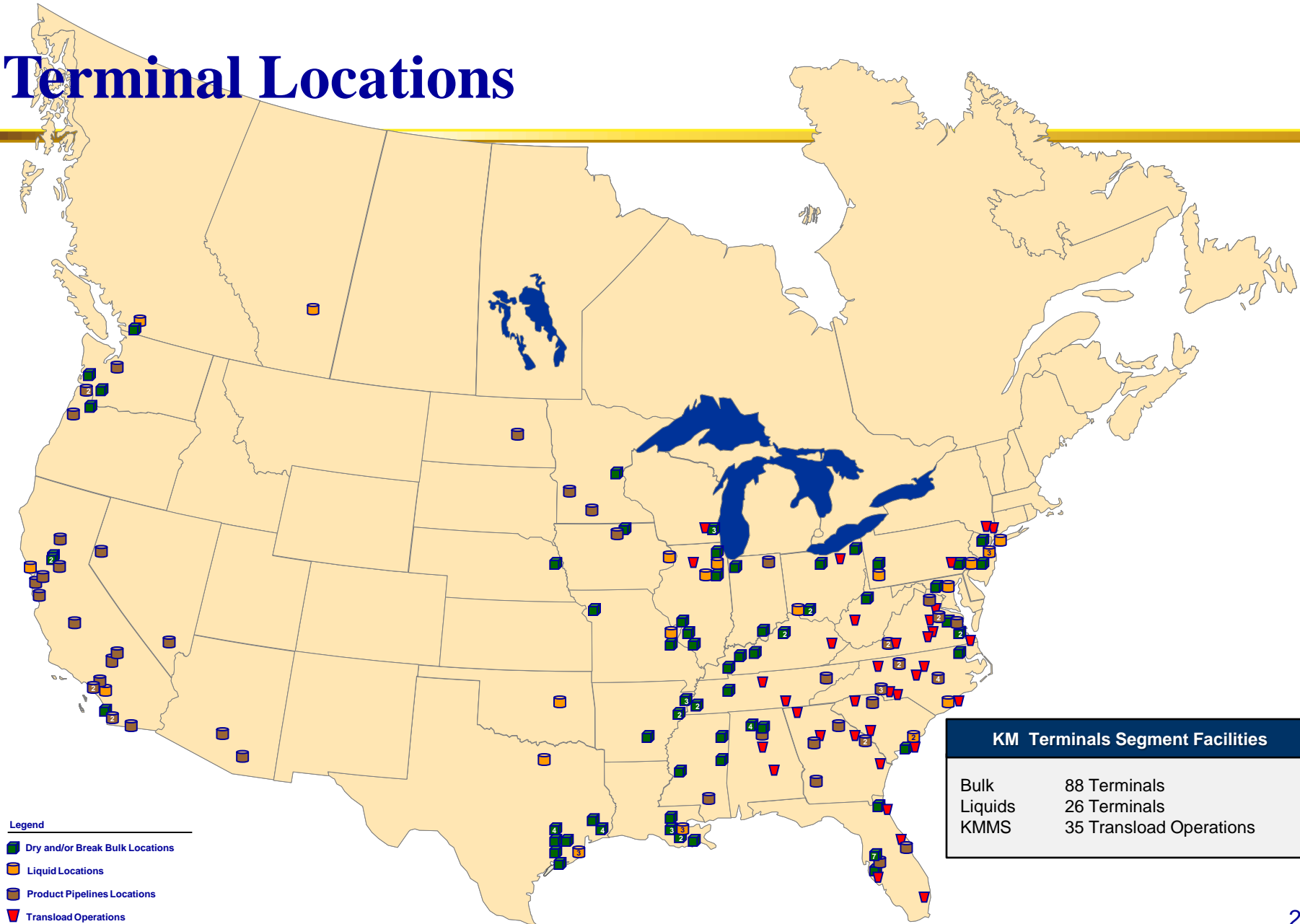


Terminals

Jeff Armstrong

President Terminals Group

Terminal Locations



- Legend**
- Dry and/or Break Bulk Locations
 - Liquid Locations
 - Product Pipelines Locations
 - ▼ Transload Operations

KM Terminals Segment Facilities	
Bulk	88 Terminals
Liquids	26 Terminals
KMMS	35 Transload Operations

Historical Growth

(\$ in thousands)

	<u>2006 Actual</u>	<u>2007 Actual</u>	<u>2008 Actual</u>	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Budget</u>
Earnings before DD&A ^(a)	\$396,858	\$442,330	\$538,836	\$576,096	\$646,608	\$701,042	\$756,844
Growth from prior year	24.7%	11.5%	21.8%	6.9%	12.2%	8.4%	8.0%
Internal	14.2%	2.3%	14.7%	6.0%	6.7%	6.1%	6.0%
Acquisition	10.6%	9.1%	7.1%	0.9%	5.6%	2.4%	2.0%
	<u>CAGR ^(b)</u>						
	12.4%						

(a) Before certain items

(b) 2002-2012 CAGR

Financial Overview

(\$ in thousands)

	2009 Actual	2010 Actual	2011 Actual	2012 Budget
Revenue (net)	\$1,081,679	\$1,244,810	\$1,298,507	\$1,347,870
Opex	\$501,175	\$591,547	\$598,212	\$579,863 ^(b)
EBITDA ^(a)	\$580,504	\$653,263	\$700,295	\$768,007
Book income tax	\$4,408	\$6,655	(747)	\$11,163
Earnings before DD&A	\$576,096	\$646,608	\$701,042	\$756,844
Sustaining capital	\$64,642	\$77,277	\$83,187	\$96,600
DCF	\$511,454	\$569,331	\$617,855	\$660,244
Expansion capital ^(c)	\$218,996	\$220,444	\$223,173	\$473,058
Operating margin	53.7%	52.5%	53.9%	57.0%

(a) Before certain items

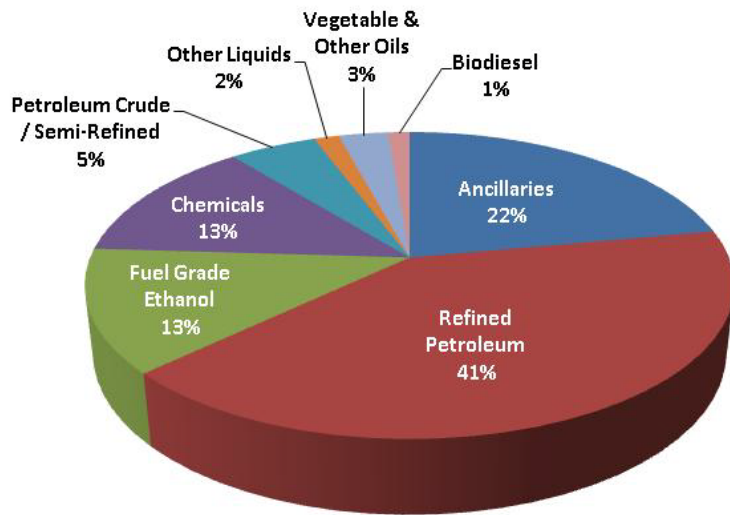
(b) Operating expense variance (2011 vs 2012)

Acquisition / equity earnings	\$9.4
Divestitures	\$14.5
Labor	\$(6.6)
TOTI	\$(2.6)
All other	\$3.6

(c) 2012 budget excludes acquisition capital of \$108MM and equity contributions of \$60MM

Contract Diversification

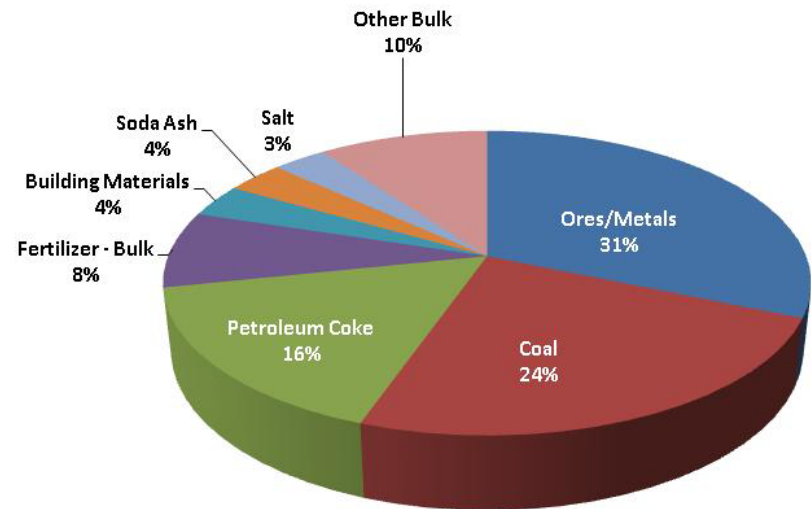
Liquids Revenue Breakout (a)



Top-10 Customers (a)

Top-10 Customers	\$409.9MM
Total Revenue	\$1,348MM

Bulk Revenue Breakout (a)



3.9-yr Avg. Contract Life (b)

