KINDER MORGAN
ENERGY PARTNERS, L.P.

Size Does Matter

January 28, 2010

Forward Looking Statements

This presentation contains forward looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results or the ability to generate revenues, income or cash flow or to make distributions are forward-looking statements. Forward looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations of Kinder Morgan Energy Partners, L.P. and Kinder Morgan Management, LLC may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results 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 and credit 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. There is no assurance that any of the actions, events or results of the forward-looking statements will occur, or if any of them do, what impact they will have on our results of operations or financial condition. Because of these uncertainties, you are cautioned not to put undue reliance on any forward-looking statement.

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Use of Non-GAAP Financial Measures

The non-generally accepted accounting principles ("non-GAAP") financial measures of distributable cash flow before certain items (both in the aggregate and per unit), segment earnings before depreciation, depletion, amortization and amortization of excess cost of equity investments ("DD&A") and certain items, segment distributable cash flow before certain items, and earnings before interest, taxes and DD&A ("EBITDA") before certain items are included in this presentation. Our non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income or any other GAAP measure of liquidity or financial performance.

Distributable cash flow before certain items and EBITDA before certain items are significant metrics used by us and by external users of our financial statements, such as investors, research analysts, commercial banks and others, to compare basic cash flows generated by us to the cash distributions we expect to pay our unitholders on an ongoing basis. Management uses these metrics to evaluate our overall performance. Distributable cash flow before certain items also allows management to simply calculate the coverage ratio of estimated ongoing cash flows to expected cash distributions. Distributable cash flow before certain items and EBITDA before certain items are also important non-GAAP financial measures for our unitholders because they serve as indicators of our success in providing a cash return on investment. These financial measures indicate to investors whether or not we typically are generating cash flow at a level that can sustain or support an increase in the quarterly distributions we are paying pursuant to our partnership agreement. Our partnership agreement requires us to distribute all available cash. Distributable cash flow before certain items, EBITDA before certain items and similar measures used by other publicly traded partnerships are also quantitative measures used in the investment community because the value of a unit of such an entity is generally determined by the unit's yield (which in turn is based on the amount of cash distributions the entity pays to a unitholder). The economic substance behind our use of distributable cash flow before certain items and EBITDA before certain items is to measure and estimate the ability of our assets to generate cash flows sufficient to make distributions to our investors.

We define distributable cash flow before certain items to be limited partners' pretax income before certain items and DD&A, less cash taxes paid and sustaining capital expenditures for KMP, plus DD&A less sustaining capital expenditures for Rockies Express and Midcontinent Express, our equity method investees, less equity earnings plus cash distributions received for Express and Endeavor, two additional equity investees. Distributable cash flow before certain items per unit is distributable cash flow before certain items divided by average outstanding units. Segment distributable cash flow before certain items is segment earnings before certain items and DD&A less sustaining capital expenditures. In certain instances to calculate segment distributable cash flow, we also add DD&A less sustaining capital expenditures for Rockies Express and Midcontinent Express, our equity method investees. We define EBITDA before certain items as pretax income before certain items, plus interest expense and DD&A, including the DD&A of REX and MEP, our equity method investees.

Use of Non-GAAP Financial Measures – Cont'd

"Certain items" are items that are required by GAAP to be reflected in net income, but typically either (1) do not have a cash impact, for example, goodwill impairments, allocated compensation for which we will never be responsible, and results from assets prior to our ownership that are required to be reflected in our results due to accounting rules regarding entities under common control, or (2) by their nature are separately identifiable from our normal business operations and in our view are likely to occur only sporadically, for example legal settlements, hurricane impacts and casualty losses. Management uses this measure and believes it is important to users of our financial statements because it believes the measure more effectively reflects our business' ongoing cash generation capacity than a similar measure with the certain items included. For similar reasons, management uses segment earnings before DD&A and certain items and segment distributable cash flow before certain items in its analysis of segment performance and managing our business. We believe segment earnings before DD&A and certain items and segment distributable cash flow before certain items are significant performance metrics because they enable us and external users of our financial statements to better understand the ability of our segments to generate cash on an ongoing basis. We believe they are useful metrics to investors because they are measures that management believes are important and that our chief operating decision makers use for purposes of making decisions about allocating resources to our segments and assessing the segments' respective performance.

We believe the GAAP measure most directly comparable to distributable cash flow before certain items and to EBITDA before certain items is net income. Segment earnings before DD&A is the GAAP measure most directly comparable to segment earnings before DD&A and certain items and segment distributable cash flow before certain items.

Our non-GAAP measures described above should not be considered as an alternative to GAAP net income, segment earnings before DD&A or any other GAAP measure. Distributable cash flow before certain items, segment earnings before DD&A and certain items, segment distributable cash flow before certain items and EBITDA before certain items are not financial measures in accordance with GAAP and have important limitations as analytical tools. You should not consider any of these non-GAAP measures in isolation or as a substitute for an analysis of our results as reported under GAAP. Because distributable cash flow before certain items and EBITDA before certain items exclude some but not all items that affect net income and because these measures are defined differently by different companies in our industry, our distributable cash flow before certain items and EBITDA before certain items may not be comparable to similarly titled measures of other companies. Segment earnings before DD&A and certain items and segment distributable cash flow have similar limitations. Management compensates for the limitations of these non-GAAP measures by reviewing our comparable GAAP measures, understanding the differences between the measures and taking this information into account in its analysis and its decision making processes.

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

Corporate Overview Agenda

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

KINDER MORGAN
ENERGY PARTNERS, L.P.

Vision

Rich Kinder

Chief Executive Officer

Size Does Matter

- **Growth opportunities** ➡
  - **Since 1997, ~$20 billion in growth capital invested**
    - ~$11 billion in organic expansion / greenfield projects
    - ~$9 billion in acquisitions
- **Access to capital** ➡
  - **Successfully raised capital, in good times and bad**
    - ~$9 billion in public equity [(a)]
    - ~$11 billion in public long-term debt (~$10B net of refinancing)
- **Stable cash flow** ➡
  - **Five diverse business segments**
    - Reduced exposure to sector- specific risks
    - Majority of cash flow not sensitive to commodity prices

(a) Includes KMR share dividends

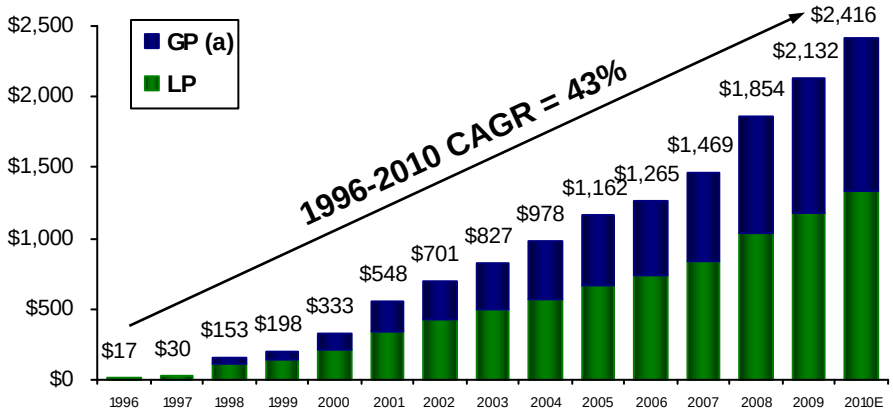
The Kinder Morgan Strategy

Same Strategy Since Inception

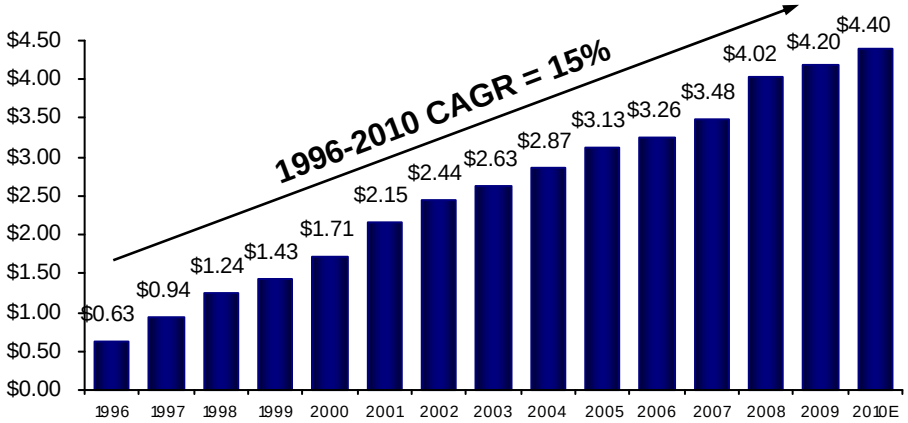
- **Focus on stable, fee-based assets which are core to the energy infrastructure of growing markets**
- **Increase utilization of assets while controlling costs**
  - Classic fixed cost businesses with little variable costs
  - Improve productivity to drop all top-line growth to bottom line
- **Leverage 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

