Terminals

Jeff Armstrong & John Schlosser

President Terminals Group
Terminal Locations

- **Bulk**: 83 Terminals
- **Liquids**: 27 Terminals
- **Crude by Rail**: 3 Terminals
- **KMMS**: 35 Transload Operations
## Historical Growth (a)

### ($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2010 Actual</th>
<th>2011 Actual</th>
<th>2012 Actual</th>
<th>2013 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before DD&amp;A</td>
<td>646,608</td>
<td>701,042</td>
<td>752,303</td>
<td>838,662</td>
</tr>
<tr>
<td>Revenue (net)</td>
<td>$1,244,810</td>
<td>$1,298,507</td>
<td>$1,343,294</td>
<td>$1,462,243</td>
</tr>
<tr>
<td>Opex</td>
<td>$591,547</td>
<td>$598,212</td>
<td>$587,713</td>
<td>$609,531</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$653,263</td>
<td>$700,295</td>
<td>$755,580</td>
<td>$852,712</td>
</tr>
<tr>
<td>Book Income Tax</td>
<td>$6,655</td>
<td>($747)</td>
<td>$3,277</td>
<td>$14,050</td>
</tr>
<tr>
<td>Earnings Before DD&amp;A</td>
<td>$646,608</td>
<td>$701,042</td>
<td>$752,303</td>
<td>$838,662</td>
</tr>
<tr>
<td>Sustaining Capital (b)</td>
<td>$77,277</td>
<td>$83,187</td>
<td>$101,420</td>
<td>$106,130</td>
</tr>
<tr>
<td>DCF</td>
<td>$569,331</td>
<td>$617,855</td>
<td>$650,883</td>
<td>$732,532</td>
</tr>
<tr>
<td>Expansion Capital (b,c)</td>
<td>$220,444</td>
<td>$223,173</td>
<td>$579,994</td>
<td>$525,751</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>52.48%</td>
<td>53.93%</td>
<td>56.25%</td>
<td>58.32%</td>
</tr>
<tr>
<td>Growth from prior year (earnings before DD&amp;A)</td>
<td>12.24%</td>
<td>8.42%</td>
<td>7.31%</td>
<td>11.48%</td>
</tr>
<tr>
<td>Internal</td>
<td>6.65%</td>
<td>6.05%</td>
<td>5.83%</td>
<td>10.09%</td>
</tr>
<tr>
<td>Acquisition</td>
<td>5.59%</td>
<td>2.36%</td>
<td>1.49%</td>
<td>1.39%</td>
</tr>
</tbody>
</table>

### EBDA CAGR (d)

12.28%

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(a) Before certain items
(b) Without corporate overhead
(c) 2013 budget excludes acquisition capital of $150MM
(d) 2002-2013 CAGR
Contract Diversification

Liquids Revenue Breakout (a)

- Refined Petroleum: 46%
- Chemicals: 14%
- Ancillaries: 13%
- Fuel Grade Ethanol: 13%
- Other Liquids: 2%
- Oils: 3%
- Vegetable & Other Oils: 1%

Bulk Revenue Breakout (a)

- Ores/Metals: 29%
- Coal: 24%
- Building Materials: 7%
- Soda Ash: 3%
- Salt: 2%
- Petroleum Coke: 14%
- Ancillaries: 13%
- Other Bulk: 8%
- Fertilizer-Bulk: 7%

Top-10 Customers (a)

- Top-10 Customers: $488MM
- Total Revenue: $1,462MM

3.7-yr Avg. Contract Life (b)

- Liquids: 3.8 Years
- Bulk: 3.5 Years

(a) 2013 budget
(b) 2013 budget weighted average, as of 12/31/2012
## Bulk Tonnage

