

# Financial Review

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# Agenda

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## KMP

- **2014 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

- **2014 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

- **2014 budget**
  - Cash available to pay dividends
  - Quarterly profile
- **Credit ratios and liquidity**

## Summary

**KMP**

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# KMP 2014 DCF Budget (a)

(millions, except per unit)

	2014	2013	Change	
	Budget	Actual	\$	%
<b>Distributable cash flow</b>				
Net income	\$3,049	\$2,711	\$338	12%
DD&A <sup>(b)</sup>	1,761	1,524	237	16
Book / cash tax difference	63	44	19	43
Express / Endeavor	2	(5)	7	n/m
Sustaining capex <sup>(c)</sup>	(438)	(327)	(111)	34
<b>Total distributable cash flow</b>	<b>4,437</b>	<b>3,947</b>	<b>490</b>	<b>12</b>
General partner's interest	(1,880)	(1,703)	(177)	10
<b>Distributable cash flow</b>	<b>\$2,557</b>	<b>\$2,244</b>	<b>\$313</b>	<b>14%</b>
Average Units Outstanding	455	416	39	9%
<b>Total DCF per unit</b>	<b>\$5.61</b>	<b>\$5.39</b>	<b>\$0.22</b>	<b>4%</b>
<b>LP distribution per unit</b>	<b>\$5.58</b>	<b>\$5.33</b>	<b>\$0.25</b>	<b>5%</b>
<b>Excess coverage</b>	<b>\$15</b>	<b>\$22</b>	<b>\$(7)</b>	

(a) Excluding certain items; see KMP's reports on Form 10-K and Form 10-Q for a more detailed presentation. See Appendix for reconciliation to GAAP net income.

(b) Includes KMP share of Certain Equity Investee DD&A, \$87 million in 2014 and 2013. For a list of our Certain Equity Investees, please refer to slide 20 in Appendix.

(c) Includes KMP share of Certain Equity Investee sustaining capital expenditures, \$9 million and \$2 million in 2014 and 2013, respectively.

# KMP 2014 Income Budget (a)

(millions, except per unit)

	2014 Budget	2013 Actual	Change	
			\$	%
<b>Segment earnings before DD&amp;A (EBDA)</b>				
Natural Gas Pipelines	\$2,673	\$2,336	\$337	14%
CO <sub>2</sub>	1,547	1,432	115	8
Products Pipelines	928	784	144	18
Terminals	969	798	171	21
Kinder Morgan Canada	193	200	(7)	(4)
<b>Total segment EBDA</b>	<b>6,310</b>	<b>5,550</b>	<b>760</b>	<b>14</b>
DD&A	(1,674)	(1,437)	(237)	16
G&A	(558)	(521)	(37)	7
Interest	(979)	(850)	(129)	15
Non-controlling interest	(50)	(31)	(19)	61
Net income	3,049	2,711	338	12
GP share	(1,880)	(1,703)	(177)	10
<b>Limited partners' net income</b>	<b>\$1,169</b>	<b>\$1,008</b>	<b>\$161</b>	<b>16%</b>
Units outstanding (avg)	455	416	39	9%
<b>LP income per unit</b>	<b>\$2.57</b>	<b>\$2.42</b>	<b>\$0.15</b>	<b>6%</b>
<i>Natural Gas EBDA plus JV DD&amp;A (b)</i>	<i>\$2,752</i>	<i>\$2,420</i>	<i>\$332</i>	<i>14%</i>
<i>Total Segment EBDA plus JV DD&amp;A (c)</i>	<i>\$6,397</i>	<i>\$5,637</i>	<i>\$760</i>	<i>13%</i>

(a) Excluding certain items.

(b) Includes Natural Gas Pipelines share of Certain Equity Investee DD&A, \$79 million and \$84 million in 2014 and 2013, respectively.

(c) Includes KMP share of Certain Equity Investee DD&A, \$87 million in 2014 and 2013.

# KMP 2014 Budgeted Quarterly Profile (a)

(\$ in millions, except per unit)

	1Q	2Q	3Q	4Q	Year
<b>Total Segment EBDA w/JV DD&amp;A (b)</b>					
<b>2014B</b>	25%	23%	25%	27%	\$6,397
<b>2013</b>	23%	24%	25%	28%	\$5,637
<b>2012</b>	24%	22%	26%	28%	\$4,560
<b>2011</b>	24%	23%	26%	27%	\$3,810
<b>DCF/unit (c)</b>					
<b>2014B</b>	28%	21%	24%	27%	\$5.61/unit
<b>2013</b>	27%	23%	23%	27%	\$5.39/unit
<b>2012</b>	27%	21%	25%	27%	\$5.07/unit
<b>2011</b>	26%	22%	25%	27%	\$4.68/unit
<b>Earnings/unit</b>					
<b>2014B</b>	29%	19%	22%	30%	\$2.57/unit
<b>2013</b>	27%	20%	21%	32%	\$2.42/unit
<b>2012</b>	26%	16%	25%	33%	\$2.31/unit
<b>2011</b>	25%	17%	26%	32%	\$1.72/unit

(a) Excluding certain items.