Delivering 13 Years of Consistent Growth

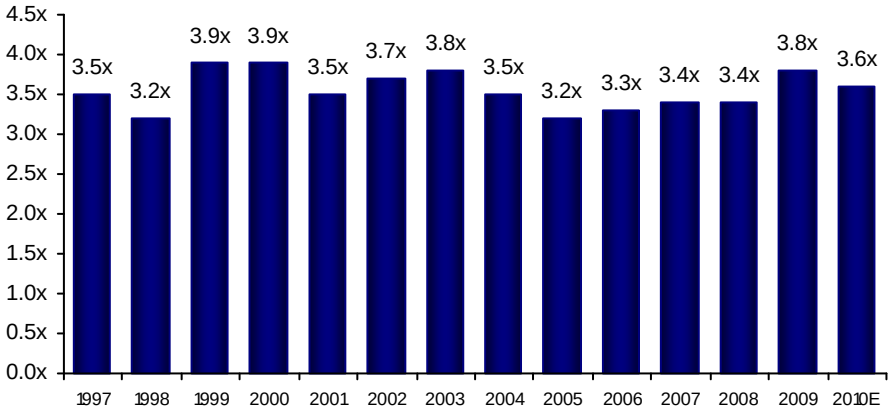
Total Distributions (GP + LP) ($MM)



Annual LP Distribution Per Unit (b)



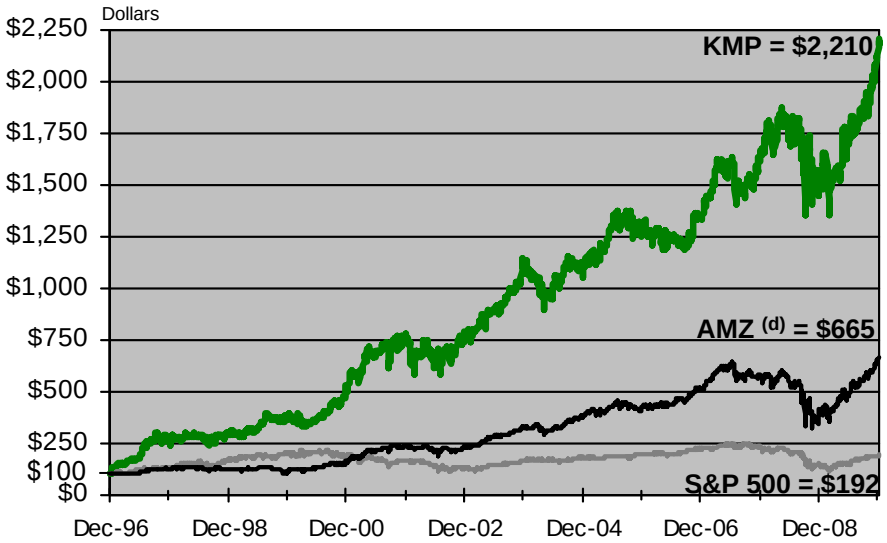
Net Debt to EBITDA (c)



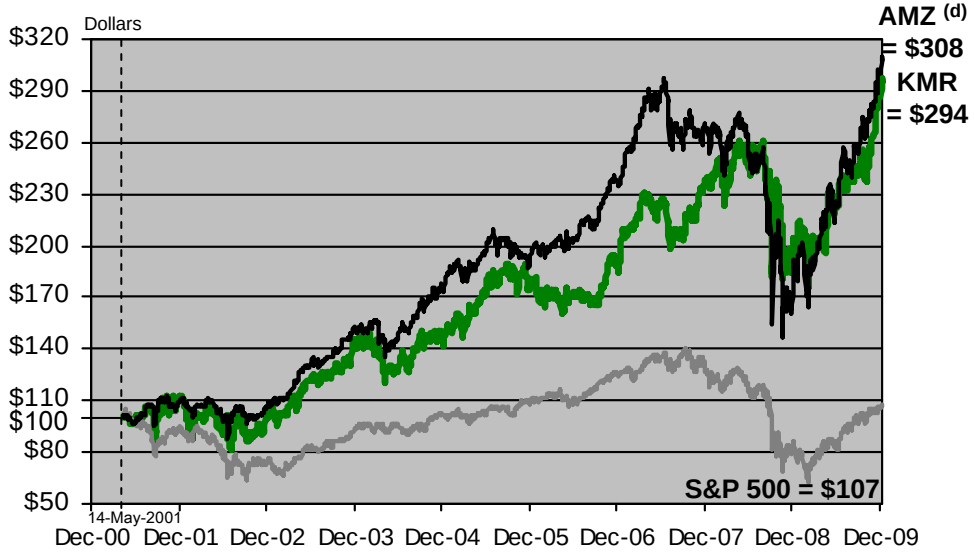
(a) Includes 2% GP interest
(b) Annual LP distribution, rounded to 2 decimals where applicable
(c) Debt is net of cash and excludes fair value of interest rate swaps

Significant Historical Returns [a]

KMP: 27% CAGR Since '96 [b]



KMR: 13% CAGR Since '01 [c]



Total Return	2009	2-year [e]	3-year [e]	5-year [e]
KMP	**45%**	**37%**	**64%**	**103%**
KMR	**50%**	**25%**	**55%**	**100%**
AMZ [d]	76%	15%	29%	73%
S&P 500	26%	-19%	-14%	4%

Source: Bloomberg

(a) All returns calculated on daily basis through 15-Jan-2010 except the 2009 return, which is through 31-Dec-2009; assume dividends/distributions reinvested in index/stock/unit

(b) Start date 31-Dec-1996

(c) Start date 14-May-2001; KMR Initial public offering; KMP CAGR over same period is 14%

(d) Alerian MLP index

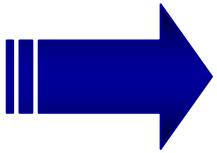
(e) Start dates for 2-year, 3-year and 5-year return calculations are 31-Dec-2007, 29-Dec-2006 and 31-Dec-2004, respectively

Promises Made, Promises Kept

Promises Made

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
2008:	$4.02
2009:	$4.20
2010E:	$4.40



Promises Kept

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
2008:	$4.02
2009:	$4.20

Missed LP distribution target 1 time in past 10 years

Asset Footprint and Management Expertise Have Led to Growth Opportunities

	Industry Rank [a]	Launch Pad	Led to: Acquisitions [b]	Led to: Internal Growth [b]
Products Pipelines	1st	– SFPP	– CFPL, CALNEV, Charter Triad, Cochin – multiple terminal acquisitions from majors	– Carson terminal, East Line & Northline expansions – Ethanol buildout in Southeast/Westcoast
Natural Gas Pipelines	2nd	– KN Energy	– Rockies and Texas intrastate dropdowns, Tejas, TransColorado dropdown, Dayton storage, Crosstex treating, GMX	– REX, MEP, KMLA & FEP greenfield projects – Texas Intrastate storage expansions – Trailblazer & TransColorado expansions
CO_2	1st	– Shell CO_2	– SACROC, Yates, Claytonville & Katz fields, Wink pipeline	– SACROC & Yates development – Southwest Colorado expansion – Katz EOR greenfield project
Terminals	1st	– Hall Buck	– GATX, TGS, Vancouver Wharves, US Development, Slay – on average, acquired ~$125MM per year over last 5 years	– Pasadena, Galena Park, Perth Amboy, Carteret, Pier IX & Geismer expansions – Edmonton North 40 greenfield project
Kinder Morgan Canada		– Terasen	– TMPL dropdown	– 75MBbl/d expansion of TMPL

On average, KMP has invested ~$1.5 billion in growth capital per year in its business segments [c]

(a) See slide 10 for explanation of basis for industry rankings
(b) Not an exhaustive list of acquisitions or internal growth projects
(c) Since the beginning of 1997

2009: Navigating The Storm

Entering 2009: Budgeted $4.20 distribution (4.5% growth)
Budgeted $2.8 billion growth capital

Headwinds:

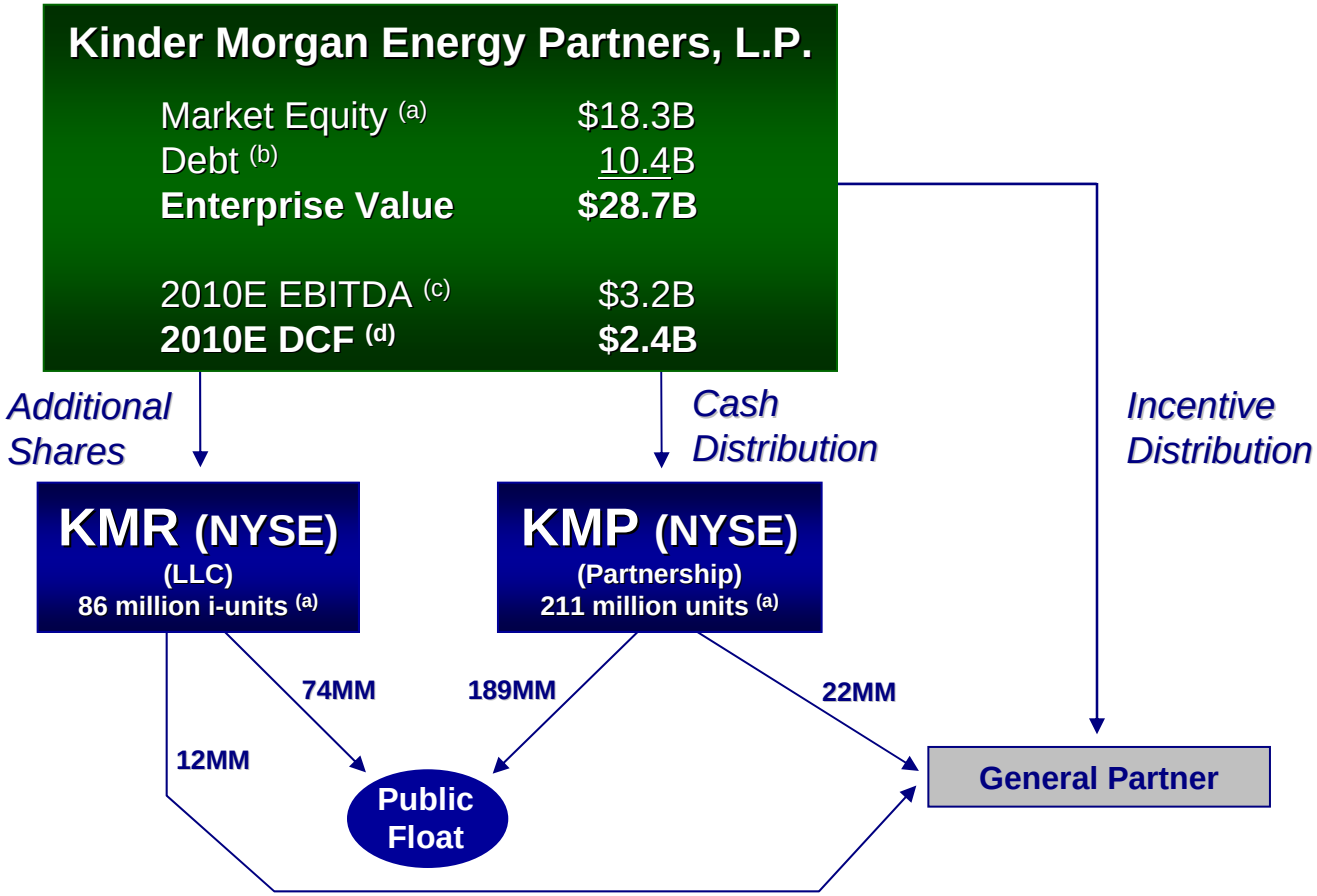
- **Operational: Economy / energy markets reeling**
  - ⇩ Crude oil prices
  - ⇩ Steel volumes
  - ⇩ Products pipeline volumes
  - ⇩ Newbuild natural gas pipe delays
  - ⇩ Intrastate natural gas volumes and margins
- **Growth capital: The Pig – actual growth capital of $3.3B**
  - ⇩ Newbuild natural gas pipe cost overruns
- **Financial: Capital markets in disarray**
  - ⇩ Most public companies did not have efficient access to capital markets

How we got there:

- **Operational: Asset diversification / mgmt focus**
  - ⇧ Crude production volumes
  - ⇧ CO_2 opex savings
  - ⇧ Demand for renewable fuels
  - ⇧ Demand for products tankage
  - ⇧ Lower G&A
  - ⇧ Acquisitions
  - ⇧ Cost of capital improvement
  - ⇧ Interest savings
- **Growth capex: We made it!**
  - ⇧ Completed construction of major pipeline projects (REX, MEP, KMLA)
  - ⇧ Completed strategic acquisition of Crosstex gas treating business and other small acquisitions
- **Financial: Capital markets open to us**
  - ⇧ Issued record $1.2B public equity vs. $1B budget
  - ⇧ KMR dividend provided additional $340MM in equity
  - ⇧ Issued $2B long-term debt vs. $1B budget ($1.75 net of refinancing)

Achieved $4.20 distribution (~$14MM coverage)
The "pig has made it through the boa constrictor"

Current Capital Structure

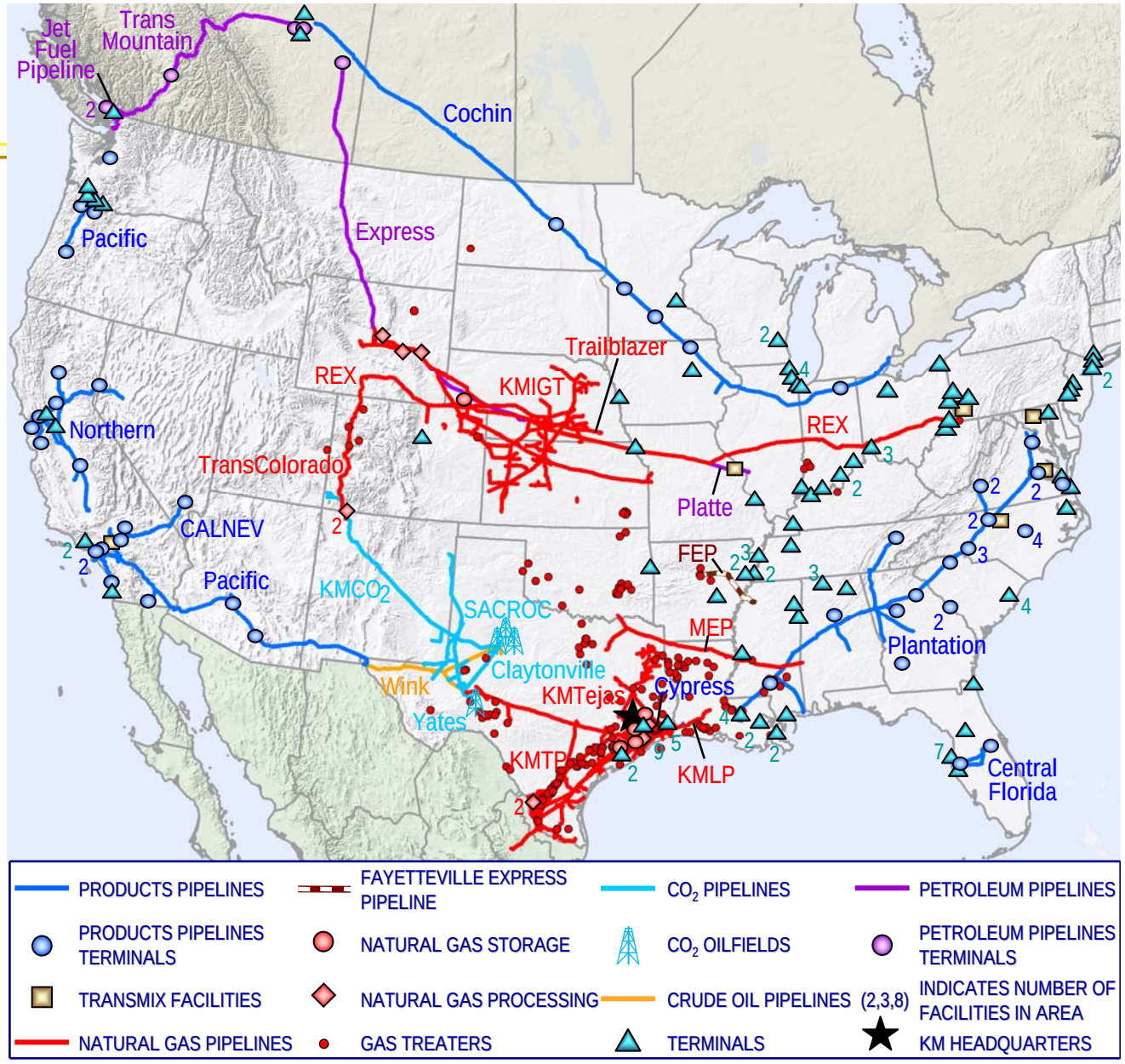


(a) KMP market equity based on 211 million common units (includes 5.3 million Class B units owned by Kinder Morgan, Inc.; Class B units are unlisted KMP common units) at a price of $63.45 and 86 million KMR shares at a price of $56.18, as of 15-Jan-2010
(b) Debt balance as of 31-Dec-2009, excludes the 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

