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ENERGY PARTNERS, L.P.

Facing Impediments to Growth for 11 Years…

January 24, 2008

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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.

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Use of Non-GAAP Financial Measures

This presentation utilizes the non-generally accepted accounting principles financial measures of segment distributable cash flow, KMP distributable cash flow, distributable cash flow per unit, earnings before interest, taxes and DD&A ("EBITDA") and segment earnings before DD&A.

For KMP overall, we define distributable cash flow to be limited partners' pretax income before DD&A less cash taxes paid and sustaining capital expenditures for KMP, plus DD&A less sustaining capital expenditures for Rockies Express, our equity method investee. For our segments we define distributable cash flow as segment net income (which is before corporate costs of G&A and interest) plus DD&A less sustaining capital expenditures. The components of the difference between overall KMP distributable cash flow and segment distributable cash flow are cash versus book taxes, DD&A and sustaining capital expenditures on Rockies Express, G&A, interest, minority interest and the general partner's interest. Distributable cash flow per unit is overall KMP distributable cash flow divided by average outstanding units. We define EBITDA as pre-tax income plus interest expense and DD&A. We define segment earnings before DD&A as segment earnings plus DD&A and amortization of excess cost of equity investments. All measures are net of certain items. The amounts included in the calculation of these measures are computed in accordance with generally accepted accounting principles (GAAP), with the exception of certain items, which are separately identified in our quarterly earnings press releases, 10-Qs and 10-Ks, and "sustaining capital expenditures," which is not a defined term under GAAP. Consistent with the partnership agreement of Kinder Morgan Energy Partners, L.P., sustaining or maintenance capital expenditures 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.

A reconciliation of these measures to the most comparable GAAP measures is provided on our website at: http://www.kindermorgan.com/investor/presentations/.

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Agenda

- Vision – Rich Kinder
- Financial Excellence – Park Shaper
- Operational Excellence – Steve Kean

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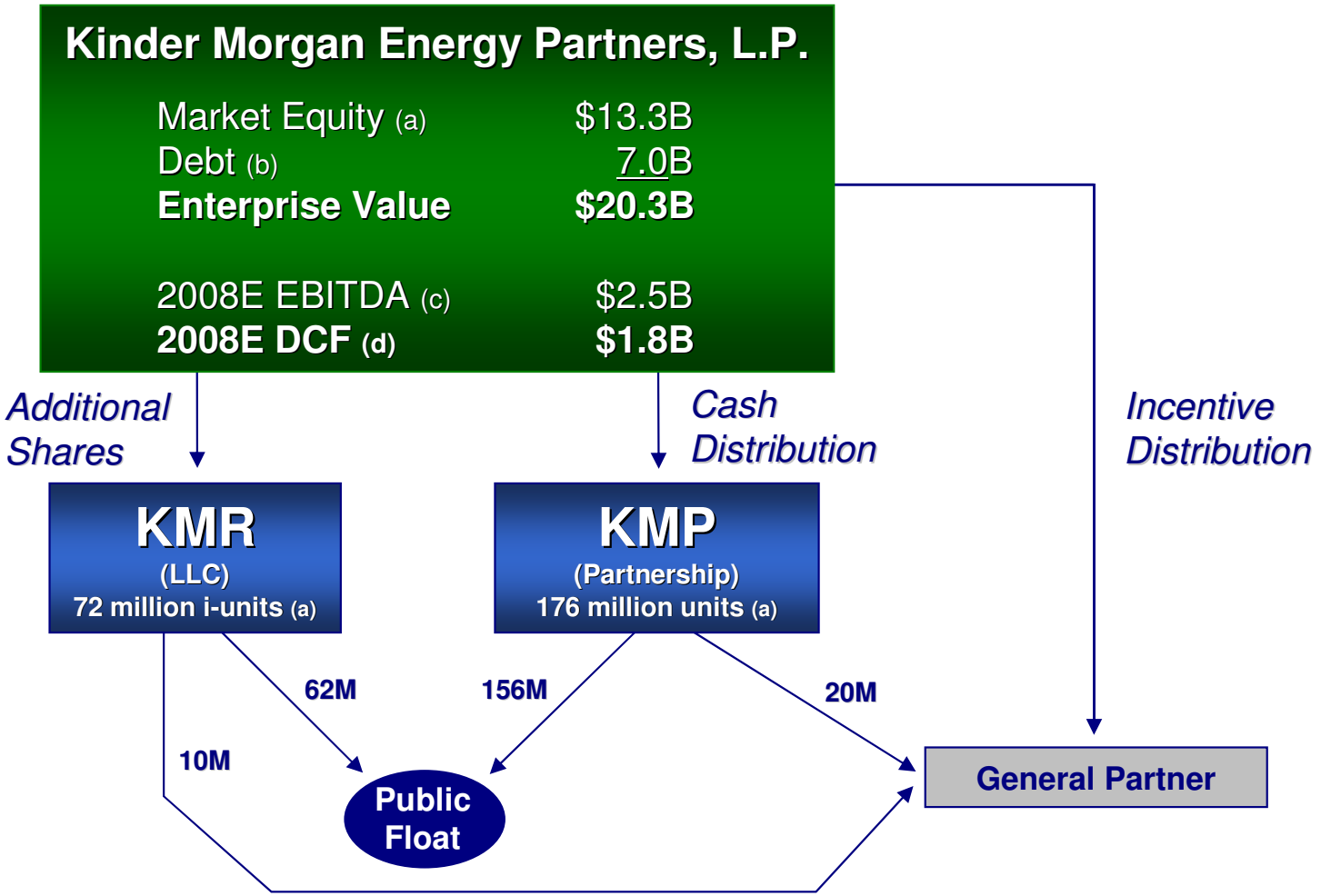
Vision

Rich Kinder

Chief Executive Officer

Capital Structure



(a) KMP market equity based on 176 million common units (includes 5.3 million Class B units owned by Knight Inc.; 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.
(c) A definition of this measure is outlined on the Non-GAAP Financial Measures slide.
(d) KMP Distributable Cash Flow. A definition of this measure is outlined on the Non-GAAP Financial Measures slide.

The Kinder Morgan Strategy

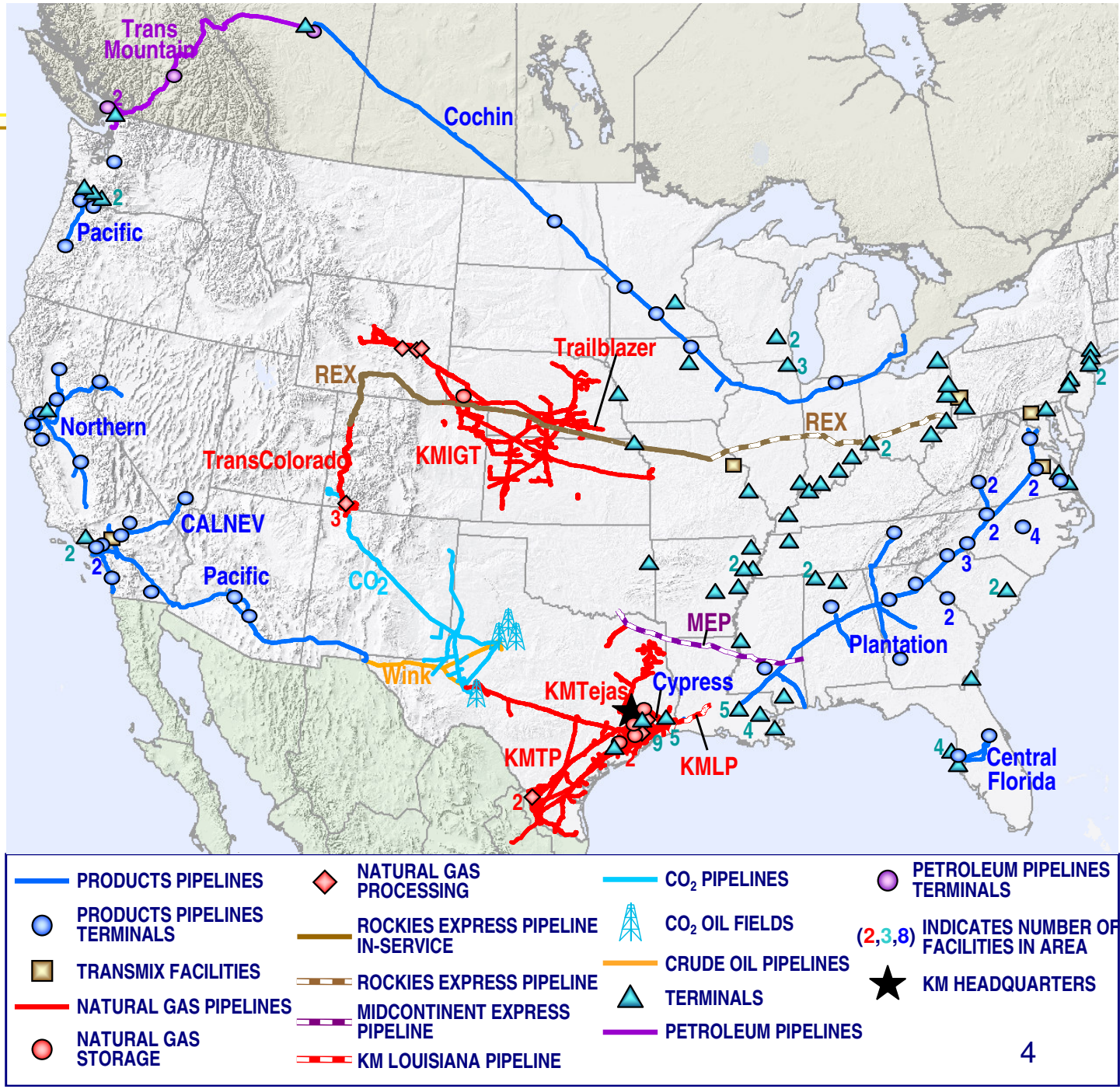
Same Strategy Since Inception

- **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

Unmatched Footprint

- **Largest independent transporter of petroleum products in the U.S.**
  - Transport more than 2 million barrels per day (Bbl/d)
- **2nd largest transporter of natural gas in U.S.** (a)
  - Approximately 22,000 miles of interstate / intrastate pipeline
- **Largest transporter of CO_2 in U.S.**
  - Transport over 1 Bcf/d of CO_2
- **2nd largest oil producer in Texas**
  - Produce ~55,000 Bbl/d of crude
- **Largest independent terminal operator in the U.S.**
  - ~103 million barrels of liquids capacity
  - Handle 87 million tons of dry bulk products
    - Largest handler of petcoke in U.S.

(a) Includes NGPL, see footnote "b" on page 21 for more information regarding NGPL.



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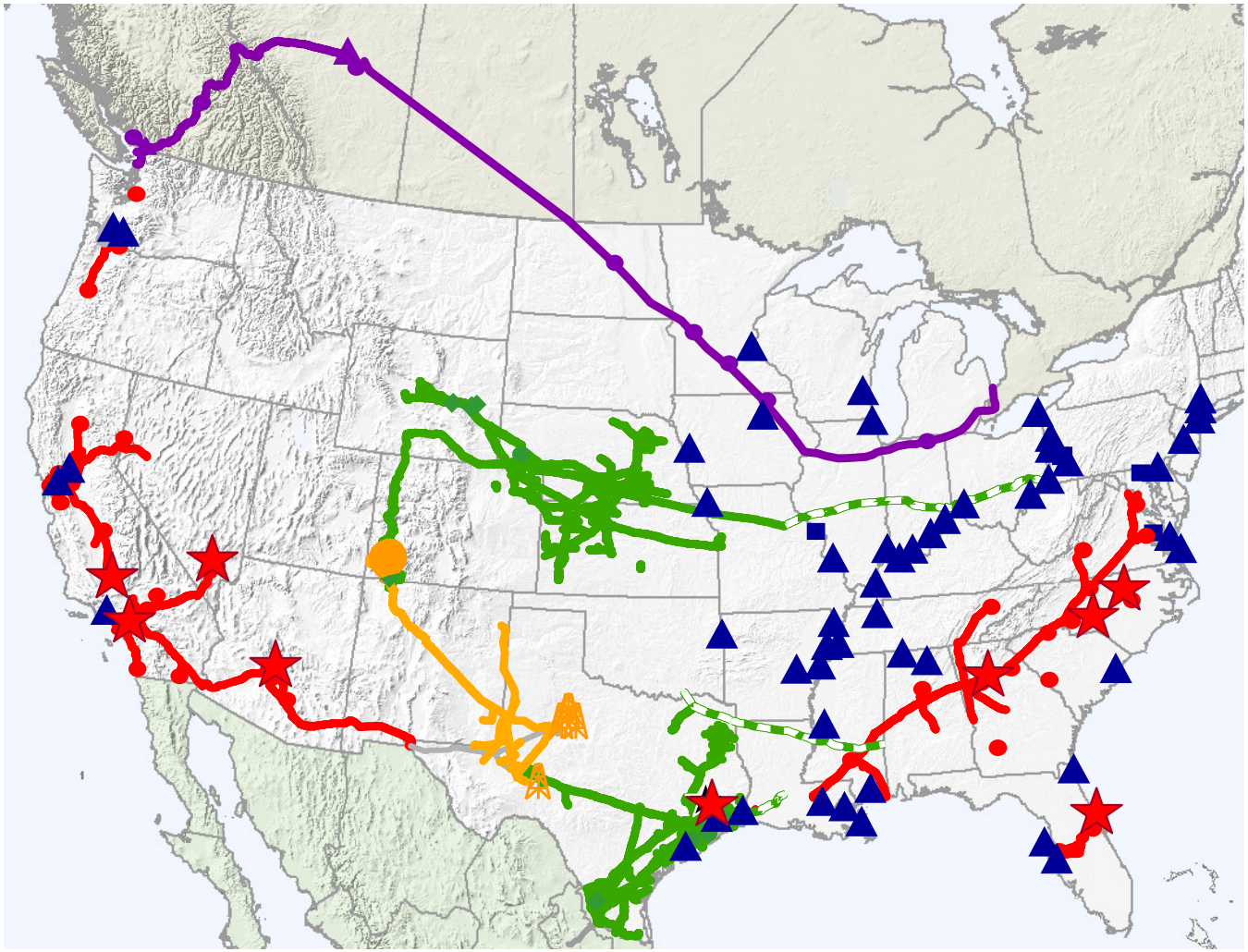
But More Important Than Size – Location, Location, Location