### KMBT Tonnage (tons)

<table>
<thead>
<tr>
<th>Material</th>
<th>Actual 2011</th>
<th>Actual 2012</th>
<th>Budget 2013</th>
<th>Amt</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>39,007,386</td>
<td>37,938,692</td>
<td>44,278,376</td>
<td>6,339,684</td>
<td>16.7%</td>
</tr>
<tr>
<td>Petcoke</td>
<td>11,507,104</td>
<td>11,606,300</td>
<td>12,011,898</td>
<td>405,598</td>
<td>3.5%</td>
</tr>
<tr>
<td>Cement (Including Clinker)</td>
<td>587,091</td>
<td>612,200</td>
<td>605,100</td>
<td>(7,100)</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>5,242,264</td>
<td>4,565,945</td>
<td>5,435,509</td>
<td>869,564</td>
<td>19.0%</td>
</tr>
<tr>
<td>Salt</td>
<td>3,537,227</td>
<td>2,474,605</td>
<td>3,635,917</td>
<td>1,161,312</td>
<td>46.9%</td>
</tr>
<tr>
<td>Ores/Metals</td>
<td>26,695,426</td>
<td>25,430,708</td>
<td>26,058,949</td>
<td>628,241</td>
<td>2.4%</td>
</tr>
<tr>
<td>Soda Ash</td>
<td>3,915,198</td>
<td>4,380,700</td>
<td>4,430,916</td>
<td>50,216</td>
<td>1.1%</td>
</tr>
<tr>
<td>Aggregate</td>
<td>2,535,851</td>
<td>2,631,868</td>
<td>2,603,296</td>
<td>(28,572)</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Other Bulk</td>
<td>7,827,422</td>
<td>6,913,999</td>
<td>7,214,330</td>
<td>300,331</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>100,854,969</strong></td>
<td><strong>96,555,017</strong></td>
<td><strong>106,274,291</strong></td>
<td><strong>9,719,274</strong></td>
<td><strong>10.1%</strong></td>
</tr>
</tbody>
</table>

Note: acquisition tonnages represented as owned during prior periods.
## Liquids Throughput

<table>
<thead>
<tr>
<th>Throughput (bbls)</th>
<th>Actual 2011</th>
<th>Actual 2012</th>
<th>Budget 2013</th>
<th>Amt</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical</td>
<td>22,577,323</td>
<td>24,387,573</td>
<td>27,905,096</td>
<td>3,517,523</td>
<td>14.4%</td>
</tr>
<tr>
<td>Distillate</td>
<td>151,966,348</td>
<td>150,115,473</td>
<td>177,638,881</td>
<td>27,523,408</td>
<td>18.3%</td>
</tr>
<tr>
<td>Gasoline</td>
<td>331,943,826</td>
<td>338,491,516</td>
<td>357,099,961</td>
<td>18,608,445</td>
<td>5.5%</td>
</tr>
<tr>
<td>Fuel Grade Ethanol / Bio-diesel</td>
<td>60,951,611</td>
<td>65,333,084</td>
<td>69,075,316</td>
<td>3,742,232</td>
<td>5.7%</td>
</tr>
<tr>
<td>Petroleum Feedstocks</td>
<td>34,593,351</td>
<td>41,630,775</td>
<td>56,005,960</td>
<td>14,375,185</td>
<td>34.5%</td>
</tr>
<tr>
<td>Vegetable Oils</td>
<td>6,271,907</td>
<td>5,983,030</td>
<td>6,484,440</td>
<td>501,410</td>
<td>8.4%</td>
</tr>
<tr>
<td>Animal Fats</td>
<td>570,947</td>
<td>368,208</td>
<td>212,496</td>
<td>(155,712)</td>
<td>-42.3%</td>
</tr>
<tr>
<td>Other</td>
<td>3,370,545</td>
<td>3,720,475</td>
<td>4,054,448</td>
<td>333,973</td>
<td>9.0%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>612,245,858</strong></td>
<td><strong>630,030,134</strong></td>
<td><strong>698,476,598</strong></td>
<td><strong>68,446,464</strong></td>
<td><strong>10.9%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KM Utilization</th>
<th>Actual 2011</th>
<th>Actual 2012</th>
<th>Budget 2013</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Utilization Rate</td>
<td>94.5</td>
<td>93.2</td>
<td>94.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity (MM bbls)</td>
<td>60.2</td>
<td>60.1</td>
<td>68.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** 2011 throughput was revised during 2012
Budget 2013 Capacity Includes Edmonton for 3.4MB barrels in Q4, BOSTCO for 3.72MB (of 6.5M total) in Q3 – Q4, Galena Park for 750KB in Q4, Pasadena for 80KB in Q1, Fairless Hills for 100KB in Q3 and Miscellaneous of 150KB.
## Major Projects - Board Approved and in Progress