(b) Includes KMP share of Certain Equity Investee DD&A.

(c) Includes KMP share of Certain Equity Investee DD&A and reduced by KMP share of Certain Equity Investee sustaining capital expenditures.

# KMP 2014 Budget Assumptions

## ■ Business Segments:

### — Natural Gas Pipelines

- Full-year of 2013 dropdowns and Copano acquisition
- Full-year of TGP Northeast Upgrade expansion and other projects brought in-service during 2013

### — CO<sub>2</sub>

- Oil price on unhedged oil volumes in CO<sub>2</sub> ~\$96.15/Bbl
- Volumes:
  - Oil = +~3,000 Bbl/d (net to KM)
  - CO<sub>2</sub> = +~90 MMcf/d (net)

### — Terminals

- Full-year 2013 expansions and partial year 2014 expansions including: coal (Port of Houston, IMT, Deepwater & Pier IX), petcoke (BP Whiting), liquids and crude tanks (BOSTCO, Edmonton & Galena Park) and Canadian crude-by-rail projects (Imperial & Keyera JVs)
- Increase in contract rates on existing business
- APT / SCT Jones Act vessel acquisition NOT in budget

### — Products Pipelines

- Increased volumes on KMCC
- Full-year of Double Eagle and Parkway pipelines
- Partial-year of Cochin reversal, condensate splitter (phase 1), and other projects expected to go in-service during 2014
- FERC index adjustment
- Refined product volume growth

### — Kinder Morgan Canada

- Full year impact of Express sale

## ■ Interest Expense:

- Average 3-month LIBOR rate of ~0.37% for the year, based on forward curve at time of budget

# KMP 2014 Sustaining Capital Budget (a)

(\$ in millions)

	<b>2014</b>	<b>2013</b>	
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Change</b></u>
<b><u>Sustaining capital</u></b>			
Natural Gas Pipelines	\$157	\$112	\$45
CO <sub>2</sub>	21	14	7
Products Pipelines	48	53	(5)
Terminals	146	112	34
Kinder Morgan Canada	54	24	30
Corporate	12	12	0
<b>Total sustaining capital</b>	<b><u><u>\$438</u></u></b>	<b><u><u>\$327</u></u></b>	<b><u><u>\$111</u></u></b>

(a) Excluding certain items.

Includes KMP share of Certain Equity Investee sustaining capital expenditures, \$9 million and \$2 million in 2014 and 2013, respectively.



# KMP 2014 Growth Capital Budget

(\$ in millions)

	<u>2014 Budget</u>	<u>2013 Actual</u>
<b><u>Expansion capital</u></b>		
Natural Gas Pipelines	\$687	\$922
CO <sub>2</sub>	1,076	676
Products Pipelines	712	385
Terminals	562	884
Kinder Morgan Canada	58	90
<b>Total expansion capital</b>	<b>3,095</b>	<b>2,957</b>
Contributions to JVs	353	209
Small Acquisitions	200	315
Subtotal	3,648	3,481
Drop-downs	-	1,655
Copano Acquisition	-	4,897
<b>Total growth capital</b>	<b><u><u>\$3,648</u></u></b>	<b><u><u>\$10,033</u></u></b>

# KMP 2014 Budget Financing Plans

(\$ in millions)

	<b>2014 Budget</b>
<b><u>Equity</u></b>	
Secondary offerings / ATM	\$1,100
Units to KMI – dropdown	-
KMR dividends	719
<b>Total equity</b>	<b><u>\$1,819</u></b>
<b><u>Debt</u></b>	
Long-term debt issuance	\$2,200
Increase in revolver <sup>(a)</sup>	131
Proportionate share of debt assumed	-
Debt maturities <sup>(b)</sup>	(502)
<b>Incremental debt</b>	<b><u>\$1,829</u></b>
	<b><u><u>\$3,648</u></u></b>

(a) Excludes changes in working capital.

(b) Principally the \$500 million 5.125% senior notes due 11/15/2014.