- Demographics: products pipelines and associated terminals serve 9 of 10 fastest growing markets in U.S. (a)
- Shifting Natural Gas Supply Sources: natural gas pipelines well-positioned in Rockies and Texas
- High Crude Oil Prices: own and operate best source of CO_2 for enhanced oil recovery
- Terminals: well-positioned on three coasts and inland waterways
- Growing Production from Canadian Oilsands: Trans Mountain, Cochin and terminals



(a) Source: The World Almanac and Book of Facts 2008, 2000 – 2006 percent change in seventy largest Metropolitan Areas.

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Well-diversified Asset Base

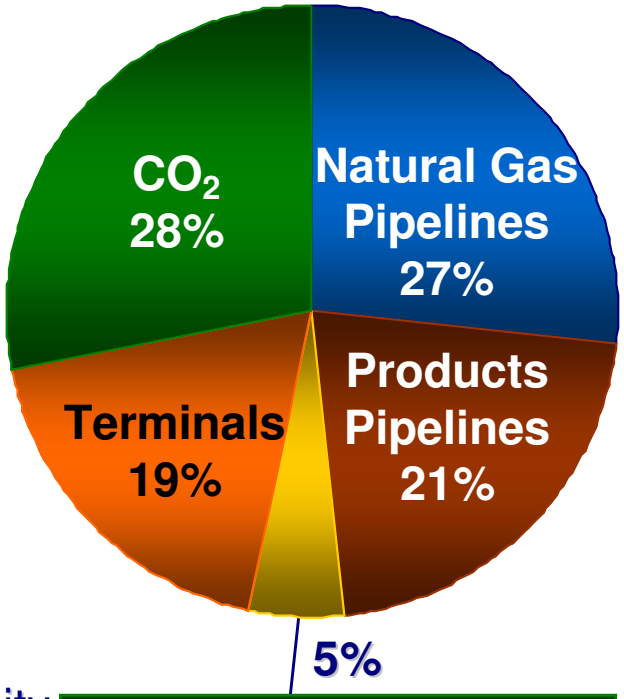
CO_2

- 32% CO_2 transport and sales
- 68% oil production related
- Production hedged (a):
  - 2008=83% ($44/Bbl)
  - 2009=73% ($49)
  - 2010=71% ($56)
  - 2011=69% ($63)
  - 2012=22% ($75)

Terminals

- 52% Liquids, 48% Bulk
- Geographic and product diversity
- 3-4 year average contract life

KMP 2008 DCF Profile (b)



Natural Gas Pipelines

- 47% Texas Intrastate
- 53% Rockies
- Little incidental commodity risk

Products Pipelines

- Refinery hub to population center strategy
- 65% Pipelines
- 29% Associated Terminals (c)
- 6% Transmix
- No commodity price risk

(a) 2008 production based on Kinder Morgan budget; 2009-2012 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) Budgeted 2008 segment distributable cash flow, as defined on the Non-GAAP Financial Measures slide, plus our share of REX DD&A and sustaining capital expenditures.
(c) Terminals are not FERC regulated except portion of CALNEV.

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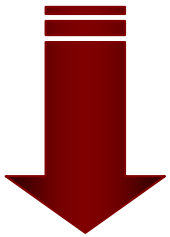
Powerful Combination

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

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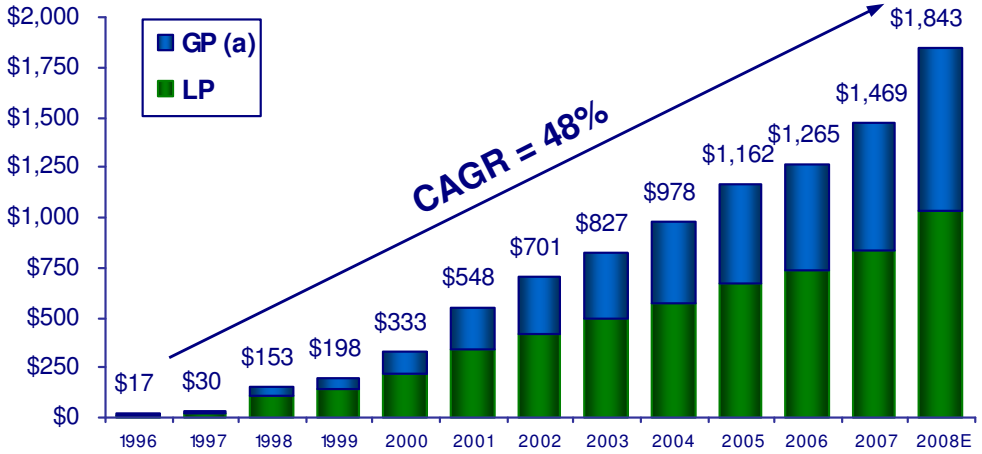
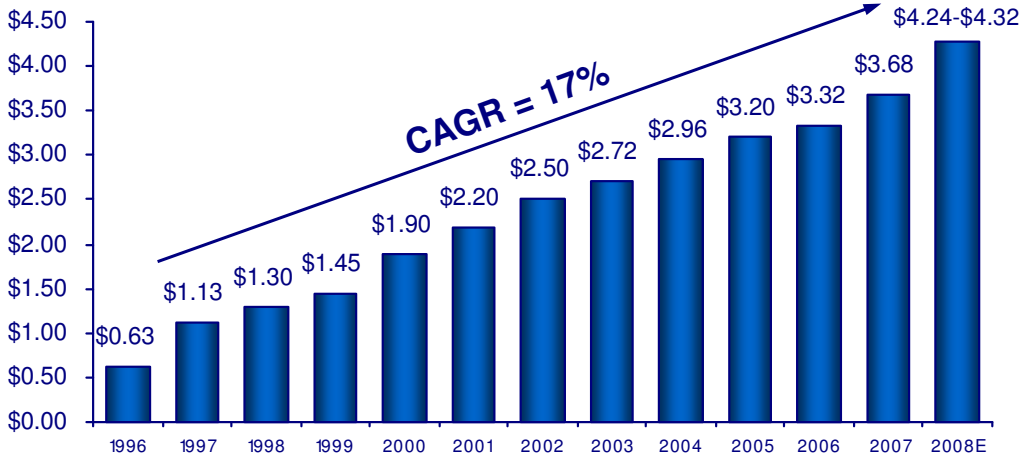
Eleven Years of Consistent Growth

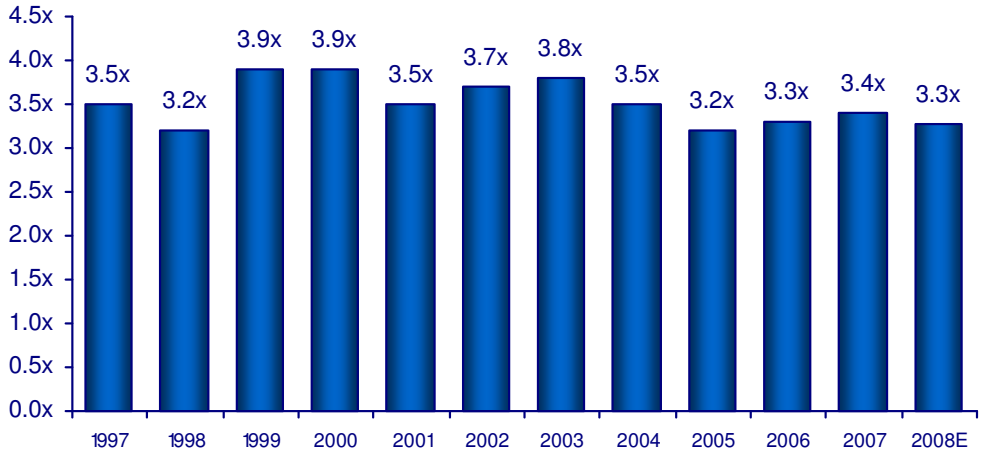
Total Distributions (GP + LP) ($mm)



LP Distribution Per Unit (b)



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.

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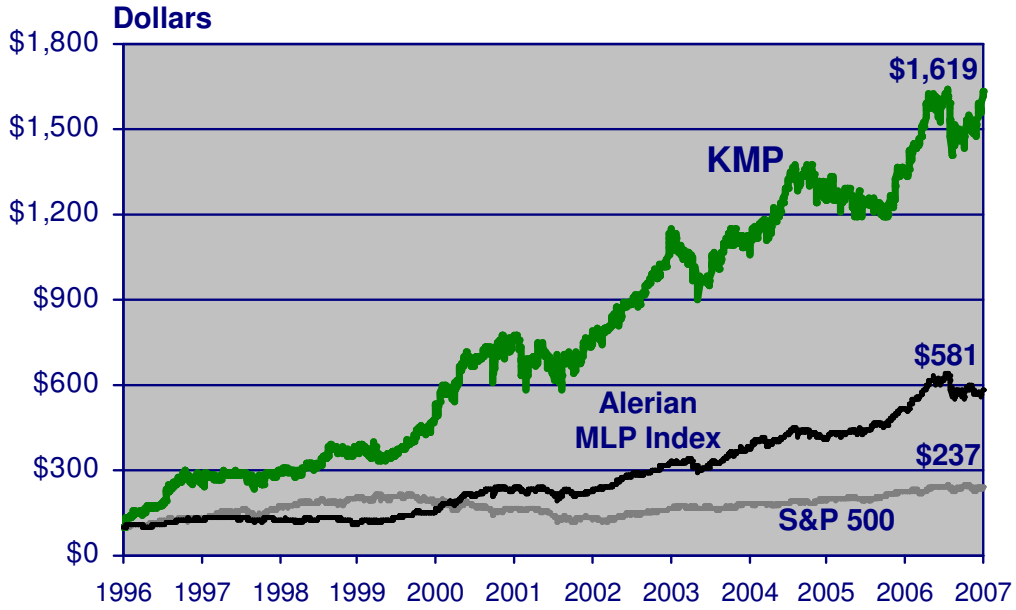
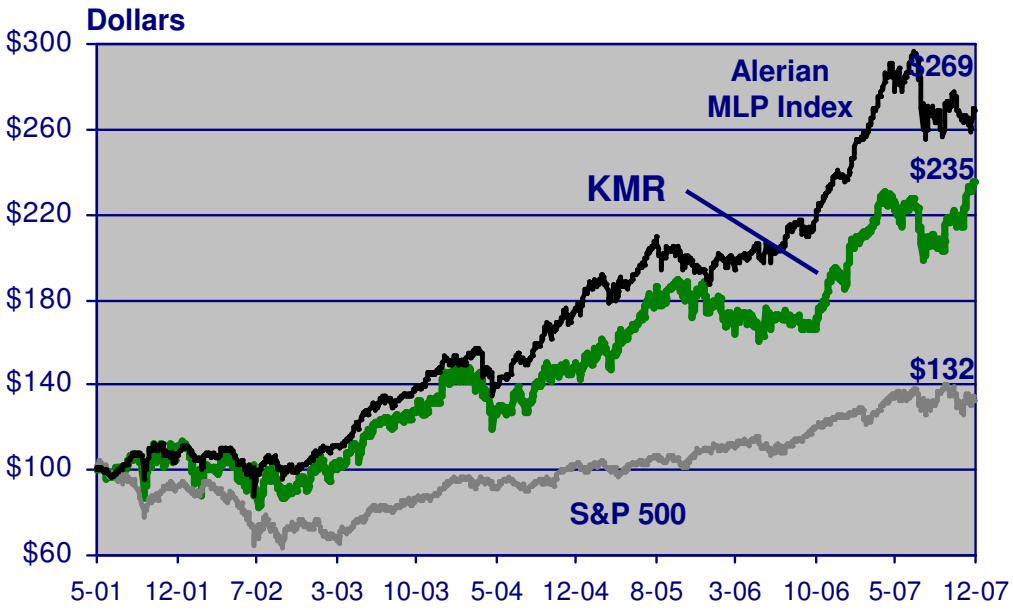
Significant Historical Returns (a)

