.5% growth)
Targeted 10% long-term dividend growth rate
Targets including El Paso
Estimate $1.45 per share dividend paid had El Paso transaction closed at the beginning of 2012

Since the transaction will not be in

effect for the full year 2012, KMI s
actual dividend in 2012 will likely be
less than $1.45 per share

Also have converted to declared basis
from paid basis (for comparison
$1.35/sh declared = $1.30/sh paid)
Targeted 12.5% long-term dividend growth
rate through 2015
KMP
Current targets excluding El Paso
Declare budgeted 2012 LP distributions of
$4.98 per unit (8.0% growth)
Targeted 5% long-term distribution growth
rate
Targets including El Paso
Targeted 7% long-term distribution growth
rate, driven by expected dropdowns
resulting from the EP transaction
26

Unparalleled asset footprint
Established track record
Industry leader in all business segments
Experienced management team
Supportive general partner
Transparency to investors
Attractive returns driven by combination of yield plus growth
27
KMI, KMP & KMR:
Attractive Value Proposition

Financial Excellence
Park Shaper
President

($ in billions)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Includes equity contributions to joint ventures
(b)
1998
2011, does not include 2012 budget
Total
Invested
by

Type
(a,b)
Total Invested by Segment
(a,b)
29
Total Invested by Year
(a)
~$25B of Growth Capital Invested at KMP
(a,b)

How We Have Done: KMP Returns on Capital
2000
2001
2002
2003
2004
2005
2006
2007
2008

2009
2010
2011
Segment ROI
(a)
:
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%
Natural Gas Pipelines
13.3
15.5
12.9
13.5
14.0
15.5
16.7
17.5
16.9
14.0
11.9
11.9
CO_2
27.5
24.6
22.0
21.9
23.8
25.7
23.1
21.8
25.9
23.5
25.7
26.2
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
Kinder Morgan Canada
--
--
--
--
--
--
--
11.0
12.1
12.8
13.7
14.1
KMP ROI
12.3%
12.7%
12.6%
13.1%
13.6%
14.3%
14.4%
14.1%
14.9%
13.9%
13.5%
13.5%
KMP 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%
Note: a definition of these measures may be found in the Appendix to this presentation
(a)
G&A is deducted to calculate the KMP ROI, but is not allocated to the segments and therefore not deducted to calculate the in

30

KMP Cost of Capital
Operated
Cost of capital varies over time:

Current ~7.2%
(a)

2011 analyst conf 7.8%

2010 analyst conf 8.8%

2009 analyst conf 9.8%

2008 analyst conf 9.0%

2004 analyst conf 8.3%

2003 analyst conf 9.1%

2002 analyst conf 8.2%
Long-term cost of capital ~9%

Well in excess of long-term cost of capital
Delivered attractive returns to LP investors
Supportive GP

GP has demonstrated willingness to forego distributions for transitional time period for appropriate acquisitions or expansions (e.g., KinderHawk)

If we get to a point where we cannot deliver attractive returns to LP investors, we would consider other options
31
(a)
Targeted unlevered returns typically 12-15% for pipelines
(higher for CO_2)
in
50/50
splits
since
1997
As of 12/30/2011; calculation of current cost of capital can be found in the Appendix to this presentation

KMP Access to Capital
Issued
~$25.8
billion
of
capital
at
KMP
in
the

public
markets
since
inception
(a)

~$11.9
billion
in
equity
raised
(a)

~$13.9 billion in KMP long-term debt (~$12.1B net of refinancing)
Accessed in difficult markets

Sep 01
to
Sep 02
~$1.9
billion
in
equity
and
debt
issued
(a)

Aug 07
to
Dec 09
~$7.6
billion
in
equity
and
debt
issued
(a)
Limited equity issuance needed in 2012

KMR dividend = ~$491 million in 2012

KMP $385 million public secondary offering(s) / ATM program
32
Note: all figures as of 12/31/2011; excludes any impact from the proposed acquisition of El Paso by KMI
(a) Includes KMR share dividends

KMR 101
(a)
Discount Has Narrowed, But Still Wide
KMR Discount to KMP
Management Purchases of KMR / KMP
(c)
(a)
All
figures
through
/
as

of
12/30/2011;
see
footnotes
on
slide
7
for
explanation
of
total
return
calculations
(b)
Calculation of share dividend: KMP quarterly cash distribution per unit divided by KMR 10-day average price prior to x-date =
/ $65.986 = 0.017579 share; example reflects actual KMR share dividend calculated for 3Q 2011 paid on 11/14/2011; refer to
(c)
Purchase of KMR shares and KMP units by directors and officers of KMR/KMP since the KMR IPO in 2001, as reported in S
7:1
ratio
excludes
one
open
market
purchase
of
KMP
units
relating
to
an
arrangement
requiring
cash
distributions
for
payment
of
interest
33
KMR
is
KMP
KMR shares are pari passu with KMP units
KMR dividend equal to KMP cash distribution, but paid in
additional shares; effectively a dividend reinvestment
program
(b)
Like
KMP

