

# Appendix

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# Distribution of Quarterly Earnings

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Year</u>
<b><u>KMP Earnings (a)</u></b>					
<b>2008E</b>	31%	22%	21%	26%	\$2.05/unit
<b>2007</b>	20%	25%	25%	30%	\$1.74
<b>2006</b>	27%	25%	20%	28%	\$1.98
<b>2005</b>	28%	22%	25%	25%	\$2.37
<b>2004</b>	23%	23%	27%	27%	\$2.22
<b>2003</b>	25%	24%	25%	26%	\$1.98
<b>2002</b>	24%	24%	26%	26%	\$1.96

(a) Excluding certain items.

# Explanation of Return Calculations

	<u>Formula</u>	<u>Notes</u>
<b>Return on Investment =</b>	$\frac{\text{Distributable Cash Flow before Interest}}{\text{Average Total Investment}}$	(a) (b)
<b>Return on Equity =</b>	$\frac{\text{Distributable Cash Flow after Interest}}{\text{Average Equity}}$	(c) (d)

- (a) For segments, distributable cash flow before interest is defined as segment distributable cash flow as outlined on the Non-GAAP Financial Measures slide, plus, for natural gas, our share of DD&A and sustaining capex for Rockies Express.  
For KMP, distributable cash flow before interest is defined as distributable cash flow from KMP overall, as defined on the Non-GAAP Financial Measures slide, plus interest expense, cash taxes, minority interest and the general partner's interest less book taxes.
- (b) See next page for calculation. Annual number is calculated based on average of the quarterly Total Investment.
- (c) Distributable cash flow after interest is defined as distributable cash flow from KMP overall, as outlined on the Non-GAAP Financial Measures slide, plus the general partner's interest.
- (d) Equity is based on average of book equity over four quarters excluding OCI.

# Explanation of Return Calculations – Cont'd

	<u>Formula</u>	<u>Notes</u>
<i>Calculation of Total Investment:</i>	<b>Gross PP&amp;E Investments Intangibles</b>	
	<b>Plus:</b>	
	<b>Cumulative Environmental Reserves</b>	
	<b>Plus (Minus):</b>	
	<b>Foreign Exchange Impact</b>	(a)
	<b>Minus:</b>	
	<b>Cumulative Sustaining Capex Assumed Liabilities</b>	
	<b>Equals:</b>	
	<b>Total Investment</b>	

(a) Foreign exchange impact is defined as the change in Gross PP&E, Investments and Intangibles due to a difference in the foreign exchange rate applied at the time the expenditure occurred and the rate applied at the relevant balance sheet date.

# GAAP Reconciliation

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- ❖ *Detailed calculations reconciling the non-GAAP terms in this presentation to GAAP are available on our website at: <http://www.kindermorgan.com/investor/presentations/>.*

