IPAA Oil & Gas Investment Symposium – MLP

January 17, 2008
Forward Looking Statements

This presentation contains forward looking statements, including these, within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Exchange Act of 1934, as amended. Forward looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and securities values of Kinder Morgan Energy Partners, L.P. and Kinder Morgan Management, LLC (collectively known as “KMP”) may differ materially from those expressed in the forward-looking statements contained throughout this presentation and in documents filed with the SEC. Many of the factors that will determine these results and values are beyond Kinder Morgan's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future, including, among others, the ability to achieve synergies and revenue growth; national, international, regional and local economic, competitive and regulatory conditions and developments; technological developments; capital markets conditions; inflation rates; interest rates; the political and economic stability of oil producing nations; energy markets; weather conditions; environmental conditions; business and regulatory or legal decisions; the pace of deregulation of retail natural gas and electricity and certain agricultural products; the timing and success of business development efforts; terrorism; and other uncertainties. You are cautioned not to put undue reliance on any forward-looking statement.
Use of Non-GAAP Financial Measures

This presentation utilizes the non-generally accepted accounting principles (non-GAAP) financial measures of distributable cash flow (DCF), EBITDA, and segment earnings before depletion, depreciation and amortization (DD&A).

For KMP overall, we define distributable cash flow (DCF) to be pretax income plus DD&A less cash taxes paid and sustaining capital expenditures (capex) for KMP, plus KMP’s portion of the DD&A less sustaining capex of Rockies Express, our equity method investee. For our segments we define DCF as segment net income (which is before corporate costs of G&A and interest) plus DD&A less sustaining capex. The components of the difference between overall KMP DCF and segment DCF are cash versus book taxes, DD&A and sustaining capex on Rockies Express, G&A, interest, minority interest and the general partner’s interest. We define EBITDA as pre-tax income plus DD&A and interest expense. We define segment earnings before DD&A as segment earnings plus DD&A and amortization of excess cost of equity investments. The amounts included in the calculation of these measures are computed in accordance with generally accepted accounting principles (GAAP), with the exception of “sustaining capital expenditures” (as it relates DCF) which is not a defined term under GAAP. Consistent with the partnership agreement of Kinder Morgan Energy Partners, L.P., sustaining or maintenance capex are defined as capital expenditures (as defined by GAAP) which do not increase the capacity of an asset.

We routinely calculate and communicate these measures to investors. We believe that continuing to provide this information results in consistency in our financial reporting. In addition, we believe that these measures are useful to investors because they enhance the investors’ overall understanding of our current financial performance and our prospects for future performance. Specifically, we believe that these measures provide investors an enhanced perspective on the operating performance of our assets and the cash that our businesses are generating. Notwithstanding, these non-GAAP financial measures are not a replacement for the financial statements included in our Exchange Act Filings.
Capital Structure

Kinder Morgan Energy Partners, L.P.

- Market Equity (a) $13.3B
- Debt (b) $7.0B
- Enterprise Value $20.3B
- 2007 EBITDA $2.0B
- 2007 DCF $1.5B

Additional Shares

KMR (LLC)
72 million i-units (a)

KMP (Partnership)
176 million units (a)

Public Float

Cash Distribution

Incentive Distribution

General Partner

(a) KMP market equity based on 176 million common units (includes 5.3 million Class B units owned by KMI; Class B units are unlisted KMP common units) at a price of $53.99 and 72 million KMR i-shares at a price of $52.94, as of 31-Dec-2007.
(b) Debt balance as of 31-Dec-2007, excludes the fair value of interest rate swaps, net of cash.
The Kinder Morgan Strategy

Focus on stable, fee-based assets which are core to the energy infrastructure of growing markets

Increase utilization of assets while controlling costs
- Classic fixed cost businesses with little variable costs
- Improve productivity to drop all top-line growth to bottom line

Leverage economies of scale from incremental acquisitions and expansions
- Reduce needless overhead
- Apply best practices to core operations

Maximize benefit of a unique financial structure which fits with strategy
- MLP avoids double taxation, increasing distributions from high cash flow businesses
- Strong balance sheet allows flexibility when raising capital for acquisitions / expansions

