



March 2011 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. Our 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.

KMR's success is dependent upon our operation and management of KMP and KMP's resulting performance. In 2010, KMP declared total cash distributions of \$4.40 per limited partner unit, up 4.8 percent from 2009. KMR, like KMP declared \$4.40 per share for 2010, and last year KMR returned 30 percent to our shareholders. Since its formation in May of 2001, KMR has delivered a compound annual return of 15 percent.

Looking ahead, KMR expects to pay a distribution of \$4.60 per unit in 2011, which would be a 4.5 percent increase over the 2010 distribution of \$4.40 per unit. I believe we will be able to achieve this by continuing to focus on our simple formula of operating diverse assets that generate a tremendous amount of stable cash flow while actively pursuing internal growth, expansion and acquisition opportunities.

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.

Thank you for your ongoing support.

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

Richard D. Kinder
Chairman and CEO