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Product</th>
<th>Modeled Capacity (MMBBLs)</th>
<th>Capital (MM)</th>
<th>First Full Year EBITDA</th>
<th>Expected In Service</th>
<th>Avg. Contract Length*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIQUIDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tank Expansion Phase I (Edmonton, Alberta)**</td>
<td>Crude</td>
<td>3.6</td>
<td>$309.4</td>
<td>Q4/13</td>
<td>12.2</td>
<td></td>
</tr>
<tr>
<td>Tank Expansion Phase II (Edmonton, Alberta)**</td>
<td>Crude</td>
<td>1.2</td>
<td>$111.9</td>
<td>Q3/14</td>
<td>12.4</td>
<td></td>
</tr>
<tr>
<td>BOSTCO Project (La Porte, TX) (A)</td>
<td>Resid/VGO/Distillates</td>
<td>6.5</td>
<td>$238.5</td>
<td>Q3/13 - Q2/14</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Houston Export Terminal</td>
<td>Blendstock</td>
<td>1.2</td>
<td>$169.5</td>
<td>Q1/16</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Splitter Project (Galena Park &amp; Pasadena, TX)</td>
<td>Refined Petroleum</td>
<td>0.8</td>
<td>$75.8</td>
<td>Q4/13</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Greensport Crude By Rail (B)</td>
<td>Crude/Condensate</td>
<td>0.2</td>
<td>$26.4</td>
<td>Q3/13</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Pony Express (Deep Rock) (C)</td>
<td>Crude</td>
<td>0.8</td>
<td>$15.7</td>
<td>Q3/14</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Ethanol tank and truck bay (Pasadena, TX)</td>
<td>Ethanol</td>
<td>0.1</td>
<td>$7.9</td>
<td>Q1/13</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>UAN Handling (Fairless Hills, PA)</td>
<td>UAN</td>
<td>0.1</td>
<td>$5.1</td>
<td>Q3/13</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
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<tr>
<td><strong>BULK</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deepwater Coal Handling (Deer Park, TX)</td>
<td>Coal</td>
<td>7.0</td>
<td>$138.8</td>
<td>Q3/14</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Petcoke Handling (Whiting, IN)</td>
<td>Petcoke</td>
<td>2.2</td>
<td>$62.6</td>
<td>Q2/13</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Port of Houston Export Coal (Deer Park, TX)</td>
<td>Coal</td>
<td>2.0</td>
<td>$51.5</td>
<td>Q2/13</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>IMT Phase 1 (Myrtle Grove, LA) (D)</td>
<td>Coal</td>
<td>4.0</td>
<td>$49.1</td>
<td>Q2/13</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>IMT Phase 2 (Myrtle Grove, LA) (D)</td>
<td>Coal</td>
<td>2.5</td>
<td>$30.6</td>
<td>Q1/13</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>IMT Phase 3 (Myrtle Grove, LA)</td>
<td>Coal</td>
<td>3.3</td>
<td>$70.8</td>
<td>Q2/14</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Pier IX Yard Expansion (Newport News, VA)</td>
<td>Coal</td>
<td>1.0</td>
<td>$29.3</td>
<td>Q1/14</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Mt. Milligan (Thompson Creek) Copper Gold Mne **</td>
<td>Copper Ore</td>
<td>0.2</td>
<td>$13.5</td>
<td>Q3/13</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Fertilizer Domes (Fairless Hills, PA)</td>
<td>Fertilizer</td>
<td>0.1</td>
<td>$10.0</td>
<td>Q3/13</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Shiploader Expansion (Portland, OR)</td>
<td>Soda Ash</td>
<td>1.9</td>
<td>$9.5</td>
<td>Q2/13</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td><strong>COMBINED TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,425.7</td>
<td>$188.5</td>
<td>10.5</td>
</tr>
</tbody>
</table>