Liquids	4.0 Years
Bulk	3.8 Years

(a) 2012 budget
 (b) 2012 budget weighted average, as of 12/31/2011

Bulk Tonnage

**KMBT Tonnage
(tons)**

	Actual 2010	Actual 2011	Budget 2012	Variance ('12 vs '11)	
				Amt	%
Coal	32,571,773	39,041,902	43,759,862	4,717,960	12.1%
Petcoke	12,665,891	11,511,349	12,513,856	1,002,507	8.7%
Cement (Including Clinker)	607,748	588,084	552,000	(36,084)	-6.1%
Fertilizers	5,718,218	5,315,357	5,515,568	200,211	3.8%
Salt	3,275,317	3,316,786	3,399,927	83,141	2.5%
Ores/Metals	24,095,642	26,762,459	27,599,004	836,545	3.1%
Soda Ash	3,895,722	3,913,049	4,038,700	125,651	3.2%
Aggregate	1,964,767	2,568,337	2,777,800	209,463	8.2%
Other Bulk	8,645,601	7,622,980	8,080,051	457,071	6.0%
Totals	93,440,680	100,640,303	108,236,768	7,596,465	7.5%

Liquids Throughput

	Actual 2010	Actual 2011	Budget 2012	Variance ('12 vs '11)	
				Amt	%
Throughput (bbls)					
Chemical	21,748,652	24,359,936	32,732,431	8,372,495	34.4%
Distillate	163,367,651	154,115,558	145,906,266	(8,209,292)	-5.3%
Gasoline	333,903,633	330,353,480	341,403,630	11,050,150	3.3%
Fuel Grade Ethanol / Bio-diesel	57,881,078	60,951,613	72,379,960	11,428,347	18.7%
Petroleum	34,179,136	35,938,478	32,201,872	(3,736,606)	-10.4%
Vegetable Oils	4,806,666	6,271,907	7,641,256	1,369,349	21.8%
Animal Fats	580,718	570,947	442,488	(128,459)	-22.5%
Other	3,232,359	3,268,420	3,774,708	506,288	15.5%
Totals	619,699,893	615,830,340	636,482,611	20,652,271	3.4%

	Actual 2010	Actual 2011	Budget 2012
KM Utilization			
Capacity Utilization Rate	96.2%	94.5%	97.0%
Capacity (MM bbls)	58.2	60.2	60.5

Major Projects Completed in 2011

LIQUIDS	PROJECT NAME	PRODUCT	MODELED CAPACITY MMBBLS	CAPITAL (MM)	First Full Year EBITDA (MM)	In Service Date	Avg. Contract Length ^(a)
	Gateway Project (Carteret, NJ)	Distillates	1.0	\$62.1		Q3/11	10
	Deer Park Ethanol (Deer Park, TX)	Ethanol	0.2	\$27.3		Q1/12	4.4
	Chemical Expansion (Philadelphia, PA)	Chemicals	0.4	\$14.4		Q1/12	5
	TOTAL		1.6	\$103.8	\$15.1		

BULK	PROJECT NAME	PRODUCT	MODELED VOLUME MNTPY	CAPITAL (MM)	First Full Year EBITDA (MM)	In Service Date	Avg. Contract Length ^(a)
	Petcoke Handling Project (Deer Park, TX)	Petcoke	2.0	\$16.2		Q1/11	10
	Copper Handling (Vancouver, BC)	Copper Ore	0.1	\$14.8		Q3/11	5
	Port of Houston Export Coal (Deer Park, TX)	Coal	1.2	\$17.9		Q1/12	3
	TOTAL		3.3	\$48.9	\$10.0		

ACQUISITIONS	PROJECT NAME	PRODUCT	MODELED CAPACITY/VOLUME	CAPITAL (MM)	First Full Year EBITDA (MM)	Close Date	Avg. Contract Length
	Deerock (Cushing, OK) ^(b)	Crude	0.9	\$24.7		Q1/11	5
	Total (Port Arthur, TX)	Petcoke	1.0	\$66.5		Q2/11	25
	Watco Preferred Investment (2 nd Tranche)	N/A	N/A	\$50.0		Q4/11	N/A
	TOTAL		1.9	\$141.2	\$19.1		

COMBINED TOTAL				\$293.9	\$44.2		
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(a) Initial Term
(b) Kinder Morgan Equity share

Major Projects in Progress

LIQUIDS	PROJECT NAME	PRODUCT	MODELED CAPACITY MMBBLS	CAPITAL	First Full Year EBITDA (MM)	Expected In Service	Avg. Contract Length (a)
	Ethanol Pipeline (Linden, NJ)	Ethanol	N/A	\$8.8		Q1/12	10
	Pipeline Rate Expansion (Edmonton, Alberta) ^(b)	Crude	N/A	\$8.5		Q3/12	15.6
	Tank Expansion (Edmonton, Alberta) ^(b)	Crude	2.4	\$212.4		Q4/13	7.5
	BOSTCO Project (La Porte, TX)	Crude/VGO/Distillates	6.6	\$431.6		Q3/13 - Q4/14	5
TOTAL			9.0	\$661.3	\$75.3		

BULK	PROJECT NAME	PRODUCT	MODELED VOLUME MNTPY	CAPITAL	First Full Year EBITDA (MM)	Expected In Service	Avg. Contract Length
	Copper Handling - Phase 2 (Vancouver, BC) ^(b)	Copper Ore	0.1	\$5.7		Q3/12	6
	Fertilizer Domes (Fairless Hills, PA)	Fertilizer	0.1	\$10.0		Q1/13	4
	Shiploader Expansion (Portland, OR)	Soda Ash	0.1	\$9.5		Q2/13	10
	Petcoke Handling (Whiting, IN)	Petcoke	2.2	\$60.5		Q2/13	10
	IMT Phase 1 (Myrtle Grove, LA)	Coal	4.0	\$70.0		Q2/13	15
	IMT Phase 2 (Myrtle Grove, LA)	Coal	2.5	\$44.1		Q1/13	10
	TOTAL			9.0	\$199.8	\$35.1	

COMBINED TOTAL				\$861.1	\$110.4		
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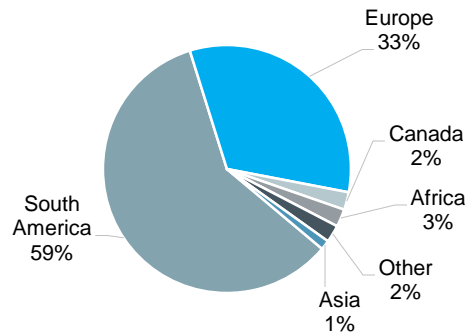
Potential Future Projects	
\$300 – \$500 Million	Crude Coal Diesel/Gasoline

(a) Initial Term
(b) C\$ / USD exchange rate 1:1

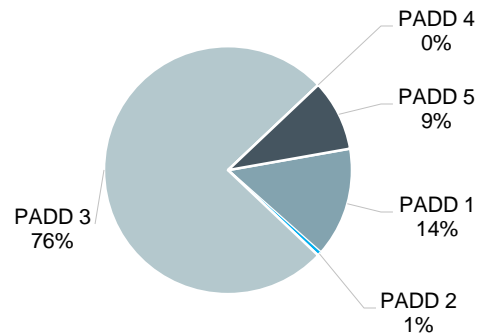
Petroleum Exports / Imports

Distillate

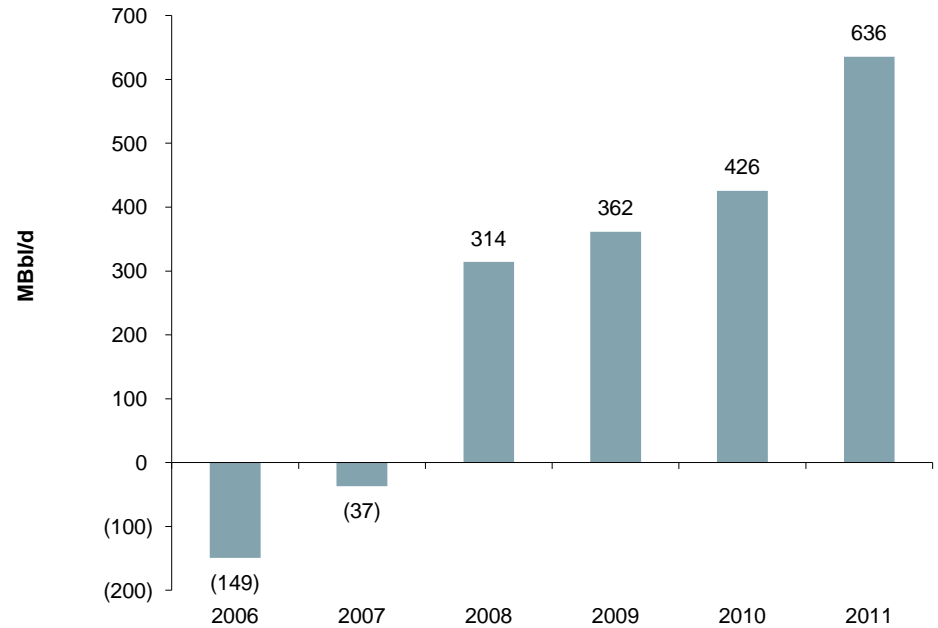
Distillate Fuel Oil – Export Destination
(% of 2011 Daily Average)



Distillate Fuel Oil – U.S. Export Location
(% of 2011 Daily Average)

