

Financial Review

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Agenda

KMP

- **2013 budget**
 - Distributable cash flow
 - Segment earnings before DD&A and LP net income
 - Quarterly profile
 - Budget assumptions
 - Sustaining capital
 - Growth capital
 - Financing plans
- **Credit ratios and liquidity**

EPB

- **2013 budget**
 - Distributable cash flow
 - Earnings before DD&A and LP net income
 - Quarterly profile
 - Budget assumptions
 - Sustaining & Growth capital
 - Financing plans
- **Credit ratios and liquidity**

KMI

- **2013 budget**
 - Cash available to pay dividends
 - Quarterly profile
- **Credit ratios and liquidity**

Summary

KMP

KMP 2013 DCF Budget (a)

(millions, except per unit)

	2013	2012	Change	
	Budget	Actual	\$	%
Distributable cash flow				
Net income	\$2,680	\$2,222	\$458	21%
DD&A ^(b)	1,377	1,252	125	10
Book / cash tax difference	29	(2)	31	n/m
Express / Endeavor	1	3	(2)	(67)
Sustaining capex ^(c)	(339)	(285)	(54)	19
Total distributable cash flow	3,748	3,190	558	17
General partner's interest	(1,680)	(1,412)	(268)	19
Distributable cash flow	\$2,068	\$1,778	\$290	16%
Average Units Outstanding	385	351	34	10%
Total DCF per unit	\$5.37	\$5.07	\$0.30	6%
LP distribution per unit	\$5.28	\$4.98	\$0.30	6%
Excess coverage	\$34	\$28	\$6	

(a) Excluding certain items; see KMP's periodic reports on Form 10-K and Form 10-Q for a more detailed presentation.

(b) Includes \$176 million and \$86 million of joint venture DD&A in 2012 and 2013, respectively, for our share of MEP, FEP, EagleHawk, Red Cedar, Bear Creek, Eagle Ford, REX, EPNG, EP Midstream, Parkway and Cypress.

(c) Includes \$16 million and \$6 million of joint venture sustaining capital expenditures in 2012 and 2013, respectively, for our share of MEP, FEP, EagleHawk, Red Cedar, Bear Creek, Eagle Ford, REX, EPNG, EP Midstream, Parkway and Cypress.

KMP 2013 Income Budget (a)

(millions, except per unit)

	2013 Budget	2012 Actual	Change	
			\$	%
Segment earnings before DD&A (EBDA)				
Natural Gas Pipelines	\$2,120	\$1,374	\$746	54%
CO ₂	1,396	1,326	70	5
Terminals	839	752	87	12
Products Pipelines	791	703	88	13
Kinder Morgan Canada	212	229	(17)	(7)
Total segment EBDA	5,358	4,384	974	22
DD&A	(1,291)	(1,076)	(215)	20
G&A	(502)	(432)	(70)	16
Interest	(847)	(631)	(216)	34
Non-controlling interest	(38)	(23)	(15)	65
Net income	2,680	2,222	458	21
GP share	(1,680)	(1,412)	(268)	19
Limited partners' net income	\$1,000	\$810	\$190	23%
Units outstanding (avg)	385	351	34	10%
LP income per unit	\$2.59	\$2.31	\$0.28	12%
<i>Natural Gas EBDA plus JV DD&A (b)</i>	<i>\$2,205</i>	<i>\$1,550</i>	<i>\$655</i>	<i>42%</i>
<i>Total Segment EBDA plus JV DD&A (c)</i>	<i>\$5,444</i>	<i>\$4,560</i>	<i>\$884</i>	<i>19%</i>

(a) Excluding certain items.

(b) Natural Gas Pipelines EBDA adding back \$176 million and \$84 million of joint venture DD&A in 2012 and 2013, respectively, for our share of MEP, FEP, EagleHawk, Red Cedar, Bear Creek, Eagle Ford, REX, EPNG and EP Midstream.

(c) Total segment EBDA adding back \$176 million and \$86 million of joint venture DD&A in 2012 and 2013, respectively, for our share of MEP, FEP, EagleHawk, Red Cedar, Bear Creek, Eagle Ford, REX, EPNG, EP Midstream, Parkway and Cypress.