### Potential Future Projects

- $250MM - $500MM
  - Crude
  - Refined Products
  - Chemical
  - Coal

* Initial Term
** C$ / USD exchange rate 1:1
(A) Reflected at KM Ownership Level – 55%
(B) Reflected at KM Ownership Level – 50%
(C) Reflected at KM Ownership Level – 51%
(D) Reflected at KM Ownership Level – 67%
(E) Model assumption may differ from total facility capacity
Petroleum
Total U.S. Refining Utilization Rate (%)

2012 Average is 87.7%

Source: EIA, Morgan Stanley Research
Gulf Coast PADD III Refinery Utilization

2012 Average is 89%

Operable Capacity

Source: EIA
Houston – the bucket at the bottom of the crude cascade

Pipeline capacity from Mid-Con & West / South Texas (Kbd)

Finished Gasoline Exports

Finished Motor Gasoline – Export Destination
(% of May – Oct, 2012 Daily Average)
- Latin / S. America: 92%
- Canada: 5%
- Africa: 2%
- Europe: 1%

Finished Motor Gasoline – U.S. Export Location
(% of May – Oct, 2012 Daily Average)
- PADD I: 0.5%
- PADD II: 1%
- PADD III: 89%
- PADD IV: 0%
- PADD V: 9.5%
- PADD I: 0.5%
- PADD II: 1%

Source: EIA
Distillate Exports

Distillate Fuel Oil – Export Destination
(% of May – Oct, 2012 Daily Average)

- Latin / S. America, 59%
- Europe, 37%
- Africa, 2%
- Asia, 1%
- Canada, 1%
- Africa, 2%
- Asia, 1%

Distillate Fuel Oil – U.S. Export Location
(% of May – Oct, 2012 Daily Average)

- PADD I, 16%
- PADD II, 1%
- PADD III, 76%
- PADD IV, 0%
- PADD V, 7%

Source: EIA
KM Response

**SPLITTER**
- 50,000 MB/D condensate splitter at KM Galena Park, TX
- $266MM Project ($75MM on Terminal side / $191MM on KMPP side) – 100% KM Ownership
- 5 tanks totaling 750,000 barrels for feedstock and products (Terminals only)
- Connected to KMCC Eagleford condensate pipeline
- Two cross channel pipelines between KM Galena Park and Pasadena
- Ten year tolling agreement with BP and ability to expand to 100MB/D
- Operational by April 2014

**HOUSTON EXPORT FACILITY**
- Acquisitions of 42 acres from AES in Pasadena, TX
- $169MM project – 100% KM Ownership
- New vessel and barge dock
- 10 tanks totaling 1.2MM barrels
- Cross channel pipeline to KM Galena Park
- Backstopped by ten year commitment from large ship channel refiner
- Additional land for future tank build
- Operational by 1Q2016

**BOSTCO**
- $432MM black oil storage terminal in LaPorte, TX – 55% KM Ownership
- 52 tanks totaling 6.5MM barrels
- Two deep water (45 ft) high speed (25,000 BPH) vessel docks and twelve barge docks
- Phase 1A Expansion - 6 additional tanks totaling 900MB for ULSD exports
- Additional land to support 3.2MM barrels of additional ULSD and black oil
- Pipeline connection to the KM Pasadena terminal being reviewed
- Waterfront will accommodate two additional vessel docks and four more barge spots – already permitted
- Operational by 3Q2013