KMP: 29% CAGR (b)



KMP 2007 Total Return = 20%

KMR: 14% CAGR (c)



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

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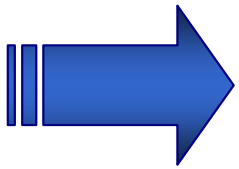
Promises Made, Promises Kept

Promises Made	Promises Kept

Budgeted
Distribution per unit:

2000: $1.60
2001: $1.95
2002: $2.40
2003: $2.63
2004: $2.84
2005: $3.13
2006: $3.28
2007: $3.44



Actual
Distribution per unit:

2000: $1.71
2001: $2.15
2002: $2.435
2003: $2.63
2004: $2.87
2005: $3.13
2006: $3.26
2007: $3.48

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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**

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Growth Opportunities

	Current Projects (2008-2011)	Additional Opportunities
Shifting Natural Gas Supply Sources — **Rockies** — **LNG** — **Barnett Shale**	Rockies Express pipeline KM Louisiana pipeline Midcontinent Express pipeline	*REX Northeast extension, REX/NGPL Chicago project, MEP expansion, KMLP expansion, storage, incremental shipper services (backhaul, hub, etc.)*
Increased Use of Renewable Fuels — **Biodiesel** — **Ethanol**	Supply natural gas to ethanol facilities – KMIGT Store and blend at terminals – Tampa, Southeast Terminals, West Coast	*Additional ethanol/biodiesel storage and blending at terminal facilities, batched and dedicated ethanol pipelines*
Growing Production from Canadian Oilsands	Trans Mountain Anchor Loop expansion Edmonton terminal project	*TMX2, TMX3, Gulf Coast bullet line, Vancouver Wharves expansions, other terminals, CO_2 capture and transport*
High Crude Oil Prices	McElmo Dome expansion, Cortez expansion, SACROC, Yates	*Further CO_2 sales and transport expansion, incremental production from EOR*
Increased Use of Heavy Crude — **Petcoke Handling** — **Sulfur Handling**	Increased volume at petcoke terminals New petcoke location: BP Whiting	*Increased handling of petcoke, application of prilling technology at terminal facilities – U.S. & Canada, Vancouver Wharves*
Demographic Growth	CALNEV products pipeline project Carson terminal expansion	*Additional pipeline and terminal expansions*
Coal Imports/Exports	Pier X, SRT	*Expansions at coastal terminals*

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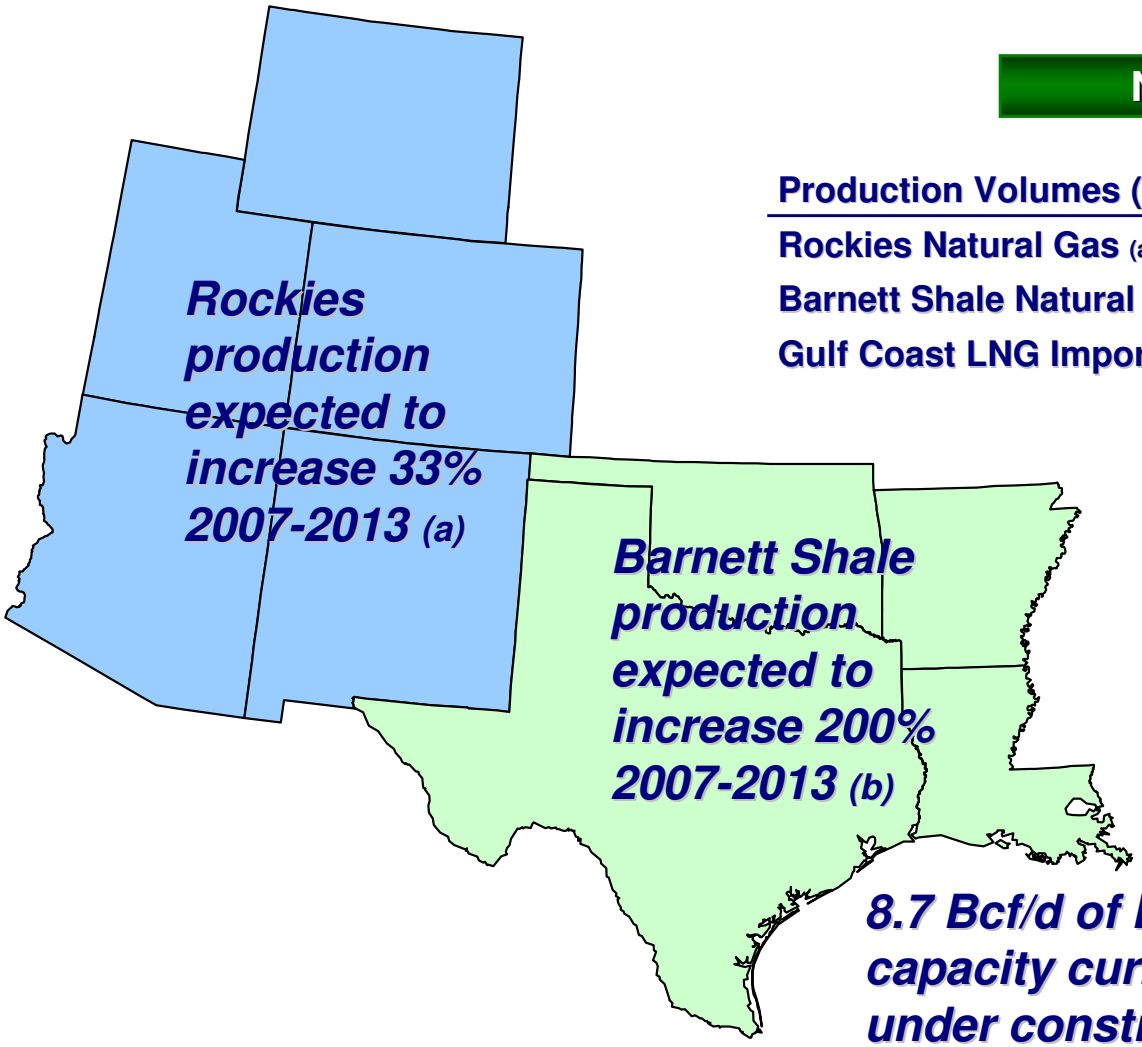
Shifting Natural Gas Supply Sources



Natural Gas Supply

Production Volumes (Bcf/d)	2007E	2013	Change	% Change
Rockies Natural Gas (a)	8.6	11.4	2.8	33%
Barnett Shale Natural Gas (b)	2.1	6.4	4.3	200%
Gulf Coast LNG Imports (a)	0.7	2.8	2.1	300%

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

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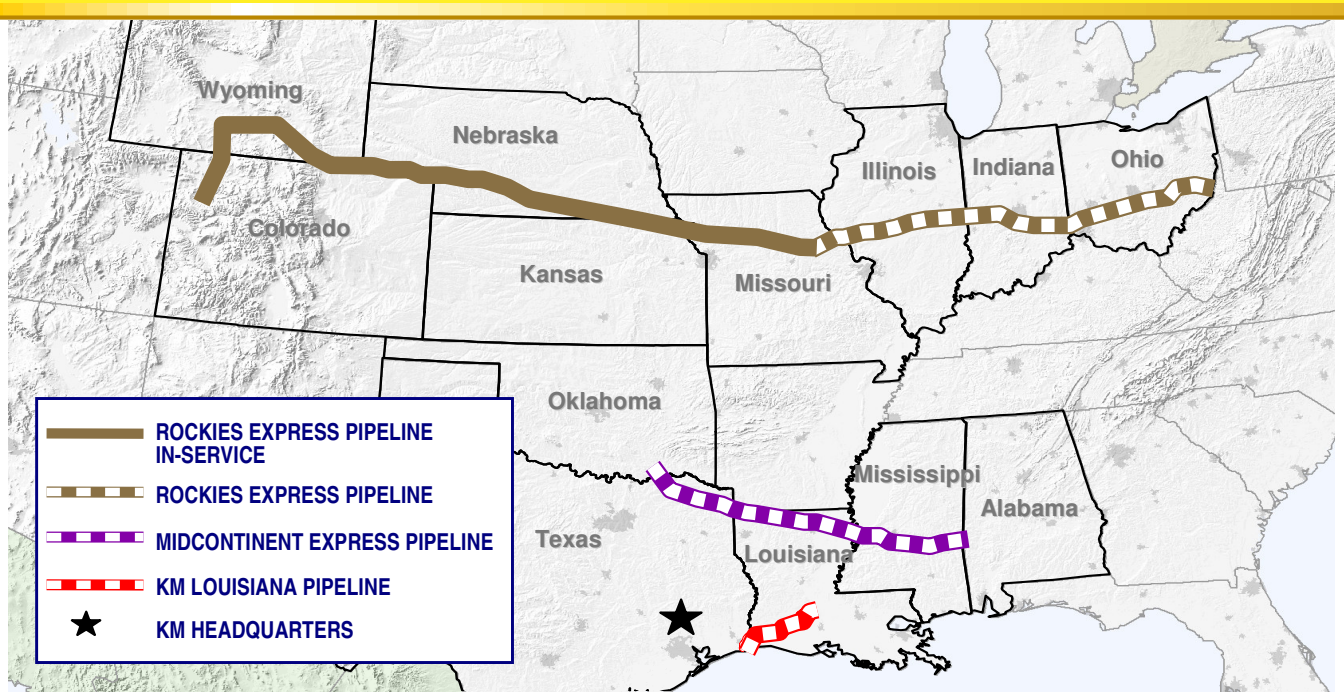
Newbuild Natural Gas Pipelines



	Rockies Express Pipeline	Midcontinent Express Pipeline	KM Louisiana Pipeline		Total
KM Cost ($mm)	$2,445	$660	$510	=	$3,615
Capacity (Bcf/d)	1.8	1.4	2.1	=	5.3
In-service	2007-2009	2009	2009		
Term of Contracts	11.5 yrs (a)	10 yrs	20 yrs		
Ownership	KMP 50% (b) SRE 25% COP 25% (b)	KMP 50% ETP 50%	KMP 100%		

(a) Ten years from in-service of REX East.
(b) Upon completion of construction.

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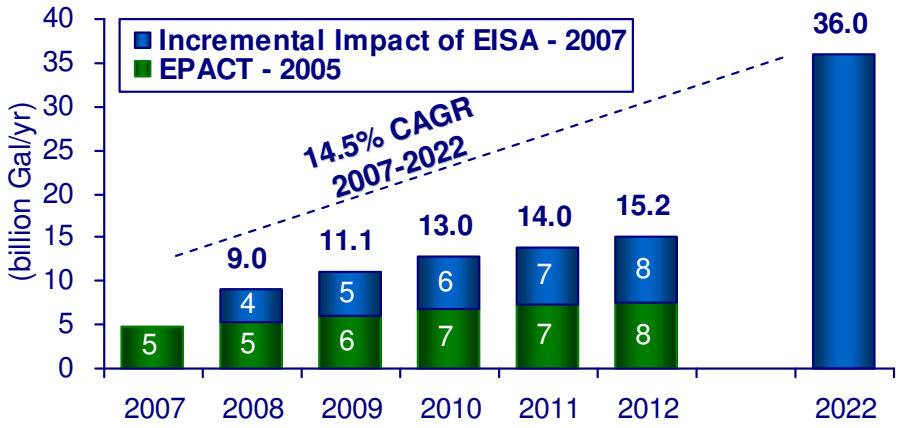
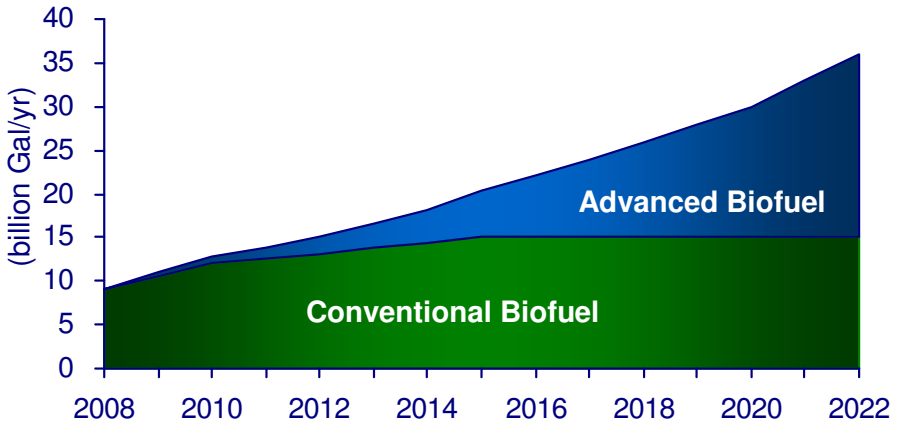
Increased Use of Renewable Fuels

Renewable Fuels Standard (a)



EISA-2007 RFS by Type (b)



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, in the Southeast and Northeast
- **Transport in pipelines**
  - ⇒ Batched, blended or dedicated transport
  - ⇒ Florida
    - — Terminal storage project signed and announced
    - — Pipeline in development

Source: Renewable Fuels Association
(a) EISA: Energy Independence and Security Act of 2007 (H.R.), EPACT: Energy Policy Act of 2005
(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.

