

Appendix

Quarterly Earnings Profile

<u>KMP Earnings (a)</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Year</u>
2010E	28%	19%	21%	32%	\$1.45
2009	16%	24%	29%	31%	\$1.38
2008	31%	31%	26%	12%	\$2.07
2007	20%	25%	25%	30%	\$1.74
2006	27%	25%	20%	28%	\$1.98
2005	28%	22%	25%	25%	\$2.37
2004	23%	23%	27%	27%	\$2.22
2003	25%	24%	25%	26%	\$1.98
2002	24%	24%	26%	26%	\$1.96

(a) Excluding certain items

Cost of Capital Calculation

Equity	LP Distribution		Current KMP Unit Price		
Current KMP Yield	\$4.40	÷	\$63.45		6.9%
GP Gross-up				÷	55%
Cost of Equity				=	12.6%
Equity % of Capital Structure				x	50%
Equity Component of Cost of Capital				=	6.3%
Debt	Interest Rate		% of Overall Debt		
Short-term Floating Rate	3.0%	x	50%		1.5%
Long-term Fixed Rate	7.0%	x	50%	+	3.5%
Cost of Debt				=	5.0%
Debt % of Capital Structure				x	50%
Debt Component of Cost of Capital				=	2.5%

<u>Equity Cost</u>		<u>Debt Cost</u>		<u>Current Cost of Capital</u>
6.3%	+	2.5%	=	8.8%

Explanation of Return Calculations

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

(a) Segment Distributable Cash Flow before Certain Items is defined as segment earnings before DD&A and certain items less sustaining capex. In addition, several adjustments are made to more closely tie to cash: (1) REX, MEP and FEP DD&A is added back and sustaining capex is deducted, (2) Express and Endeavor pre-tax earnings are subtracted and cash received is added back

(b) KMP Distributable Cash Flow before Certain Items is defined as the sum of the five individual Segment Distributable Cash Flow before Certain Items less G&A

(c) See next page for calculation, annual number is calculated based on average of the quarterly Total Investment

(d) Distributable Cash Flow before Certain Items is defined as outlined on the Non-GAAP Financial Measures slide plus the general partner's incentive and non-controlling interest

(e) Equity is based on cumulative equity raised inception to date as of the end of each quarter and then averaged for the year

Explanation of Return Calculations – Cont’d

	<u>Formula</u>	<u>Notes</u>
Calculation of Total Investment:	Gross PP&E	
	Investments	(a)
	Goodwill	
	Intangibles	
	Plus:	
	Asset Write-offs / Retirements	
	Cumulative Environmental Reserves	
	Legal Reserves / Expenditures	(b)
	Minus:	
	Cumulative Sustaining Capex	
Assumed Liabilities		
Trans Mountain / Express Adjustment	(c)	
Equals:		
Total Investment	(d)	

(a) Investments are calculated based on GAAP book value equal to cumulative contributions plus cumulative earnings less cumulative distributions, except REX, MEP and FEP, which are based on cumulative equity contributed. These investments are not adjusted for earnings or distributions

(b) Litigation and environmental reserves deducted as certain items are added to investment, except for SFPP litigation reserves. For SFPP, actual legal payments are added to the investment

(c) For assets acquired from Kinder Morgan, Inc. (Express, Trans Mountain) which represent a transfer of assets between entities under common control and are recorded at KMI's carrying value on KMP's financials, an adjustment has been made to reflect these assets at KMP's purchase price

(d) Cochin, Trans Mountain and Express Total Investment is based on acquisition price plus cumulative expansion capital including overhead. The purpose of calculating Total Investment in this manner is to exclude the foreign exchange impact reflected in our GAAP financials. GAAP financials revalue the entire asset balance based on the end of period exchange rate

CO₂ Assets



CO ₂ Reserves	Company Ownership	Location	Remaining Deliverability	Operator
McElmo Dome	45%	SW Colorado	20+ yrs	KMP
Doe Canyon	88%	SW Colorado	20+ yrs	KMP
Bravo Dome	11%	NE New Mexico	10+ yrs	Oxy

Pipelines	Company Ownership	Location	Capacity (MMcf/d)	Operator
Cortez	50%	McElmo Dome to Denver City	1,300	KMP
Bravo	13%	Bravo Dome to Denver City	375	Oxy
Central Basin	100%	Denver City to McCamey	700	KMP
CRC	99%	McCamey to Snyder	270	KMP
CLPL	100%	Denver City to Snyder	300	KMP
Pecos	~70%	McCamey to Iraan	120	KMP
ESPL (a)	100%	Snyder to Katz	65 (b)	KMP
Wink (crude)	100%	McCamey & Snyder to El Paso	135	KMP

Crude Reserves	Company Ownership	Location	Remaining Life	Operator
SACROC	97%	W. Texas	9+ yrs	KMP
Yates	50%	W. Texas	18+ yrs	KMP
Katz	99%	W. Texas	15+ yrs (c)	KMP

(a) Under construction
 (b) Current planned capacity is 65 MMcf/d, can be expanded to 200 MMcf/d with compression
 (c) Based on current development plan

GAAP Reconciliation

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

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