

Financial Review

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Agenda

■ 2010 Budget

- Distributable Cash Flow
- Segment Earnings before DD&A and LP Net Income
- Budget Assumptions
- Sustaining Capital
- Growth Capital
- Financing Plans

■ Liquidity

■ Balance Sheet Ratios

■ Summary

2010 DCF Budget ^(a)

(millions except per unit)

	2009 Actual	2010 Budget	Change	
			\$	%
Distributable Cash Flow				
Net Income	\$1,325.3	\$1,502.4	\$177.1	13%
DD&A ^(b)	931.2	1,090.9	159.7	17%
Book/Cash Tax Difference	41.9	35.9	(6.0)	-14%
Express/Endeavor	6.2	10.6	4.4	71%
Sustaining Capex ^(b)	(172.2)	(207.3)	(35.1)	20%
Total Distributable Cash Flow	\$2,132.4	\$2,432.5	\$300.1	14%
General Partner's Interest	(936.4)	(1,060.1)	(123.7)	13%
Distributable Cash Flow	\$1,196.0	\$1,372.4	\$176.4	15%
DCF per Unit				
Net Income	\$1.38	\$1.45	\$0.07	5%
DD&A ^(b)	3.31	3.58	0.27	8%
Book / Cash Tax Difference	0.15	0.12	(0.03)	-20%
Express / Endeavor	0.02	0.03	0.01	50%
Sustaining Capex ^(b)	(0.61)	(0.68)	(0.07)	11%
Total DCF per Unit	\$4.25	\$4.50	\$0.25	6%
LP Distribution per Unit	\$4.20	\$4.40	\$0.20	5%
Excess Coverage	\$14.1	\$31.8		

(a) Excluding certain items

(b) Includes our share of Rockies Express Pipeline and Midcontinent Express Pipeline

2010 Income Budget (a)

(millions except per unit)

	2009	2010	Change	
	Actual	Budget	\$	%
Segment Earnings before DD&A				
Products Pipelines	\$635.1	698.6	\$63.5	10%
Natural Gas Pipelines	787.5	830.2	42.7	5%
CO₂	796.4	1,005.8	209.4	26%
Terminals	576.1	655.2	79.1	14%
Kinder Morgan Canada	165.7	168.3	2.6	2%
Total Segment Earnings b/f DD&A	<u>2,960.8</u>	<u>3,358.1</u>	<u>397.3</u>	<u>13%</u>
DD&A	(856.6)	(960.0)	(103.4)	12%
G&A	(332.2)	(364.2)	(32.0)	10%
Interest	(429.8)	(516.4)	(86.6)	20%
Non-controlling Interest	(16.9)	(15.1)	1.8	-11%
Net Income	<u>1,325.3</u>	<u>1,502.4</u>	<u>177.1</u>	<u>13%</u>
GP Share	(936.4)	(1,060.1)	(123.7)	13%
Limited Partners' Net Income	<u>\$388.9</u>	<u>\$442.3</u>	<u>\$53.4</u>	<u>14%</u>
Units Outstanding (avg)	281.5	304.7	23.2	8%
LP Income per Unit	\$1.38	\$1.45	\$0.07	5%

(a) Excluding certain items

Budget Assumptions

- Oil price on unhedged oil volumes in CO₂ ~ \$84/Bbl
SACROC volumes = 29.8 MBbl/d, Yates = 26.2 MBbl/d
- Full-year contributions from REX (in-svc Nov-2009), MEP (Aug-2009) and KMLA (Jun-2009); No FEP impact in 2010
- Partial-year contributions from fully-subscribed compression expansions on REX (Jan-2010) and MEP (Summer-2010)
- Petroleum product volume growth = 1.0% ^(a)
- Issue ~\$300 million in secondary equity
- KMR dividend ~\$400 million
- Average 3-month LIBOR rate of ~0.6% for the year, based on forward curve at time of budget

(a) Excludes Plantation, Including Plantation = 2.9%

2010 Sustaining Capital Budget ^(a)

(millions)

	<u>2009</u>	<u>2010E</u>	<u>Change</u>
Sustaining Capital			
Products Pipelines	\$47.3	\$49.7	\$2.4
Natural Gas Pipelines	30.9	33.7	2.8
CO₂	6.6	16.5	9.9
Terminals	70.5	88.2	17.7
Kinder Morgan Canada	10.7	13.4	2.7
Corporate	6.2	5.8	(0.4)
Total Sustaining Capital	<u>\$172.2</u>	<u>\$207.3</u>	<u>\$35.1</u>

(a) Excluding certain items

2010 Growth Capital Budget

(millions)

	<u>2009</u>	<u>2010E</u>
Expansion Capital		
Products Pipelines	\$146	\$103
Natural Gas Pipelines	326	108
CO₂	325	415
Terminals	247	196
Trans Mountain	15	3
Total Expansion Capital	1,059	825
Contributions to JVs	1,896	217 (a)
Subtotal	2,955	1,042
Acquisitions	329	446
Total Budgeted Growth Capital	\$3,284	\$1,488

(a) Equity contributions to Rockies Express Pipeline and Midcontinent Express Pipeline; no contributions to Fayetteville Express expected in 2010

2010 Financing Plans

(millions)

	<u>2010B</u>
Equity	
Secondary Offerings/ATM	\$300
KMR	395
Units issued to sellers in acquisitions	95
Total Equity	<u>\$790</u>
Debt	
Long Term Debt Issuance	\$750
Increase in Revolver ^(a)	210
Debt Maturity	(262)
Incremental Debt	<u>\$698</u>

(a) Excludes any changes in working capital

Liquidity Summary (a)

(millions)

Revolver Liquidity (b)

Total Bank Credit	\$1,787
Less:	
Borrowings Outstanding	(300)
LCs Outstanding	(283)
Liquidity	\$1,204

Long-term Debt Maturities (c)

2010	\$262
2011	\$707
2012	\$957 (d)
2013	\$507
2014	\$501

(a) As of 31-Dec-2009

(b) Existing KMP revolver matures Aug-2010

(c) Maturities of long-term debt; excludes borrowings under its revolving credit facility

(d) Excludes 10-yr bond with optional 3-yr put (stated maturity 2019)

Balance Sheet Ratios

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010E</u>
<u>KMP</u>							
Debt/EBITDA	3.5x	3.2x	3.3x	3.4x	3.4x	3.8x	3.6x
EBITDA/Interest Exp.	6.9x	6.3x	5.2x	5.2x	6.2x	6.4x	6.1x

Summary

- **4.8% growth in budgeted declared distribution to \$4.40/unit**
- **~\$32 million in excess coverage**
- **Finance expansion budget to maintain strong credit metrics;
Year-end 2010 Debt / EBITDA of 3.6x**
- **Distributions totaling \$2.4 billion in 2010**
- **5-7% growth rate appears reasonable**