**OTHER**
- Additional Ship Channel land and dock projects being evaluated
- Acquiring land in New York Harbor for a new vessel dock
- Expanding Colonial Pipeline capacity into KM’s New York Harbor terminals
- Deeprock expansion to serve Pony Express Pipeline into Cushing, OK – Minimum 51% KM Ownership
U.S. Ethanol Demand Forecast

**KM Terminals Ethanol Handling**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storage (MBbls)</td>
<td>4,614</td>
<td>4,854</td>
</tr>
<tr>
<td>Throughput (Bbl/d)</td>
<td>173,101</td>
<td>183,559</td>
</tr>
</tbody>
</table>

**KM Products Pipeline Ethanol Handling**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storage (MBbls)</td>
<td>1,624</td>
<td>1,624</td>
</tr>
<tr>
<td>Throughput (Bbl/d)</td>
<td>90,816</td>
<td>100,548</td>
</tr>
</tbody>
</table>

**U.S. Ethanol Demand**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throughput (Bbl/d)</td>
<td>867,579</td>
<td>867,579</td>
</tr>
</tbody>
</table>

Canadian Crude Tankage
Canadian Crude Market Fundamentals

- Western Canadian conventional and oil sands supply is still increasing
- Several major pipeline projects under development but still risk of completion
- Pipeline infrastructure constraints will continue for the next 3 to 4 years, possibly longer
- U.S. traditional markets are shrinking due to shale oil discoveries
- Canadian crude pricing will remain volatile

Increased Canadian demand for petroleum storage

Source: Figure 4.4 - CAPP Crude Oil Forecast, June 2012; WTI - Chevron.com, Posted Pricing - East of the Rockies, East of the Rockies - Bulletin 11/E30 and Cenovus.com, Crude oil pricing
KM Response

Build Edmonton AB Merchant Tankage

Kinder Morgan’s Edmonton Terminal:

- Trans Mountain Operational 2.5 MM Bbls
- North 40 Merchant 2.1 MM Bbls
- Edmonton Merchant Phase 1 3.6 MM Bbls
  Under construction – completion Q4-2013

**Total Capital = $309.4 MM**

- Edmonton Merchant Phase 2 1.2 MM Bbls
  Starting construction – completion Q3-2014

**Total Capital = $111.9 MM**

- Future Phases 2.5 MM Bbls

**Current and Future Capacity:** 11.9 MM Bbls

- Connected to 10 major inbound feeder streams
- Direct connection to Trans Mountain Pipeline
  - West Coast Canada, Puget Sound and Off shore access
  - Will stage for TMX expansion
- Connected to Enbridge mainline
  - All major North American inland markets
- Adjacent to the Edmonton refinery complex
- Rail origination facility now under consideration
- Customer flexibility
  - Storage & Blending
  - Subleasing
  - Trunk pipeline and rail staging
- Future economies of scale = competitive pricing
Crude by Rail
U.S. Crude-by-Rail Trends

U.S. Crude Oil Production
Bbls/day since 2008, by Month; 2013-2014 Projected (red)

Originated Rail Carloads of Crude Petroleum
U.S. Class I Railroads, 2003-12

Source: EIA Monthly Statistics EIA 2013 Short Term Forecast

Source: AAR Quarterly Commodity Statistics Database
KM-Watco Crude-by-Rail Joint Venture
KM Response  
**Pending KWE JV Projects 50/50**

**Gulf Coast**
- New crude oil receipt terminal, Houston Ship Channel.
- Large international trading house as counterparty
- Watco-owned facility
- Crude in by rail, out by barge and pipe.
- Condensate in by barge, out by rail.
- 250,000 bbls storage, 105 car unloading
- Barge dock
- Tied to adjacent terminal - storage, pipeline access, barge and vessel loading capability
- Single customer
- Approximately $50 million capital - 8/8ths
- Five year take-or-pay, five year extension
- Phase 1 operational Q3 2013
- Phase 2 Q3 2014

**Selected Projects**

**North Dakota**
- Sand & proppants storage and distribution in Dore, ND alongside current Watco facility. Unit train capable. Projected Q1 2014.