# KMP Credit Ratios and Liquidity <sup>(a)</sup>

(\$ in millions)

## Credit Ratios

	2014	2013	2012	2011	2010	2009
	Budget					
Net debt <sup>(b)</sup> / EBITDA	3.7x	3.8x	3.7x	3.6x	3.7x	3.8x
EBITDA / Interest Exp.	6.0X	6.1x	6.6x	6.5x	6.1x	6.4x

## Revolver Capacity <sup>(c)</sup>

Committed revolving credit facility	\$2,700
Less:	
Revolver borrowing	(979)
Letters of credit	(203)
<b>Excess capacity</b>	<b><u>\$1,518</u></b>

## Long-term Debt Maturities

2014	\$502 <sup>(d)</sup>
2015	\$300
2016	\$750
2017	\$1,255
2018	\$1,000

(a) Debt of KMP and its consolidated subsidiaries.

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

(c) As of 12/31/2013, KMP corporate revolver (maturity in 5/2018).

(d) Principally the \$500 million 5.125% senior notes due 11/15/2014.

**EPB**

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# EPB 2014 DCF Budget (a)

(millions, except per unit)

	2014	2013	Change	
	Budget	Actual	\$	%
<b>Distributable cash flow</b>				
Net income	\$569	\$615	\$(46)	(7)%
DD&A (b)	316	198	118	60
Other book / cash difference	(11)	2	(13)	n/m
Sustaining capex (c)	(47)	(39)	(8)	21
<b>Total distributable cash flow</b>	<b>827</b>	<b>776</b>	<b>51</b>	<b>7</b>
General partner's interest	(227)	(207)	(20)	10
<b>Distributable cash flow</b>	<b>\$600</b>	<b>\$569</b>	<b>\$31</b>	<b>6%</b>
Average Units Outstanding	226	217	9	4%
<b>Total DCF per unit</b>	<b>\$2.65</b>	<b>\$2.62</b>	<b>\$0.04</b>	<b>1%</b>
<b>LP distribution per unit</b>	<b>\$2.60</b>	<b>\$2.55</b>	<b>\$0.05</b>	<b>2%</b>
<b>Excess coverage</b>	<b>\$12</b>	<b>\$16</b>	<b>\$(4)</b>	

(a) Excluding certain items; see EPB's periodic reports on Form 10-K and Form 10-Q for a more detailed presentation. See Appendix for reconciliation to GAAP net income.

(b) Includes \$84 million and \$1 million of joint venture DD&A in 2014 and 2013, respectively, for our share of Bear Creek, WYCO, GLNG, Young Gas Storage and Ruby.

(c) Includes \$4 million and \$3 million of joint venture sustaining capital expenditures in 2014 and 2013, respectively, for our share of Bear Creek, WYCO, GLNG, Young Gas Storage and Ruby.

# EPB 2014 Income Budget (a)

(millions, except per unit)

	2014	2013	Change	
	<u>Budget</u>	<u>Actual</u>	<u>\$</u>	<u>%</u>
<b>Earnings before DD&amp;A</b>	<b>\$1,201</b>	<b>\$1,195</b>	<b>\$6</b>	<b>1%</b>
DD&A	(233)	(198)	(35)	18
G&A	(87)	(82)	(5)	6
Interest	(312)	(300)	(12)	4
Net income	569	615	(46)	(7)
GP share	(227)	(207)	(20)	10
<b>Limited partners' net income</b>	<b>\$342</b>	<b>\$408</b>	<b>\$(66)</b>	<b>(16)%</b>
Units outstanding (avg)	226	217	9	4%
<b>LP income per unit</b>	<b>\$1.51</b>	<b>\$1.88</b>	<b>\$(0.37)</b>	<b>(20)%</b>
<b>EBDA including JV DD&amp;A (b)</b>	<b>\$1,285</b>	<b>\$1,196</b>	<b>\$89</b>	<b>7%</b>

(a) Excluding certain items.

(b) Includes \$84 million and \$1 million of joint venture DD&A in 2014 and 2013, respectively, for our share of Bear Creek, GLNG, Young Gas Storage and Ruby.

# EPB 2014 Budgeted Quarterly Profile (a)

(\$ in millions, except per unit)

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Year</u>
<b><u>EBDA w/JV DD&amp;A (b)</u></b>					
<b>2014B</b>	24%	23%	25%	28%	\$1,285
<b>2013</b>	26%	24%	24%	26%	\$1,196
<b>2012</b>	24%	23%	26%	27%	\$1,174
<b><u>DCF/unit (c)</u></b>					
<b>2014B</b>	26%	21%	24%	29%	\$2.65/unit
<b>2013</b>	30%	23%	22%	25%	\$2.62/unit
<b>2012</b>	25%	23%	25%	27%	\$2.82/unit
<b><u>Earnings/unit</u></b>					
<b>2014B</b>	31%	19%	21%	29%	\$1.51/unit
<b>2013</b>	31%	22%	21%	26%	\$1.88/unit
<b>2012</b>	25%	21%	25%	29%	\$2.18/unit

(a) Excluding certain items.

