Natural Gas Pipelines

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and
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President Natural Gas Pipeline Group
Overview

Market Environment

- Transport spreads have flattened
- Storage spreads remain strong
- Processing margins expected to be roughly equivalent to 2009 performance

Value Proposition

- Strong asset base with secure cash flows supported by long term contracts
- Limited exposure to commodity prices and processing margins
- Recently expanded footprint and superior access to capital provides additional expansion/extension and acquisition opportunities (shales, storage, and acquisitions)
- Dramatically improved construction environment

Summary

- System
- Financial Targets
- Asset-by-asset review
- Intrastate assets
- Growth opportunities
KMP
Natural Gas Pipelines and Facilities

TRANSCOLORADO

PROJECTS

KMPKMP
Natural Gas Pipelines and Facilities

KMLPKMLP

FAYETTEVILLE EXPRESS PIPELINE

GAS TREATERS (KMP)

NATURAL GAS PIPELINES

NATURAL GAS STORAGE

NATURAL GAS PROCESSING

(2,3,8) INDICATES NUMBER OF FACILITIES IN AREA

KM HEADQUARTERS
## Financial Targets 2010

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>'09 - '10 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBDDA</td>
<td>451,579</td>
<td>501,103</td>
<td>548,383</td>
<td>738,860</td>
<td>825,388</td>
<td>921,536</td>
<td>96,148</td>
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<tr>
<td>Sustaining Capex</td>
<td>(25,244)</td>
<td>(27,431)</td>
<td>(29,927)</td>
<td>(29,853)</td>
<td>(22,676)</td>
<td>(24,568)</td>
<td>(1,892)</td>
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<tr>
<td>DCF</td>
<td>426,335</td>
<td>473,672</td>
<td>518,456</td>
<td>709,007</td>
<td>802,712</td>
<td>896,968</td>
<td>94,256</td>
</tr>
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</table>

Note: EBDDA excludes Upstream gathering assets and includes imputed share of DDA from REX and MEP

**2010 Highlights:**
- REX East, MEP, and KM LA projects in full service in 2010 versus partial in-service in 2009
- KM Treating assets acquired into KMP portfolio in Q4 2009; full year contribution in 2010
- KMIGT impacted by lower fuel sales
## Contracted Capacity and Term

<table>
<thead>
<tr>
<th>Pipeline</th>
<th>Type</th>
<th>Contracted Capacity</th>
<th>Avg. Term Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Intrastates</td>
<td>Transport</td>
<td>3.4 bcf/d</td>
<td>6 yr, 6 mo</td>
</tr>
<tr>
<td></td>
<td>Sales</td>
<td>2.6 bcf/d</td>
<td>2 yr, 0 mo</td>
</tr>
<tr>
<td></td>
<td>Purchases</td>
<td>3.0 bcf/d</td>
<td>2 yr, 0 mo</td>
</tr>
<tr>
<td></td>
<td>Storage</td>
<td>137 bcf</td>
<td>2 yr, 7 mo</td>
</tr>
<tr>
<td>KMIGT</td>
<td>Storage</td>
<td>10.0 bcf</td>
<td>4 yr, 11 mo</td>
</tr>
<tr>
<td>TransColorado</td>
<td>Transport</td>
<td>0.9 bcf/d</td>
<td>4 yr, 7 mo</td>
</tr>
<tr>
<td>Trailblazer</td>
<td>Transport</td>
<td>0.9 bcf/d</td>
<td>4 yr, 7 mo</td>
</tr>
<tr>
<td>REX</td>
<td>Transport</td>
<td>1.8 bcf/d</td>
<td>4 yr, 9 mo</td>
</tr>
<tr>
<td>MEP</td>
<td>Transport</td>
<td>1.7 bcf/d</td>
<td>5 yr, 6 mo</td>
</tr>
<tr>
<td>KMLP</td>
<td>Transport</td>
<td>3.4 bcf/d</td>
<td>8 yr, 8 mo</td>
</tr>
</tbody>
</table>

- Interstate pipelines contracted on a fee for service basis
- Intrastates: primarily combination fee for service and “back to back” term purchase and sales portfolio
- Limited exposure to processing margins and gas commodity price
  - $1 gas price change:
    - $600K impact on KMIGT
    - $2MM impact on Intrastates
  - Processing: $25 – 27 MM exposure on Intrastates if processing uneconomic
    - 1% change in WTI = $1MM
    - <3% of Natural Gas Pipelines segment budget
  - Intrastate Spreads: $0.05 Waha to HSC = $1.1MM; $0.05 TxOk to HSC = $1.6MM
Rockies Express Pipeline (REX)

- 1,679 miles of 36” and 42” pipeline
- Originates in Meeker, CO and terminates in Clarington, OH
- Transports Rocky Mountain production to premium Northeast Markets
- Capacity = 1.8 Bcf/d
- Almost completely sold out under long term contracts
- FERC regulated
REX Future Opportunities...