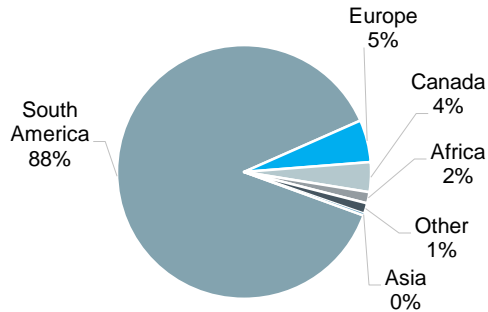


Distillate Fuel Oil - Net Exports

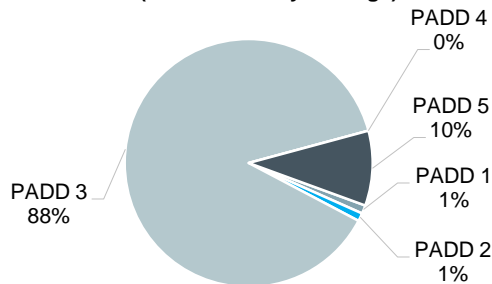


Finished Gasoline

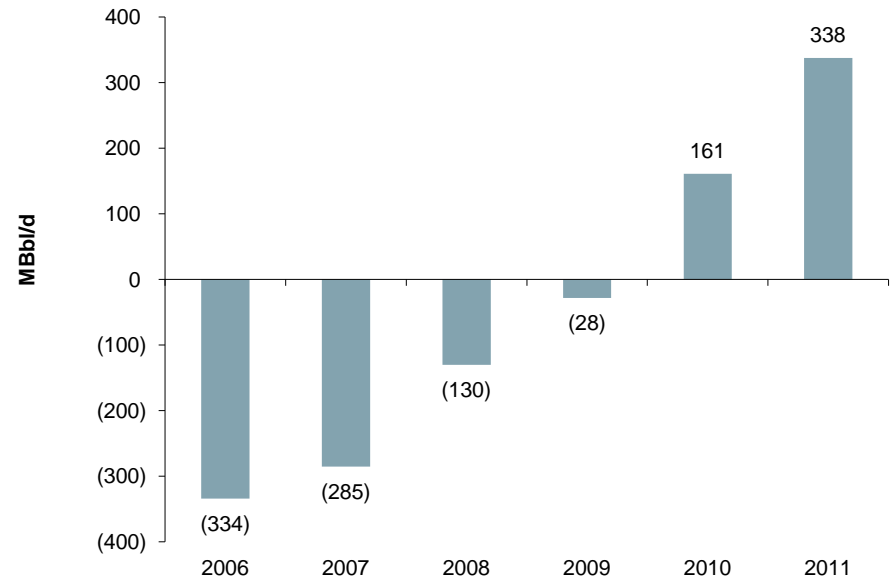
Finished Motor Gasoline – Export Destination
(% of 2011 Daily Average)



Finished Motor Gasoline – U.S. Export Location
(% of 2011 Daily Average)

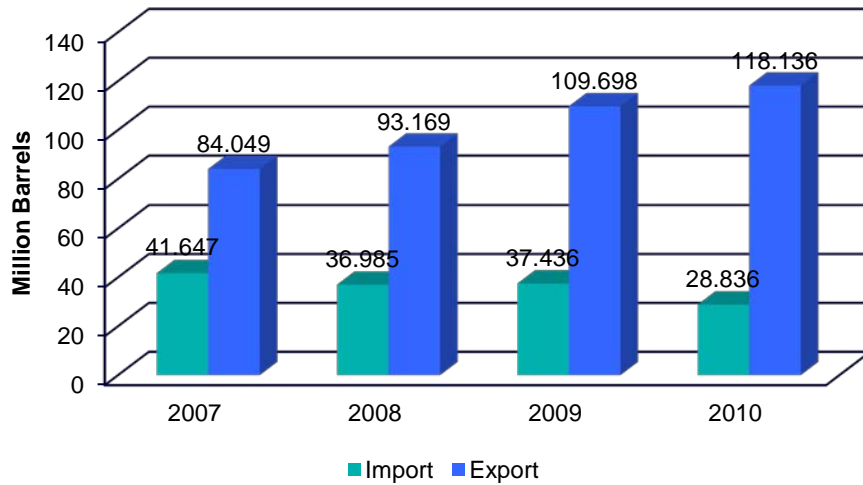


Finished Motor Gasoline - Net Exports

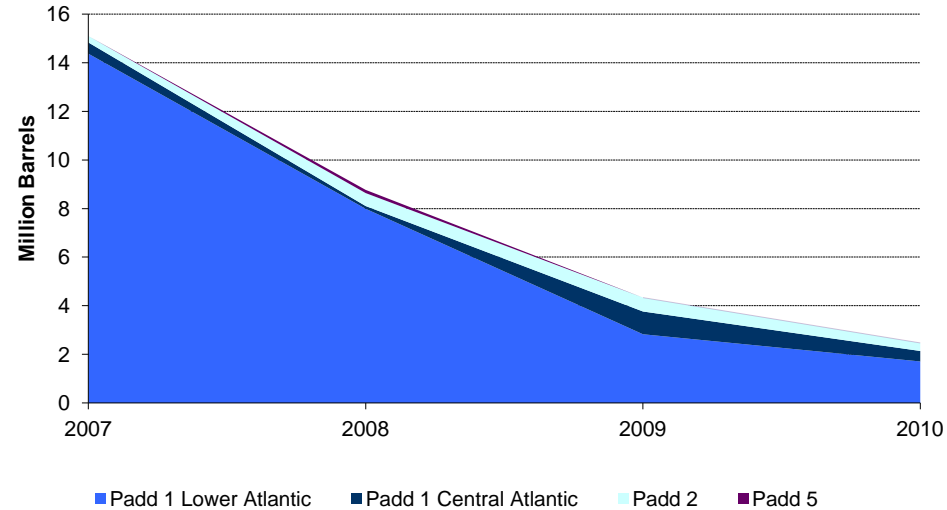


Fuel Oil Exports

USGC Residual Fuel Import and Export



Movements of Residual Fuel Oil (High-Sulfur and Low-Sulfur) from Padd 3 to Other Padds by Barge