**Permian**
- Crude Oil loading terminal, Pecos, TX. Phase 1 manifest and operational. Phase 2 - unit train, Projected Q1 2014.

**Other**
- Currently, nineteen projects are being evaluated for development, including both West and East Coast crude destination facilities.

**Watco Preferred Investment To Date $100MM**
Coal
Domestic Coal Markets

- Sustained competition of natural gas drives reduced coal demand in the U.S.
- Retirement of coal fired power plants and increased environmental regulations on current plants
- Between 30 to 40 GW of coal fired capacity are expected to retire with very few new plants coming on line
- U.S. coal consumption to decrease by 97 Mts of coal on a compounded annual rate of -2.2% from 2011 through 2017 driven by a decrease in U.S. power consumption
- For Kinder Morgan Terminals - 2013 domestic tonnage = 43% of total coal budget; earnings = only 15% of total budget for coal
New coal powered utilities under construction around the world to provide 470 GW of power by 2015 and represent 1.4B new tons of demand.

China and India’s net import coal demand is projected to increase 1.2B tons by 2030 from an approximate 300 Mts tons in 2012 driven by China which has 118 GW and India which has 97 GW of coal fired plants under construction already.

Gas fired power generation in Europe has declined due to low coal prices.

Seaborne thermal coal exports from the U.S. are projected to grow by 15 Mts between 2012 and 2017, and further growth of 373 Mts between 2017 and 2030.

**New Coal-Fueled Generation Coming Online by 2015 (Capacity under construction, in GW, from 2012 - 2015)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>118</td>
</tr>
<tr>
<td>India</td>
<td>97</td>
</tr>
<tr>
<td>United States</td>
<td>31</td>
</tr>
<tr>
<td>Other Asia</td>
<td>31</td>
</tr>
<tr>
<td>Europe</td>
<td>16</td>
</tr>
<tr>
<td>Middle East</td>
<td>5</td>
</tr>
<tr>
<td>Africa</td>
<td>3</td>
</tr>
<tr>
<td>Latin America</td>
<td>2</td>
</tr>
<tr>
<td>CIS Countries</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>288</td>
</tr>
<tr>
<td>Total by 2015</td>
<td>470</td>
</tr>
<tr>
<td>850 mm tonnes</td>
<td>1.4 bn tonnes</td>
</tr>
</tbody>
</table>

**Shares of World Primary Energy**

- **Oil**: 50%
- **Coal**: 30%
- **Gas**: 10%
- **Hydro**: 5%
- **Nuclear**: 2%
- **Renewables**: 3%

*Includes biofuels

**Seaborne Coal Demand by Supply Region**

- **Australia**: 2012
- **Indonesia**: 2012
- **Colombia**: 2012
- **South Africa**: 2012
- **Russia**: 2012
- **US**: 2012
- **Rest of world**: 2012

**Seaborne Coal Shipments (Mt)**

- **2012**: 500
- **2030**: 700

International Metallurgical Coal

Market Conditions & Drivers

- Steel production forecasted to grow 20% worldwide between 2011 and 2016 needing an additional 200 Mts of metallurgical coal
- The U.S. is second only to Australia in metallurgical coal exports for world seaborne met coal demand
- China to double imports of metallurgical coals from 50 Mts per year to over 100 Mts by 2016
- India is forecasted to double their import of metallurgical coals from 30 Mts to between 50 – 60 Mts per year by 2016.