Growth Opportunities...

- 200,000 Dth/d Meeker to Cheyenne Expansion
  - Fully Subscribed
  - Leg one, in-service December 2009 (ahead of schedule and below original cost estimate)
  - Leg two, in-service mid year 2010

- Park and Loan Service

- Interruptible and short haul service

- Extensions and expansions
  - Opportunities to connect additional markets (i.e. power plants, LDCs, etc.)

- Additional capacity opportunities identified during operations

- New Services

Challenges

- Receive .8 design on the last 201 miles of the pipeline; not required to meet contract obligations

- Return to full service to Clarington following the failure on November 14, 2009; expected return to service by January 31, 2010
Kinder Morgan Interstate Gas Transmission (KMIGT)

KMIGT
- 4,500 miles of various diameter pipelines
- Markets:
  - LDCs, Industrials, & Ag. in NE, KS, & MO
  - Marketers transporting to mid-continent pipelines
  - End Users including Ethanol Plants
- Growth
  - Storage
- Capacity
  - Transp. 940 MDth/d
  - Valuable capacity, fully contracted
  - Storage 14.8 Bcf
- FERC Regulated
KMIGT Growth Projects...

- **Huntsman Storage Expansion**
  - 10,000 Dth/d incremental firm storage service
  - Demand charges will be invoiced pursuant to long-term binding contract with Atmos
  - Phase I construction completed December 2009
  - Phase II construction to be completed late 3rd quarter 2010

- **Ethanol Plants**
  - Increased production at attached Ethanol Plants
  - Utilization of existing Ethanol Plant contracts has increased from 63% to 85% over the past 9 months
TransColorado Gas Transmission

TransColorado

- 301 miles of 22” & 24” pipeline
- Originates at Greasewood, CO
- Terminates at Blanco, NM
- Bidirectional Flow
  - Capacity North - 650 MDth/d
  - Capacity South
    - Phase I - 150 MDth/d
    - Phase II - 425 MDth/d
- FERC Regulated
TransColorado Growth Projects...

- **Recontracting Challenges** (average term remaining 4 yrs. 9 months)
  - Basis spreads across the pipeline have contracted significantly
  - Aggregation of gathering and processing has shifted gas supply from “along pipe” to “north end of pipe”
  - Drilling rig count dropped from 88 to 27 over the past 15 months

- **Opportunities**
  - Short haul transportation to aid in consolidation of gas for processing
  - Additional opportunities dependent on return of drilling activity
Trailblazer Pipeline Company

- 436 Miles of Pipe
- 3 Compressor Locations with 58,000 HP
- Max Throughput = 0.878 Bcf/d
- Low cost pipeline out of region
- Long term contracts
- FERC Regulated
- Rate Case Settlement discussions ongoing
  - Impact 2010 minimal
Trailblazer Pipeline Update

- Settlement obligation to file Rate Case by December 1, 2009
- Discussions with customers began, received 90 day extension of filing requirement
- Reasonable Settlement opportunities within 90 day period
- Minimal revenue impact in 2010
Midcontinent Express Pipeline (MEP)

**Project Facilities Summary**

<table>
<thead>
<tr>
<th>Diameter</th>
<th>Miles</th>
<th>Zone</th>
<th>Capacity</th>
<th>From - To</th>
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</thead>
<tbody>
<tr>
<td>30”</td>
<td>40</td>
<td>1</td>
<td>850,000</td>
<td>Enogex to 802</td>
</tr>
<tr>
<td>42”</td>
<td>266</td>
<td>1</td>
<td>1,800,000</td>
<td>802 to End of Zone 1</td>
</tr>
<tr>
<td>36”</td>
<td>201</td>
<td>2</td>
<td>1,200,000</td>
<td>Begin Zone 2 to Transco</td>
</tr>
<tr>
<td>Total</td>
<td>507</td>
<td></td>
<td></td>
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</tbody>
</table>
## MEP Capacity

<table>
<thead>
<tr>
<th></th>
<th>Zone 1 (MMT/dth)</th>
<th>Zone 2 (MMT/dth)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGPL/HPL to CGT</td>
<td>641</td>
<td>0</td>
</tr>
<tr>
<td>Phase 1 (Delhi)</td>
<td>1,147</td>
<td>0</td>
</tr>
<tr>
<td>Phase 2 (T85)</td>
<td>1,200</td>
<td>946</td>
</tr>
</tbody>
</table>