Same Strategy Since Inception
Well-diversified Asset Base

- **CO₂**
  - 33% CO₂ transport and sales
  - 67% oil production related
  - Production hedged (a):
    - 2007=85% ($35/Bbl)
    - 2008=83% ($44)
    - 2009=71% ($49)
    - 2010=72% ($56)

- **Terminals**
  - 53% Liquids, 47% Bulk
  - Geographic and product diversity
  - 3-4 year average contract life

- **KMP 2007 DCF Profile (b)**
  - CO₂ 25%
  - Natural Gas Pipelines 28%
  - Terminals 19%
  - Products Pipelines 26%
  - Trans Mountain 2%

- **Natural Gas Pipelines**
  - 58% Texas Intrastate
  - 42% Rockies
  - Little incidental commodity risk

- **Products Pipelines**
  - Refinery hub to population center strategy
  - 61% Pipelines
  - 33% Associated Terminals (c)
  - 6% Transmix
  - No commodity price risk

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(a) 2008-2010 based on Netherland, Sewell reserve report. Includes heavier NGL components (C4+). Incorporates swaps and puts at strike price net of premium, WTI/WTS spread @ $6-7.00/Bbl.
(b) Segment DCF as defined on slide 3.
(c) Terminals are not FERC regulated except portion of CALNEV.
**Consistent Track Record**

**Total Distributions (GP + LP) ($mm)**

- **CAGR = 50%**

**LP Distribution Per Unit (b)**

- **CAGR = 17%**

**Net Debt to Total Capital (c)**


**Net Debt to EBITDA (c)**


(a) Includes 2% GP interest.
(b) Declared 4Q distribution annualized (i.e. multiplied by four)
(c) Debt is net of cash and excludes fair value of interest rate swaps. Total capital excludes accumulated other comprehensive loss related to hedges.
Powerful Combination

1. Large asset base
2. Well-located
3. Diversified
4. Proven strategy
5. Efficient structure
6. Consistently well-managed

Stable Cash Flow with Visible Growth
Significant Historical Returns (a)

**KMP: 29% CAGR (b)**

**KMR: 14% CAGR (c)**

*KMP 2007 Total Return = 20%*

*KMR 2007 Total Return = 24%

Source: Bloomberg

(a) Total returns calculated on a daily basis through 31-Dec-2007 assuming dividends/distributions reinvested in index/stock/unit.

(b) Start date 31-Dec-1996

(c) Start date 14-May-2001; KMR Initial public offering
## Promises Made, Promises Kept

<table>
<thead>
<tr>
<th>Promises Made</th>
<th>Promises Kept</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgeted</strong></td>
<td><strong>Actual</strong></td>
</tr>
<tr>
<td><strong>Distribution per unit:</strong></td>
<td><strong>Distribution per unit:</strong></td>
</tr>
<tr>
<td>2000: $1.60</td>
<td>2000: $1.71</td>
</tr>
<tr>
<td>2001: $1.95</td>
<td>2001: $2.15</td>
</tr>
<tr>
<td>2002: $2.40</td>
<td>2002: $2.435</td>
</tr>
<tr>
<td>2003: $2.63</td>
<td>2003: $2.63</td>
</tr>
<tr>
<td>2004: $2.84</td>
<td>2004: $2.87</td>
</tr>
<tr>
<td>2005: $3.13</td>
<td>2005: $3.13</td>
</tr>
<tr>
<td>2006: $3.28</td>
<td>2006: $3.26</td>
</tr>
<tr>
<td>2007: $3.44</td>
<td>2007: $3.48</td>
</tr>
</tbody>
</table>
2008 Partnership Goals

■ Distribution Target
  — $4.02 per unit (16% growth)
  — Excess coverage of ~$12 million

■ Maintain Solid Balance Sheet
  — Expansions / acquisitions
    financed 50% equity, 50% debt