![Total Seaborne Demand of Met Coal](chart)

**Short Term Forecast of Apparent Steel Use**

<table>
<thead>
<tr>
<th>Regions</th>
<th>2011</th>
<th>2012 (f)</th>
<th>2013 (f)</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union (27)</td>
<td>152.8</td>
<td>150.9</td>
<td>155.8</td>
</tr>
<tr>
<td>Other Europe</td>
<td>33.0</td>
<td>35.0</td>
<td>37.2</td>
</tr>
<tr>
<td>CIS</td>
<td>54.0</td>
<td>66.2</td>
<td>59.1</td>
</tr>
<tr>
<td>NAFTA</td>
<td>121.2</td>
<td>127.5</td>
<td>134.0</td>
</tr>
<tr>
<td>Central &amp; South America</td>
<td>46.0</td>
<td>49.1</td>
<td>52.5</td>
</tr>
<tr>
<td>Africa</td>
<td>22.7</td>
<td>26.1</td>
<td>28.2</td>
</tr>
<tr>
<td>Middle East</td>
<td>48.1</td>
<td>49.8</td>
<td>53.0</td>
</tr>
<tr>
<td>Asia &amp; Oceania</td>
<td>895.5</td>
<td>928.6</td>
<td>966.0</td>
</tr>
<tr>
<td><strong>World</strong></td>
<td>1373.3</td>
<td>1422.3</td>
<td>1485.7</td>
</tr>
<tr>
<td>Developed Economies</td>
<td>393.3</td>
<td>397.5</td>
<td>408.5</td>
</tr>
<tr>
<td>Emerging &amp; Developing Economies</td>
<td>980.0</td>
<td>1024.9</td>
<td>1077.1</td>
</tr>
<tr>
<td>China</td>
<td>623.9</td>
<td>648.8</td>
<td>674.8</td>
</tr>
<tr>
<td>BRIC</td>
<td>757.2</td>
<td>789.9</td>
<td>826.1</td>
</tr>
<tr>
<td>MENA</td>
<td>59.8</td>
<td>63.2</td>
<td>68.5</td>
</tr>
<tr>
<td>World excl. China</td>
<td>749.4</td>
<td>773.5</td>
<td>810.9</td>
</tr>
</tbody>
</table>

**Seaborne Metallurgical Coal Exports**

Sources: Arch Coal Inc, Peabody Energy Inc., Alpha Natural Resources Inc., World Steel Association, IEA
KM Response

East Coast
(1) Pier IX, Newport News VA
- expected capital outlay = $29.3 mm
- 1.5 mm tons per year

U.S. Gulf
(2) International Marine Terminal, Myrtle Grove LA
- Phase 1 expected capital outlay = $49.1 mm (a);
- 6.0 mm tons

(3) International Marine Terminal, – Phase 2
- expected capital outlay = $30.6 mm (a);
- 4.0 mm domestic tons

(4) International Marine Terminal, – Phase 3
- expected capital outlay = $70.8 mm;
- 5.0 mm tons (exports)

(5) Port of Houston Terminal, expected capital outlay = $51.5mm;
- 2.7 mm tons

(6) Deepwater Terminal, expected capital outlay =
- $138.8 mm;
- 10 mm tons

<table>
<thead>
<tr>
<th>Terminal Coal Export Nameplate Capacity (b)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pier IX</td>
<td>14.5</td>
<td>14.5</td>
<td>14.5</td>
<td>16.0</td>
</tr>
<tr>
<td>IMT - Export Volume</td>
<td>5.0</td>
<td>5.0</td>
<td>11.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Houston Bulk Terminal</td>
<td>2.2</td>
<td>2.2</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Deepwater</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Total</td>
<td>21.7</td>
<td>21.7</td>
<td>28.2</td>
<td>44.7</td>
</tr>
</tbody>
</table>

% of Total Estimated U.S. Export Capacity (c)
- 2011: 18%
- 2012: 18%
- 2013: 20%
- 2014: 26%

Potential Future Export Coal Capacity
- 8 million tons – Charleston
- 15 million tons – Port Westward
- 23 million tons – Future Exports