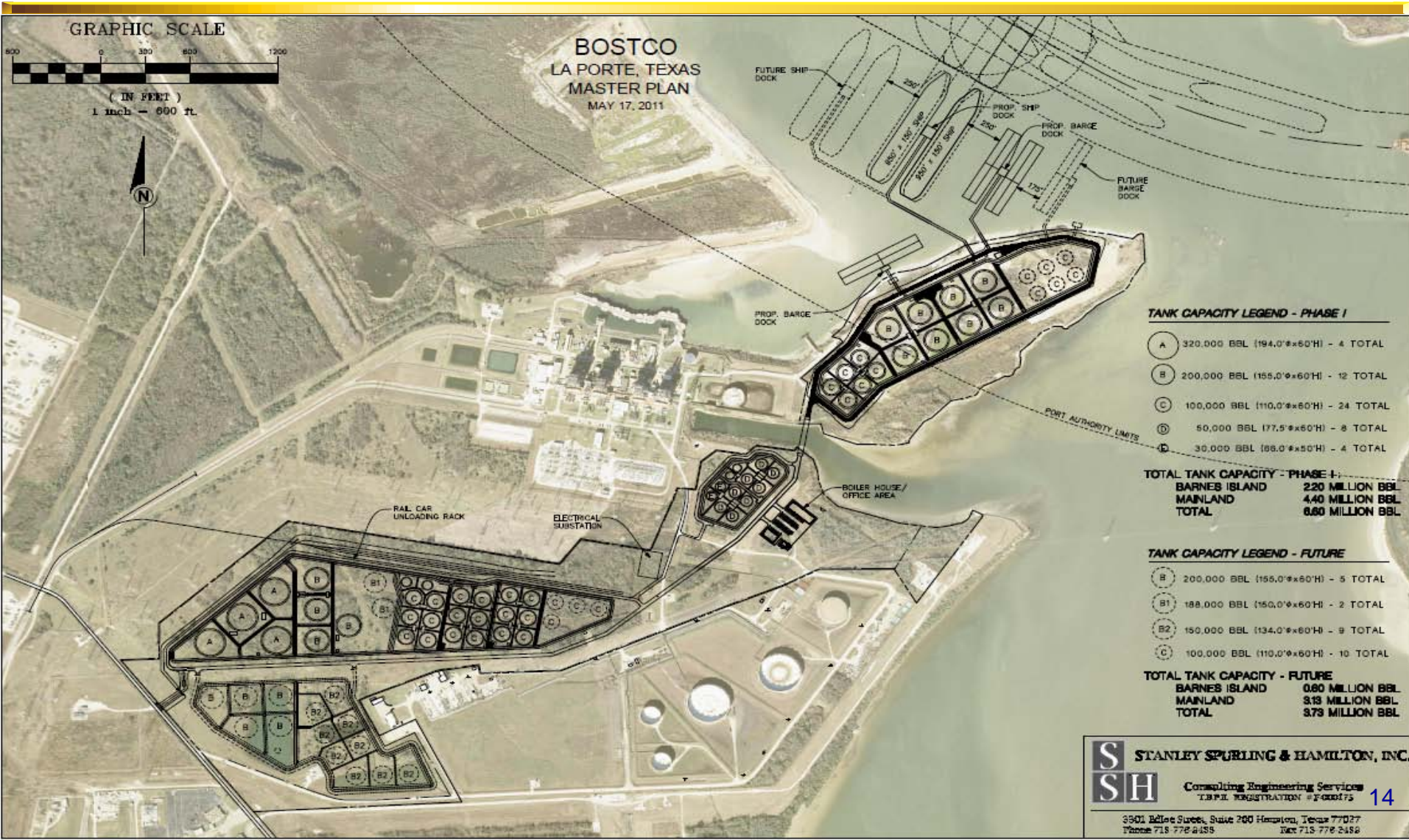


Declining US Demand

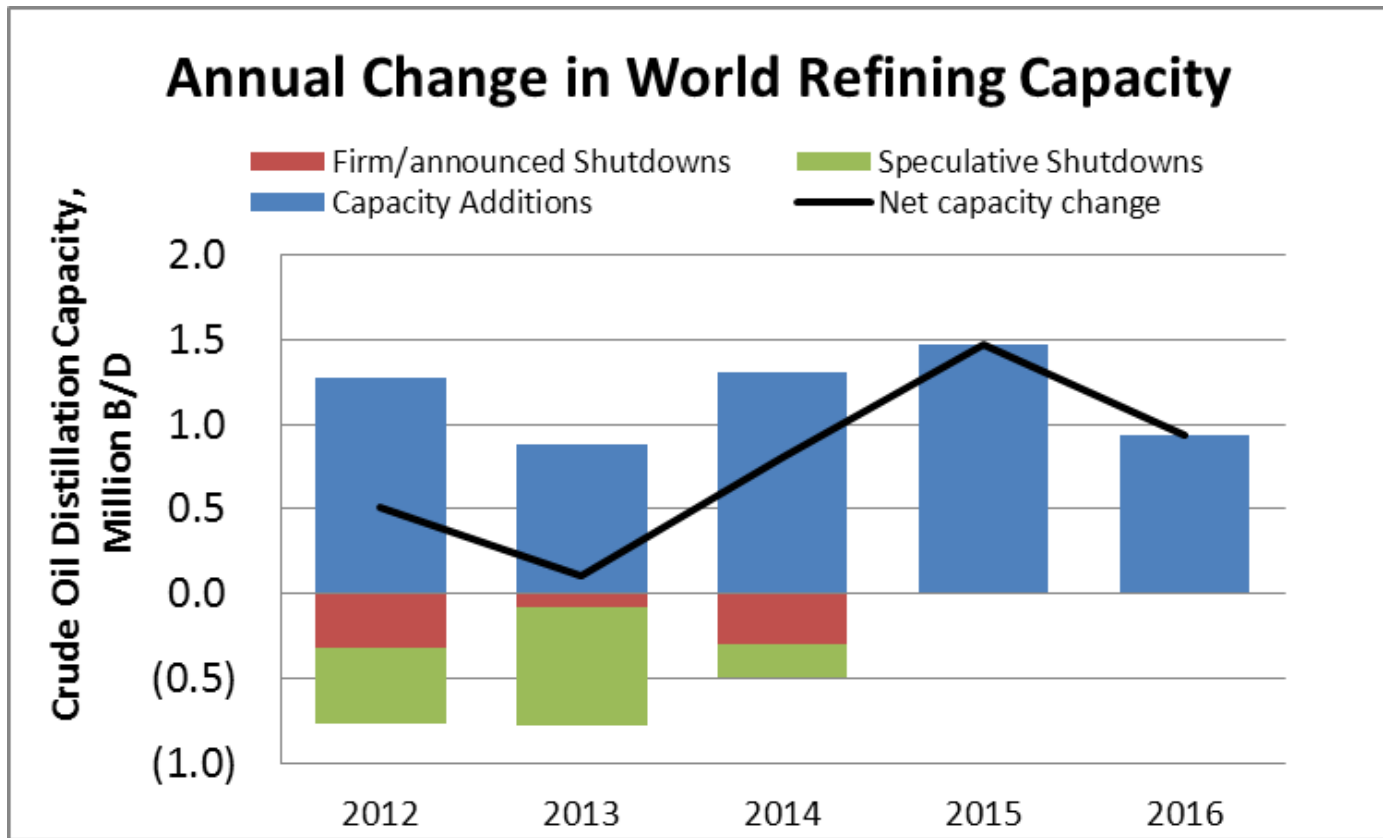
+ Steady Production

= Increasing Exports

BOSTCO Project



World Refinery Capacity Changes

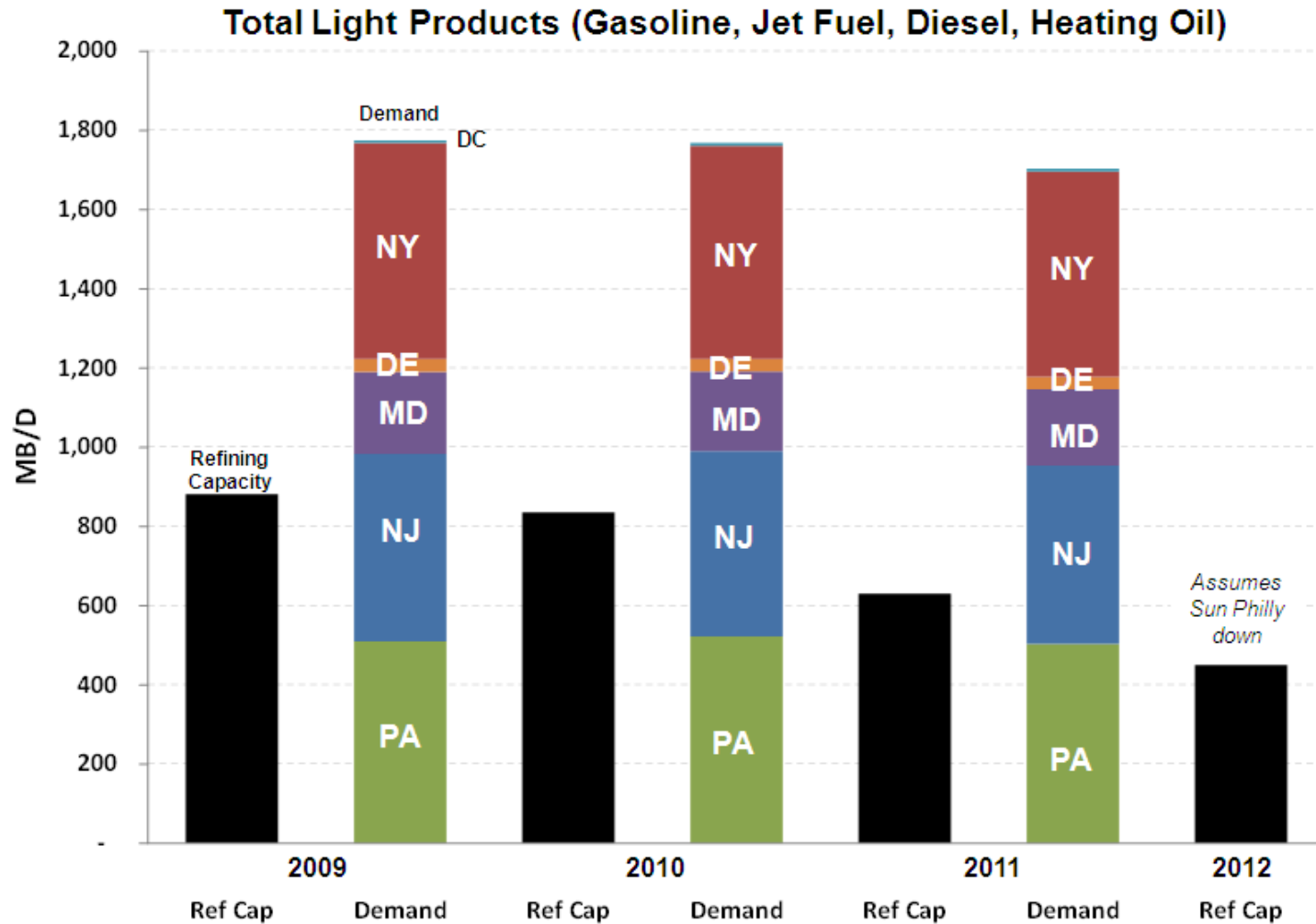


East Coast Refinery Closures

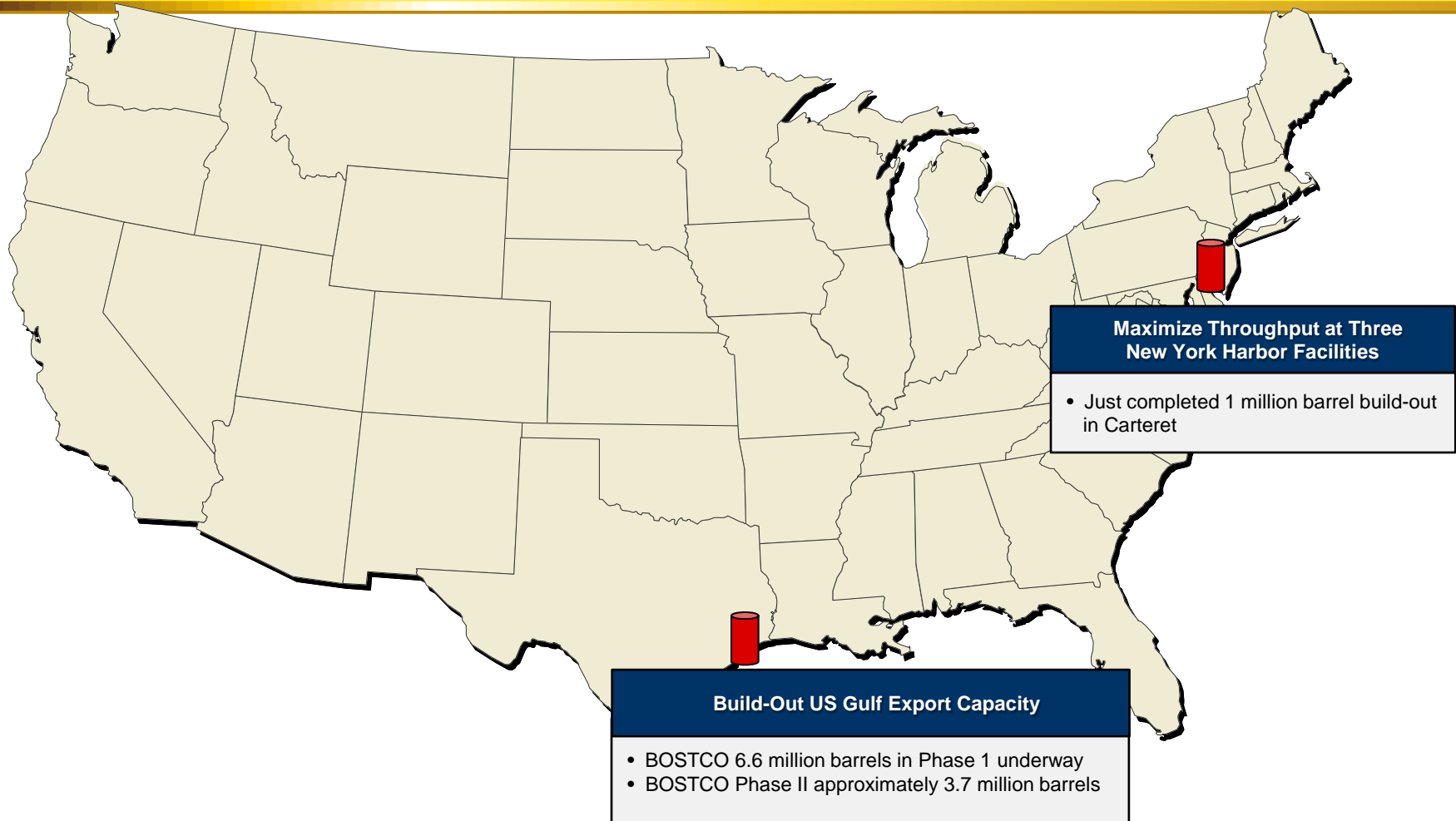
- ConocoPhillips announced in late September 2011 the intention to sell or close the Trainer refinery (185 MB/D) and began preparations for idling the plant (plant is now down).
- In early December 2011, Sunoco announced that it was shutting down Marcus Hook (178 MB/D) and will also close Philadelphia (310 MB/D) if it cannot be sold.
- At the start of 2009, total fuels refining capacity stood at approximately 1.6 MMB/D.
- By July 2012, it is possible that only 735 MB/D will remain.

<i>Fuels Refinery</i>	<i>Capacity, MB/D</i>	<i>Status</i>	<i>Comments</i>
ConocoPhillips Bayway	252	Operating	
ConocoPhillips Trainer	181	Shut down Oct 2011	
Hess Perth Amboy	66	Operating	Cracker only
PBF Delaware City	190	Operating	Restarted 2011; \$1B hydrocracker project
PBF Paulsboro	160	Operating	
Sunoco Philadelphia	310	Operating	For sale; to be shut July 2012 if no buyer
Sunoco Marcus Hook	178	Shut down Dec 2011	
Sunoco Westville	145	Shut down 2009	Refinery reported to be dismantled/sold
United Refining Warren	67	Operating	Located inland Pennsylvania
Western Yorktown	70	Shut down 2010	Related terminal assets sold to Plains 2011
Total	1,619		