units,
KMR
shares
are
tax
efficient

but
with
simplified tax reporting (no K-1s, UBTI)
KMR is a significant entity
KMR market cap = $7.7 billion, ~30% of total KMP capitalization
~$20 million in daily liquidity
KMR has generated a 15.8% compound annual total return since 01 IPO, vs. 16.1% for KMP
Although the KMR trading discount to KMP has narrowed, at 7.6% it still leaves substantial room for improvement
EP transaction expected to lead to more KMR issuance
Highlighting the security and further improving liquidity
Potential for KMP to become self-funding through KMR dividend
Possibility of KMR share buybacks if quarterly dividends exceed equity funding needs
Insiders prefer KMR
Management has purchased KMR at a rate of about 2:1 vs. KMP,
or
almost
7:1
excluding
one
transaction
(c)
-20%
-15%
-10%
-5%
0%
5%
10%
Dec-01
Dec-03
Dec-05
Dec-07
Dec-09
Dec-11
$0
$2
$4

$6
$8
$10
KMR
KMP
$8.1
$4.5
(millions)
IPO 5/14/2001

KMP CO
2
Oil Production Hedge Profile
Avoid businesses with direct
commodity exposure
Hedge CO
2
BOE equivalent

Targeted minimum
hedge amounts:

Current Year: 70%
Year 2: 50%
Year 3: 30%
Year 4: 10%
Net Oil Production
34
77%
51%
31%
13%
0
10
20
30
40
2012
2013
2014
2015
Avg Hedge Px
WTI & WTS
($/Bbl)
(a)
$90.64
$92.23
$93.40
$98.11
Hedged
Unhedged
% Hedged
(a)
Where collars are used, pricing incorporated into average hedge price is the collar floor; for swaps and puts, strike price net of
(b)
Net equity production: 2012 = budget; 2013-2016 = based on Netherland, Sewell reserve report plus Katz project estimated ba
NGL components (C4+)

KMP Risks
Regulatory

Pacific Products Pipeline FERC / CPUC cases

Periodic rate reviews

Unexpected policy changes
Crude Oil Production Volumes

Crude Oil Prices

2012 budget assumes $93.75/Bbl realized price on unhedged barrels

2012
sensitivity
is
~$5.8
million
DCF
per
$1/Bbl
change
in
crude
oil
prices
Economically Sensitive Businesses (e.g., steel terminals)
Environmental
Terrorism
Interest Rates

~50% floating rate debt

The full-year impact of a 100-bp increase in rates equates to an approximate $65 million increase in interest expense
35
Note: excludes any impact from the proposed acquisition of El Paso by KMI

KMP Focused on Distribution Growth
History of Delivering
Distribution Growth
(a)
:

1-year growth = 4.8%

3-year growth = 4.7%

5-year growth = 7.2%

Annual LP Distribution Per Unit
(b)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Compound annual growth in KMP LP distributions per unit for the 1-year, 3-year and 5-year periods ending 12/31/2011
(b)
Annual LP distribution, rounded to 2 decimals where applicable
36
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012E
$0.63
$0.94
$1.24
$1.42
$1.71
$2.15
$2.44
$2.63
$2.87
$3.13
$3.26
$3.48
$4.02
$4.20
$4.40
$4.61
$4.98

KMP Drives KMI Growth
Substantial cash flow
Minimal capital expenditures
at KMI level
Strong balance sheet
Growing distributions and
investment at KMP drive KMI
dividend growth
KMP Cash Distributions Received by KMI
37
GP Interest
LP Units Owned

$65
$77
$85
$96
$100
$96
$104
$127
$140
$152
$163
$181
$58
$113
$208
$278
$336
$406
$492
$529
$635
$830
$967
$1,087
$1,218
$1,404
$3
$6
$40
$68
$153
$273
$355
$421
$502
$592
$625
$739
$957
$1,107
$1,239
$1,381
$1,585
1996
1997
1998
1999
2000
2001
2002

2003
2004
2005
2006
2007
2008
2009
2010
2011
2012E
(a)
$40

Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
In 2010, total distributions paid to KMI (GP + LP) were $1,032 million. These distributions to KMI would have been $1,202 r
distributions
paid
in
August
2010
had
been
cash
from
operations,
rather
than
a
portion
being
a
distribution
of
cash
from
interim
capital
transactions;
the
GP
receives
only 2% of distributions of cash from interim capital transactions

Operational Excellence
Steve Kean
Chief Operating Officer

Operations Goals
Safe, Reliable, Efficient Operations
Continuous reduction in risk to the public, employees,
contractors, assets and the environment
Continuous improvement in the efficiency and productivity of
existing
operations
Establish culture of excellence in operations
39
Well-executed
expansions
and
effective
integration
of
acquired
operations

Efficiency
Part of weekly asset review

Throughput

Operating costs (including energy use and L&U)

Sustaining capex updates
Detailed, bottoms up
budget process for operating expenses and
sustaining capex

Separately identify safety and compliance needs; separately track
spending on those items
Shared best practices on common activities

Working groups

Quarterly KM operations meeting
40

KM Operating Efficiency
G&A per MMDth Natural Gas Received
O&M per MMDth Natural Gas Received
41
Source: third party analysis
$-
$0.01
$0.02
$0.03