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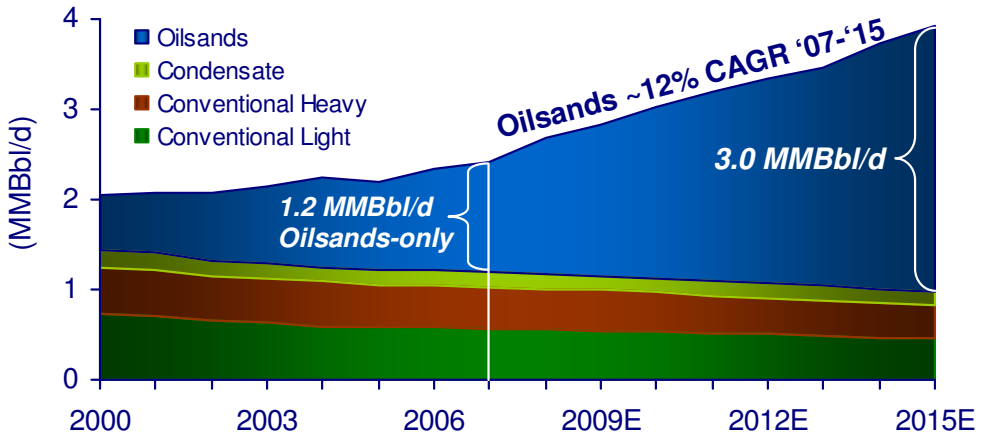
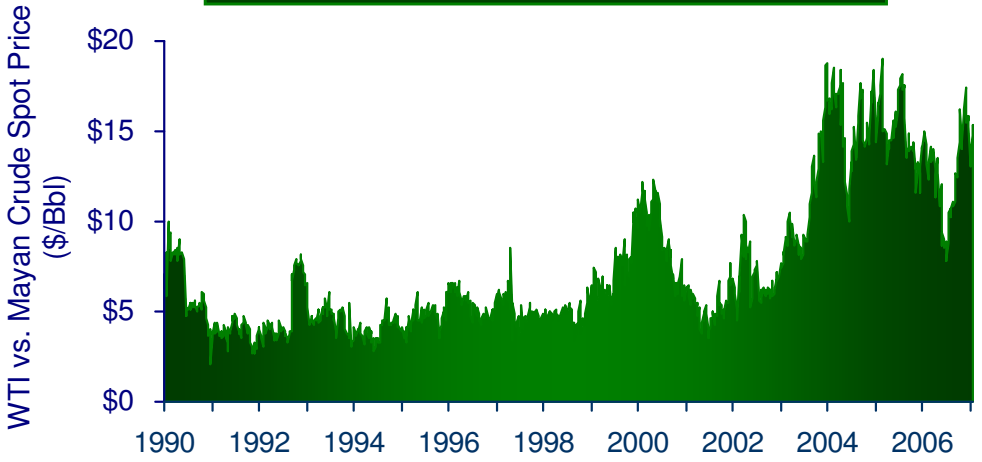
Growing Crude Production from Canadian Oilsands

WCSB Crude Production by Type (a)

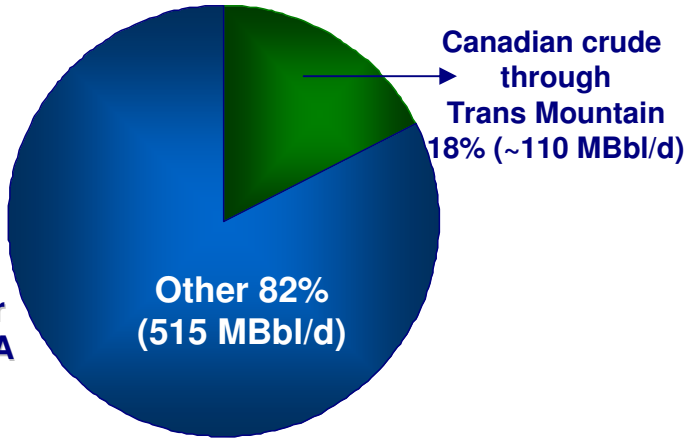


Heavy/Light Crude Differential (b)

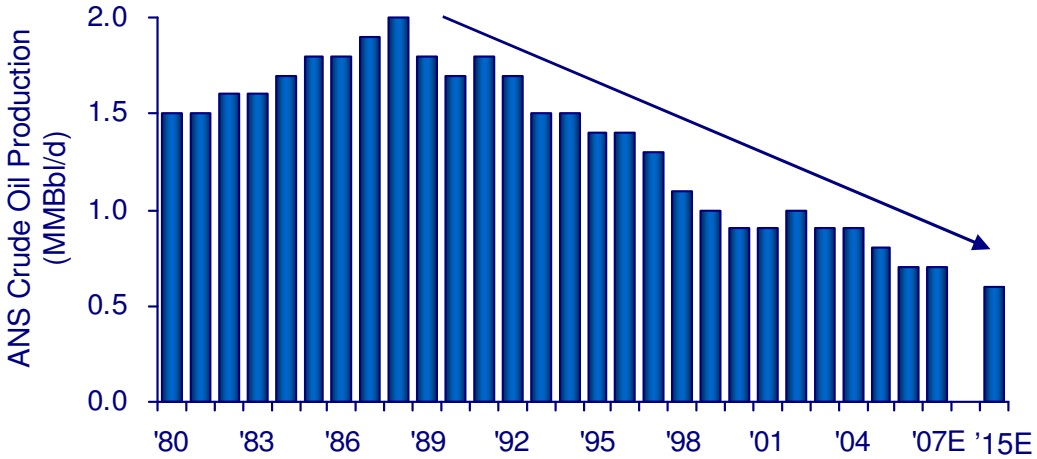


Washington State Refinery Capacity (c)

- Washington state refiners only use ~110,000 Bbl/d of Canadian crude
- Announced upgrade:
  - COP – Coker Ferndale, WA 2012-2015



ANS Production in Decline (d)

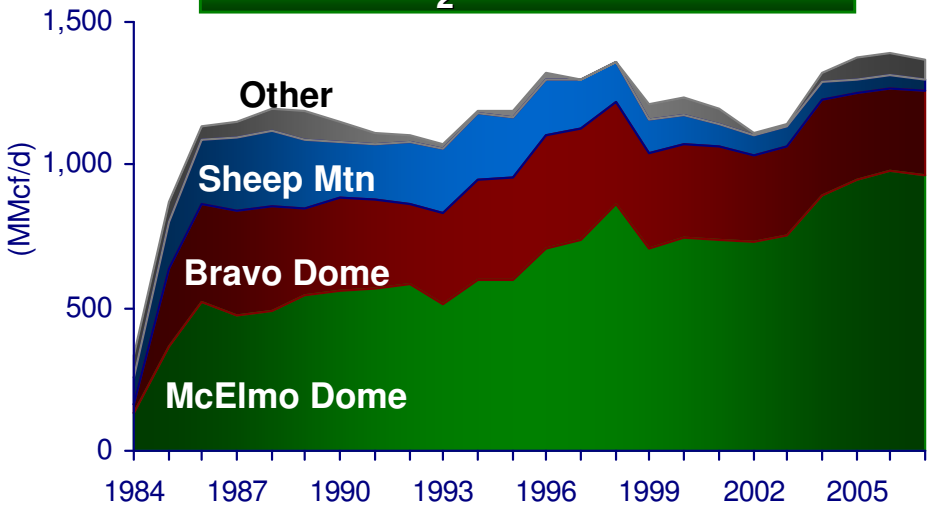


(a) Source: Canadian Association of Petroleum Producers (Moderate Case)
(c) Source: Dominion Bond Rating Service, Company reports

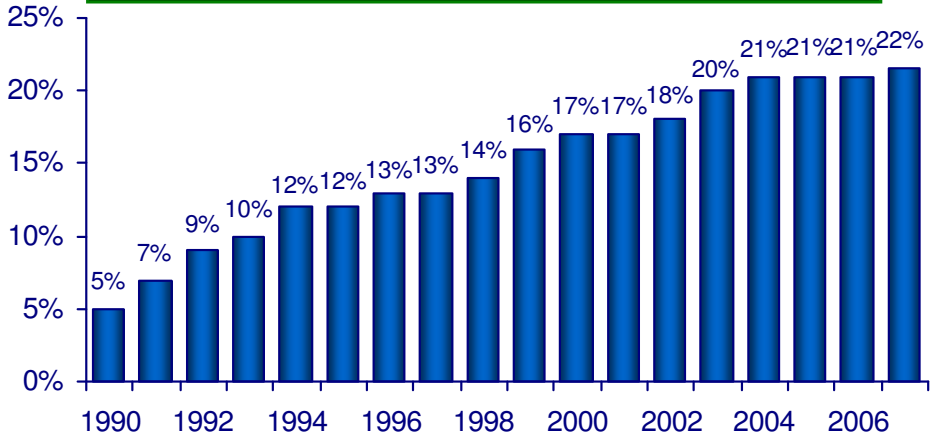
(b) Source: Bloomberg
(d) Source: EIA

High Oil Prices Mean Opportunities for Enhanced Oil Recovery

CO_2 Deliveries



CO_2 Floods % of Total Permian (a)



- **McElmo Dome**
  - Premiere Source of CO_2 in U.S.
  - ~22 years remaining deliverability
  - 45% KM working interest (37% net revenue interest)
  - 9.5 Tcf of remaining reserves (30 Tcf OGIP)
- **Doe Canyon (recently began production)**
  - Alternative supply source
  - Adjacent to McElmo
  - ~30 years remaining deliverability in initial developed area
  - 88% KM working interest (69% net revenue interest)
  - 2.4 Tcf of reserves (3.4 Tcf OGIP)

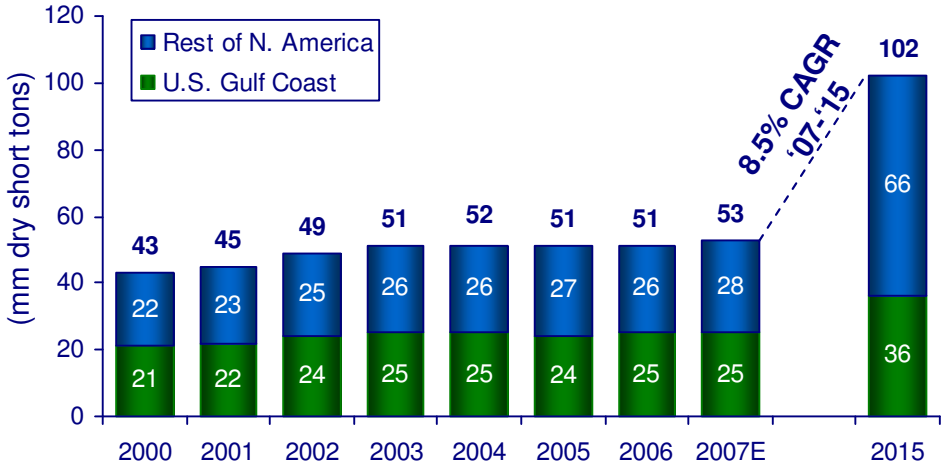
Sales & Transport Expansion

- **$265 million of capital (net to KM = $160)**
  - Cortez Pipeline +200 MMcf/d
  - McElmo Dome +200 MMcf/d
  - Doe Canyon +100 MMcf/d

