



March 2010 Letter to Shareholders

Kinder Morgan Management, LLC (NYSE: KMR) is a limited partner in and manages and controls the business and affairs of Kinder Morgan Energy Partners (NYSE: KMP), one of the largest publicly traded pipeline limited partnerships in the United States. KMP owns an investment in or operates approximately 28,000 miles of pipelines and 180 terminals. Its pipelines transport products such as natural gas, crude oil, gasoline, and CO₂, and our terminals store petroleum products and chemicals and handle materials like coal.

In 2009, KMR returned 50 percent to our shareholders. Since its formation in May of 2001, KMR has delivered a compound annual return of 13 percent. KMR's success is dependent upon our operation and management of KMP and KMP's resulting performance. In 2009, KMP declared total cash distributions of \$4.20 per limited partner unit, up 4.5 percent from 2008. KMR, like KMP declared total distributions of \$4.20 per share for 2009.

KMP has been described by some analysts and media as a resilient company that produces solid results in all types of market conditions. How have we accomplished that? First, we have a large, diversified portfolio of assets that produce tremendous amounts of stable cash flow. Second, we have an experienced management team with a proven track record. And third, we have outstanding employees.

KMP and KMR are well positioned for the future. We completed construction of and placed into service three large natural gas pipelines at KMP last year—Rockies Express, Midcontinent Express and Kinder Morgan Louisiana. In 2010, we anticipate investing approximately \$1.5 billion to further grow the company. Since KMP was formed in 1997, we have invested approximately \$20 billion in new-build projects, expansions and acquisitions.

Looking ahead, KMR expects to pay a distribution of \$4.40 per unit in 2010, which would be a 4.8 percent increase over the 2009 distribution of \$4.20 per unit. Distributions to KMR shareholders, which are paid in the form of additional shares, are based on the amount of the cash distributions paid to KMP unitholders. Because distributions of additional KMR shares are made proportionately to all of our shareholders, distributions will not be includable in the gross income of our shareholders for federal income tax purposes and no Form 1099 will be issued.

We invite you to review the Form 10-K for both KMR and KMP, and to read my annual letter to KMP unitholders for more information. These materials are published on our web site at www.kindermorgan.com in the Investors section.

While the future is always unknown, I pledge that we will continue to do our best to operate our assets safely, satisfy our customers and deliver an attractive return to our shareholders. Thank you for your ongoing support.

A handwritten signature in black ink, appearing to read "Richard D. Kinder".

Richard D. Kinder
Chairman and CEO