PADD 1B Demand vs. Refining Capacity in Region



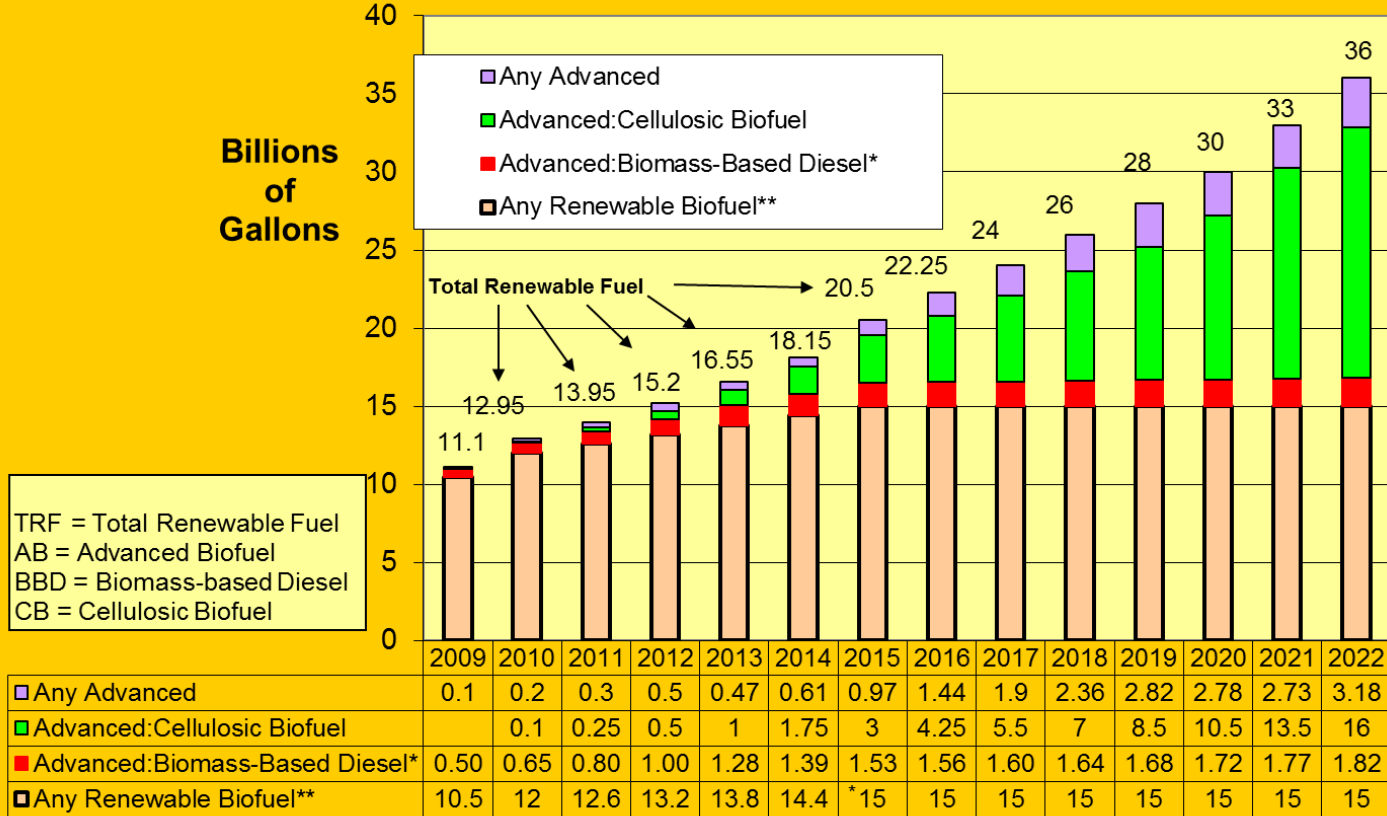
Impact of Petroleum Market Shift for KM



Ethanol

RFS2: Four Annual Standards

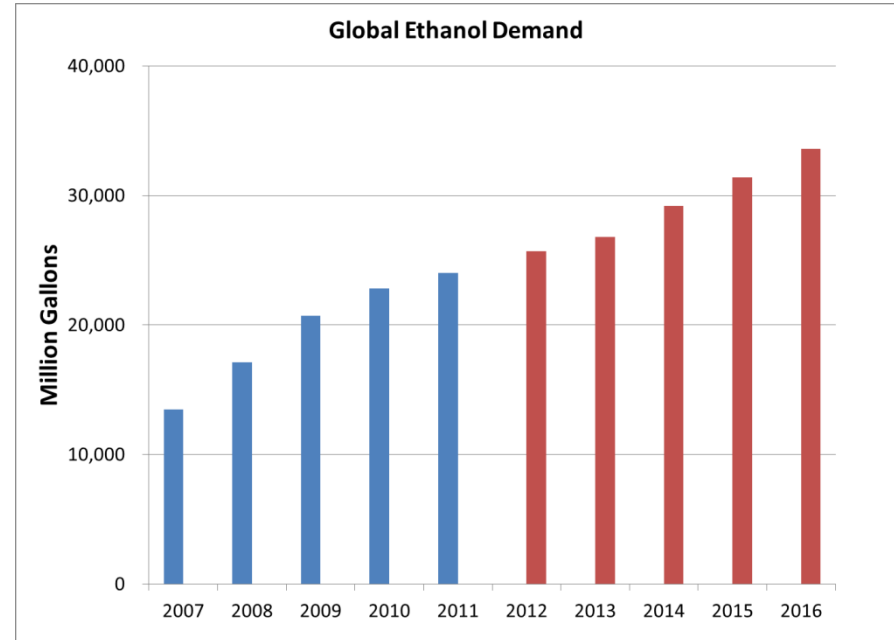
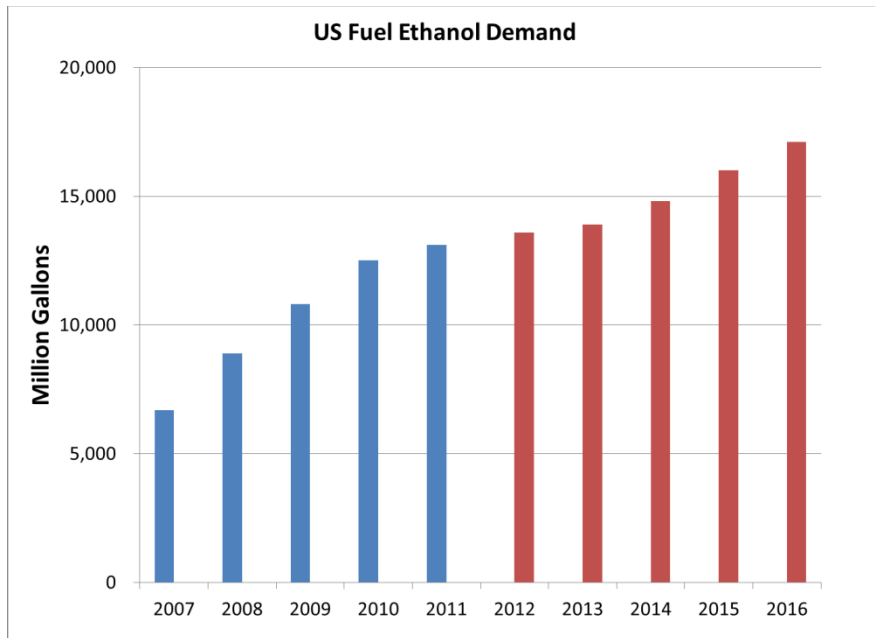
Four Annual RFS2 Standards: Total, Advanced, BBD and CB



* Biomass-based diesel in 2013 onward at expected amounts. **Corn ethanol is deemed conventional biofuel and meets the total standard only.

© 2012 Houston BioFuels Consultants LLC Note: Through its annual rulemaking, EPA can reduce (waive) some or all annual standards

US and Global Ethanol S&D



- In 2011, the US accounted for 55% of global ethanol demand
- In 2011, the US and Brazil together accounted for over 80% of global demand, a share that is expected to continue through the forecast period
- Most of the global growth will be in the US and Brazil as well in the coming 5 years

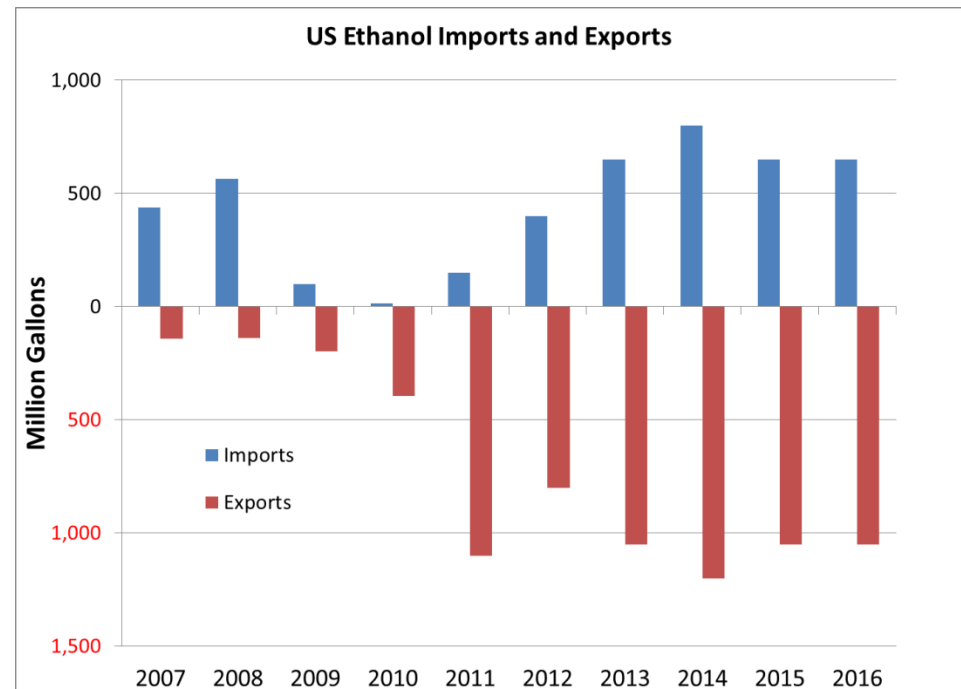
US Ethanol Imports and Exports

- The RFS2 advanced biofuel requirements can most economically be met with imports of cane ethanol, mainly from Brazil
- The California LCFS will only determine the share of imports directed to California; the amount of imports is set by the RFS2 advanced biofuel mandates.

	2011	2012P
KMT Ethanol Handling		
Storage (MBbls)	5,190	5,425
Throughput (Bbl/d)	161,858	188,442

KMPP Ethanol Handling		
Storage (MBbls)	1,549	1,549
Throughput (Bbl/d)	83,348	85,357

US Ethanol Demand		
Throughput (Bbl/d)	848,092	884,606



Coal

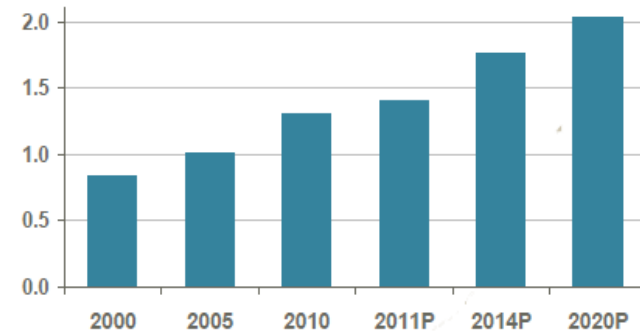
International Metallurgical Coal

Market Conditions & Drivers

Global Met Coal Trade

Met Coal Imports (MMt)	2009	2010	2011E	2012E
Europe	36	45	49	51
Japan	53	58	56	62
China	34	48	52	54
Korea	21	28	31	32
India	25	30	34	40
Brazil	9	12	14	15
Other	42	52	41	47
World Imports	220	273	277	301
Met Coal Exports (MMt)	2009	2010	2011E	2012E
Australia	135	159	137	165
Canada	22	28	30	33
U.S.	34	51	54	49
Russia	13	14	17	17
Other	16	21	39	37
World Exports	220	273	277	301

Total Growth In World Steel Consumption (billions of tons of finished steel)



Iron and Steel Capacity Build Out Through 2015 (excluding electric arc furnace capacity)

(in millions of tonnes of raw steel, blast & basic oxygen furnaces)



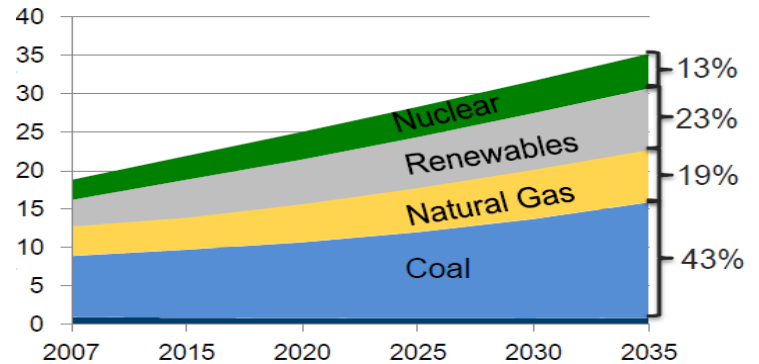
Sources: ACI, World Steel Association and Steel Business Briefing

International Steam Coal

Market Conditions & Drivers

- Coal is forecasted to supply approximately 43% of the world's electricity generation in 2035.
- Thermal coal imports to India's utilities increased by 70% in 2011 and increasing demand by new coastal Independent Power Producers (IPP) and Ultra Mega Power Producers (UMPP) will help nearly double coal usage from 2010 to 2015.
- India's steam coal demand expected to surpass China's imports by 2015.
- Projections of Asian steam coal demand continues to outpace Europe's demands for seaborne steam coal.