■ Deliver Projects on Time and on Budget
# Growth Opportunities

## Current Projects (2008-2011)

<table>
<thead>
<tr>
<th>Category</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shifting Natural Gas Supply Sources</strong></td>
<td>Rockies Express pipeline, KM Louisiana pipeline, Midcontinent Express pipeline</td>
</tr>
<tr>
<td><strong>Increased Use of Renewable Fuels</strong></td>
<td>Supply natural gas to ethanol facilities, store and blend at terminals</td>
</tr>
<tr>
<td><strong>Growing Production from Canadian Oilsands</strong></td>
<td>Trans Mountain Anchor Loop expansion, Edmonton terminal project</td>
</tr>
<tr>
<td><strong>High Crude Oil Prices</strong></td>
<td>McElmo Dome expansion, Cortez expansion, SACRO, Yates</td>
</tr>
<tr>
<td><strong>Increased Use of Heavy Crude</strong></td>
<td>Increased volume at petcoke terminals, new petcoke location: BP Whiting</td>
</tr>
<tr>
<td><strong>Demographic Growth</strong></td>
<td>CALNEV products pipeline project, Carson terminal expansion</td>
</tr>
<tr>
<td><strong>Coal Imports/Exports</strong></td>
<td>Pier IX, SRT</td>
</tr>
</tbody>
</table>

## Additional Opportunities

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shifting Natural Gas Supply Sources</strong></td>
<td>REX Northeast extension, storage, further pipeline expansion, incremental shipper services (backhaul, hub, etc.)</td>
</tr>
<tr>
<td><strong>Increased Use of Renewable Fuels</strong></td>
<td>Additional ethanol/biodiesel storage and blending at terminal facilities, batched and dedicated ethanol pipelines</td>
</tr>
<tr>
<td><strong>Growing Production from Canadian Oilsands</strong></td>
<td>TMX2, TMX3, TMX North, Vancouver Wharves expansions, other terminals, CO2 capture and transport, Gulf Coast bullet line</td>
</tr>
<tr>
<td><strong>High Crude Oil Prices</strong></td>
<td>Further CO2 sales &amp; transport expansion, incremental production from EOR</td>
</tr>
<tr>
<td><strong>Increased Use of Heavy Crude</strong></td>
<td>Increased handling of petcoke, application of prilling technology at terminal facilities – U.S. &amp; Canada, Vancouver Wharves</td>
</tr>
<tr>
<td><strong>Demographic Growth</strong></td>
<td>Additional pipeline and terminal expansions</td>
</tr>
<tr>
<td><strong>Coal Imports/Exports</strong></td>
<td>Expansions at coastal terminals</td>
</tr>
</tbody>
</table>
## Shifting Natural Gas Supply Sources

<table>
<thead>
<tr>
<th>Natural Gas Supply</th>
<th>Production Volumes (Bcf/d)</th>
<th>2007E</th>
<th>2013</th>
<th>Change</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rockies Natural Gas (a)</td>
<td>8.6</td>
<td>11.4</td>
<td>2.8</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Barnett Shale Natural Gas (b)</td>
<td>2.1</td>
<td>6.4</td>
<td>4.3</td>
<td>200%</td>
<td></td>
</tr>
<tr>
<td>Gulf Coast LNG Imports (a)</td>
<td>0.7</td>
<td>2.8</td>
<td>2.1</td>
<td>300%</td>
<td></td>
</tr>
</tbody>
</table>

- Rockies production expected to increase 33% 2007-2013 (a)
- Barnett Shale production expected to increase 200% 2007-2013 (b)
- 8.7 Bcf/d of LNG import capacity currently under construction on Gulf Coast (c)

(a) Source: Wood Mackenzie  
(b) Source: Citigroup  
(c) Source: FERC
Newbuild Natural Gas Pipelines