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

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

# EPB 2014 Budget Assumptions

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## ■ Natural Gas

- Partial-year impact from planned 2014 GLNG, Ruby and Young Gas Storage dropdowns
- Full-year impact of rate case settlements on WIC and SNG
- Expected lower rates for contract renewals on WIC
- Full-year impact of Elba Express pipeline expansion



# EPB 2014 Sustaining and Growth Capital Budgets <sup>(a)</sup>

(\$ in millions)

	<u>2014 Budget</u>	<u>2013 Actual</u>	<u>Change</u>
<b><u>Sustaining capital <sup>(b)</sup></u></b>			
Natural Gas Pipelines	\$45	\$36	\$9
Corporate	2	3	(1)
<b>Total sustaining capital</b>	<b><u>\$47</u></b>	<b><u>\$39</u></b>	<b><u>\$8</u></b>

	<u>2014 Budget</u>	<u>2013 Actual</u>
<b><u>Growth capital</u></b>		
Expansion	\$103	\$111
Contributions to JVs	66	-
Subtotal	169	111
Acquisitions	972	-
<b>Total growth capital</b>	<b><u>\$1,141</u></b>	<b><u>\$111</u></b>

(a) Excluding certain items.

(b) Includes \$4 million and \$3 million of joint venture sustaining capital expenditures in 2014 and 2013, respectively, for our share of Bear Creek, WYCO, GLNG, Young Gas Storage and Ruby.

# EPB 2014 Budget Financing Plans

(\$ in millions)

	<b>2014 Budget</b>
<b><u>Equity</u></b>	
Secondary offerings / ATM	\$450
Units to KMI – dropdown	97
<b>Total equity</b>	<b><u>\$547</u></b>
<b><u>Debt</u></b>	
Long-term debt issuance	\$600
Increase in revolver <sup>(a)</sup>	65
Debt maturity <sup>(b)</sup>	(71)
<b>Incremental debt</b>	<b><u>\$594</u></b>
	<b><u><u>\$1,141</u></u></b>

(a) Excludes changes in working capital.

(b) \$71 million 9.5% senior notes due 2/24/2014.

# EPB Credit Ratios and Liquidity <sup>(a)</sup>

(\$ in millions)

## Credit Ratios

	2014 Budget	2013	2012
Net debt <sup>(b)</sup> / EBITDA	4.0x	3.8x	3.9x
EBITDA / Interest Exp.	3.8x	3.7x	3.7x

## Revolver Capacity <sup>(c)</sup>

Committed revolving credit facility	\$1,000
Less:	
Revolver borrowing	-
Letters of credit	-
<b>Excess capacity</b>	<b><u>\$1,000</u></b>

## Long-term Debt Maturities

2014	\$71 <sup>(d)</sup>
2015	\$750
2016	\$64
2017	\$500
2018	\$0

(a) Debt of EPB and its consolidated subsidiaries.

(b) EPB debt as defined in the footnote above, net of cash.

(c) As of 12/31/2013, EPB corporate revolver (maturity in 5/2016).

(d) \$71 million 9.5% senior notes due 2/24/2014.

**KMI**

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# KMI 2014 Budgeted Cash Available to Pay Dividends <sup>(a)</sup>

(\$ in millions)

	2014	2013	Change	
	Budget	Actual	\$	%
<b>KMP distributions to KMI</b>				
From ownership of general partner interest	\$1,939	\$1,756	\$183	10%
On KMP units owned by KMI	154	147	7	5
On KMR shares owned by KMI	93	83	10	12
Total KMP distributions to KMI	2,186	1,986	200	10
<b>EPB distributions to KMI</b>				
From ownership of general partner interest	232	211	21	10
On EPB units owned by KMI	240	230	10	4
Total EPB distributions to KMI	472	441	31	7
Total cash from interest in MLPs	2,658	2,427	231	10
Asset cash available for distribution to KMI	221	375	(154)	(41)
Total cash generated	2,879	2,802	77	3
G&A expenses, other income/expense and sustaining capex	(35)	(50)	15	(30)
Interest expense	(517)	(523)	6	(1)
Cash available to pay dividends before cash taxes	2,327	2,229	98	4
Cash taxes <sup>(b)</sup>	(547)	(516)	(31)	6
<b>Total - Cash available to pay dividends</b>	<b>\$1,780</b>	<b>\$1,713</b>	<b>\$67</b>	<b>4%</b>
Average fully-diluted shares outstanding	1,036	1,040	(4)	0%
<b>Available Cash per share</b>	<b>\$1.72</b>	<b>\$1.65</b>	<b>\$0.07</b>	<b>4%</b>
<b>Declared dividend per share</b>	<b>\$1.72</b>	<b>\$1.60</b>	<b>\$0.12</b>	<b>8%</b>