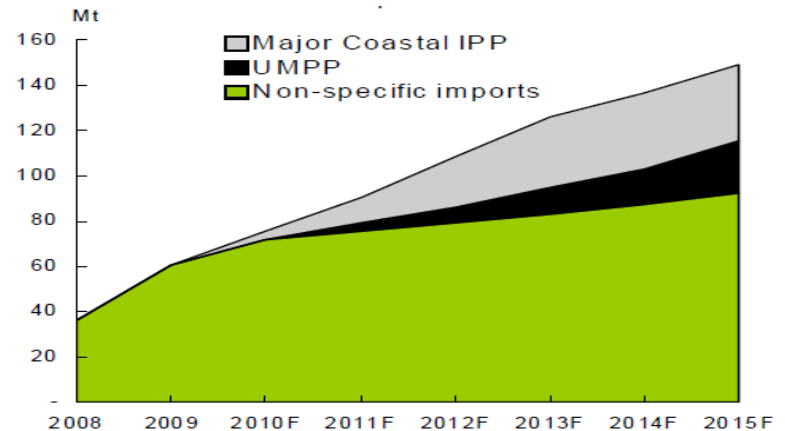
World Electricity Generation (Trillion Kilowatt hours)



Steam Coal Imports (MMt)

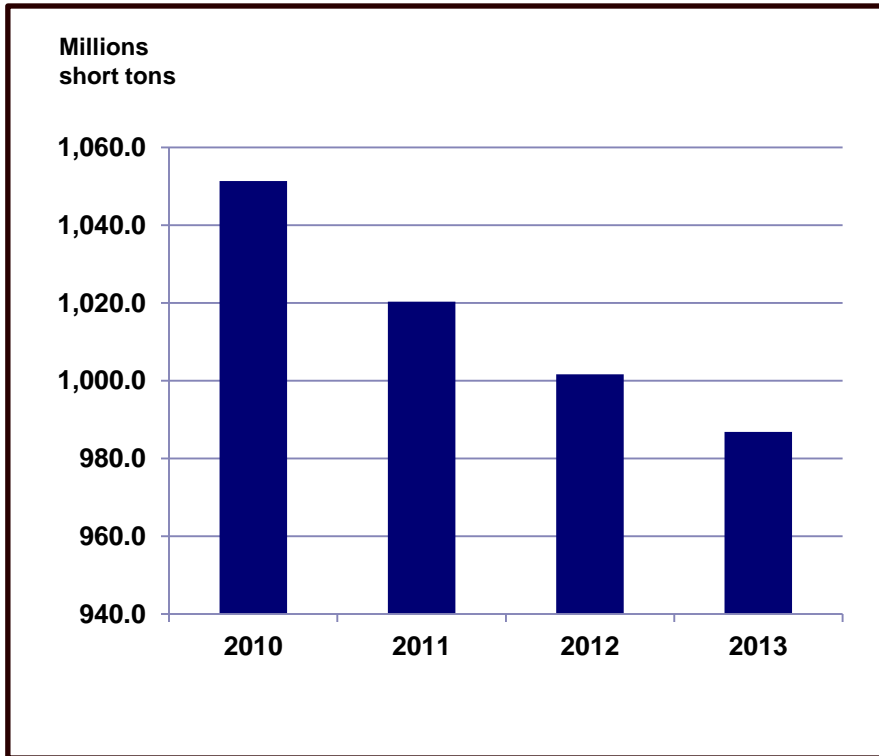
Importer	2009	2010	2011	2012	2015
China	62	97	97	107	119
India	60	75	90	105	127
Korea	83	95	100	100	107
Taiwan	55	59	63	64	67
Japan	108	120	119	123	125
Total Asia	426	508	534	567	627
Europe	176	158	175	176	179
Americas	37	37	37	41	56
World	638	703	745	784	862

Indian Import Demand (MMt)

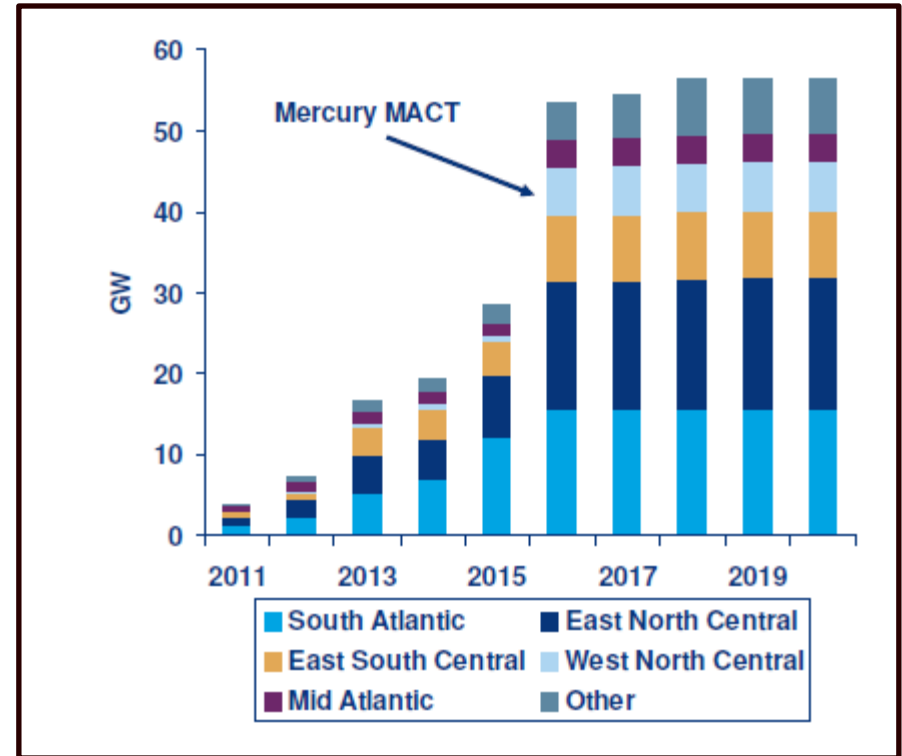


Domestic Coal Markets

**Total Forecasted
U.S. Coal Consumption**



U.S. Coal Retirements



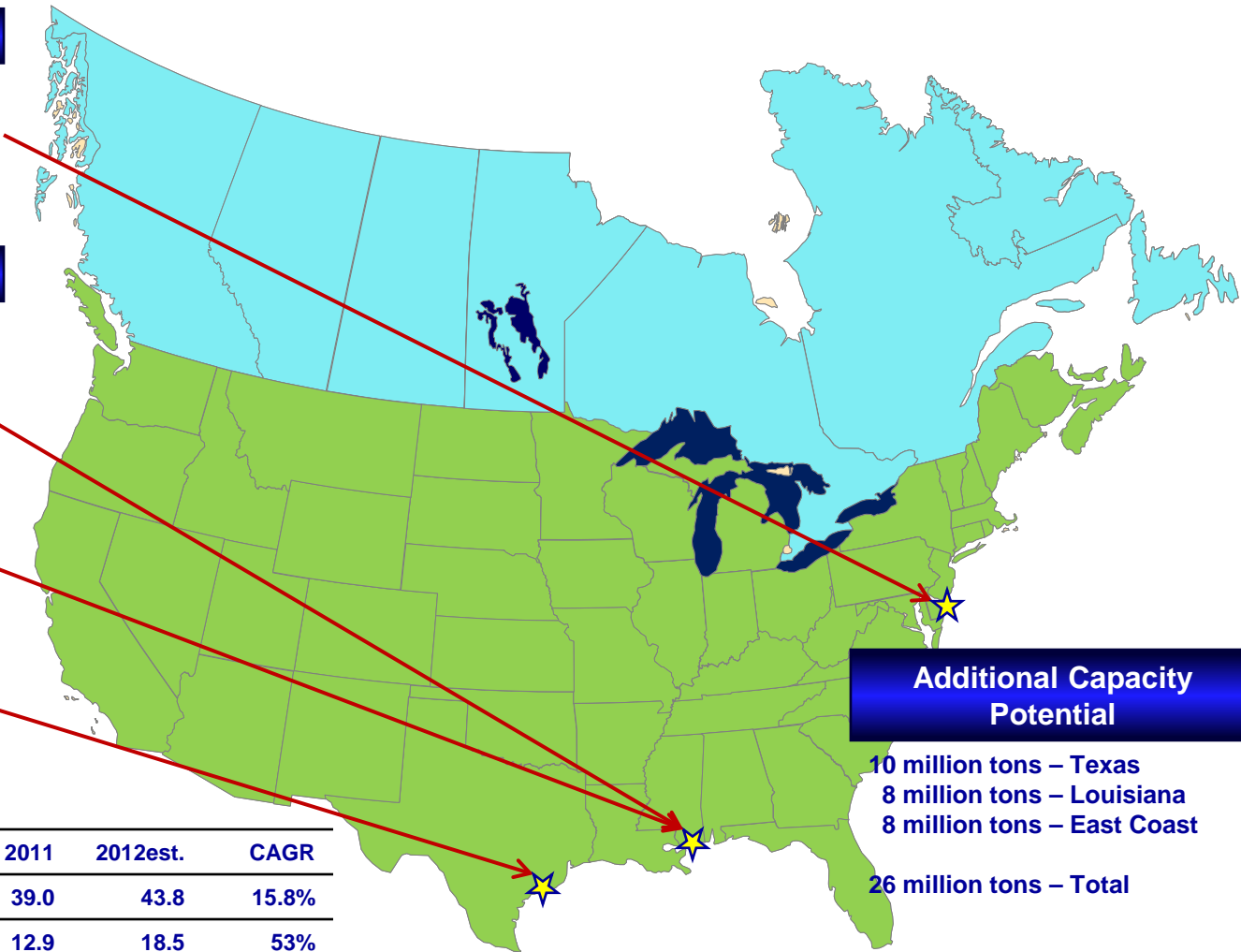
KM Response

East Coast

- (1) Fairless Hills Terminal, Fairless Hills PA
expected capital outlay = \$5.6 mm

