



7th Annual
COAL TRADING CONFERENCE

KINDER MORGAN

Coal Markets In 2009 : Let The Games Begin Anew



New York, New York
December 2008

WILL BROWNING - KINDER MORGAN TERMINALS

KINDER MORGAN

Presentation Summary

- Kinder Morgan
- World Coal Markets
- Export Terminals
- Import Terminals
- Terminal Coal Tonnage
- Moving forward

Kinder Morgan Background

- A premier energy company in North America with approximately 35,000 miles of pipelines and more than 170 terminals
 - Enterprise Value > \$ 20 billion
- The Kinder Morgan companies include Kinder Morgan Energy Partners, L.P. (NYSE: **KMP**), Kinder Morgan Management, LLC (NYSE: **KMR**) and Knight Inc. (formerly known as Kinder Morgan, Inc.), a private company and the general partner of KMP.

KM TERMINALS:

- 172 Facilities Nationwide
- Breakdown of Terminal Assets:
 - 92 Dry Bulk Terminals – 100 million tons handled each year (30 million carbon products)
 - 15 Liquid Terminals – 600 million barrels handled each year
 - 65 Rail Transload terminals – 80,000 railcars annually
- 2008 KM Terminals Revenue Budget \$1.1 billion

World Coal Market - Steam & Met Coal

Dynamics up to September:

World production issues, weather and infrastructure problems in Australia, South Africa, Indonesia, Russia bring strong met coal and steam coal demand to USA producers

Tight freight market, bulk ships in high demand

Coal prices skyrocket, exports worldwide reach \$300/ton

Speculators trading positions with banks and hedge funds bring more unbalance to the commodity markets


European demand for met and steam coal seems insatiable



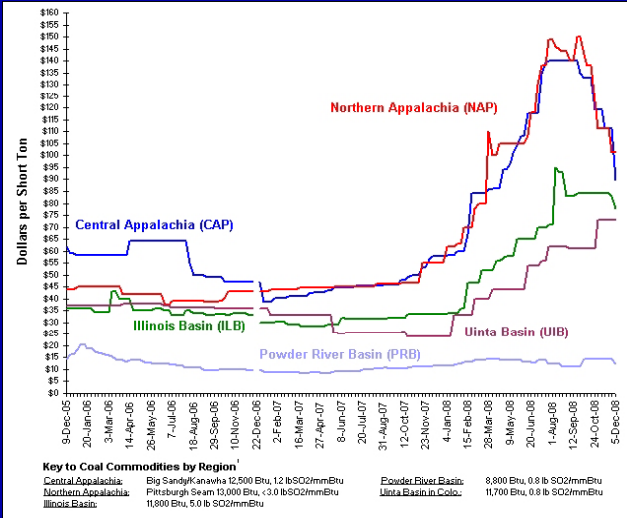
World Coal Market – Steam & Met Coal

Dynamics Since September:

- Financial markets go haywire; banks and hedge funds collapse, positions on commodities called
- Steel demand plummets, many steel producers idle furnaces
- Bulk Shipping collapses, ArcelorMittal cancels est. 50 ships
- Coal prices vs. Gas prices, gas moves toward parity on coal
- Some of previous worldwide problems with weather and infrastructure getting better, but still much to be done



Domestic Coal Markets




Key to Coal Commodities by Region

Central Appalachia:	Big Sandy/Kanawha 12,500 Btu, 12 lb SO ₂ /mmBtu	Powder River Basin:	8,800 Btu, 0.9 lb SO ₂ /mmBtu
Northern Appalachia:	Pittsburgh Seam 13,000 Btu, 0.0 lb SO ₂ /mmBtu	Utah Basin in Color:	11,700 Btu, 0.9 lb SO ₂ /mmBtu
Illinois Basin:	11,800 Btu, 5.0 lb SO ₂ /mmBtu		

Historical Average Weekly Coal Commodity Spot Prices (Dollars per ST) Business Week Ended December 05, 2008

**Peak NAP @ \$150/st
Dec05 NAP @ \$101/st**

**Peak CAP @ \$140/st
Dec05 CAP @ \$ 89/st**



KINDER MORGAN EXPORT TERMINALS

Newport News, Virginia Pier IX Terminal

- Export Coal Berth
- 12 million Tons/Yr Potential Export Capacity
- CSX served
- 50 feet Draft
- Export Services Offered
 - Direct Transfer Barge to Vessel
 - Rail to Storage to Vessel or Barge
 - Blend from Rails and Barges into Vessel or Barges