(a) Excludes certain items; see KMI's reports on Form 10-K and Form 10-Q for a more detailed presentation. See Appendix for reconciliation to GAAP net income.

(b) 2014 and 2013 include the utilization of \$500MM and \$300MM of net operating losses (NOL), respectively. Our long-term growth projections assume the use of \$500mm of NOL in both 2015 and 2016, consistent with last year's assumption. We do not expect to utilize the NOL in this calculation beyond 2016 as the NOL (including AMT credits) will be fully accounted for.

# KMI 2014 Budgeted Quarterly Profile (a)

(\$ in millions, except per share)

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Year</u>
<b><u>Cash available to pay dividends</u></b>					
<b>2014B</b>	31%	18%	23%	28%	\$1,780
<b>2013</b>	30%	17%	25%	28%	\$1,713
<b>2012</b>	21%	22%	26%	31%	\$1,411
<b>2011</b>	30%	19%	22%	29%	\$866
<b><u>Earnings per share</u></b>					
<b>2014B</b>	25%	23%	25%	27%	\$1.23/sh
<b>2013</b>	24%	23%	26%	27%	\$1.13/sh
<b>2012</b>	26%	24%	25%	25%	\$1.08/sh
<b>2011</b>	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

## Credit Ratio

	2014 Budget	2013	2012
Consolidated net debt <sup>(a)</sup> / EBITDA	4.9x	5.0x	5.4x
Standalone net debt <sup>(b)</sup> / EBITDA	3.2x	3.5x	4.7x

## Revolver Capacity <sup>(c)</sup>

Committed revolving credit facility	\$1,750
Less:	
Revolver borrowing	(175)
Letters of credit	(75)
<b>Excess capacity</b>	<b><u>\$1,500</u></b>

## Long-term Debt Maturities <sup>(d)</sup>

2014	\$400 <sup>(e)</sup>
2015	\$250
2016	\$917
2017	\$786
2018	\$1,310

(a) Debt, net of cash, of KMI, KMP, EPB and their respective consolidated subsidiaries, excluding fair value adjustments and Kinder Morgan G.P. Inc's \$100 million preferred stock due 2057; divided by the sum of pre-tax equity earnings less cash taxes plus JV DD&A from KMI's JV asset investments plus KMP's EBITDA and EPB's EBITDA less G&A and corporate items.

(b) Debt, net of cash, of KMI and its consolidated subsidiaries, excluding the debt of KMP and EPB, excluding fair value adjustments and Kinder Morgan G.P. Inc's \$100 million preferred stock due 2057, divided by the sum of pre-tax equity earnings less cash taxes plus JV DD&A from KMI's JV asset investments plus distributions received by KMI from its MLP interests less G&A and corporate items.

(c) As of 12/31/2013, KMI corporate revolver only (maturity in 12/2014).

(d) Debt of KMI and its consolidated subsidiaries, excluding the debt of KMP and EPB and their respective consolidated subsidiaries. Excludes the term loan maturing 5/24/2015

(e) \$207 million 6.875% notes due 6/15/2014 and \$193 million LC facilities due 3/20/2014 – 9/20/2014.

# 2014 Budget Summary

## ■ KMP Budget

- Declare \$5.58 / unit in LP distributions (5% growth)
  - Total distributions to LPs and GP of greater than \$4.4 billion
- \$15 million in excess coverage
- Finance expansion budget approximately 50 / 50, debt / equity to maintain strong credit metrics
- Year-end 2014 Debt / EBITDA of 3.7x

## ■ EPB Budget

- Declare \$2.60 / unit in LP distributions (2% growth)
  - Total distributions to LPs and GP of \$0.8 billion
- \$12 million in excess coverage
- Finance expansion budget approximately 50 / 50, debt / equity to maintain strong credit metrics
- Year-end 2014 fully consolidated Debt / EBITDA of 4.0x

## ■ KMI Budget

- Declare \$1.72 / share in dividends (8% growth)
- Year-end fully-consolidated 2014 Debt / EBITDA of 4.9x