U.S. Gulf

- (1) International Marine Terminal, Myrtle Grove LA – Phase 1
expected capital outlay = \$70 mm
6 million tons
- (2) International Marine Terminal, Myrtle Grove LA – Phase 2
expected capital outlay = \$44.0 mm
4 million tons
- (3) Port of Houston Terminal, expected
capital outlay = \$17.9mm
2 million tons



Additional Capacity Potential

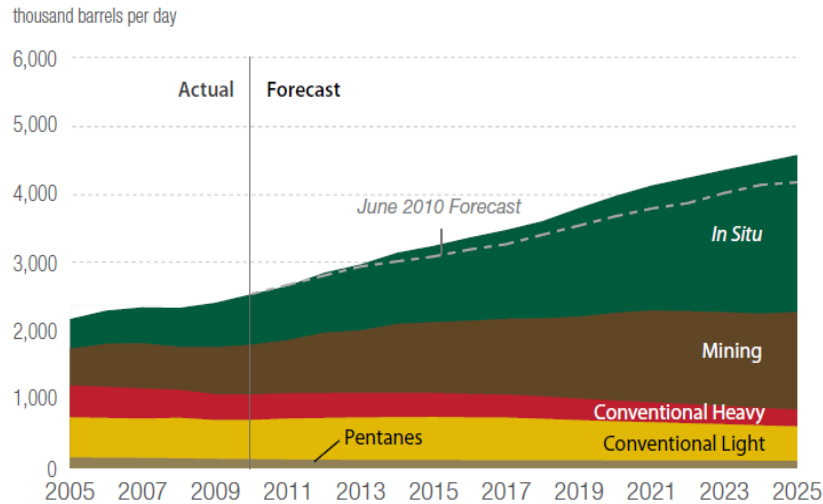
10 million tons – Texas
8 million tons – Louisiana
8 million tons – East Coast
26 million tons – Total

KM Coal Handling (TPY)	2010	2011	2012est.	CAGR
Throughput (MMt)	32.6	39.0	43.8	15.8%
Export (MMt)	7.9	12.9	18.5	53%

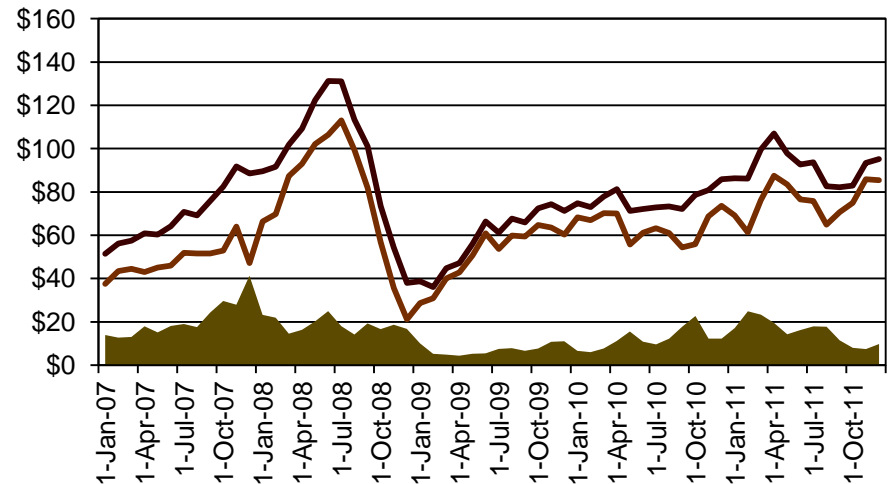
Canadian Crude Tankage

Canadian Crude Market Fundamentals

Figure 2.2 Growth Case - Western Canada Oil Sands & Conventional Production



WTI vs Canadian Heavy (Cold Lake) Pricing



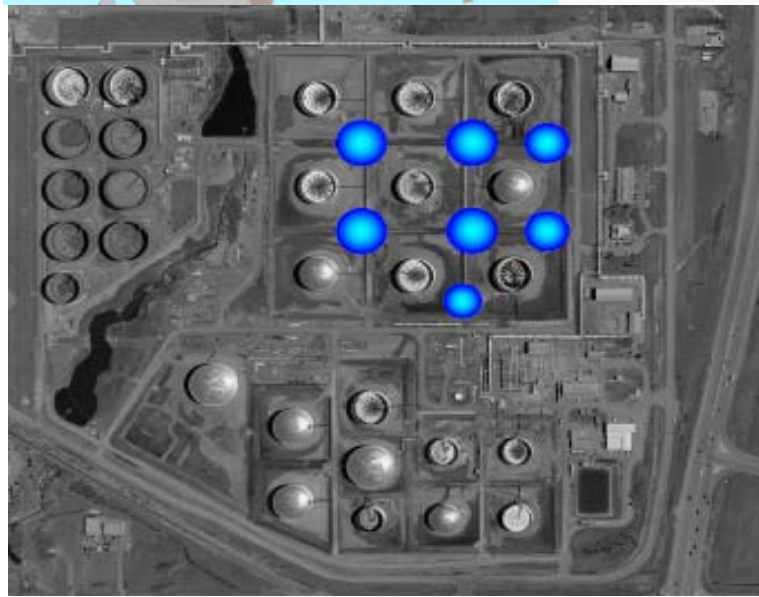
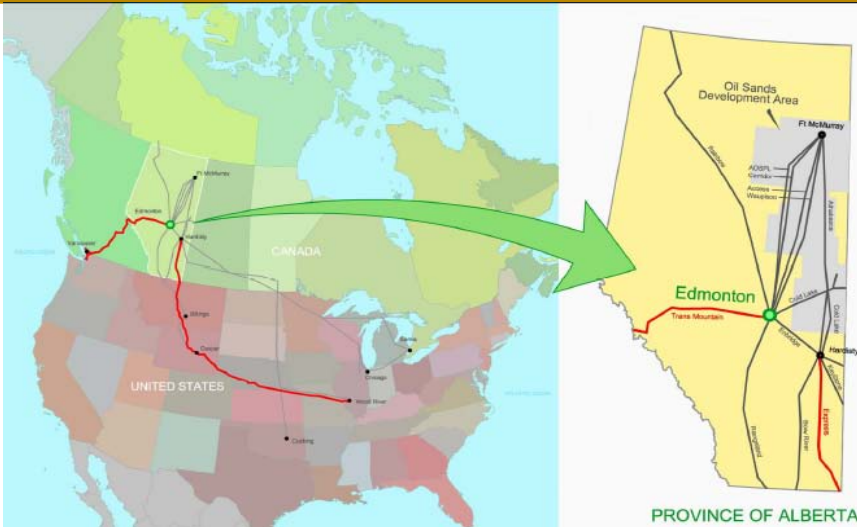
Increasing oil sands production



Increasing price volatility

Increased Canadian demand for petroleum storage

Edmonton, AB – Canada’s Primary Crude Hub



Kinder Morgan’s Edmonton Terminal:

- Trans Mountain Operational 2.5 MM Bbls
- North 40 Merchant 2.1 MM Bbls
- Edmonton Merchant (2013) 2.4 MM Bbls
(under construction)
- Edmonton Merchant (2014+) 3.6 MM Bbls
(future phases)

Current and Future Capacity: 10.6 MM Bbls

- Connected to 10 major inbound feeder streams
- Direct connection to Trans Mountain Pipeline
 - West Coast Canada, Puget Sound and Off shore access
- Connected to Enbridge mainline
 - All major North American inland markets
- Adjacent to the Edmonton refinery complex
- Customer flexibility
 - Storage & Blending
 - Subleasing
 - Trunk pipeline staging
- Future economies of scale = competitive pricing

Latest Investment in Watco

Financial Components:

- **Second \$50MM Tranche of Preferred Equity**
 - Preferred Investment now totals \$100MM
- **Terms similar to initial investment**
 - Preferred distributions of 13%, paid quarterly

Proceeds to Support Following Acquisitions/Investments:

- **Birmingham Southern**
 - 76 miles of track around U.S. Steel Corp mill in Fairfield, AL as well as the line serving the Port Facility on the Black Warrior River
 - 90,000 car loads in 2010
- **Wisconsin & Southern**
 - 700-mile common carrier in southern and eastern Wisconsin
 - 50,000 car loads in 2010
- **Western Australia**
 - Watco to provide comprehensive rail logistics services, including rolling stock, maintenance, and management