Unmatched Footprint

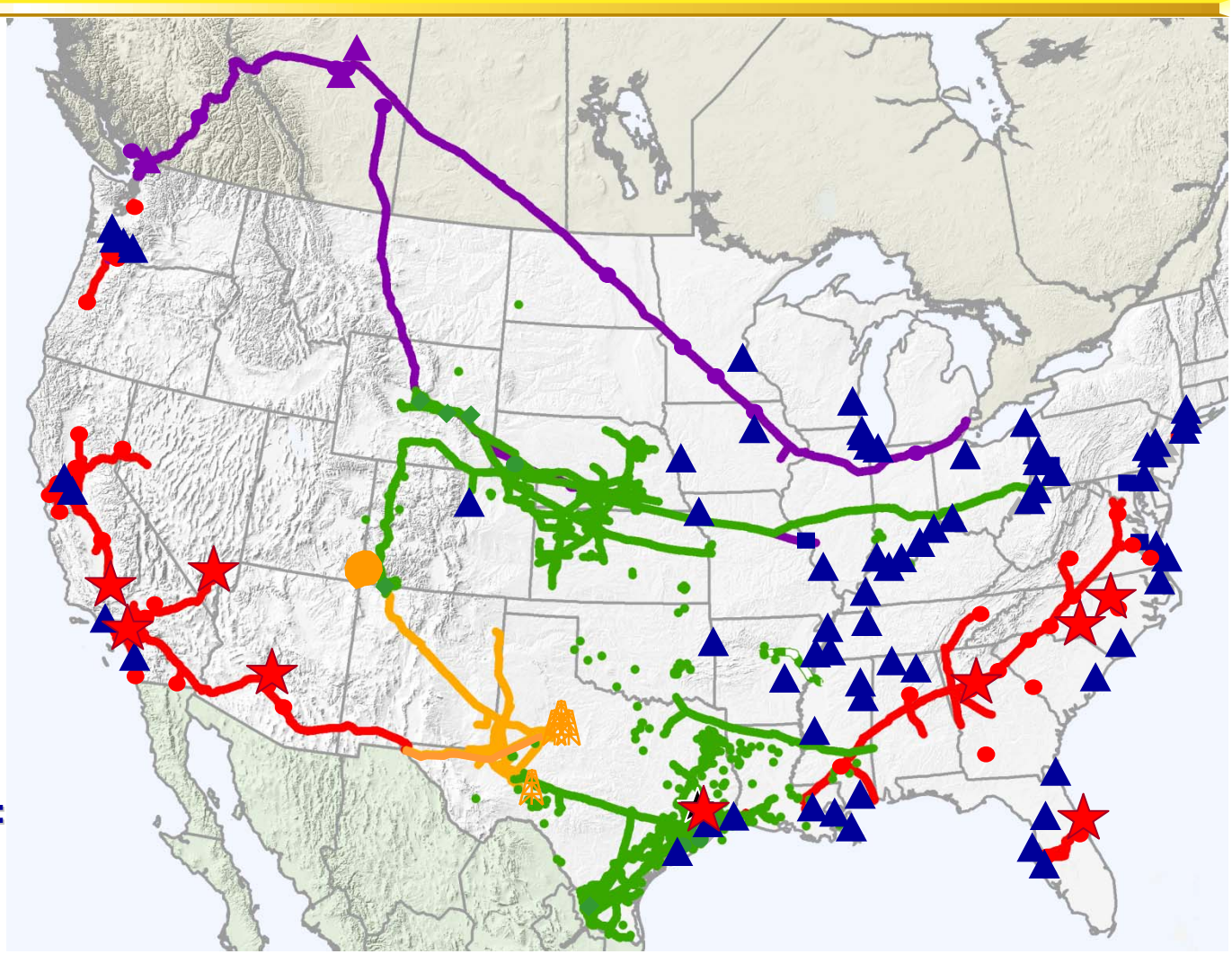
- **Largest independent transporter of petroleum products in the U.S.**
  - Transport ~1.9 million barrels per day (Bbl/d)
- **2nd largest transporter of natural gas in U.S.** [(a)]
  - Own an interest in or operate over 24,000 miles of interstate / intrastate pipeline
- **Largest provider of contracted natural gas treating services in U.S.**
- **Largest transporter of CO_2 in U.S.**
  - Transport ~1.3 Bcf/d of CO_2
- **2nd largest oil producer in Texas**
  - Produce ~56 MBbl/d of crude
- **Largest independent terminal operator in U.S.**
  - Own an interest in or operate ~180 liquids / dry bulk terminals [(b)]
  - ~107 million barrels of domestic liquids capacity [(c)]
  - Handled ~78 million tons of dry bulk products in 2009
    - Largest handler of petcoke in U.S.
- **Only Oilsands pipeline serving Vancouver B.C. / Washington state**
  - TMPL transports ~300 MBbl/d to Vancouver / Washington state

(a) Includes NGPL
(b) Excludes 34 transload facilities
(c) Includes leased capacity



As Important as Size, Location

- Products Pipelines: well-located with origin in refinery/port hubs and terminus in population centers
- Natural Gas Pipelines: well-positioned in Rockies, Shales, Texas
- CO_2: own and operate best source of CO_2 for enhanced oil recovery
- Terminals: well-positioned on three coasts and along inland waterways
- Kinder Morgan Canada: serve Canadian Oilsands



Stable Asset Base

	Natural Gas Pipelines	Products Pipelines	CO_2	Terminals	Kinder Morgan Canada
Volume Security	– Interstate: virtually all take or pay – Intrastate: ~78% take or pay (a)	– volume based	– S&T: minimum volume guarantee	– Liquids: take or pay – Bulk: minimum volume guarantee, requirements	– No volume risk
Remaining Contract Life (b)	– Transportation: 8.9 yrs (c) – Storage: 2.7 yrs	– not applicable	– S&T: 3.1 yrs (d)	– ~3 yrs	– 2.1 yrs
Pricing Security	– Interstate: fixed based on contract – Intrastate: primarily fixed margin	– PPI + 1.3%	– S&T: 68% fixed (e) O&G: volumes 73% hedged (f)	– based on contract; typically fixed or tied to PPI	– fixed based on toll settlement
Regulatory Security	– Interstate: regulatory return mitigates downside; higher recourse rates for increased costs – Intrastate: essentially market-based	– regulatory return mitigates downside	– primarily unregulated	– not price regulated	– regulatory return mitigates downside
Commodity Price Exposure	– Interstate: no direct – Intrastate: limited	– no direct	– S&T: 32% tied to oil price (e) – O&G: volumes 27% unhedged (f)	– no direct	– no direct
Barriers to Entry	– High	– High	– High	– High	– High

(a) Transportation for intrastate pipelines includes term purchase and sale portfolio
(b) Volume-weighted, except Terminals which is weighted based on 2010 budgeted revenues
(c) Includes newbuild pipelines (REX, MEP and KMLP); newbuild pipeline capacity generally subscribed for a 10-year initial term
(d) Doesn't reflect SACROC contract renewal
(e) Based on revenue assuming an oil price of ~$84/Bbl; includes sales we make to our O&G business; eliminating sales to O&G = 82% fixed / 18% tied to oil price
(f) % of 2010 expected production, includes heavier NGL components (C4+)