$0.04
$0.05
$0.06
$0.07
$0.08
$0.09
$0.10
Company
A
Company
B
Company
C
Company
D
Company
E
Company
F
Company
G
Company
H
KM-
Line
operated
-
$0.05
$0.10
$0.15
$0.20
$0.25
$0.30
$0.35
$0.40
$0.45
$0.50
Company
A
Company
B
Company
C
Company
D
Company
E
Company
F
Company

G
Company
H
KM
operated
Line
$
-

Implementation Plan
Immediate Risk Reduction
ROW protection programs
Liquids pipeline O&M re-write
EHS (environmental, health and safety) boot camps
in Terminals
Audits and assessments (annual program)
Acceleration of certain pipeline

integrity work
PSM / RMP compliance
(a)
Tank and in-facility pipe integrity
program
Terminals SQE (safety, quality and
environmental) ongoing
Separate review of high
consequence assets and
operations
Continuous Improvement
Systems Improvement and
extension
Measuring, meeting, adjusting
Training
Auditing
Working Groups
share best
practices across Kinder Morgan
Systems-making
Compliance Routine
Addressing
operations
performance
in our existing processes
Operations Management System

Annual budget

Compensation

QBR s

Operations quarterly meetings

Monthly business unit meetings

Monthly major projects review

Weekly asset meetings
Compliance systems

OpsInfo extension (2008
11)

Datastream

Petris

Audit tracking system

Exceptions reported to business unit management
Incident and near miss reporting systems

ERL

STARS

Incident Review Committee
42
(a)
PSM
= Process Safety Management
RMP
= Risk Management Plan

Compliance Summary
Key elements:
1.
Clear statement of requirement, assignment of responsibility and deadline for completion, and
2.
Exception reporting to management
Performance:

OpsInfo expanded to nearly 114,000 compliance actions per year

Timely compliance: 99.5% in 2011
Other items tracked: regulatory changes, audit exceptions tracked and closed
43

Compliance Summary
Cont d
44
(a)
SPCC
= Spill Prevention Control and Countermeasures
(b)
PSM
= Process Safety Management
RMP
= Risk Management Plan

Business
Unit
Env. Permits
Hazardous
Waste / Transport
SPCC
(a)
Safety
PSM / RMP
(b)
DOT and
DOT
Maintenance
Security
Contractors
Damage
Prevention
Natural Gas
Pipelines
OpsInfo
INFOR EAM
OpsInfo
INFOR EAM
OpsInfo
ISNetworld
Petris
Products
Pipelines
OpsInfo
OpsInfo
OpsInfo
OpsInfo
OpsInfo
ISNetworld
Petris
Terminals
OpsInfo
OpsInfo
OpsInfo
OpsInfo
OpsInfo
ISNetworld
Petris
Kinder Morgan
Canada
OpsInfo & IVARA
OpsInfo for
Trans Mountain &
IVARA for
Platte & Express

Regulations
are Not
Applicable
OpsInfo &
IVARA
IVARA
ISNetworld
Petris
CO_2
OpsInfo
OpsInfo
OpsInfo
INFOR EAM
OpsInfo
ISNetworld
Petris

Incidents & Releases: Liquids Pipeline ROW
Liquids
Pipeline
Incidents
per
1,000
Miles
(a)
Liquids
Pipeline
Release
Rate
(a)
45
Note: KM totals exclude non-DOT jurisdictional CO2 Gathering and Crude Gathering for compatibility with industry compari
(a)
Failures involving onshore pipelines that occurred on the ROW, including valve sites, in which there is a release of the liquid c

any of the following:
(1)
Explosion or fire not intentionally set by the operator
(2)
Release 5 barrels or greater. (NOTE: PHMSA does not record system location for releases less than 5 barrels)
(3)
Death of any person
(4)
Personal injury necessitating hospitalization
(5)
Estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of the c
exceeding $50,000; not included: natural gas transportation assets
(b)
2009 most recently reported
KM Incidents
Industry 3-yr Avg
Industry 2009 Avg
(b)
-
5
10
15
20
25
30
35
2006
2007
2008
2009
Industry 3-yr Avg
0.45
0.29
0.21
-
0.08
0.39
-
0.2
0.4
0.6
0.8
1.0
2006
2007
2008
2009
2010
2011
2010

2011
KM Incidents
Industry 2009 Avg
(b)
6.0
15.5
2.5
-
0.01
13.1

Product Pipelines 10-year Release Trend
46
Releases > 5 Gallons ROW and Facilities
0
10
20
30
40
50

60
0
2,000
4,000
6,000
8,000
10,000
12,000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Total Barrels Released
Cochin Release
Total Number of Incidents
Number of Pacific Only Releases

Incidents & Releases: Natural Gas Pipeline ROW
Natural Gas Pipeline Incidents Rate
(a)
47
0.27
0.30
0.13
0.04
-
0.2
0.4
0.6
0.8
1.0
2006

2007
2008
2009
2010
2011
KM Incidents
Current Industry Avg
2005 Industry Avg
0.32
0.27

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

(a)
An Incident means any of the following events:

(1)
An event that involves a release of gas from a pipeline or of a liquefied natural gas or gas from an LNG Facility and

(i) A death, or personal injury necessitating in-patient hospitalization; or

(ii) Estimated property damage, including cost of gas lost, of the operator or others, or both, of $50,000 or more; or

(iii) Unintentional estimated gas loss of 3,000 Mcf or more

(2)
An event that results in an emergency shutdown of an LNG facility

(3)
An event that is significant, in the judgment of the operator, even though it did not meet the criteria of paragraphs (1) or (2)

KM Lost-time Incident Rate (DART)
48

Contractor Lost-time Incident Rate (DART)
49
0.44
0.71
1.23
1.00
1.10
1.00
1.84
1.00
-
1
2
3
4

5
Natural Gas
Pipelines
CO2
Products
Pipelines
Terminals
KM Canada
KM Contractor Rate (12-mo)
Industry Avg
-

OSHA Recordable Incident Rate
50
1.40
1.02
1.52
2.78
1.05
1.30
1.06
0.74
2.27
0.52
2.30
1.67
1.90

5.90
1.90
2.50
2.60
2.50
6.35
2.50
-
1
2
3
4
5
6
7
Natural Gas
Pipelines
CO_2
Products
Pipelines
Terminals
KM Canada
KM Rate (3-yr Avg)
KM Rate (12-mo)
Industry Current Avg
Industry 2005 Avg

Vehicle Incident Rate
51
(a)
Industry average not available for Terminals
(a)
0.50
0.69
0.42
1.86

0.59
0.26
0.70
0.68
0.79
0.57
1.40
1.40
2.41
2.41
-
1
2
3
4
5
Natural Gas
Pipelines
CO2
Products
Pipelines
Terminals
KM Canada
KM Rate (3-yr Avg)
-
KM Rate (12-mo)
-
Industry Avg

2012 Objectives
Incident rates: better than industry average and better than the Kinder Morgan 3-year average; zero significant incidents
Terminals SQE program
Continued special emphasis on high consequence assets and operations
52

53

Natural Gas Pipelines
Tom Martin
President Natural Gas Pipeline Group
** 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
2

Natural Gas Pipelines and Facilities
3

Financial Overview
Budget
'11 -
'12
2006
2007
2008
2009
2010
2011

2012
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
4
($ in millions)
(a)
EBDDA includes Upstream gathering assets (2010 forward) and includes imputed share of DD&A of material joint venture inv
from Eagle Ford (2011) and Endeavor (2011 and 2012)

Contracted Capacity and Term
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
5
Transport Contracts
Avg. = 8 yr, 9 mo
Transport Contracts
Avg. = 6 yr, 2 mo
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
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
Eagle Ford JV
Transport
0.6
Bcf/d
9 yr,
11 mo
KinderHawk
Transport
N/A
~4 yr
(life of lease)
(a)
Includes Eagle Ford Gathering and Upstream

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
7

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

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
8
Additional
markets
in
Ohio
and
Indiana
(coal
to
gas
conversions, power
plants

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
Kinder Morgan Interstate Gas Transmission
9

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)
10

KMIGT Gas to Oil Conversion Project
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
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 -
$800M of capex

In service target late 2014

Open season ended Nov. 2011, working with potential shippers
to secure contracts
11

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
12

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
13
13

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
14
14

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)
15

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
16
16

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
17

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
18
18

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
19

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
20

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
21

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
22

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
23

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
24

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
25
25

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 3
rd
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
26

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
27

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

28

29
Treating Services
Largest fleet of contract operated amine plants in the U.S. that remove CO_2 and H_2

S 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

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 3
rd
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
30

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
Growth Opportunities in 2012, 2013 and Beyond
31

Financial Review
Kimberly Dang
Chief Financial Officer

Agenda
KMP:
2012 budget

Distributable cash flow

Segment earnings before DD&A and LP net income

Quarterly profile

Budget assumptions

Sustaining capital

Growth capital

Financing plans
Liquidity
Balance sheet ratios
KMI:
2012 budget

Cash available to pay dividends

Quarterly profile
Liquidity
Summary
2

KMP

2012 DCF Budget
(a)
4
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Excluding certain items
(b)
Includes $171 million of joint venture DD&A in both 2011 and 2012, for our share of REX, MEP, FEP, KinderHawk (until Ma
only), Red Cedar and Cypress
(c)
Eagle Ford in 2011 only
(d)
Includes joint venture sustaining capex for our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle F

2011
2012
Change
Actual
Budget
$
%
Distributable cash flow
Net income
$1,742
$2,148
$406
23%
DD&A
(b)
1,133
1,206
73
6
Book / cash tax difference
27
26
(1)
(4)
Eagle
Ford
/
Express
/
Endeavor
(c)
15
7
(8)
(53)
Sustaining capex
(d)
(212)
(249)
(37)
17
Total distributable cash flow
2,705
3,138
433
16
General partner's interest
(1,180)
(1,362)
(182)