### Design Approval

<table>
<thead>
<tr>
<th></th>
<th>Zone 1</th>
<th>Zone 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone 1</td>
<td>1,432</td>
<td>946</td>
</tr>
<tr>
<td>Zone 2 (a)</td>
<td>1,432</td>
<td>1,000</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Expansion #1</td>
<td>1,532</td>
<td>1,200</td>
</tr>
<tr>
<td>Expansion #2</td>
<td>1,832</td>
<td>1,200</td>
</tr>
</tbody>
</table>

(a) MEP contracts will be in effect for 100% of the MDQ effective February 1, 2010
MEP Expansion Progress and Commercial Opportunities

MEP Expansion #1 and #2
- Capacity is fully contracted on both expansions
- Construction has begun on both expansions
- Construction contracts are fixed price lump sum contracts
- Major materials have been procured
- Projected in-service for Expansion #1 is June 2010
- Projected in-service for Expansion #2 is 3/4Q 2010
- Schedule is tight on expansion #1, but we are on target and forecasting costs below original estimate

Commercial Opportunities
- Zone 2 expandability (up to 300 MDth/d)
- Shale development, Perryville pile-up could support Zone 2 expansion
- Higher recourse rates to reflect higher project costs (long term opportunity)
- Serves as shale outlet with access to multiple outlets to the midwest, northeast and southeast markets
- Will look for excess capacity once we have more operating experience
Kinder Morgan Louisiana Pipeline Opportunities

- Working on opportunities to contract additional services
- Multiple interconnections – with additional facilities may be able to capture opportunities between major interstate pipelines and storage
- Potential interconnections with other LNG terminals
Construction Environment Vastly Improved

- Construction contractors are now willing to provide lump sum fixed price terms (due to the competitive environment)
- Construction workforce is more experienced
- Large diameter pipe – pricing is down about 35% from early 2009 and fairly stable, mills have availability, but increased inspection of the steel and pipe manufacturing process is required to ensure quality
- Compression – stable to improved availability
- Large valves – stable to improved availability
- Environmental – increased focus by regulatory agencies impacts cost and timing
- Trend benefits FEP, and the REX & MEP expansions
Fayetteville Express Pipeline (FEP)

Pipeline Length: 185 miles
Pipe Diameter: 42"
Initial Capacity: 2.0 Bcf/d
FEP Update and Construction Progress

- Total of 1.85 Bcf/day capacity sold. Have 0.15 Bcf/day available for sale
  - Southwestern: 1,200,000 Dth/d, 10 yrs (capacity ramps up)
  - Chesapeake: 375,000 Dth/d for 10 yrs
  - BP: 125,000 Dth/d for 10 yrs
  - XTO: 150,000 Dth/d 12 yrs, (capacity ramps up)
  - With current market conditions, expect to sell the remaining capacity prior to or just after in-service
- Design PHMSA approval not needed for initial capacity of project
- Received EA from FERC on October 15, 2009
- Received FERC Certificate on December 17, 2009
- All construction contracts are fixed price lump sum (contracts are below budget)
- Pipe Acquisition
  - Currently on schedule
  - Focused on inspection to ensure quality
- Compressor units are ahead of schedule; working on air permit with ADEQ
- Right-of-Way – 88% of easements have been acquired to date
- Mobilization and construction beginning early January 2010
- Anticipate full in-service on January 1, 2011
Texas Intrastate Pipelines

- 6,000 miles of pipeline
- Over 5 Bcf/d capacity
- 145 Bcf of storage
- 685 MMcf/d processing capacity
- 180 MMcf/d CO₂ treating capacity
- Combination of fee-for-service, and purchase/sale activity
- Texas Railroad Commission regulated - market-based regulation in competitive environment
Texas Intrastate Pipelines
Key Attributes

- **Well positioned assets**
  - Built to serve Houston/Beaumont area - largest natural gas market in the world
  - Connected to essentially all major gas consumers in the area
  - Gas supply available from major basins across Texas and both Texas LNG terminals
  - Connected to the major hubs in Texas, as well as all major intrastate and interstate pipelines
  - Significant connectivity with Mexico

- **Operational flexibility**
  - Large diameter, high pressure pipes in the market area
  - Supported by salt dome storage facilities both north and south of the market

- **Commercial Focus**
  - Provide higher valued swing services to a mix of power generation, local distribution and industrial markets
  - Bundle transport, storage and sales to enhance margins from end users
  - Buy or transport gas supplies to meet the needs of the producer community
  - Optimize use of the system on a daily basis
  - Conservative commercial strategy
    - Limited exposure to processing margins and commodity prices
    - Only 5% of capacity subject to short term basis volatility
    - 95% of throughput serves intrastate market
Large asset footprint provides real and continued opportunities for Expansion Capital Investment