Well-diversified Asset Base

CO_2

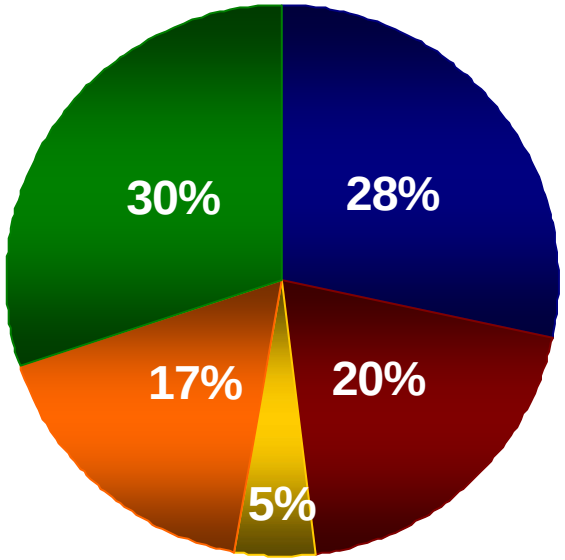
- 28% CO_2 transport and sales
- 72% oil production related
- Production hedged [a]:

  2010=73% ($57/Bbl)
  2011=60% ($63)
  2012=32% ($82)
  2013=14% ($89)
  2014=5% ($85)

Terminals

- 58% Liquids
- 42% Bulk
- Geographic and product diversity

KMP 2010E Segment DCF Profile [b]



Kinder Morgan Canada

Natural Gas Pipelines

- 59% Interstate [c]
- 41% Texas Intrastate

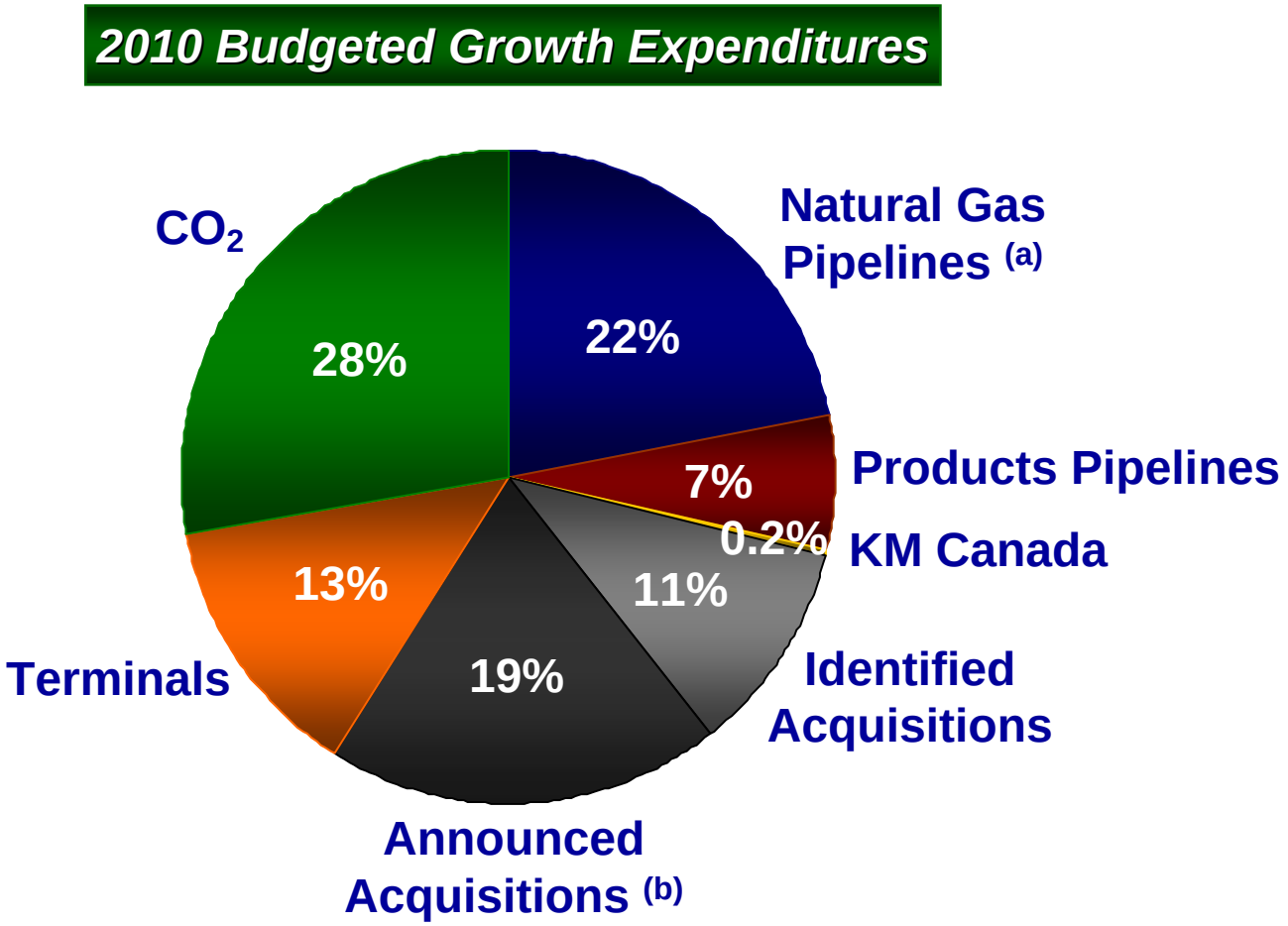
Products Pipelines

- 59% Pipelines
- 36% Associated Terminals [d]
- 5% Transmix

(a) 2010 budget; 2011-2014 based on Netherland, Sewell reserve report; includes heavier NGL components (C4+); where collars are used, pricing incorporated into average hedge price is the collar floor; incorporates swaps and puts at strike price net of premium
(b) Budgeted 2010 segment distributable cash flow, as defined on the Non-GAAP Financial Measures slide
(c) Includes upstream segment; ~4% of total natural gas pipeline segment
(d) Terminals are not FERC regulated except portion of CALNEV

$1.5 Billion in Growth Expenditures Planned for 2010

(millions)



(a) Includes equity contributions to joint ventures
(b) $195 million ethanol terminal acquisition from U.S. Development Group (USD) and $95 million Slay bulk terminal acquisition

2010 Partnership Goals

- **Distribution Target**
  - $4.40 per unit (4.8% growth)
  - Excess coverage of ~$32 million
- **Maintain Solid Balance Sheet**
  - Year-end 2010 Debt / EBITDA of 3.6x
  - Expansions / acquisitions financed 50% equity, 50% debt
- **Operate all of our assets in a safe, compliant and environmentally sound manner**

We Benefit from Green Energy

Well-positioned, diverse business segments and footprint provide for opportunities

■ **Renewable Fuels**	– Expect to handle ~250 MBbl/d of renewable fuels in 2010 (a) (25-30% of U.S. market)	– Continue to utilize and expand refined products pipelines and terminals to handle ethanol, biofuels and changing / increasing fuel specifications
■ **Natural Gas**	– ~5 Tcf of natural gas transported in 2009 over 24,000 miles of pipeline (b) (~20% of U.S. market)	– Pipeline system directly connects to over 20 producing basins – Continue to utilize and expand footprint
■ **Carbon Sequestration (Clean Coal)**	– Transport ~1.3 Bcf/d of CO_2	– Industry leader in CO_2 handling – Continue to look for the right opportunities
■ **Wind and Solar Power**	– ~5 Tcf of natural gas transported in 2009 over 24,000 miles of pipeline (b) (~20% of U.S. market)	– Natural gas-fired power plants backstop renewable power

(a) Expected total volumes handled including the recently announced terminal acquisition from USD
(b) Includes NGPL

Future Opportunities Abound

	Growth Drivers	KM Opportunity – Leverage Footprint
■ **Natural Gas Pipelines**	– Cheap, abundant, domestic energy source – Shifting supply from multiple basins – U.S. demand for natural gas expected to increase by ~17 Bcf/d 2009-2030 (a) – Over $100 billion of new pipeline infrastructure estimated between 2010 and 2030 (b) – Natural gas is the logical fuel of choice for economical clean burning electricity	– Full-year impact of REX, MEP, KMLA – Completion of construction of FEP in 2010 – Leverage KM's pipeline connectivity and expertise into pipeline/storage expansions and acquisitions in current and new basins – Expand services to customers (i.e. Treating, G&P, etc)
■ **Products Pipelines / Terminals Segments**	– Diversity of product specs – RFS requires a nearly two-fold increase in use of renewable fuels through 2022 (c) – Customers desire for optionality at terminal locations (export and import capabilities and multiple modes of inbound and outbound transportation, e.g. water, rail, truck access)	– Committed ~$500MM to handle renewable fuels to date and continue to expand across our asset base – Location of facilities and ability to provide flexibility to customers keeps customers at terminals and provides for expansions – Consolidate "mom and pop" bulk terminals – Look for acquisitions from the majors
■ **CO_2**	– Billions of barrels of domestic oil still in place – Continuing technology improvements – Development of new basins – Fragmented ownership of oilfields	– Continue buildout of SACROC and Yates – Katz expansion project – Utilize CO_2 expertise to evaluate oilfield acquisitions and new pipeline projects
■ **Kinder Morgan Canada**	– Continued need to move Canadian crude and refined products to Westcoast	– Flexibility for staged expansions or one large expansion to Westcoast

(a) Source: Wood Mackenzie long-term outlook, Dec-2009
(b) Source: INGAA natural gas infrastructure study, Oct-2009
(c) RFS (U.S. Renewable Fuels Standard) requires increase from 13 Bgal/yr in 2010 to 36 Bgal/yr in 2022)

KINDER MORGAN
ENERGY PARTNERS, L.P.