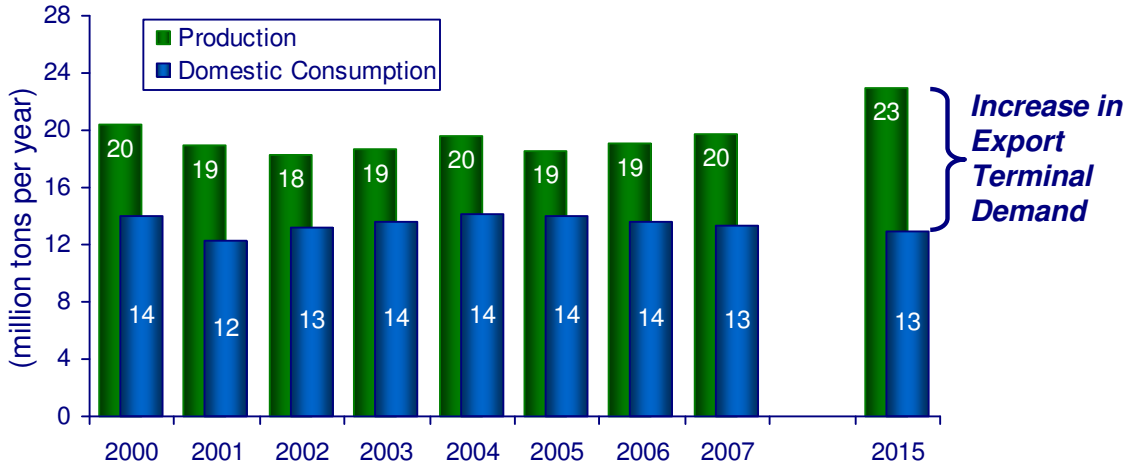
(a) Crude oil production in the Permian Basin derived from CO_2 floods as a percent of total Permian Basin crude oil production. 2007 is an estimate.
Sources: KM estimates, Oil and Gas Journal, EIA

Increased Production and Use of Heavy Crude

North American Petcoke Production (a)



North American Sulfur Balance (b)



(a) Source: Jacobs Consultancy
(b) Source: The Sulfur Institute

- **Refiners are converting to handle heavier crude; Oilsands, South America…**
- **… Heavier, sour crude produces more residue**
  - Petcoke
  - Sulfur
- **Need for more petcoke handling**
  - Leverage strong Gulf Coast position into the Midwest and Canada
- **More sulfur to be exported**
  - Need for terminaling/storage
  - Application of proprietary prilling technology

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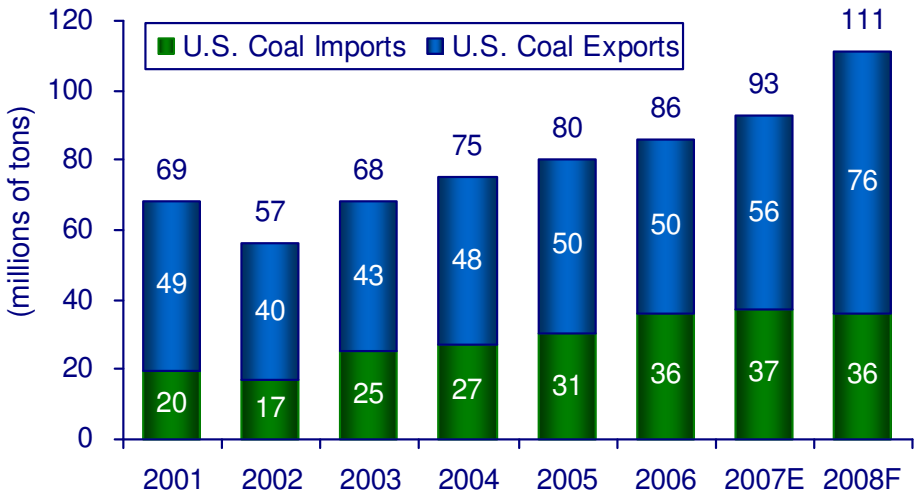
Coal Imports/Exports

U.S. Coal Imports/Exports (a)



Our terminals are well-positioned on coasts and inland waterways to handle either export or import coal

Coal Imports

- Appalachian coal production declining, affecting Eastern Utilities
- Tougher Environmental regulations on SO_2
- U.S. Utilities continue to diversify supply and 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 to Europe more attractive

(a) Sources: EIA, Coal Americas newsletter

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Current Projects

Over $7.0 Billion In Current Projects

Project	Estimated Project Cost ($mm)	Expected Completion
Rockies Express	$2,445 (a)	2007-2009
Midcontinent Express	660 (a)	2009
KM Louisiana Pipeline	510	2009
CALNEV expansion	425	2011
Trans Mountain – Anchor Loop expansion	460	2008
CO_2 – SACROC and Yates	1,370	2008-2011
CO_2 – Source and Transport	160 (a)	2008
Other identified projects	980 (b)	2008-2011
Total	**$7,010**	

(a) Pro rata expenditures for KMP's ownership interest.
(b) Edmonton, Houston, Pier X, Perth Amboy, BP Whiting, Rubicon, Dayton, Colorado lateral, Goodrich, Markham, Carson, Miramar and Tampa.

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On the Drawing Board: $10B+ of Potential Additional Capex (a)

Natural Gas

1. REX Northeast Extension
2. REX/NGPL Chicago Pipeline (b)
3. MEP Expansion
4. KMLP Expansion

Oilsands

5. TMX2/TMX3 Expansions
6. Chinook Gulf Coast Pipeline

CO_2

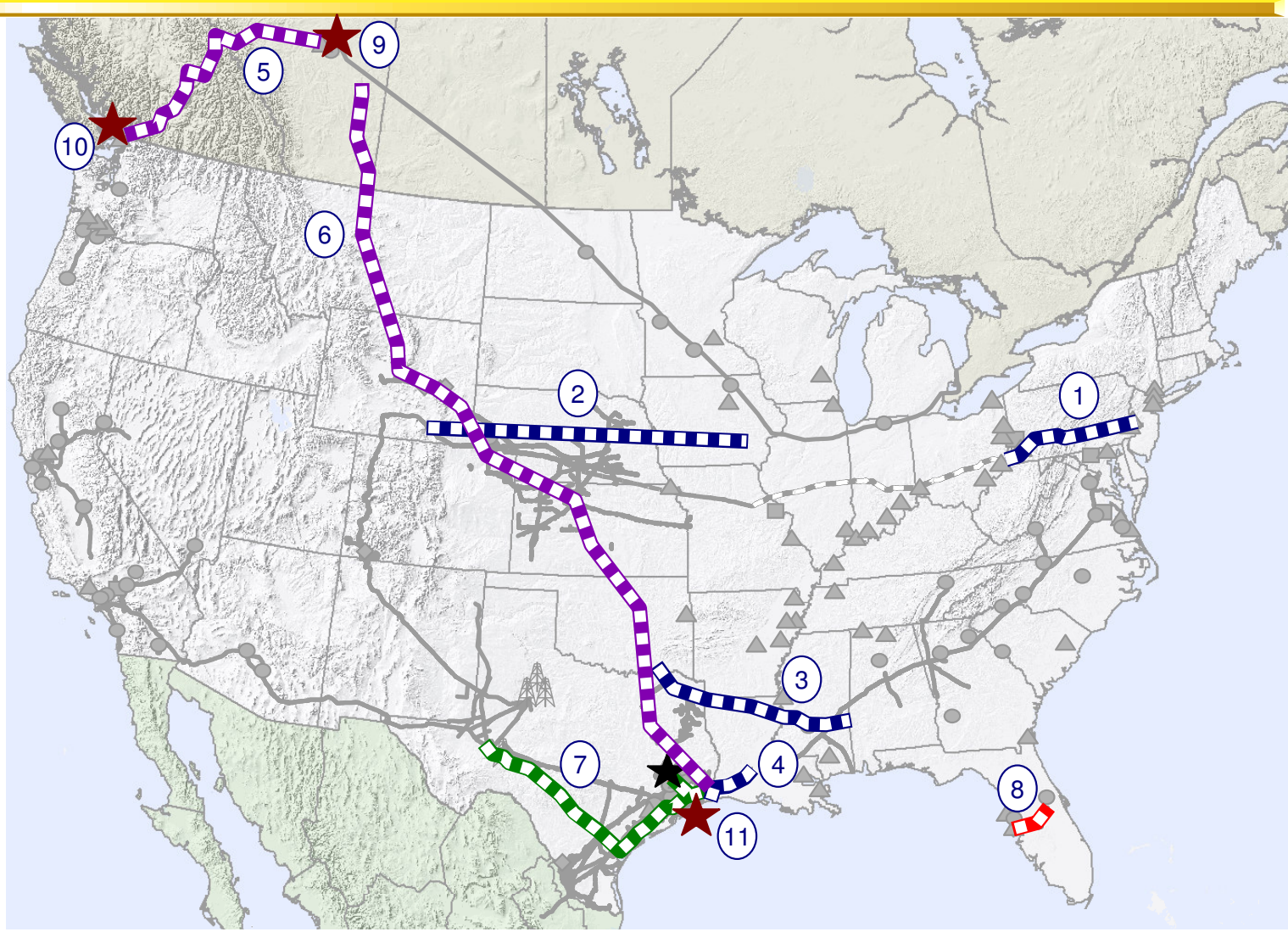
7. Gulf Coast Pipeline

Renewable Fuels

8. Batched/Dedicated Ethanol Pipeline

Petroleum Products

9. Edmonton Terminal Expansion
10. Vancouver Terminal Expansion
11. Houston Phase IV Expansion



(a) Estimated KM-share of potential expenditures.
(b) Natural Gas Pipeline Company of America (NGPL) is currently owned by KMP's General Partner, Knight Inc. Knight has signed a definitive purchase agreement to sell an 80% interest in NGPL to a third party. Knight will maintain a 20% ownership interest and operate the asset.

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Future Growth

- **Present trends are long-term**
- **Other trends will emerge – ethanol transport, carbon capture and storage**
- **Management team has consistently identified opportunities over long period of time (1997-2007)**
  - $8.2 billion in acquisitions
  - $6.5 billion in expansion capital
  - 14.1% return on total invested capital (a)
- **Portfolio of assets; growth over the years has come from different sources: acquisitions, CO_2, natural gas…**
- **Management team committed for long-term; MBO incentive structure**
- **Acquisitions and expansions have outperformed expectations**

(a) Total KMP return on investment. All assets, including initial asset base. See Return on Invested Capital slide for more detail.

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Park Shaper

President

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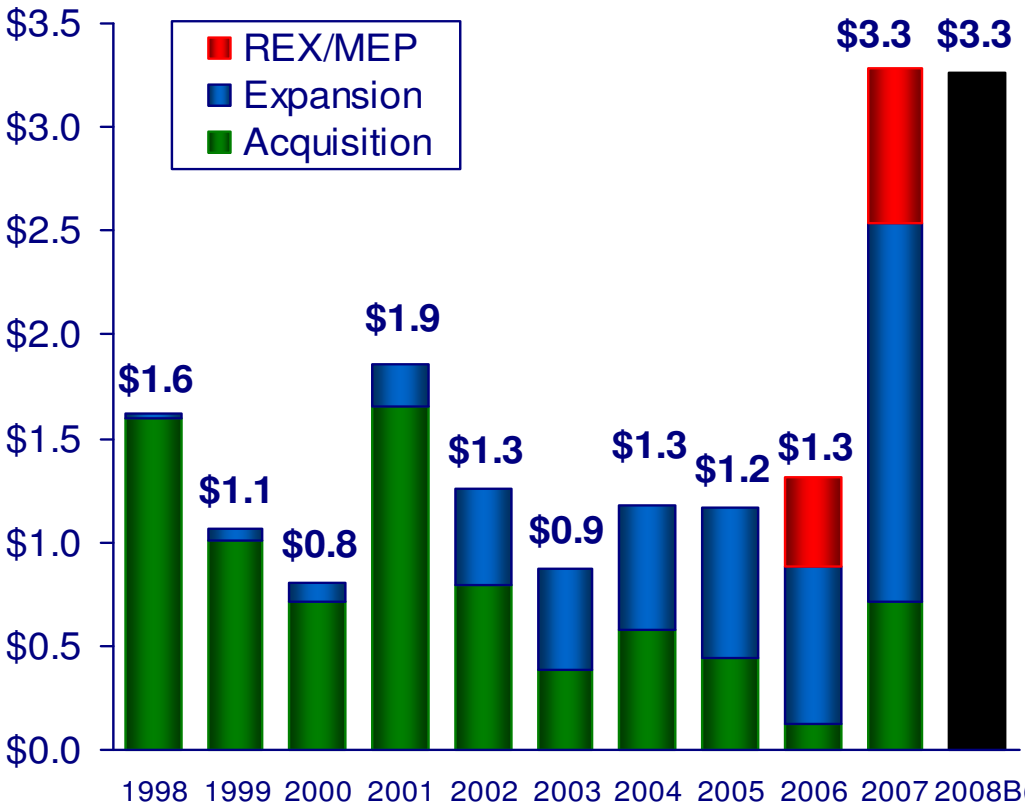
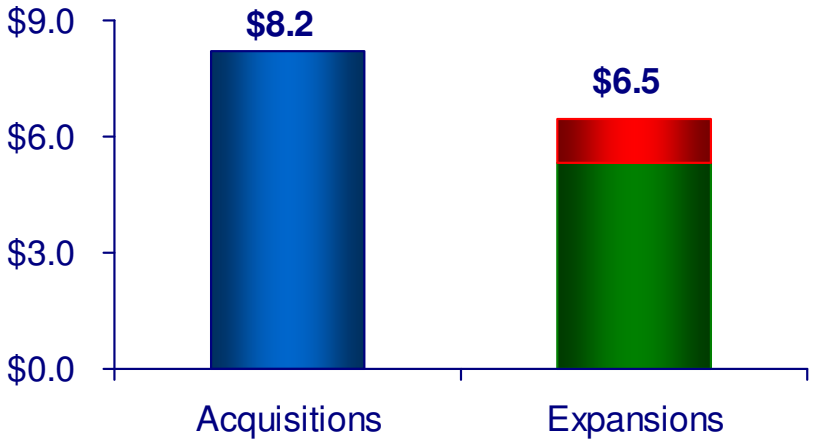
~$15 Billion in Capital Invested To Date (a,b)