15
Distributable cash flow
$1,525
$1,776
$251
16%
Average Units Outstanding
326
342
16
5%
Total DCF per unit
$4.68
$5.19
$0.51
11%
LP distribution per unit
$4.61
$4.98
$0.37
8%
Excess coverage
$21
$71
$50
(millions, except per unit)
(KMP)

2012 Income Budget
(a)
5
(millions, except per unit)
2011
2012
Change
Actual
Budget
$
%
Segment earnings before DD&A (EBDA)
Products Pipelines

$694
$734
$40
6%
Natural Gas Pipelines
951
1,133
182
19
CO_2
1,094
1,381
287
26
Terminals
701
757
56
8
Kinder Morgan Canada
199
201
2
1
Total segment EBDA
3,639
4,206
567
16
DD&A
(961)
(1,036)
(75)
8
G&A
(388)
(411)
(23)
6
Interest
(531)
(588)
(57)
11
Non-controlling interest
(17)
(23)
(6)
35
Net income

1,742
2,148
406
23
GP share
(1,180)
(1,362)
(182)
15
Limited
partners
net
income
$562
$786
$224
40%
Units outstanding (avg)
326
342
16
5%
LP income per unit
$1.72
$2.30
$0.58
34%
Natural
Gas
EBDA
plus
JV
DD&A
(b)
$1,122
$1,303
$181
16%
Total
segment
EBDA
plus
JV
DD&A
(c)
$3,810
$4,377
$567
15%
Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)
Excluding certain items
(b)
Natural gas pipelines EBDA adding back our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Fo
million and $170 million in 2011 and 2012, respectively
(c)
Total segment EBDA adding back our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Ford (201
of $171 million in both 2011 and 2012
(KMP)

2012 Budgeted Quarterly Profile
(a)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Excluding certain items; please see KMP s periodic reports on Form 10-K and Form 10-Q for a more detailed presentation
(b)
Includes joint venture DD&A for our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Ford (2012
(c)
Includes our share of joint venture DD&A and is reduced by our share of joint venture sustaining capital expenditures for the f
KinderHawk (until May-2011), EagleHawk, Eagle Ford (2012-only), Red Cedar and Cypress
1Q
2Q
3Q

4Q
Year
Total
Segment
EBDA
w/JV
DD&A
(b)
2012B
25%
24%
24%
27%
$4,377
2011
24%
23%
26%
27%
$3,810
DCF/unit
(c)
2012B
27%
22%
23%
28%
$5.19/unit
2011
26%
22%
25%
27%
$4.68/unit
Earnings/unit
2012B
27%
20%
22%
31%
$2.30/unit
2011
25%
17%
26%
32%
$1.72/unit
($ in millions, except per unit)
(KMP)
6

Budget Assumptions
Segments:

Natural Gas

Growth
and
full-year
contributions

from
KinderHawk,
EagleHawk,
and
SouthTex,
and
partial-year
contributions
from
Eagle
Ford
JV
with Copano

Full year of higher throughput on FEP (volumes contractually ramped up through 2011)

West Clear Lake storage contract rollover

CO_2

Oil price on unhedged oil volumes in CO_2
~$93.75/Bbl

CO_2
S&T contract price increases

Relatively flat oil production: SACROC volumes = 27.9 MBbl/d, Yates = 21.0, Katz = 2.3

Products

Modest refined product volume growth = -0.4% excluding Plantation, +0.5% including Plantation

PPI tariff escalator

Partial-year
of
crude
and
condensate
operations,
Cochin
E/P
project,
and
terminal
projects
including
new
tank
expansions

for
refined products and biodiesel blending services

Terminals

Increase in rates on existing contracts

Higher coal throughput

Full year of 2011 acquisitions (Cushing, Total, Watco) and expansion projects (Carteret, Cushing, Deer Park, Port of Houston)

Partial-year benefit from over $650 million in 2012 expected growth expenditures

Kinder Morgan Canada

Extended 1-year toll settlement on TMPL
Equity and Debt:

Total 2012 equity budgeted = $876 million

Issue $385 million in secondary equity

KMR dividend $491 million

KH giveback $25.5 million

Total 2012 long-term debt = $2 billion ($1 billion net of refinancing)
Interest Expense:

Average 3-month LIBOR rate of 0.80% for the year, based on forward curve at time of budget; current average 3-mo LIBOR curve = ~0.60%
7
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(KMP)

2012 Sustaining Capital Budget
(a)
8
2011
2012
Actual
Budget
Change
Sustaining capital
Products Pipelines

$50
$51
$1
Natural Gas Pipelines
35
51
16
CO
2
12
16
4
Terminals
91
105
14
Kinder Morgan Canada
18
20
2
Corporate
6
6
-
Total sustaining capital
$212
$249
$37
($ in millions)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Excluding certain items
(KMP)

2011 vs. 2012 Growth Capital
9
($ in millions)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
2011
2012
Actual
Budget
Expansion capital

Products Pipelines
$207
$239
Natural Gas Pipelines
121
145
CO
2
416
437
Terminals
224
492
Kinder Morgan Canada
11
10
Total expansion capital
979
1,323
Contributions to JVs
382
233
Subtotal
1,361
1,556
Acquisitions
1,243
108
Total growth capital
$2,604
$1,664
(KMP)

