KINDER MORGAN

Financial Review

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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

KMP

2012 DCF Budget [a]

(millions, except per unit)

	2011 Actual	2012 Budget	Change $	Change %
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**	

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 May-2011), EagleHawk, Eagle Ford (2012-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 Ford (2012 only), Red Cedar and Cypress

KINDER MORGAN

(KMP)

2012 Income Budget [a]

(millions, except per unit)

	2011 Actual	2012 Budget	Change $	Change %
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 Ford (2012-only) and Red Cedar JV DD&A of $171 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 (2012-only), Red Cedar and Cypress JV DD&A of $171 million in both 2011 and 2012

KINDER MORGAN (KMP)

2012 Budgeted Quarterly Profile [a]

($ in millions, except per unit)

	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

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-only), Red Cedar and Cypress

(c) Includes our share of joint venture DD&A and is reduced by our share of joint venture sustaining capital expenditures for the following investments: REX, MEP, FEP, KinderHawk (until May-2011), EagleHawk, Eagle Ford (2012-only), Red Cedar and Cypress

KINDER MORGAN (KMP)

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%

Note: excludes any impact from the proposed acquisition of El Paso by KMI

2012 Sustaining Capital Budget [a]

($ in millions)

	2011 Actual	2012 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**

Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a) Excluding certain items

2011 vs. 2012 Growth Capital

($ in millions)

	2011 Actual	2012 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**

Note: excludes any impact from the proposed acquisition of El Paso by KMI

KINDER MORGAN (KMP)

2012 Growth Capital Budget

($ in millions)

	Expansion Capital	Equity Contributions	Acquisitions	Total Growth 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**

Note: excludes any impact from the proposed acquisition of El Paso by KMI

2012 Financing Plans

($ in millions)

	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

Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a) Excludes any changes in working capital

KINDER MORGAN (KMP)

Liquidity Summary [a]

($ in millions)

Revolver Liquidity

Total bank credit	$2,200
Less:	
Commercial paper	(645)
LCs outstanding	(230)
Liquidity	**$1,325**

Long-term Debt Maturities

2012	$958 [b]
2013	$508
2014	$503
2015	$300
2016	$500

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

Balance Sheet Ratios

	2004	2005	2006	2007	2008	2009	2010	2011	2012 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

Note: excludes any impact from the proposed acquisition of El Paso by KMI

KMI

KINDER MORGAN (KMI)

2012 Budget for Cash Available to Pay Dividends

($ in millions)

	Declared Basis		Change	
	2011 Actual	2012 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 (b)	$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

2012 Budgeted Quarterly Profile

($ in millions, except per share)

- **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

Note: excludes any impact from the proposed acquisition of El Paso by KMI
(a) Excludes certain items

KINDER MORGAN (KMI)

Credit / Liquidity Summary [a]

($ in millions)

Credit Summary

	2010	2011	Budget 2012
Net Debt / Distributions Received Less G&A [b]	2.5x	2.3x	2.1x

Revolver Capacity

Total Bank Credit	$1,000
Less:	
Revolver Drawn	(421)
Letters of Credit	(48)
Excess Capacity	**$531**

Long-term Debt Maturities

2012	$839 [c]
2013	---
2014	---
2015	$250
2016	$850

Note: excludes any impact from the proposed acquisition of El Paso by KMI, except debt balance which includes some transaction fees already paid

(a) Unless otherwise noted, as of 12/31/2011; debt of KMI's subsidiary, Kinder Morgan Kansas, Inc. excluding the fair value of interest rate swaps, purchase accounting 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

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**

Note: excludes any impact from the proposed acquisition of El Paso by KMI, except debt balance which includes some transaction fees already paid