($ billions)

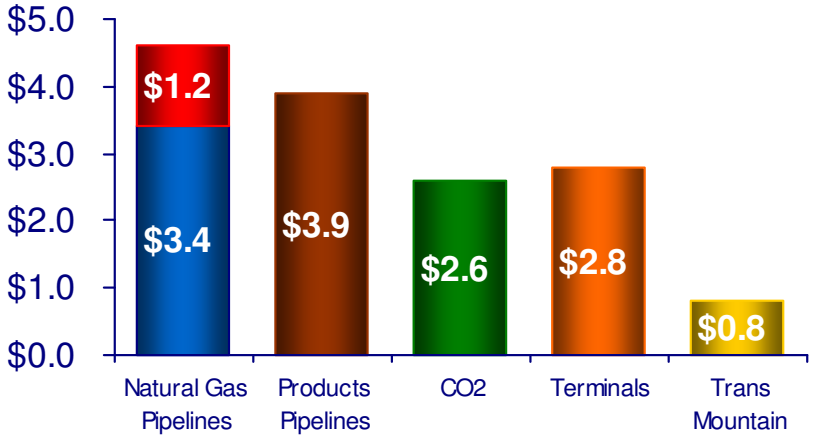
Total Invested by Year (a)



Total Invested by Type (a,b)



Total Invested by Segment (a,b)



(a) Invested capital, as defined in the appendix to this presentation, plus our share of Rockies Express and Midcontinent Express capital expenditures in excess of our equity contributions.
(b) 1998 – 2007, does not include 2008 budget.
(c) Includes $1.1 billion representing our share of REX/MEP capex in excess of expected equity contributions.

How We Have Done: Acquisitions

($ millions)

Acquisition Performance

Acquisition	Acq. Price	First-year DCF Actual	First-year DCF Acq. Model	First-year DCF Variance	2007 DCF (a) Actual	2007 DCF (a) Acq. Model	2007 DCF (a) Variance
First Dropdown – 1999 (b)	$736	$119.6	$88.2	$31.4	$133.5	$84.9	$48.6
Second Dropdown – 2000 (c)	708	89.8	66.7	23.1	183.3	80.7	102.6
GATX – 2001	1,165	129.5	122.6	6.9	241.6	157.0	84.6
Tejas – 2002	750	69.3	88.3	(19.0)	122.3	97.5	24.8
2003 Acquisitions (d)	271	78.3	49.2	29.1	207.3	147.9	59.4
2004 Acquisitions (e)	623	95.0	81.5	13.5	108.2	87.8	20.4
2005 Acquisitions (f)	392	53.9	44.8	9.1	49.6	55.2	(5.6)
2006 Acquisitions (g)	85	20.1	14.2	5.9	20.1	14.2	5.9
Total	$4,730	$655.4	$555.5	$99.9	$1,065.9	$725.2	$340.7

(a) 2007 actual includes incremental DCF from expansion capital that was invested subsequent to the acquisition date.
(b) Trailblazer, KMIGT, Red Cedar and beginning in 2007 for actual results, Coyote Gulch. Our interest in Coyote Gulch was contributed to Red Cedar during 2006.
(c) KMTP including OXY lease purchase, Casper Douglas, Coyote Gulch (see note above), Thunder Creek
(d) Yates, Tampaplex, COP terminals
(e) XOM SE Terminals, Kaston, GMS, Charter-Triad SE terminals, TransColorado dropdown, Cochin interest, Novolog
(f) TGS, Dayton, Claytonville, Staten Island terminal
(g) Journey (net of sales) and US Development

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How We Have Done: Returns on Capital

	2000	2001	2002	2003	2004	2005	2006	2007
Segment ROI (a):								
Products Pipelines	11.9%	11.8%	12.8%	12.9%	12.4%	11.6%	11.8%	13.2%
Natural Gas Pipelines	13.3	15.5	12.9	13.5	14.0	15.5	16.7	17.6
CO_2	27.5	24.6	22.0	21.9	23.8	25.7	23.1	21.8
Terminals	19.1	18.2	17.7	18.4	17.8	16.9	17.1	15.8
Trans Mountain	--	--	--	--	--	--	--	11.0
KMP ROI	12.3%	12.7%	12.6%	13.1%	13.6%	14.3%	14.4%	14.1%
KMP Return on Equity	17.4%	19.0%	21.9%	23.2%	25.2%	26.6%	26.8%	27.4%

Note: A definition of this measure may be found in the appendix to this presentation.

(a) G&A is deducted in calculating the return on investment for KMP, but is not allocated to the segments and therefore not deducted in calculating the segment information.

How We Expect to Do: Returns on Major Projects

($ millions)

Expansion Capital Analysis

Segment	Total Cost (a)	Full In-service EBITDA (Annual)	Year-1 Return on Invested Capital
Natural Gas Pipelines	$4,044	$452	11.2%
Products Pipelines (b)	1,721	211	12.3%
Terminals (c)	649	91	14.0%
CO_2 (d)	158	42	26.6%
Total	**$6,572**	**$796**	**12.1%**

(a) Includes some projects, such as the East Line Expansion, which were completed prior to January 2008.
(b) Includes Trans Mountain pipeline.
(c) Canadian projects are presented in constant C$.
(d) Southwest Colorado Expansion. Does not include production-related capital.

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Return on Investment vs. Cost of Capital

		Full In-svc New Projects (prev slide)	Actual 2007
KMP ROI:		**12.1%**	**14.1%**
Cost of Capital Calculation:			
Equity	**= 6.5% ÷ 57% x 50%**	**= 5.7%**	
Debt	**= 6.5% x 50%**	**= 3.3%**	
Total Cost of Capital		**= 9.0%**	**9.0%**
Return above Cost of Capital		***3.1%***	***5.1%***

- ***In addition to organic growth, we grow distributions by investing in projects that generate returns above our cost of capital***

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Distribution Coverage

- **Stable, low-risk assets ⇒ distribute substantially all of our available cash; consistent with Partnership Agreement**
- **Actual coverage typically exceeds budget**

	2007		2006		2005	
	Actual	Budget	Actual	Budget	Actual	Budget
DCF (a)	$3.65	$3.46	$3.29	$3.32	$3.38	$3.31
L.P. Distribution	$3.48	$3.44	$3.26	$3.28	$3.13	$3.13
$ Coverage (millions)	$40	$5	$6	$9	$53	$38
X Coverage	1.05x	1.01x	1.01x	1.01x	1.08x	1.06x

	2004		2003		2002	
	Actual	Budget	Actual	Budget	Actual	Budget
DCF (a)	$3.11	$2.98	$2.71	$2.64	$2.54	$2.40
L.P. Distribution	$2.87	$2.84	$2.63	$2.63	$2.435	$2.40
$ Coverage (millions)	$47	$27	$15	$2	$18	$0
X Coverage	1.08x	1.05x	1.03x	1.00x	1.04x	1.00x

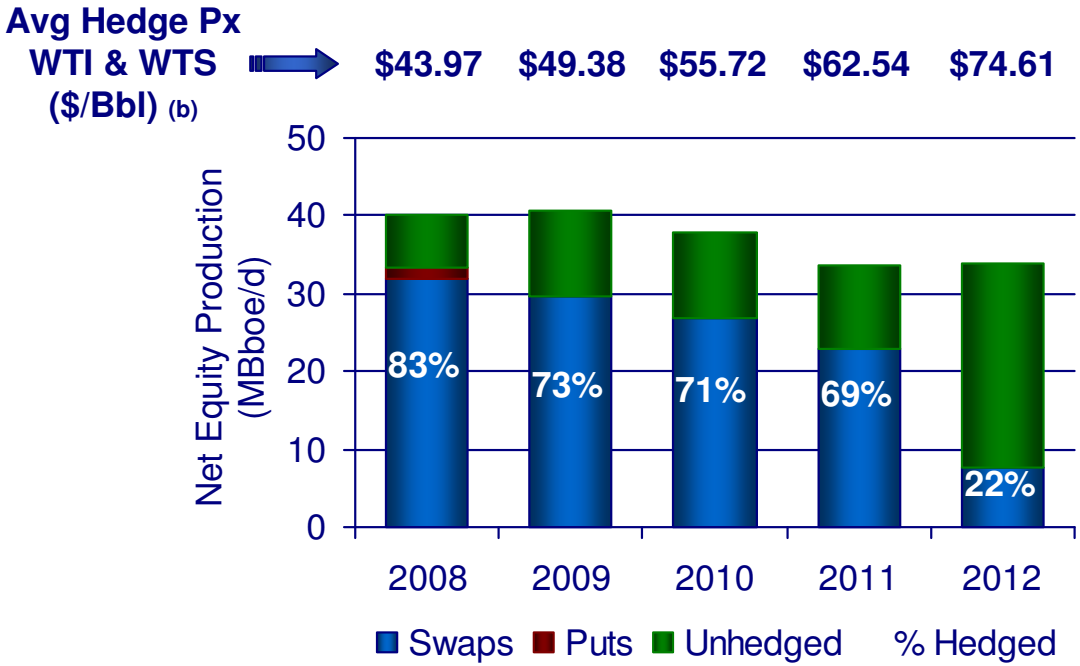
(a) Per unit, excluding certain items.

How We Will Grow Over the Long-term

- Current expansion projects total approximately $7.0 billion over the next several years
- Significant increase in CO_2 crude oil hedge prices
- Growth in base business
- Future expansion and newbuild opportunities – REX extensions, REX/NGPL project, MEP expansion, KMLP expansion, TMX2, TMX3, Oilsands Gulf Coast pipeline, CO_2 Gulf Coast pipeline, batched/dedicated ethanol pipeline, liquids terminals…
- Opportunistic acquisitions

CO_2 Crude Production Hedge Profile

SACROC & Yates Crude Oil Production (a)



(a) 2008 production based on Kinder Morgan budget; 2009-2012 based on Netherland, Sewell reserve report. Includes heavier NGL components (C4+).
(b) Incorporates swaps and puts at strike price net of premium, WTI/WTS spread @ $6-7.00/Bbl.

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Subset of Current Projects Secures 8% Growth

- **8% growth achievable with three components:**
  1. Increase in average CO_2 hedge price from $44 in 2008 to $63 in 2011; currently unhedged barrels at market prices
  2. $4.0 billion in natural gas and products pipeline projects
     - ✓ Rockies Express
     - ✓ Midcontinent Express
     - ✓ KM Louisiana Pipeline
     - ✓ CALNEV
  3. 4% growth in base business
- **Additional growth to come from:**
  - — Remaining $3.0 billion in current projects (a)
  - — Future opportunities – expansion or acquisition
  - — Potential for less equity on major joint venture pipelines which are funded at project level

(a) Total current projects of $7.0 billion less $4.0 billion for major natural gas and products pipeline projects.