2012 Growth Capital Budget
10
($ in millions)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
Total
Expansion
Equity
Growth
Capital

Contributions
Acquisitions
Capital
Expansion capital
Products Pipelines
$239
$72
-
$311
Natural Gas Pipelines
145
101
1
247
CO_2
437
-
-
437
Terminals
492
60
107
659
Kinder Morgan Canada
10
-
-
10
Total growth capital
$1,323
$233
$108
$1,664
(KMP)

2012 Financing Plans
11
($ in millions)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Excludes any changes in working capital
2012
Budget
Equity
Secondary offerings / ATM

$385
KMR dividends
491
Total equity
$876
Debt
Long-term debt issuance
$2,000
Decrease
in
revolver
(a)
(254)
Debt maturities in March / September
(958)
Incremental debt
$788
$1,664
(KMP)

Liquidity Summary
(a)
Revolver Liquidity
Long-term Debt Maturities
12
($ in millions)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
As of 12/31/2011
(b)
Primary 2012 maturities: $450 million 7.125% senior notes due 3/15/2012, $500 million 5.85% senior notes due 9/15/2012

Total bank credit
$2,200
Less:
Commercial paper
(645)
LCs outstanding
(230)
Liquidity
$1,325
2012
$958
(b)
2013
$508
2014
$503
2015
$300
2016
$500
(KMP)

Balance Sheet Ratios
13
2012
2004
2005
2006
2007
2008
2009

2010
2011
Budget
Debt / EBITDA
3.5x
3.2x
3.3x
3.4x
3.4x
3.8x
3.7x
3.6x
3.4x
EBITDA / interest exp.
6.9x
6.3x
5.2x
5.2x
6.2x
6.4x
6.1x
6.5x
6.8x
(KMP)
Note: excludes any impact from the proposed acquisition of El Paso by KMI

KMI

2012 Budget for Cash Available to Pay Dividends
15
($ in millions)
Declared Basis
2011
2012
Change
Actual
Budget
$
%
Distributions

KMP distributions
To general partner
$1,217
$1,404
$187
15%
On KMP units owned by KMI
100
108
8
8
On KMR shares owned by KMI
63
73
10
16
Total KMP distributions to KMI
1,380
1,585
205
15
NGPL s cash available for distribution to KMI
30
14
(16)
(53)
Total cash generated
1,410
1,599
189
13
G&A
and
sustaining
capital
expenditures
(a)
(10)
(10)
-
-
Interest expense
(166)
(167)
(1)
1
Cash available to pay dividends b/f cash taxes
1,234
1,422
188

15
Cash taxes
(368)
(437)
(69)
19
Cash available to pay dividends
$866
$985
$119
14
Dividend
$849
$956
$107
13%
Average fully-diluted shares outstanding
708
709
1
Dividend per share
$1.20
$1.35
$0.15
13%
Excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Excludes certain items
(b)
KMI paid a prorated dividend for 1Q 2011, for the portion of the
quarter that it was public, of $0.14 per share;
based on a full quarter, the dividend amounts to $0.29 per share
(b)
(KMI)

2012 Budgeted Quarterly Profile
16
KMI

yield-oriented
investment
valued
on
a
cash

flow
basis
1Q
2Q
3Q
4Q
Year
Cash available to pay dividends
2012B
31%
18%
21%
30%
$985
2011
(a)
30%
19%
22%
29%
$866
Earnings per share
2012B
24%
24%
25%
27%
$1.03/sh
2011
n/m
n/m
n/m
n/m
$0.74/sh
($ in millions, except per share)
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Excludes certain items
(KMI)

Credit / Liquidity Summary
(a)
17
2012
$839
(c)
2013

2014

2015
$250
2016

$850
Total Bank Credit
$1,000
Less:
Revolver Drawn
(421)
Letters of Credit
(48)
Excess Capacity
$531
Credit Summary
Revolver Capacity
2010
2011
Budget
2012
2.5x
2.3x
2.1x
Note: excludes any impact from the proposed acquisition of El Paso by KMI, except debt balance which includes some transac
(a)
Unless otherwise noted, as of 12/31/2011; debt of KMI s subsidiary, Kinder Morgan Kansas, Inc. excluding the fair value of i
and Kinder Morgan G.P., Inc. s $100 million of Series A Fixed-to-Floating Rate Term Cumulative Preferred Stock due 2057
(b)
Debt as described in footnote above and net of cash; 2010 distributions received less G&A adjusted to exclude the ICT
(c)
$839 million 6.5% senior notes due 9/1/2012
($ in millions)
Long-term Debt Maturities
(KMI)
Net Debt / Distributions Received Less G&A
(b)

Summary
KMP Budget
Grow budgeted declared distribution to $4.98/unit (8.0% growth)

$71 million in excess coverage
Finance expansion budget approximately 50 / 50 debt / equity to maintain strong credit metrics

Year-end 2012 Debt / EBITDA of 3.4x

Distribute $3.1 billion in 2012
KMI Budget
Declare $1.35 / share in dividends (12.5% growth)
Year-end 2012 Debt / Distributions Received Less G&A of 2.1x
18
Note: excludes any impact from the proposed acquisition of El Paso by KMI, except debt balance which includes some transac