### 2010 Budget
- Full year (vs. 3 mos. in ’09) of Treating Business
- 262,000 MMBtu/d of capacity reservations from producers in the West Beaumont Field, Jefferson Co., Tx
- Full year (vs. 2 mos. in ’09), and increasing volumes, of Endeavor P/L investment (cash distributions)
- North Dayton 7 Bcf working capacity storage expansion in service in 3rd Qtr ’10
- Full year (vs. 4 mos. in ’09) of Sarita Pipeline
- Phase 1 of Eagle Ford Shale supply pipeline within JV w/Copano in service 3rd Qtr ’10 (cash distributions)
- Expansion of Texas City gathering/processing system in service in 3rd Qtr ’10
- Total of approximately $50MM of EBITDA of which 90% is largely secure (full year effect of acquisitions, existing contracts and expansions underway)
Keys to Success in 2010

- Continue to roll over sales and transport contracts at equal or better terms
- Maintain field supply volumes at current levels (plus West Beaumont)
- Favorable optimization spreads across the pipeline (Waha, TxOk vs HSC)
- Favorable storage spreads
- Processing margins similar to 2009
- Complete North Dayton storage expansion as planned
- Continue to carefully manage credit (< $10K uncollectible over past three years – 2009 revenues of $3.4 billion)
- Get a strong foothold in the Eagle Ford Shale play
Texas Intrastate Pipelines
Near Term Growth Prospects

- **Other Near Term Project Opportunities Not Reflected In Budget:**
  - Additional supply lines, outside of the JV, to access Eagle Ford Shale gas
  - Supply lines to access Haynesville/Bossier Shale gas in East Texas
  - Other investments in and/or acquisitions of gathering assets similar to the investment in Endeavor P/L
  - Market area debottlenecking expansion projects: Katy, Goodrich, Beaumont, Texas City and Mexico imports/exports
  - Connection and service to grassroots or repowered gas fired electric power plant projects near our assets: 2 connected in 2009; 2 potential in 2010; several other projects on the drawing board that have been deferred by developers
Eagle Ford Shale

Overview
- Major acreage holders: Anadarko, Common, Conoco, El Paso, EOG, Exxon, Hilcorp, Laredo, Lewis, Murphy, PetroHawk, Pioneer, St. Mary, Swift, TXCO, Anadarko
- Competition: Enterprise, DCP, ETC, Regency
- Rich vs. lean areas being delineated by drilling

Strategy
- Segregate system
- Copano JV
- Utilize spare capacity
- Increase capacity with modest capital projects
CrossTex Treating Acquisition

- Largest provider of contracted CO₂ treating services in the USA
- Over 200 amine plants and over 50 dew point control (JT) plants which can be relocated
- Operations in 14 states
- Fee Based Contracts with over 130 customers
  - Contracts are typically between 3 month – 3 years
- Extends KMP into new markets - allows it to offer incremental non-regulated services to its customers
  - Could lead to expansion of our services into gathering, processing and compression
- Purchase Price of ~$266 million
GMX Endeavor Gathering Investment Update

- Acquired 40% interest in Endeavor Pipeline (~100 miles of pipelines) for $36 million, effective November 1st
- GMX operated acreage dedicated to Endeavor
- GMX continues to operate Endeavor
- KM gets 80% of Endeavor cash flow (pre-capex) until it recovers its initial investment
- GMX adding rigs to support the asset
- Blueprint structure for future opportunities
Growth Opportunities in 2010, 2011 and Beyond

- **2010**
  - Full year effect of new projects (REX, KMLP, MEP)
  - New growth continues with MEP expansions, REX Expansion and Dayton Storage to be placed into service

- **2011 and beyond - long term/future growth**
  - **Shale Gas**
    - Mainline transmission and gathering opportunities
      - East Texas Haynesville, Eagle Ford
    - FEP – In Service
      - Remaining 150,000/d plus expansion
    - REX – Marcellus (backhaul opportunities)
    - MEP – additional expansion opportunities (up to 300 MDth Zone 2)
    - East of Perryville/T85 – Southeast markets
  - **Storage**
    - KM Intrastate – further Dayton expansions
    - Continue to evaluate new interconnects or investment in storage opportunities across KM pipeline footprint
    - West Clear Lake: massive field (96 Bcf working capacity); contract expires in 1st qtr 2012; at current spreads we would see significant increase in revenue
  - **Acquisitions & Opportunities**
    - Treating/GMX – replicate in upstream sector
    - Intrastates – uniquely capable of pursuing high pressure markets
    - Continue to seek new industrial/end user loads along the pipeline corridors
    - Other pipeline assets that complement KM footprint