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Subset of Projects Secures 8% Growth

Illustrative

(millions except where noted)

	2009	2010	2011
Expansion Capital (a)			
Natural Gas & Products Pipeline Projects	$944	---	$320
CO_2 - SACROC and Yates	358	339	273
Total	$1,302	$339	$592
Incremental Cash Flow			
Natural Gas & Products Pipeline Projects (b)	$151	$30	$47
CO_2: Increase in Average Hedge Price	97	93	101
4% Growth in Base Assets ('08E EBITDA = $2,525)	101	105	109
Total	$349	$228	$257
Cost of Capital			
Debt (c)	$37	$12	$15
Equity	121	73	26
Total	$157	$85	$41
Incremental Distributable Cash Flow	$191	$143	$216
LP Share (split 50/50 with GP)	$96	$72	$108
Average LP Units Outstanding (d)	*273*	*283*	*286*
Accretion per LP Unit	**$0.35**	**$0.25**	**$0.38**
Total LP Distribution per Unit ('08E = $4.02)	$4.37	$4.62	$5.00
Year-over-year Growth	*9%*	*6%*	*8%*
CAGR (e)	***9%***	***7%***	***8%***

(a) Does not include all committed expansion projects. Pipeline projects include: Rockies Express, Midcontinent Express and KM Louisiana Pipeline and CALNEV. Equity contributions for joint ventures; expansion capex for wholly owned.
(b) Equity in earnings plus pro-rata share of DD&A and sustaining capex for joint ventures; EBITDA for wholly owned
(c) 6.5% interest rate. 2009 includes incremental 2008 expense of approximately $30 million. Assumes 50% debt, 50% equity financing for wholly owned projects. 100% equity for contributions to joint ventures.
(d) KMP issue price based on 6.5% yield on current year distribution.
(e) Beginning point for CAGR calculations is 2008.

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Perceived Impediments to Growth

Perceived Impediment	Kinder Morgan View
Size	— *Size does potentially make it harder to grow at the same rate as a smaller company. However, size also provides stability, reducing risk* — *Size provides more opportunities*
GP Incentive	— *We have been in high-splits since 3Q 97. We have achieved CAGR of 13% (a) in LP distributions since that time: structure is working.*
Financing Availability	— *We have raised over $6.7 billion of equity and $7.0 billion of debt since 1997. Have not had a problem raising equity or debt, at a reasonable price, even in difficult markets; Jul-2002, Sep-2007, Dec-2007.*

(a) CAGR calculation period: distribution declared for 2Q'97 (paid in 3Q'97) to 4Q'07 (payable in 1Q'08).

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


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Operational Excellence

Steve Kean

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Overview

- Progress on Major Projects
- Reducing Risk of Significant Incidents in our Operations

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Operations Goals – Safe, Reliable, Efficient Operations

- Continuous reduction in risk to the public, employees, contractors and the environment
- Continuous improvement in the efficiency and productivity of existing operations
- Well-executed expansions and effective integration of acquired operations
- Establish culture of excellence in operations

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Major Projects – Summary (a)

Business Unit	Capex ($mm) – KM Share Original	Current	Variance
Natural Gas	$3,710	$4,044	$333
Products	934	942	8
Terminals	613	649	36
KM Canada	780	778	(2)
CO_2	542	596	54
Total	$6,579	$7,010	$430
			6.5%

- $2.3 billion of capital projects in service (33% of total); net overrun of less than 1%
- Total spend through 2007 $3.4 billion (about 50% of total)
- Key task going forward: management of target price construction contracts

(a) Major Projects: projects over $10 million that are currently underway or were completed in 2007.

Expansion Challenges

- Construction Labor – availability, cost, skill level
- Construction Equipment – e.g. high demand for pipeline spreads and specialized equipment
- Materials and Specially Fabricated Items
- Regulatory Delays and Permit Conditions – regulatory agencies are responsive, but are dealing with higher workload, competing interests, etc.
- Risk Allocation in Construction Contracts – more “target price” and “time and materials” contracts (as opposed to fixed price), particularly on large projects

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Managing Expansion Risks

- **Disciplined project approval process**
  - Costs, contingency, required returns and schedule
  - Customer commitments underlying expansions
- **Risk management**
  - Properly allocate risk between Kinder Morgan and customers
  - Lock costs in where appropriate
- **Experience**
  - Successful track record of expansion
- **Expertise**
  - Existing organization (project management, engineering, operations, procurement and commercial staffs)
- **Well-positioned with contractors and suppliers**
  - good credit, good working relationships and continuing work opportunities
- **Progress tracking**
  - Updates at weekly and quarterly meetings
  - Separate monthly major projects review; sharing best practices

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Operations Performance – Safety, Reliability and Efficiency

- **Nature of Challenge: over 600,000 one calls, nearly 50,000 locates annually**
- **Progress to-date:**
  - External reporting of performance
  - Incentive compensation tied to safety and environmental results
  - Budget process – separate evaluation of asset integrity and EHS expenditures
  - Empower operations VPs – e.g. “veto” right on new acquisitions
  - ERL (Emergency Response Line) – rollout to all business units
  - Incident and near-miss reviews
  - Quarterly operations meetings
  - Focus on operations issues in existing weekly, monthly, quarterly and annual processes

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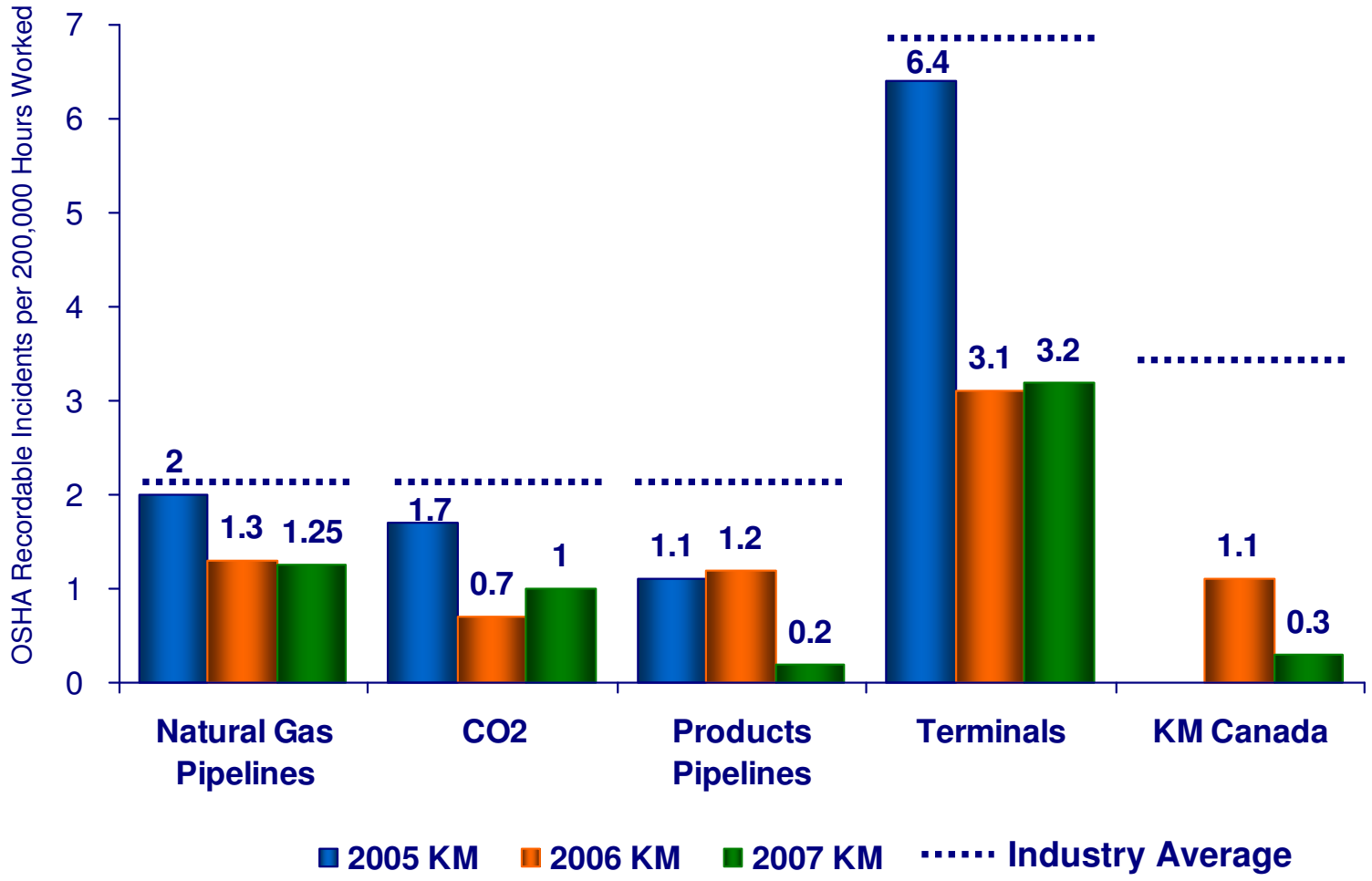
OSHA Recordable Incidents



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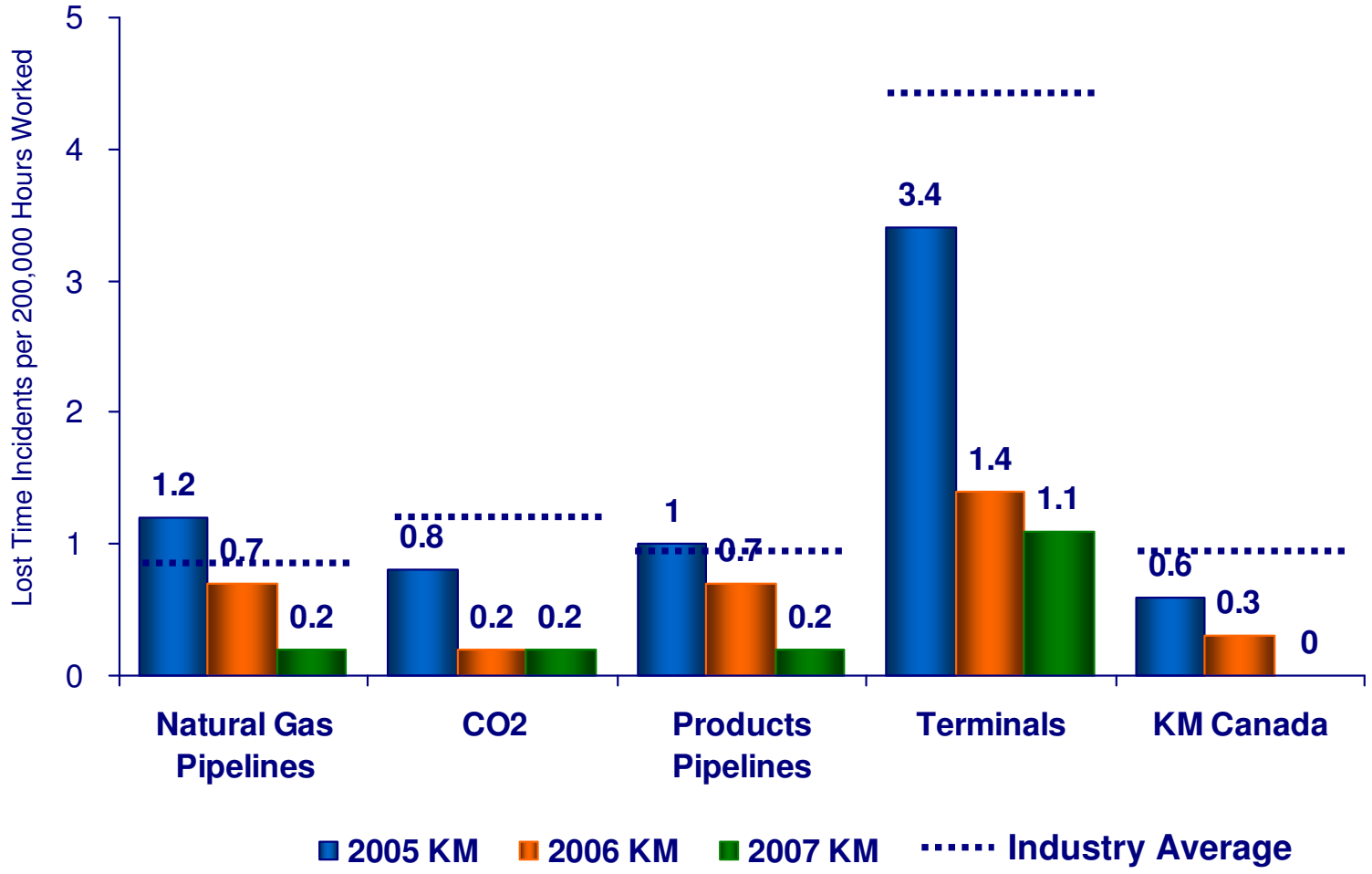
OSHA Lost Time Cases