Appendix

KMP Current Cost of Capital Calculation
2
Annualized
Indicated LP
Distribution
Current KMP
Unit Price
Equity
Current KMP Yield
$4.64

$84.95
5.5%
GP Gross-up
55%
Cost of Equity
=
9.9%
Equity % of Capital Structure
x
50%
Equity Component of Cost of Capital
=
4.9%
Interest
Rate
% of Overall
Debt
Debt
Short-term Floating Rate
(a)
3.0%
X
50%
1.5%
Long-term Fixed Rate
6.0%
X
50%
+
3.0%
Cost of Debt
=
4.5%
Debt % of Capital Structure
x
50%
Debt Component of Cost of Capital
=
2.3%
Equity
Component
Debt
Component
Current
Cost of Capital
4.9%
+
2.3%
=
7.2%

Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Includes fixed-floating interest rate swaps

Explanation of Return Calculations
3
Formula
Notes
Segment
Return on Investment =
Segment
Distributable Cash Flow
before Certain Items
(a)
Average Total Investment
(c)
KMP
Return on Investment =
KMP
Distributable Cash Flow

before Certain Items
(b)
Average Total Investment
(c)
Return on Equity =
Distributable Cash Flow
before Certain Items
(d)
Average Equity
(e)
(a)
Segment Distributable Cash Flow before Certain Items is defined as the applicable segment earnings before DD&A and certai
addition, several adjustments are made to segment earnings before DD&A to more closely tie to cash: (1) KMP s share of RE
2011), EagleHawk, Red Cedar and Cypress DD&A is added back and sustaining capex is deducted, (2) Express, Endeavor and
subtracted and cash received is added back
(b)
KMP Distributable Cash Flow before Certain Items is defined as the sum of the five individual Segment Distributable Cash Fl
(c)
See next page for calculation, annual number is calculated based on average of the quarterly Total Investment
(d)
Distributable Cash Flow before Certain Items is defined as outlined on the Non-GAAP Financial Measures slide plus the gene
partner non-controlling interest
(e)
Equity is based on cumulative equity raised inception to date as of the end of each quarter and then averaged for the year

Explanation
of
Return
Calculations

Cont d
4
Formula
Notes
Calculation of
Total Investment:
Gross PP&E
Investments
Goodwill
Gross intangibles (excluding amortization)
(a)
Plus:
Asset write-offs / retirements
Cumulative environmental reserves

Legal reserves / expenditures
(b)
Cumulative cash spent on asset retirement
(d)
Minus:
Cumulative sustaining capex
Assumed liabilities
Trans Mountain / Express adjustment
(c)
Cumulative asset retirement costs
(d)
Book value of sold assets / investments
Equals:
Total investment
(e)
(a)
(b)
Litigation
and
environmental
reserves
deducted
as
certain
items
are
added
to
investment,
except
for
SFPP
and
Calnev
litigation
reserves.
For
SFPP
and
Calnev,
actual legal payments are added to the investment when they are made
(c)
For assets acquired from Kinder Morgan, Inc. (Express, Trans Mountain) which represent a transfer of assets between entities u
recorded at KMI s carrying value on KMP s financials, an adjustment has been made to reflect these assets at KMP s purcha
(d)
The present value of accumulated asset retirement costs are included in gross PP&E; for purposes of this calculation, we decre
the accumulated asset retirement costs, and increase our Total Investment / add back the cash actually spent on asset retiremen
(e)
Van Wharves, Cochin, Trans Mountain, and Express Total Investment is based on acquisition price plus cumulative expansion
purpose of calculating Total Investment in this manner is to exclude the foreign exchange impact reflected in our GAAP financ

asset balance based on the end of period exchange rate
Investments are calculated based on GAAP book value equal to cumulative contributions plus cumulative earnings less cumula
FEP, KinderHawk (until May-2011 when consolidated), EagleHawk, Eagle Ford, Cypress, Parkway, Plantation and Red Cedar
contributed. These investments are not adjusted for earnings or distributions

KMP CO_2 Asset Summary
5
CO_2
Reserves
KMP
Interest
Location

Remaining
Deliverability
Operator
McElmo Dome
45%
SW Colorado
18+ years
KMP
Doe Canyon
87%
SW Colorado
18+ years
KMP
Bravo Dome
11%
NE New Mexico
9+ years
Oxy
Pipelines
KMP
Interest
Location
Capacity
(MMcf/d)
Operator
Cortez
50%
McElmo Dome to
Denver City
1,350
KMP
Bravo
13%
Bravo Dome to
Denver City
375
Oxy
Central Basin (CB)
100%
Denver City to
McCamey
700
KMP
Canyon Reef
98%
McCamey to
Snyder
290
KMP
Centerline

100%
Denver City to
Snyder
300
KMP
Pecos
~70%
McCamey to Iraan
125
KMP
Eastern Shelf
100%
Snyder to Katz
65
KMP
Wink (crude)
100%
McCamey & Snyder
to El Paso
125 MBbl/d
KMP
Crude Reserves
KMP Interest /
(Net of royalty)
Location
Remaining
Life
Operator
SACROC
97% (83%)
W Texas
8+ years
KMP
Yates
50% (44%)
W Texas
25+ years
KMP
Katz
99% (83%)
W Texas
20+ years
(a)
KMP
(a)
Based on current development plan