<table>
<thead>
<tr>
<th>Pipeline Type</th>
<th>Rockies Express Pipeline</th>
<th>Midcontinent Express Pipeline</th>
<th>KM Louisiana Pipeline</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>KM Cost ($mm)</td>
<td>$2,200</td>
<td>$625</td>
<td>$517</td>
<td>$3,342</td>
</tr>
<tr>
<td>Capacity (Bcf/d)</td>
<td>1.8</td>
<td>1.4</td>
<td>2.1</td>
<td>5.3</td>
</tr>
<tr>
<td>In-service</td>
<td>2007-2009</td>
<td>2009</td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>Term of Contracts</td>
<td>10 yrs</td>
<td>10 yrs</td>
<td>20 yrs</td>
<td></td>
</tr>
<tr>
<td>Ownership</td>
<td>KMP 50% (a)</td>
<td>KMP 50%</td>
<td>KMP 100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SRE 25%</td>
<td>ETP 50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>COP 25% (a)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Upon completion of construction.
Increased Use of Renewable Fuels

New legislation approximately doubles required use of renewable fuels over next several years; increases even more dramatically long-term

Leverage Existing Assets to be Most Efficient, Add Capacity as Opportunity Arises

- Ethanol production facilities require natural gas
  ➞ Significant proportion of U.S. productive capacity in close proximity to our natural gas pipelines
  ➞ Use existing lines; build extensions

- Ethanol and biodiesel to be stored and blended at terminal
  ➞ Terminal assets in California, along the Gulf Coast and in the Northeast

Source: Renewable Fuels Association
(b) Conventional biofuel: ethanol derived from cornstarch.
Advanced biofuel: renewable fuel other than ethanol derived from corn starch. Includes Cellulosic, biomass-based and other undifferentiated advanced biofuels.
Growing Crude Production from Canadian Oilsands

WCSB Crude Production by Type (a)

- Oilsands
- Condensate
- Conventional Heavy
- Conventional Light
- Oilsands - LC

Washington State Refinery Capacity (c)

- Washington state refiners only use ~110,000 Bbl/d of Canadian crude
- Announced upgrade: COP – Coker Ferndale, WA 2012-2015
- Other 82% (~515 MBbl/d)

Heavy/Light Crude Differential (b)

- Oilsands ~11% CAGR '06-'15
- Oilsands Low Case ~5% CAGR
- 3 MMBbl/d

ANS Production in Decline (d)

- Canadian crude through Trans Mountain 18% (~110 MBbl/d)

(a) Source: National Energy Board
(b) Sources: Bloomberg
(c) Sources: Dominion Bond Rating Service, Company reports
(d) Source: EIA
High Oil Prices Mean Opportunities for Enhanced Oil Recovery

**McElmo Dome**
- Premiere Source of CO$_2$ in U.S.
- ~30 years remaining deliverability
- 45% KM working interest (37% net revenue interest)
- 9 Tcf of reserves (15 Tcf OGIP)

**Doe Canyon**
- Alternative supply source
- Adjacent to McElmo
- 88% KM working interest (69% net revenue interest)
- 1.5 Tcf of reserves (2Tcf OGIP)

**Sales & Transport Expansion**
- $205 million of capital (net to KM = $120)
  - Cortez Pipeline +200 MMcf/d
  - McElmo Dome +200 MMcf/d
  - Doe Canyon +100 MMcf/d

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(a) Crude oil production in the Permian Basin derived from CO$_2$ floods as a percent of total Permian Basin crude oil production.
Sources: KM estimates, Oil and Gas Journal, EIA
Increased Production and Use of Heavy Crude

Refiners are converting to handle heavier crude; Oilsands, Venezuela...

... Heavier, sour crude produces more residue

- Petcoke
- Sulfur

More demand for petcoke handling

- Leverage already strong Gulf Coast position into Midwest and Canada

More sulfur to be exported

- Need for terminaling/storage
- Application of proprietary prilling technology

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North American Petcoke Production (a)

North American Sulfur Balance (b)

(a) Source: Jacobs Consultancy
(b) Source: The Sulfur Institute
Our terminals are well-positioned on coasts and waterways to handle either export or import coal

### Coal Imports
- Appalachian coal production declining, affecting Eastern Utilities
- Tougher Environmental regulations on SO₂
- U.S. Utilities continue to diversify supply & transportation
- Existing contracts secured with minimums

### Coal Exports
- Increased demand from Asian markets (China & India) has shifted supply away from Europe, raising prices in Europe
- The U.S. has been called upon to fill the supply shortfall in Europe
- Transportation rates have escalated, making U.S. exports more attractive