KMP 2013 Budgeted Quarterly Profile (a)

(\$ in millions, except per unit)

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Year</u>
<u>Total Segment EBDA w/JV DD&A (b)</u>					
2013B	24%	24%	25%	27%	\$5,444
2012	24%	22%	26%	28%	\$4,560
2011	24%	23%	26%	27%	\$3,810

<u>DCF/unit (c)</u>					
2013B	26%	21%	24%	29%	\$5.37/unit
2012	27%	21%	25%	27%	\$5.07/unit
2011	26%	22%	25%	27%	\$4.68/unit

<u>Earnings/unit</u>					
2013B	24%	19%	23%	34%	\$2.59/unit
2012	27%	16%	24%	33%	\$2.31/unit
2011	25%	17%	26%	32%	\$1.72/unit

(a) Excluding certain items.

(b) Includes joint venture DD&A for our share of MEP, FEP, EagleHawk, Red Cedar, Bear Creek, Eagle Ford, REX, EPNG, EP Midstream, KinderHawk, Parkway and Cypress.

(c) Includes our share of joint venture DD&A and is reduced by our share of joint venture sustaining capital expenditures, for our share of MEP, FEP, EagleHawk, Red Cedar, Bear Creek, Eagle Ford, REX, EPNG, EP Midstream, KinderHawk, Parkway and Cypress.

KMP 2013 Budget Assumptions

■ Business Segments:

— Natural Gas Pipelines

- Full-year 2012 / partial-year 2013 dropdowns and expansions, partially offset by FTC Rockies divestitures
- Cost savings

— CO₂

- Oil price on unhedged oil volumes in CO₂ ~\$91.68/Bbl
- Increase in hedged oil price / CO₂ contract prices, decrease in NGL price
- Volumes:
 - Oil = +~2,200 Bbl/d (net to KM)
 - CO₂ = +~60 MMcf/d (gross)

— Terminals

- Expansion projects: coal, Edmonton Canadian crude tankage, BOSTCO, BP Whiting
- Increase in contracted rates on existing business
- Full-year of 2012 acquisitions, partial-year of 2013 acquisitions

— Products Pipelines

- Full-year of KMCC pipeline, bio-fuels projects and Cochin E-P service
- Transmix improved margins
- FERC index adjustment
- Partial-year in-service of Parkway

— Kinder Morgan Canada

- Extended 1-year toll settlement on TMPL

■ Interest Expense:

- Average 3-month LIBOR rate of ~0.45% for the year, based on forward curve at time of budget

KMP 2013 Sustaining Capital Budget (a)

(\$ in millions)

	2013	2012	
	<u>Budget</u>	<u>Actual</u>	<u>Change</u>
<u>Sustaining capital</u>			
Natural Gas Pipelines	\$119	\$88	\$31
CO ₂	17	12	5
Terminals	113	110	3
Products Pipelines	54	52	2
Kinder Morgan Canada	27	17	10
Corporate	9	6	3
Total sustaining capital	<u><u>\$339</u></u>	<u><u>\$285</u></u>	<u><u>\$54</u></u>

(a) Excluding certain items.

KMP 2012 vs. 2013B Growth Capital

(\$ in millions)

	<u>2013 Budget</u>	<u>2012 Actual</u>
<u>Expansion capital</u>		
Natural Gas Pipelines	\$748	\$196
CO ₂	632	443
Terminals	559	625
Products Pipelines	472	247
Kinder Morgan Canada	59	31
Total expansion capital	2,470	1,542
Contributions to JVs	187	205
Subtotal	2,657	1,747
Acquisitions ^(a)	1,880	3,317
Total growth capital	\$4,537	\$5,064

(a) 2012 net of proceeds from FTC Rockies divestiture.