Attractive Value Proposition

- Unparalleled asset footprint
- Established track record
- Industry leader in all business segments
- Experienced management team
- Supportive general partner
- Transparency to investors
- Attractive returns driven by combination of yield plus growth

KINDER MORGAN
ENERGY PARTNERS, L.P.

Financial Excellence

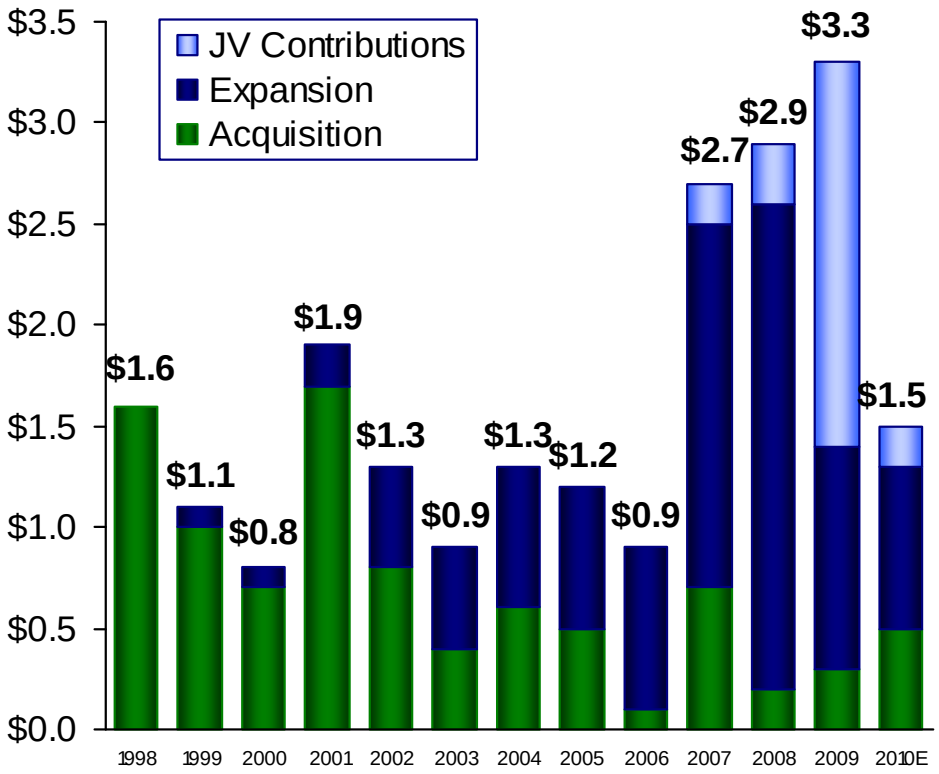
Park Shaper

President

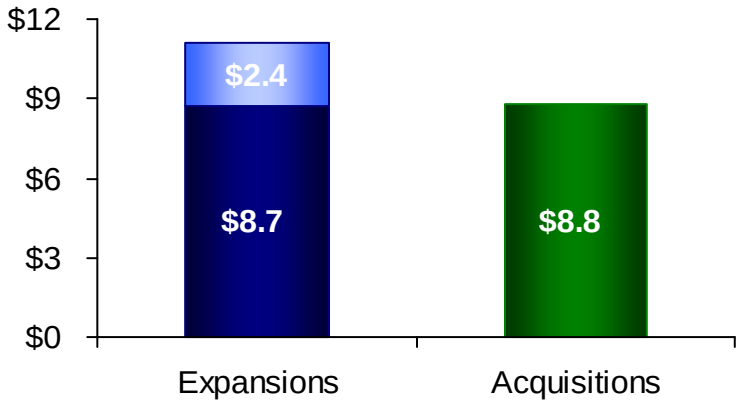
~$20 Billion in Capital Invested 1998-2009 (a,b)

(billions)

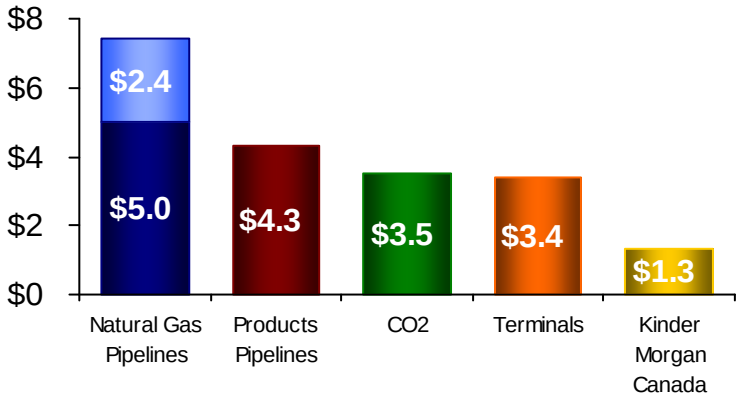
Total Invested by Year (a)



Total Invested by Type (a,b)



Total Invested by Segment (a,b)



(a) For joint-ventures, reflects our equity contributions
(b) 1998 – 2009, does not include 2010 budget

How We Have Done: Returns on Capital

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Segment ROI [a]:										
Products Pipelines	11.9%	11.8%	12.8%	12.9%	12.4%	11.6%	11.8%	13.2%	12.5%	13.4%
Natural Gas Pipelines	13.3	15.5	12.9	13.5	14.0	15.5	16.7	17.5	16.9	14.0
CO_2	27.5	24.6	22.0	21.9	23.8	25.7	23.1	21.8	25.9	23.5
Terminals	19.1	18.2	17.7	18.4	17.8	16.9	17.1	15.8	15.5	15.2
Kinder Morgan Canada	--	--	--	--	--	--	--	11.0	12.1	12.8
KMP ROI	12.3%	12.7%	12.6%	13.1%	13.6%	14.3%	14.4%	14.1%	14.9%	13.9%
KMP Return on Equity	17.2%	19.4%	20.9%	21.7%	23.4%	23.9%	22.6%	22.9%	25.2%	25.2%

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

(a) G&A is deducted to calculate the KMP ROI, but is not allocated to the segments and therefore not deducted to calculate the individual Segment ROI

Cost of Capital

- **Cost of capital varies over time**

  Current ~8.8% [(a)]
  2009 analyst conf 9.8%
  2008 analyst conf 9.0%
  2004 analyst conf 8.3%
  2003 analyst conf 9.1%
  2002 analyst conf 8.2%

- **Long-term cost of capital ~9%**

- **Targeted unlevered returns typically 12-15% for pipelines (higher for terminals, CO_2)**

  — well in excess of long-term cost of capital

(a) Calculation of current cost of capital may be found in the appendix to this presentation

Access to Capital

- **Issued ~$20 billion [(a)] of capital at KMP in the public markets since inception [(b)] and ~$2 billion at JVs [(c)]**
  - ~$9.2 billion in equity raised [(a)]
  - ~$11.1 billion in KMP long-term debt (~$10.2B net of refinancing)
  - ~$2.2 billion in JV debt ($2.1B net) [(c)]
- **Issued $3.5 billion [(a)] of capital at KMP in 2009 and $900 million at JVs [(c)]**
  - ~$1.5 billion in equity raised [(a)]
  - $2.0 billion in KMP long-term debt ($1.75B net)
  - $900 million in JV debt ($800MM net) [(c)]
- **Accessed in difficult markets**
  - Sep'01 to Sep'02 — ~$430 million in equity issued [(a)]; ~$1.5 billion in KMP long-term debt ($1.3B net)
  - Aug'07 to Dec'09 — ~$3.0 billion in equity [(a)]; ~$4.6 billion in KMP long-term debt ($4.1B net); ~$2.2 billion in JV debt ($2.1B net) [(c)]
- **Very little equity needed in 2010**
  - KMR dividend = ~$400 million in 2010
  - KMP $300 million public secondary offering(s) / ATM