KMP GAAP Reconciliation
6
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
DCF = Distributable cash flow
(b)
Includes REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Ford (2012-only), Red Cedar and Cypress JV D
(c)
Includes joint venture sustaining capex for our share of REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle F
(d)
KMR distributes additional shares in lieu of cash
(e)
Gain on sale of assets and asset disposition expenses, Cochin imputed interest expense, FX gain on Cochin note payable, Term
costs,

legal
expenses,
insurance
deductible,
casualty
losses
and
reimbursements
(f)
Gain on sale of assets
2011
2012B
2011
2012B
KMP
Consolidated
DCF
Excluding
Certain
Items
(a)
Total Distributions
Net income per GAAP income statement
$ 1,258
$ 2,156
LP distributions per GAAP cash flow statement
$ 1,054
Certain items (net of minority interest)
484
(8)
Difference
due
to
KMR
and
timing
on
cash
payment
(d)
450
Net income before certain items
1,742
2,148
Calendar-year LP declared distribution
$ 1,504
DD&A
961
1,036
JV

DD&A
-
KM
share
(b)
171
171
GP distributions per GAAP cash flow statement
$ 1,189
Eagle Ford / Express / Endeavor contribution
15
7
Difference due to timing and minority interest
8
Book / (cash) tax difference
27
26
Calendar-year GP declared distribution
$ 1,197
Sustaining
capex
(c)
(212)
(249)
KMP DCF
$ 2,705
$ 3,138
Total declared distributions (GP + LP)
$ 2,701
Segment
DCF
Excluding
Certain
Items
(a)
Debt Ratios
Segment earnings before DD&A (EBDA)
$ 3,242
$ 4,214
Long-term debt excluding market value of swaps
$ 10,660
Certain items impacting segments
397
(8)
Notes payable & current maturities
2,138
Segment EBDA excluding certain items
3,639
4,206
Less: cash & equivalents

(409)
JV
DD&A
-
KM
share
(b)
171
171
Debt, net of cash
$ 12,389
$ 13,499
Segment EBDA exc certain items, inc JV DD&A
3,810
4,377
Segment
sustaining
capex
without
overhead
(c)
(189)
(223)
EBITDA to interest
6.5x
6.8x
Segment DCF
$ 3,621
$ 4,154
Debt to EBITDA
3.6x
3.4x
EBITDA Excluding Certain Items
Certain
Items
(Net
of
Minority
Interest)
Net income per GAAP income statement
$ 1,258
$ 2,156
Allocated non-cash long-term compensation
$ (81)
Certain items (net of minority interest)
484
(8)
Environmental reserves
(10)
Net income before certain items

1,742
2,148
Legal reserves and settlements
(231)
Income taxes
55
70
Mark-to-market & ineffectiveness of certain hedges
5
DD&A
961
1,036
Loss on remeasurement of asset to fair value
(165)
JV
DD&A
-
KM
share
(b)
171
171
Prior period asset write-off
(10)
Interest, net of interest income
531
588
Other
8
(e)
8
(f)
EBITDA excluding certain items
$ 3,460
$ 4,013
Total
$ (484)
$ 8

KMI GAAP Reconciliation
7
Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a)
Distributions from equity investments and distributions from equity investments in excess of cumulative earnings
(b)
Difference between cash and book interest expense for Kinder Morgan Kansas, Inc.
(c)
Consists of timing differences between earnings and cash, and cash flow in excess of our distributions
2011
2012B

2011
2012B
Cash Available to Pay Dividends
Distributions Received Less G&A
Income from continuing operations
$ 652
$ 1,366
Cash available to pay dividends (above)
$ 866
$ 985
DD&A
1,092
1,166
Cash taxes
368
437
Amortization of excess cost of investments
7
7
Interest expense
166
167
Income from equity investments
(313)
(341)
Distributions received less G&A
Distributions
from
equity
investments
(a)
523
529
KMP certain items (pre-tax)
493
(8)
Debt Ratios
Kinder Morgan Kansas, Inc. purchase accounting
(9)
10
Long-term debt -
Kinder Morgan Kansas, Inc.
$ 1,941
Difference between cash & book taxes
(32)
59
Current
portion
of
L-T

debt
-
Kinder
Morgan
Kansas,
Inc.
1,260
Difference
between
cash
&
book
interest
expense
(b)
(1)
11
Less:
cash
&
equivalents
-
Kinder
Morgan
Kansas,
Inc.
(2)
Sustaining capital expenditures
(213)
(250)
Add back: purchase accounting
37
KMP declared distribution on LP units owned by public
(1,357)
(1,533)
Debt, net of cash
$ 3,236
$ 3,363
Other
(c)
24
(31)
Cash available to pay dividends
$ 866
$ 985
Net debt / distributions received less G&A
2.3x
2.1x
$ 1,400
$ 1,589

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8
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