KMP 2013 Growth Capital Budget

(\$ in millions)

	<u>Expansion Capital</u>	<u>Equity Contributions</u>	<u>Acquisitions</u>	<u>Total Growth Capital</u>
<u>Expansion capital</u>				
Natural Gas Pipelines	\$748	\$141	\$1,730	\$2,619
CO ₂	632	-	-	632
Terminals	559	-	150	709
Products Pipelines	472	46	-	518
Kinder Morgan Canada	59	-	-	59
Total growth capital	<u><u>\$2,470</u></u>	<u><u>\$187</u></u>	<u><u>\$1,880</u></u>	<u><u>\$4,537</u></u>

KMP 2013 Budget Financing Plans

(\$ in millions)

	2013 Budget
<u>Equity</u>	
Secondary offerings / ATM	\$1,325
Units to KMI – dropdown	105
KMR dividends	626
Total equity	<u>\$2,056</u>
<u>Debt</u>	
Long-term debt issuance	\$2,200
Increase in revolver ^(a)	223
Proportionate share of debt assumed ^(b)	558
Debt maturity in December	(500)
Incremental debt	<u>\$2,481</u>
	<u><u>\$4,537</u></u>

(a) Excludes changes in working capital.

(b) Upon KMP's acquisition of the remaining 50% interest in EPNG from KMI, KMP will consolidate the EPNG debt of \$1,115 million.

KMP Credit Ratios and Liquidity ^(a)

(\$ in millions)

Credit Ratios

	2013					
	Budget	2012	2011	2010	2009	2008
Net debt ^(b) / EBITDA	3.7x	3.7x	3.6x	3.7x	3.8x	3.4x
EBITDA / Interest Exp.	5.9x	6.6x	6.5x	6.1x	6.4x	6.2x

Revolver Capacity ^(c)

Committed revolving credit facility	\$2,200
Less:	
Revolver borrowing	(621)
Letters of credit	(226)
Excess capacity	<u>\$1,353</u>

Long-term Debt Maturities ^(d)

2013	\$508 ^(e)
2014	\$502
2015	\$300
2016	\$750
2017	\$1,255

(a) As of 12/31/2012, debt of KMP and its consolidated subsidiaries.

(b) KMP debt as defined in the footnote above, excluding fair value adjustments, net of cash.

(c) KMP corporate revolver.

(d) Includes maturities of EPNG.

(e) \$500 million 5% senior notes due 12/15/2013.

EPB

EPB 2013 DCF Budget (a)

(millions, except per unit)

	2013	2012	Change	
	Budget	Actual	\$	%
Distributable cash flow				
Net income	\$624	\$598	\$26	4%
DD&A (b)	209	176	33	19
Other book / cash difference	1	3	(2)	n/m
Sustaining capex (c)	(40)	(46)	6	(13)
Total distributable cash flow	794	731	63	9
General partner's interest	(210)	(141)	(69)	49
Distributable cash flow	\$584	\$590	\$(6)	(1)%
Average Units Outstanding	219	209	10	5%
Total DCF per unit	\$2.67	\$2.82	\$(0.15)	(5)%
LP distribution per unit	\$2.55	\$2.25	\$0.30	13%
Excess coverage	\$26	\$119	\$93	

(a) Excluding certain items; see EPB's periodic reports on Form 10-K and Form 10-Q for a more detailed presentation.

(b) Includes \$1 million and \$7 million of joint venture DD&A in 2012 and 2013, respectively, for our share of Bear Creek, WYCO and GLNG.

(c) Includes \$1 million and \$3 million of joint venture sustaining capital expenditures in 2012 and 2013, respectively, for our share of Bear Creek, WYCO and GLNG.

EPB 2013 Income Budget (a)

(millions, except per unit)

	2013	2012	Change	
	<u>Budget</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
Earnings before DD&A	\$1,215	\$1,173	\$42	4%
DD&A	(202)	(175)	(27)	15
G&A	(91)	(102)	11	(11)
Interest	(298)	(289)	(9)	3
Non-controlling interest	-	(9)	9	n/m
Net income	624	598	26	4
GP share	(210)	(141)	(69)	49
Limited partners' net income	\$414	\$457	\$(43)	(9)%
Units outstanding (avg)	219	209	10	5%
LP income per unit	\$1.89	\$2.18	\$(0.29)	(13)%
EBDA including JV DD&A (b)	\$1,222	\$1,174	\$48	4%

(a) Excluding certain items.

