KINDER MORGAN
ENERGY PARTNERS, L.P.

Financial Review

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Agenda

- **2006 Year in Review**
- **2007 Budget**
  - Income
  - Distributable Cash Flow
  - Sustaining Capital
  - Expansion Capital
- **Financing Plans**
- **Balance Sheet Ratios**
- **Summary**

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2006 Actual to Budget Comparison – Income

(thousands except per unit)	2006 Actual (a)	2006 Budget	Change 06A-06B	% Change
Segment Earnings before DD&A				
Products Pipelines	$501,899	$581,687	($79,788)	(14%)
Natural Gas Pipelines	554,939	501,243	53,696	11%
CO_2	489,988	547,388	(57,400)	(10%)
Terminals	396,858	377,312	19,546	5%
Total Segment Earnings b/f DD&A	1,943,684	2,007,630	(63,946)	(3%)
DD&A	(419,386)	(383,079)	(36,307)	(9%)
G&A	(217,588)	(217,013)	(575)	(0%)
Interest	(336,131)	(328,192)	(7,939)	(2%)
Minority Interest	(12,003)	(12,842)	839	7%
Net Income	958,576	1,066,504	(107,928)	(10%)
GP Share	(512,830)	(535,510)	22,680	4%
Limited Partners' Net Income	**$445,746**	**$530,994**	**($85,240)**	**(16%)**
LP Income per Unit	**$1.98**	**$2.37**	**($.39)**	**(16%)**
Units Outstanding (avg)	224,914	224,024	890	

(a) Excluding certain items.

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2006 Actual to Budget Comparison – DCF (a)

(thousands except per unit)	2006 Actual (b)	2006 Budget	Change 06A-06B	% Change
Distributable Cash Flow				
Net Income	$958,576	$1,066,504	($107,928)	
DD&A	419,386	383,079	36,307	
Sustaining Capex	(125,505)	(170,003)	44,498	
Total Distributable Cash Flow	**$1,252,457**	**$1,279,580**	**($27,123)**	**(2%)**
General Partner's Interest	(512,830)	(535,510)	22,680	
Distributable Cash Flow	**$739,627**	**$744,070**	**($4,443)**	**(1%)**
Net Income - $/unit	$1.98	$2.37	($.39)	(16%)
DD&A - $/unit	1.86	1.71	.15	9%
Sustaining Capex - $/unit	(.56)	(.76)	.20	26%
Distributable Cash Flow - $/unit	$3.29	$3.32	($.03)	(1%)
Total distribution - $/unit	**$3.26**	**$3.28**	**($.02)**	**(1%)**
Excess Coverage	**$6,339**	**$9,273**		

(a) Distributable cash flow.
(b) Excluding certain items.

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2007 Income Budget

(thousands except per unit)

	2007E	2006 (a)	Change 06 – 07E	% Change
Segment Earnings before DD&A				
Products Pipelines	$571,376	$501,899	$69,477	14%
Natural Gas Pipelines	547,715	554,939	(7,224)	(1%)
CO_2	606,218	489,988	116,230	24%
Terminals	442,565	396,858	45,707	12%
Trans Mountain	53,401	0	53,401	
Total Segment Earnings b/f DD&A	2,221,275	1,943,684	277,591	14%
DD&A	(573,926)	(419,386)	(154,540)	(37%)
G&A	(225,226)	(217,588)	(7,638)	(4%)
Interest	(396,429)	(336,131)	(60,298)	(18%)
Minority Interest	(11,671)	(12,003)	332	3%
Net Income	1,014,023	958,576	55,447	6%
GP Share	(608,356)	(512,830)	(95,526)	(19%)
Limited Partners' Net Income	**$405,667**	**$445,746**	**($40,079)**	**(9%)**
LP Income per Unit	**$1.71**	**$1.98**	**($.28)**	**(14%)**
Units Outstanding (avg)	237,705	224,914	12,791	6%

(a) Excluding certain items.

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2007 Distributable Cash Flow Budget

(thousands except per unit)

	2007E	2006 (a)	Change 06 – 07E	% Change
Distributable Cash Flow				
Net Income	$1,014,023	$958,576	$55,447	6%
DD&A	573,926	419,386	154,540	37%
Sustaining Capex	(156,478)	(125,505)	(30,973)	(25%)
Total Distributable Cash Flow	**$1,431,471**	**$1,252,457**	**$179,014**	**14%**
General Partner's Interest	(608,356)	(512,830)	95,526	(19%)
Distributable Cash Flow	**$823,115**	**$739,627**	**$83,488**	**11%**
Net Income - $/unit	$1.71	$1.98	($.27)	(14%)
DD&A - $/unit	2.41	1.86	.55	30%
Sustaining Capex - $/unit	(.66)	(.56)	(.10)	(18%)
Distributable Cash Flow - $/unit	$3.46	$3.29	$.18	5%
Total distribution - $/unit	**$3.44**	**$3.26**	**$.18**	**6%**
Excess Coverage	**$5,408**	**$6,339**		

(a) Excluding certain items.

2007 Sustaining Capital Budget

(millions)

	2007E	2006 (a)	$ Change
Sustaining Capital			
Products Pipelines	$51	$39	($12)
Natural Gas Pipelines	32	33	1
CO_2	13	6	(7)
Terminals	41	42	1
Corporate	7	6	(1)
Subtotal	144	126	(18)
Trans Mountain	12	0	(12)
Total Sustaining Capital	**$156**	**$126**	**($30)**

(a) Excluding certain items.

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2007 Expansion Capital Budget

(millions)

	2007E
Expansion Capital	
Products Pipelines	$223
Natural Gas Pipelines	368
CO_2	445
Terminals	403
Trans Mountain	184
Total Expansion Capital	**$1,623**

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Financing Plans

(millions)

	2007E	2006
Capital Expenditures		
Acquisitions (a)	~$770	$125
Expansion	1,623	761
Total Capital	**$2,393**	**$886**
Less: Major Projects Not Yet Complete (b)	(600)	
Net Capital	**$1,793**	**$886**
Equity		
Secondary Offerings	650	250
KMR	220	190
Asset Sale Proceeds/Other	30	43
Total Equity	**900**	**483**
% Equity	**50%**	**55%**

(a) 2007 = estimated Trans Mountain, terminal acquisition
(b) Conservative estimate. Louisiana Line, Trans Mountain, TransColorado, CalNev, Edmonton, Pier IX

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Balance Sheet Ratios

	2007E	2006	2005	2004	2003	2002	2001
KMP							
Debt to Capital (a)	57%	54%	52%	52%	54%	51%	46%
Debt/EBITDA	3.6x	3.3x	3.2x	3.5x	3.8x	3.7x	3.5x
EBITDA/Interest Exp.	5.1x	5.2x	6.3x	6.9x	6.2x	5.5x	4.6x

(a) Excludes accumulated other comprehensive loss related to hedges.

Summary

- **6% growth in budgeted declared distribution to $3.44/unit, before unidentified acquisitions**
  - — 2006-equivalent dcf per unit w/no GP reduction = 8% growth
- **$5 million in excess coverage**
- **Finance expansion budget and new acquisitions ~ 50/50 equity/debt**
- **Distributions total $1.4 billion**
- **Long-term growth of at least 8%**


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