During the week of November 24th, in our 26 year history at Pier IX, 2008 now holds our record for volume handled tons; 8,595,000 net tons was the volume handled in 1991 and as of November 2008 we were at 8.8 mts

Pier IX Improvements Completed



Improvements to dumper, conveyors, new inbound/outbound sampling systems, movement of cement crane to offshore

Pier IX Future Improvements



- Future improvements :
- Shiploader rotation bearing
 - Current coal feeders to mass flow
 - Start engineering plans for new dumper

New Orleans, Louisiana International Marine Terminal (IMT)

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- Export Coal Berth
- 8 million Tons/Yr Export Capacity
- Barge to Ship and Ship to Barge
- 46 feet Draft
- Three berths
- 7000 TPH Traveling Shiploader
- 5000 TPH Continuous Bucket Barge Unloader
- 5 Floating Cranes
- Midstream Berth
- 250 Barge Fleeting Capacity / 4 Harbor Tugs



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IMPORT TERMINALS

Charleston, South Carolina Shipyard River Terminal

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Import Project = \$34m
Thruput capacity =
4.5 mtpy
Unit train loading with
blending
Draft = 45 feet
Ship approx 1.3 mtpy

**EXPANSION PERMIT
ISSUED LAST MONTH**

Tampa, Florida Tampaplex Terminal

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3 floating cranes
Draft = 36 ft, hope to go to 42 ft
2.5m tpy capacity
Ship approx 300k tpy

Back to Newport News Pier X Terminal

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Import Project= \$70m

Completion was March 1, 2008

Can handle apx. 6m tpy

Draft = 50ft for capesize vessels

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Kinder Morgan Coal Exports and Imports

TERMINAL ESTIMATES EXPORTS	2007	2008 [EST.]	2009 [EST.]
New Orleans - KM IMT ¹	2,662,791	2,800,000	2,500,000
Hampton Roads - KM PIER IX ¹	3,844,560	9,600,000	8,300,000
ESTIMATED TOTAL	6,507,351	12,400,000	10,800,000

TERMINAL ESTIMATES IMPORTS	2007	2008 [EST.]	2009 [EST.]
Charleston - KM SHIPYARD RIVER	938,869	1,180,000	1,000,000
Hampton Roads - KM PIER IX	0	0	200,000
Tampa - KM TAMPAPLEX	115,809	250,000	300,000
ESTIMATED TOTAL	1,054,678	1,430,000	1,500,000

¹ Excl. domestic outbound tons:

Lessons Learned: Be Flexible



Next Year?

Some expectations on coal:

**Slightly decreasing Export Steam Coal Demand,
Moderately decreasing Export Met Coal Demand,
Stable or slightly increasing Import Coal Demand.**



**MODERATE DROP
OF STEAM & MET
COAL**

EXPORTS OUT

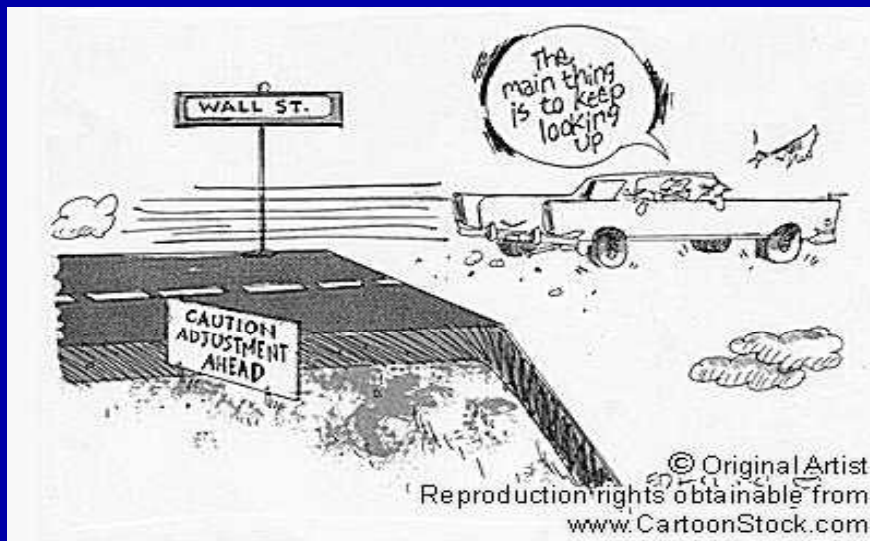


**SMALL INCREASE
STEAM COAL**

IMPORTS IN

KINDER MORGAN

Don't Panic But Keep Your Eyes on The Road



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