(b) Includes \$1 million and \$7 million of joint venture DD&A in 2012 and 2013, respectively, for our share of Bear Creek, WYCO and GLNG.

EPB 2013 Budgeted Quarterly Profile (a)

(\$ in millions, except per unit)

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Year</u>
<u>EBDA w/JV DD&A (b)</u>					
2013B	26%	23%	24%	27%	\$1,222
2012	24%	23%	26%	27%	\$1,174
<u>DCF/unit (c)</u>					
2013B	28%	21%	22%	29%	\$2.67/unit
2012	25%	23%	25%	27%	\$2.82/unit
<u>Earnings/unit</u>					
2013B	30%	21%	22%	27%	\$1.89/unit
2012	25%	21%	25%	29%	\$2.18/unit

(a) Excluding certain items.

(b) Includes joint venture DD&A for our share of Bear Creek, WYCO and GLNG.

(c) Includes our share of joint venture DD&A and is reduced by our share of joint venture sustaining capital expenditures, for our share of Bear Creek, WYCO and GLNG.

EPB 2013 Budget Assumptions

■ Natural Gas business drivers:

— Pipelines

- Full-year of 2012 dropdowns of Cheyenne Plains and remaining 14% interest in CIG
- Elba Express reversal / expansion

— LNG

- Partial-year from planned 2013 GLNG dropdown

EPB 2013 Sustaining and Growth Capital Budgets ^(a)

(\$ in millions)

	<u>2013 Budget</u>	<u>2012 Actual</u>	<u>Change</u>
<u>Sustaining capital ^(b)</u>			
Natural Gas Pipelines	\$37	\$43	\$(6)
Corporate	3	3	-
Total sustaining capital	<u>\$40</u>	<u>\$46</u>	<u>\$(6)</u>

	<u>2013 Budget</u>	<u>2012 Actual</u>
<u>Growth capital</u>		
Expansion	\$158	\$65
Contributions to JVs	-	-
Subtotal	158	65
Acquisitions	350	811
Total growth capital	<u>\$508</u>	<u>\$876</u>

(a) Excluding certain items.

(b) Includes \$1 million and \$3 million of joint venture sustaining capital expenditures in 2012 and 2013, respectively, for our share of Bear Creek, WYCO and GLNG.

EPB 2013 Budget Financing Plans

(\$ in millions)

	2013 Budget
<u>Equity</u>	
Secondary offerings / ATM	\$270
Units to KMI – dropdown	35
Total equity	<u>\$305</u>
<u>Debt</u>	
Long-term debt issuance	-
Increase in revolver ^(a)	291
Debt maturity in September	(88)
Incremental debt	<u>\$203</u>
	<u><u>\$508</u></u>

(a) Excludes changes in working capital.

EPB Credit Ratios and Liquidity (a)

(\$ in millions)

Credit Ratios

	2013 Budget	2012
Net debt (b) / EBITDA	3.9x	3.9x
EBITDA / Interest Exp.	3.8x	3.7x

Revolver Capacity (c)

Committed revolving credit facility	\$1,000
Less:	
Revolver borrowing	-
Letters of credit	(8)
Excess capacity	\$992

Long-term Debt Maturities

2013	\$88 (d)
2014	\$71
2015	\$750
2016	\$750
2017	\$500

(a) As of 12/31/2012, debt of EPB and its consolidated subsidiaries.
 (b) EPB debt as defined in the footnote above, net of cash.
 (c) EPB corporate revolver.
 (d) \$88 million 8% senior notes due 9/30/2013.