Footnotes:
(a) Capital outlay in (2) and (3) above represent KM 2/3 ownership interest in IMT
(b) Differs from modeled minimums as previously portrayed on Major Project Log (Page 8)
(c) DNB Markets U.S. Capacity Estimates, September 25, 2012
Chemical
KM Chemical Network

Legend
- Liquid Terminal

23 Terminals
9.1MM Bbls Storage Capacity
75+ Products
180+ Customers

Mid West
- Argo, IL
- Chicago, IL
- Cincinnati, OH (Queen City)
- Cincinnati, OH (River T)

Mid River
- Memphis, TN
- Blytheville, AR
- Guntersville, AL

Mid Atlantic / Southeast
- Charleston, SC
- Port Sutton, FL
- Shipyard River, SC
- Wilmington, NC

Northeast
- Carteret, NJ
- Perth Amboy, NJ
- Philadelphia, PA

Gulf / Rivers
- Galena Park, TX
- Geismar, LA
- Harvey, LA
- Cahokia, IL
- St. Gabriel, LA
- St Louis, MO
- Westwego, LA

KMMS
- Dravosburg, PA – Pittsburgh

West
- Richmond

Liquid Terminal

- 29
Significant Impact of North American Shale Gas Production on U.S. Chemical Industry

Global Capacity Cost Curve

U.S. Ethane Production

Cost of Ethylene Production

Source: LyondellBasell
U.S. Shale Gas

**Triggering a Chemical Building Boom**

- **Dow**, St. Charles, LA cracker restart operational 2013
- **Dow** ethane flexibility project in LA
- **Dow** “world-scale” PDK / propylene production facility & ethylene plant in Freeport, TX
- **LyondellBasell** LaPorte olefins expansion 800mmp ethylene increase
- **Lyondell** Channelview restart
- **Shell Chemicals’** ethylene cracker in OH, WV, or PA
- **Eastman Chemical** ethylene cracker
- **Bayer** ethane crackers in WV
- **Westlake Chemical** expansion in KY in 2014
- **Nova Chemicals** and **Statoil** and U.S.-based **Caiman Energy** for ethane sourced from the region
- **Renewable Mfg. Gateway** and **Aither Chemicals** $750m petrochemical plant
- **Sasol** Lake Charles, LA, 1.0-1.5m tonne/year cracker
- **Methanex** plant re-start in Canada and relocation of operations from Chile to USGC
- New Nitrogen production plants to be built in eastern IA, northern KY, and Southern IN

Source: Company Reports
KM Response to the Chemical Market

- **Geismar, LA**
  New chemical terminal expansion on 200+ acres with marine, rail, and terminal connectivity. 720kb capacity including 3x220kb storage tanks and 3 processing tanks. Capital investment of $54MM with target start-up in late 2014.

- **Honeywell, Philadelphia, PA**
  $14MM in new capital to refurbish multiple chemical tank assets in-service 2012 and supporting regional growth initiative, improved feed-stock supply channels, and new exporting capabilities.

- **Additional Contracted Projects**
  $22MM in new capital for five additional projects along the river system and in the East.

- **Others under Consideration**
  Approximately nine projects – estimated capital between $20MM - $69MM predominantly on the Gulf Coast.
Summary Highlights

- CAGR since 2002 – 12.28%
- Only true national bulk and liquids terminal network
- Largest terminal footprint in USA and Canada = significant capital investment opportunities.
- Significant growth from identified opportunities currently under development - $1.4B in progress. Additional $250 - $500MM actively under review.
  - Export distillate and gasoline
  - Continued Edmonton tank expansion
  - Crude by rail terminal development
  - Execution of contracted coal expansion projects
  - Chemical inside the fence line expansion and Greenfield projects
- Continued focus on KMT’s safety performance
  - 1.58 TRIR vs. Comparable Blended Industry Average of 5.8 (a)

(a) Composite of liquids ILTA, port and harbor operations and marine and cargo handling