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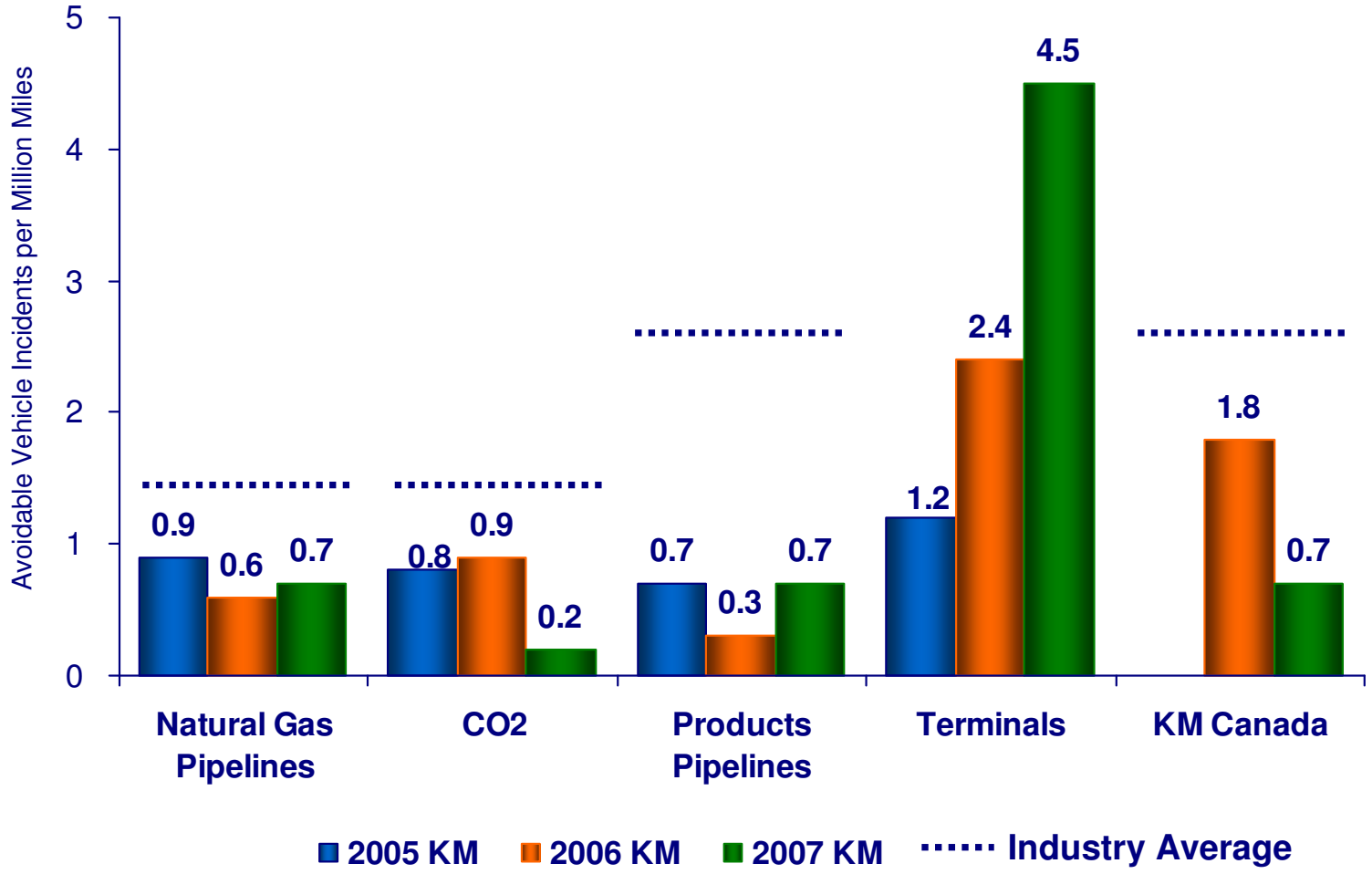
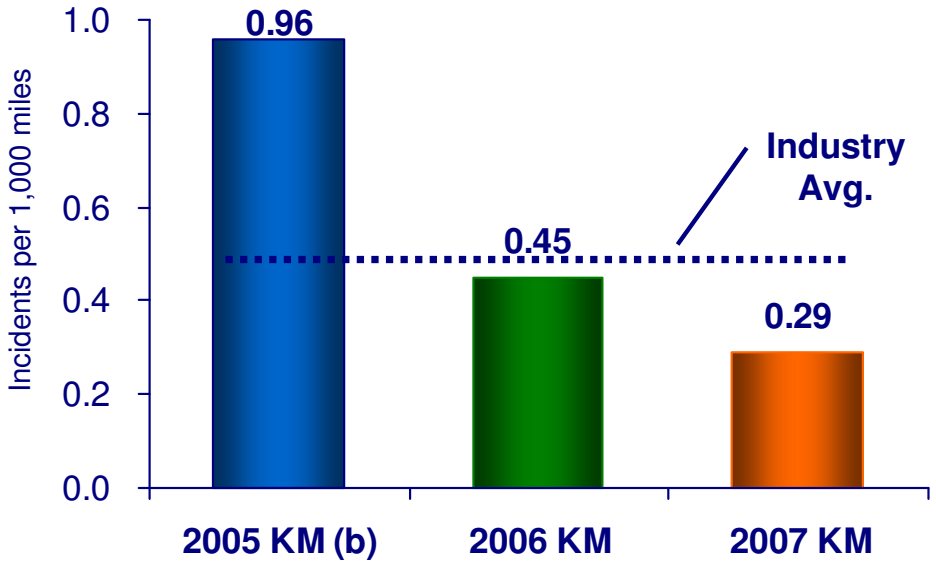
Avoidable Vehicle Incidents

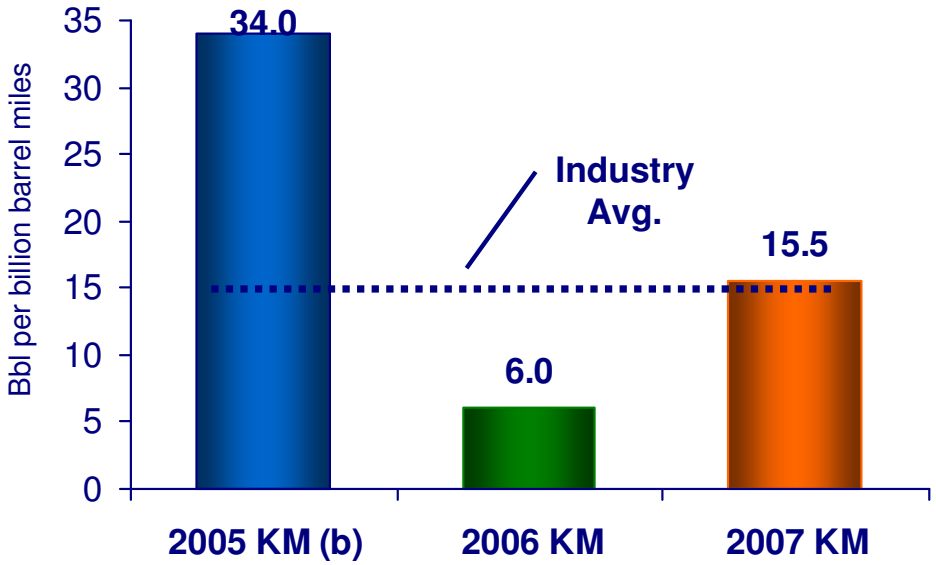


Incidents & Releases: Liquids Pipeline ROW

Liquids Pipeline Incidents per 1,000 Miles (a)



Liquids Pipeline Release Rate (a)



KM totals excludes non-DOT jurisdictional CO2 Gathering and Crude Gathering for compatibility with industry comparisons.

(a) Failures involving onshore pipelines that occurred on the ROW, including valve sites, in which there is a release of the liquid or carbon dioxide transported resulting in any of the following:
- (1) Explosion or fire not intentionally set by the operator.
- (2) Release 5 barrels or greater. (NOTE: PHMSA does not record system location for releases less than 5 barrels.)
- (3) Death of any person;
- (4) Personal injury necessitating hospitalization;
- (5) Estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of the operator or others, or both, exceeding $50,000. Not included: natural gas transportation assets.

(b) 2005 rates are 12-months ending 28-Feb-2006.

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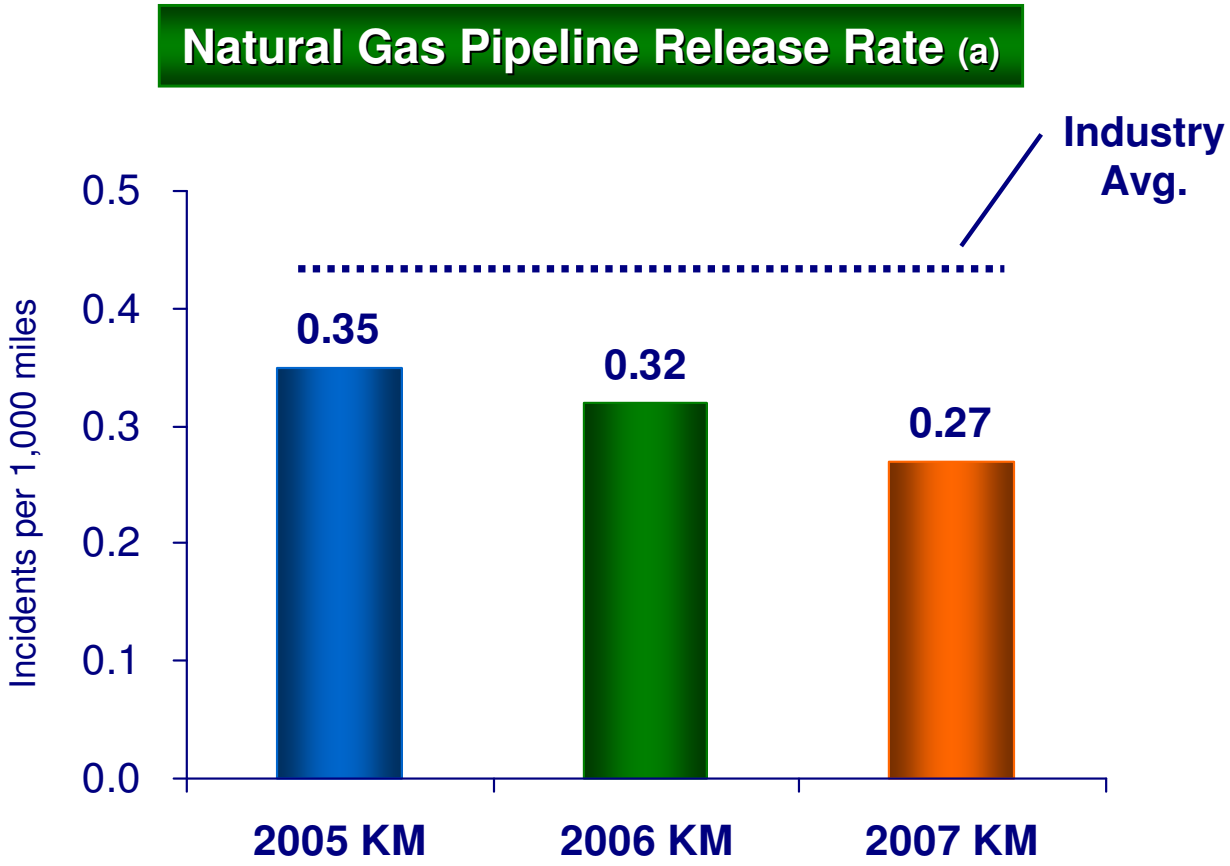
Incidents & Releases: Natural Gas Pipe ROW



(a) An Incident means any of the following events:
- (1) An event that involves a release of gas from a pipeline or of a liquefied natural gas or gas from an LNG Facility and
  - (i) Release 5 barrels or greater. (NOTE: PHMSA does not record system location for releases less than 5 barrels.)
  - (ii) Death of any person;
- (2) An event that results in an emergency shutdown of an LNG facility.
- (3) An event that is significant, in the judgment of the operator, even though it did not meet the criteria of paragraphs (1) or (2).

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Operations Performance: Continued Focus in 2008

- **Special emphasis on risk reduction at high consequence assets and operations**
  - ROW protection
  - Pipeline integrity
  - PSM / RMP facilities
- **Extend existing compliance systems to more assets, more activities and more requirements – enabling better monitoring and verification of compliance with external and internal requirements**
- **Upgrade existing Operations Management System**

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Conclusions

- Solid performance on our large project slate – but risks remain (particularly on "target price" construction contracts)
- Continued improvement in operations performance