(a) Includes KMR share dividends
(b) Since 1997
(c) Project-level long-term debt issued at joint ventures; all project-level long-term debt at JVs is unsecured and non-recourse to KMP, with exception of $100 million refinanced at Cortez joint venture which is unsecured but severally guaranteed by the partners (KMP 50%)

KMR: The Basics

KMR is KMP…

- **KMR shares**
  - Pari passu with KMP unitholders; represent limited liability interests in Kinder Morgan Management LLC, whose only investment is i-units of KMP
  - IPO in May-2001; trades on NYSE under symbol KMR
  - Market value = $4.8 billion (~1/4 of total KMP capitalization) [(a)]
- **KMR dividend equal to KMP cash distribution, but paid in additional shares (in-kind) [(b)]**
  - Effectively a dividend reinvestment program
  - Share dividend reduces KMP's external capital funding needs
    - KMP generates the cash flow to pay cash dividend, but pays in additional shares and reinvests that cash into new growth projects

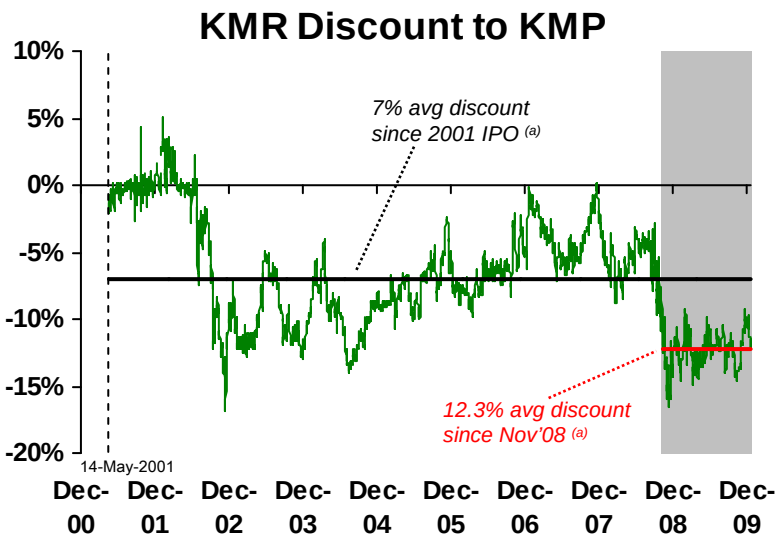
…but simplified (institutional investor-friendly)

- **Relative to MLP units, KMR shares are tax efficient and with simplified tax reporting**
  - Capital gains treatment
  - No K-1 (1099 if you sell shares, otherwise no tax documents)
  - IRA-friendly - no UBTI or state tax filings
  - Offshore investors can more easily own [(c)]

(a) KMR market equity based on 86 million KMR shares outstanding at 31-Dec-2009 and share price of $56.18 as of 15-Jan-2010
(b) Calculation of share dividend: KMP quarterly cash distribution per unit ÷ KMR 10-day avg price prior to x-date = fractional share paid for every KMR share owned, e.g. $1.05 ÷ $46.315 = 0.021292; example reflects actual KMR share dividend calculated for 3Q 2009, paid on 13-Nov-2009; refer to third quarter 10-Q
(c) Can be held directly; in-kind dividends not subject to ECI rules and branch profits withholdings, no FIRPTA issues

KMR: Compelling Investment Proposition [a]

- **KMR has generated strong returns for investors… [b]**
  - 50% total return in 2009
  - 13.2% compound annual total return since 2001 IPO vs. 14.4% for KMP, 13.8% for the Alerian MLP index and 0.8% for the S&P 500
- **…and trades at a significant discount to KMP**
  - Historical 7% discount since IPO
  - Currently at 11% discount
  - Discount increased during 4Q '08 and has not returned to prior levels

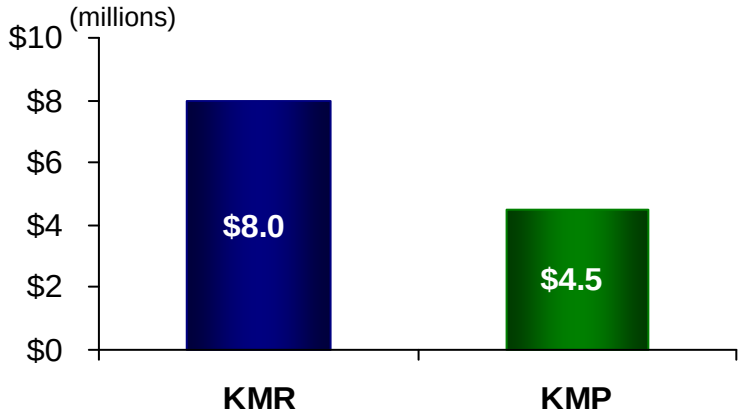


Market cap of $4.8 billion [c] and liquidity of $15 million per day [d] (360k shares per day)

(a) All figures through / as of 15-Jan-2010, except 2009 total return which is through 31-Dec-2009
(b) See footnotes on slide 5 for explanation of total return calculations
(c) See preceding slide for calculation of market cap
(d) 2009 average dollar volume traded

Insiders Prefer KMR

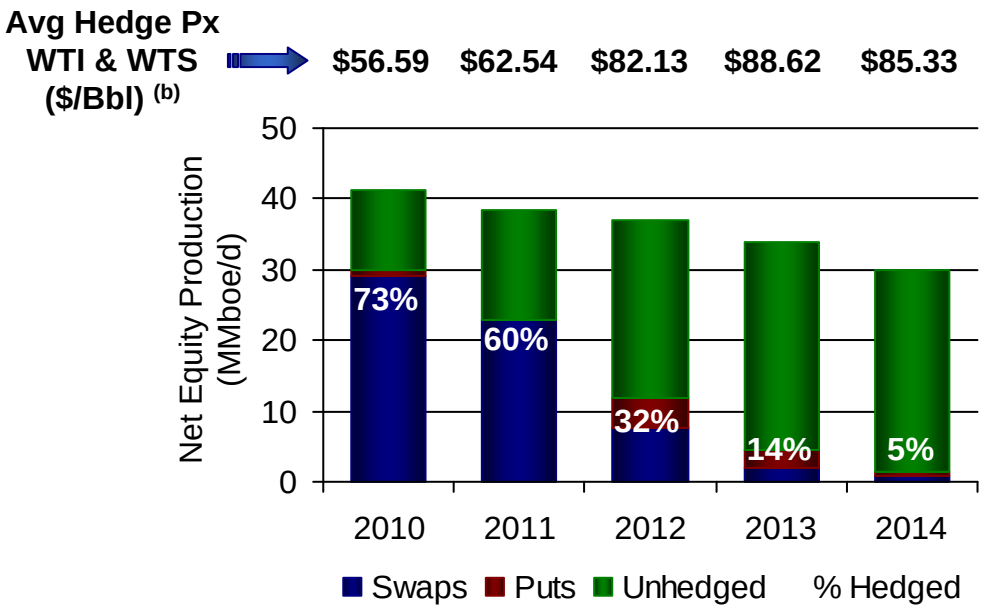
Management Purchases of KMR & KMP [(a)]



(a) Purchase of KMR shares and KMP units by directors and officers of KMR/KMP since the KMR IPO in 2001, as reported in SEC Form 4 filings

CO_2 Crude Production Hedge Profile

SACROC & Yates Crude Oil Production [a]



(a) 2010 budget; 2011-2014 based on Netherland, Sewell reserve report; includes heavier NGL components (C4+); where collars are used, pricing incorporated into average hedge price is the collar floor