KMI

KMI 2013 Budgeted Cash Available to Pay Dividends ^(a)

(\$ in millions)

	2013	2012	Change	
	Budget	Actual	\$	%
KMP distributions to KMI				
From ownership of general partner interest	\$1,729	\$1,454	\$275	19%
On KMP units owned by KMI	146	120	26	22
On KMR shares owned by KMI	82	73	9	12
Total KMP distributions to KMI	1,957	1,647	310	19
EPB distributions to KMI				
From ownership of general partner interest	213	118	95	81
On EPB units owned by KMI	232	157	75	48
Total EPB distributions to KMI	445	275	170	62
NGPL cash available for distribution to KMI ^(b)	9	11	(2)	(18)
Total cash generated	2,411	1,933	478	25
G&A and sustaining capital expenditures	(65)	(32)	(33)	102
Interest expense	(133)	(181)	48	(27)
Cash available to pay dividends before cash taxes	2,213	1,720	493	29
Cash taxes	(507)	(419)	(88)	21
Subtotal – cash available to pay dividends	1,706	1,301	405	31
EP cash available for distribution				
EP operations – EBITDA	378	518	(140)	(27)
Interest expense	(388)	(315)	(73)	23
Sustaining capital expenditures	(64)	(93)	29	(31)
Net EP cash available	(74)	110	(184)	(167)
Total – consolidated cash available to pay dividends	\$1,632	\$1,411	\$221	16%
Average fully-diluted shares outstanding	1,039	908	131	14%
Cash available per average share outstanding	\$1.57	\$1.46 ^(c)	\$0.11	8%
Declared dividend per share	\$1.57	\$1.40	\$0.17	12%

(a) Excluding certain items; see KMI's periodic reports on Form 10-K and Form 10-Q for a more detailed presentation.

(b) KMI owns a 20% interest in NGPL.

(c) Based on record date shares outstanding.

KMI 2013 Budgeted Quarterly Profile (a)

(\$ in millions, except per share)

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Year</u>
<u>Cash available to pay dividends</u>					
2013B	30%	18%	24%	28%	\$1,632
2012	21%	22%	26%	31%	\$1,411
2011	30%	19%	22%	29%	\$866
<u>Earnings per share</u>					
2013B	25%	23%	25%	27%	\$1.09/sh
2012	26%	24%	25%	25%	\$1.08/sh
2011	n/m	n/m	n/m	n/m	\$0.74/sh (b)

(a) Excludes certain items.

(b) As reported, not a full year.

KMI Credit Ratio and Liquidity ^(a)

Credit Ratio

	2013 Budget
Net debt ^(b) / consolidated EBITDA	5.0x

Revolver Capacity ^(c)

Committed revolving credit facility	\$1,750
Less:	
Revolver borrowing	(1,035)
Letters of credit	(77)
Excess capacity	<u><u>\$638</u></u>

Long-term Debt Maturities ^(d)

2013	\$30 ^(e)
2014	\$207
2015	\$250
2016	\$917
2017	\$786

(a) As of 12/31/2012.

(b) Debt of KMI and its consolidated subsidiaries, including the debt of KMP and EPB and their respective consolidated subsidiaries, excluding debt fair value adjustments and Kinder Morgan G.P., Inc.'s \$100 million of Series A Fixed-to-Floating Rate Term Cumulative Preferred Stock due 2057, net of cash.

(c) KMI corporate revolver only.

(d) Debt of KMI and its consolidated subsidiaries, excluding the debt of KMP and EPB and their respective consolidated subsidiaries.

(e) \$30 million 12% senior notes due 12/12/2013.

2013 Summary

■ KMI Budget

- Declare \$1.57 / share in dividends (12% growth)
- Year-end 2013 Debt / EBITDA of 5.0x

■ KMP Budget

- Declare \$5.28 / unit in LP distributions (6% growth)
 - Total distributions to LPs and GP of \$3.8 billion
- \$34 million in excess coverage
- Finance expansion budget approximately 50 / 50, debt / equity to maintain strong credit metrics
- Year-end 2013 Debt / EBITDA of 3.7x

■ EPB Budget

- Declare \$2.55 / unit in LP distributions (13% growth)
 - Total distributions to LPs and GP of \$0.8 billion
- \$26 million in excess coverage
- Finance expansion budget approximately 50 / 50, debt / equity to maintain strong credit metrics
- Year-end 2013 Debt / EBITDA of 3.9x

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