(a) Sources: EIA, Coal Americas newsletter
# Current Projects

## $6.5 Billion In Projects Over Next 4 Years

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimated Project Cost ($mm)</th>
<th>Expected Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rockies Express</td>
<td>$2,200 (a)</td>
<td>2007-2009</td>
</tr>
<tr>
<td>Midcontinent Express</td>
<td>625 (a)</td>
<td>2009</td>
</tr>
<tr>
<td>KM Louisiana Pipeline</td>
<td>517</td>
<td>2009</td>
</tr>
<tr>
<td>CALNEV expansion</td>
<td>425</td>
<td>2010</td>
</tr>
<tr>
<td>East Line expansion</td>
<td>155</td>
<td>2007</td>
</tr>
<tr>
<td>Trans Mountain dropdown</td>
<td>550 (b)</td>
<td>2007</td>
</tr>
<tr>
<td>Trans Mountain – TMX1</td>
<td>470 (c)</td>
<td>2008</td>
</tr>
<tr>
<td>CO₂ – SACROC and Yates</td>
<td>950</td>
<td>2007-2010</td>
</tr>
<tr>
<td>CO₂ – source and transport</td>
<td>120 (a)</td>
<td>2008</td>
</tr>
<tr>
<td>Other identified projects</td>
<td>500 (d)</td>
<td>2007-2009</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,512</strong></td>
<td></td>
</tr>
</tbody>
</table>

(a) Pro rata expenditures for KMP’s ownership interest.
(b) Completed sale of Trans Mountain by Knight to KMP on 30-Apr-2007.
(c) Remaining expenditures.
(d) Edmonton, Houston, Pier IX, TransColorado, Dayton.
Balance Sheet Has Remained Solid (a)

Credit Summary

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>L-T Debt Rating</td>
<td>Baa2/BBB</td>
<td></td>
</tr>
<tr>
<td>Net Debt / Total Capital (b)</td>
<td>54.9%</td>
<td></td>
</tr>
<tr>
<td>Debt / EBITDA (b)</td>
<td>3.4x</td>
<td></td>
</tr>
<tr>
<td>EBITDA / Interest</td>
<td>5.2x</td>
<td></td>
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</tbody>
</table>

CP Capacity

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<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Total Bank Credit</td>
<td>$1,850</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Outstanding CP</td>
<td>589</td>
</tr>
<tr>
<td>Letters of Credit</td>
<td>538</td>
</tr>
<tr>
<td>Excess Capacity</td>
<td>$723</td>
</tr>
</tbody>
</table>

Long-term Debt Maturities

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>2008</td>
<td>$5</td>
</tr>
<tr>
<td>2009</td>
<td>$250</td>
</tr>
<tr>
<td>2010</td>
<td>$250</td>
</tr>
<tr>
<td>2011</td>
<td>$700</td>
</tr>
</tbody>
</table>

(a) As of and for the year ended 31-Dec-2007.
(b) Debt balance excludes fair value of interest rate swaps and is net of cash. Capital excludes loss/gain from other comprehensive income.
Risks

- **Regulatory**
  - Pacific Products Pipeline FERC/CPUC case
  - Periodic rate reviews
  - Unexpected policy changes

- **CO$_2$ Crude Oil Production Volumes**

- **Construction Cost Overruns**

- **Environmental**

- **Terrorism**

- **Interest Rates**
  - Approximately 50% floating rate debt
  - Budget assumes flat rates at a level above the current forward curve
  - The full-year impact of a 100-bp increase in rates equates to an approximate $35 million increase in interest expense
Summary

- **Stable Cash Flow**
  - Own assets core to energy infrastructure

- **Internal Growth Opportunities**
  - Critical Mass
  - Well-located assets/favorable demographics

- **Fixed Cost Business**
  - Drop growth to bottom line

- **Unique Structure**
  - Tax Efficient
  - Incentive Fee

- **Management Philosophy**
  - Low-Cost Operator
  - Focused on cash
  - Disciplined Investment

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**KMP/KMR:**

- 6-7% Yield
- 8% Long-Term Growth