(b) Incorporates swaps and puts at strike price net of premium

Risks

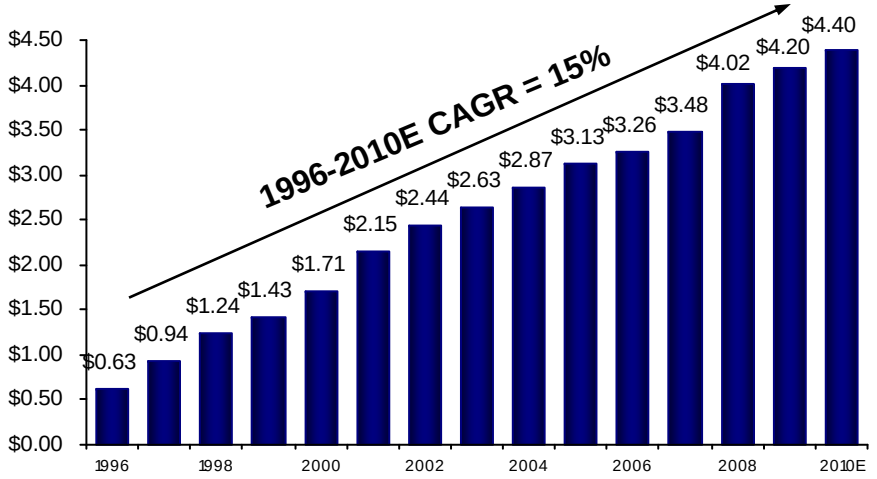
- **Regulatory**
  - Pacific Products Pipeline FERC/CPUC case
  - Periodic rate reviews
  - Unexpected policy changes
- **Crude Oil Production Volumes**
- **Crude Oil Prices**
  - Budget assumes $84/Bbl realized price on unhedged barrels
  - 2010 Sensitivity is ~$6 million DCF per $1/Bbl change in crude oil prices
- **Economically Sensitive Businesses (e.g., steel terminals)**
- **Environmental**
- **Terrorism**
- **Interest Rates**
  - ~50% floating rate debt
  - The full-year impact of a 100-bp increase in rates equates to an approximate $55 million increase in interest expense

Focused on Distribution Growth

History of Delivering Distribution Growth [a]

- 1-year growth = 4.5%
- 3-year growth = 8.8%
- 5-year growth = 7.9%

Annual LP Distribution Per Unit [b]



Projecting ~5% growth in 2010
5-7% growth rate appears reasonable

(a) Compound annual growth in KMP LP distributions per unit for the 1-year, 3-year and 5-year periods ending 31-Dec-2009
(b) Annual LP distribution, rounded to 2 decimals where applicable


KINDER MORGAN
ENERGY PARTNERS, L.P.

KINDER MORGAN
ENERGY PARTNERS, L.P.

Operational Excellence

Steve Kean

Chief Operating Officer

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

Implementation Plan

Immediate Risk Reduction

- ROW protection programs (complete)
- Liquids Pipeline O&M re-write (complete)
- EHS “boot camps” in Terminals (complete)
- Comprehensive and “top half” audits (annual program)
- Acceleration of pipeline integrity work (2008 – 09)
- Terminals O&M re-write (ongoing – Q1 2010)
- PSM/RMP compliance

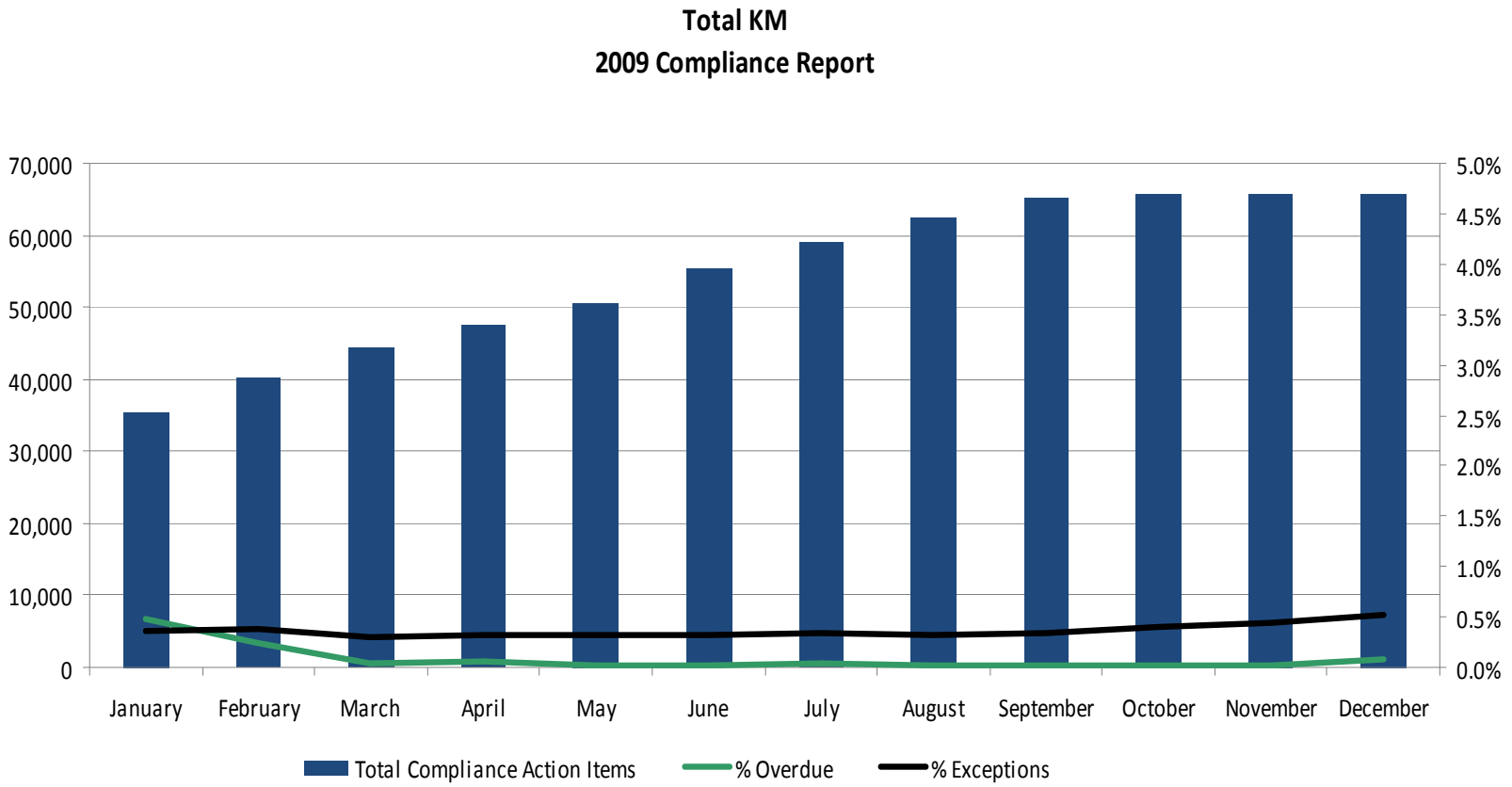
Systems-making Compliance Routine

- Addressing operations performance in existing processes—Operations Management System (complete)
  - Annual budget
  - Compensation
  - QBRs
  - Operations Quarterly meetings
  - Monthly B.U. meetings
- Compliance systems
  - OpsEnvironmental and OpsCompliance (2008 – 09)
  - Datastream (complete)
  - Petris (complete)
  - Audit tracking system (complete)
  - Additional reporting from other systems (2010)
- Incident and Near Miss Reporting systems
  - ERL (complete)
  - STARS (complete)
  - Incident Review Committee (complete)

Continuous Improvement

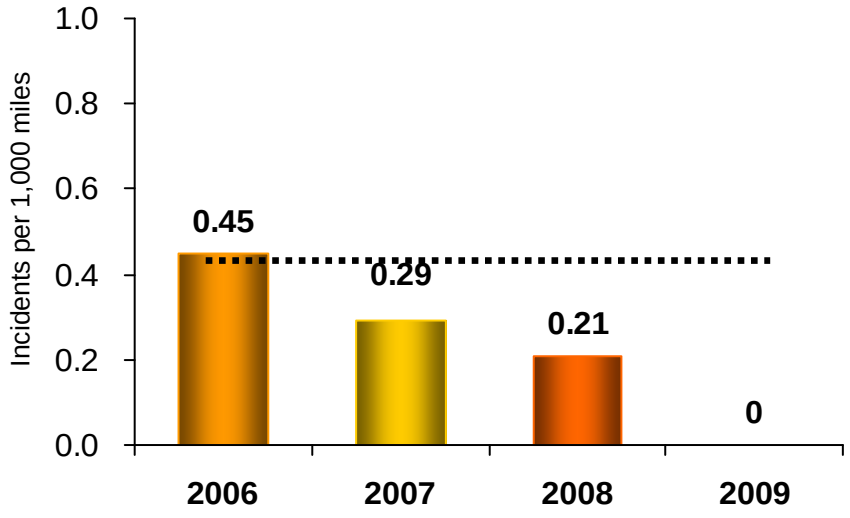
- Systems Improvement and Updating
- Measuring, meeting, adjusting Training
- Auditing

Compliance – Total KMP

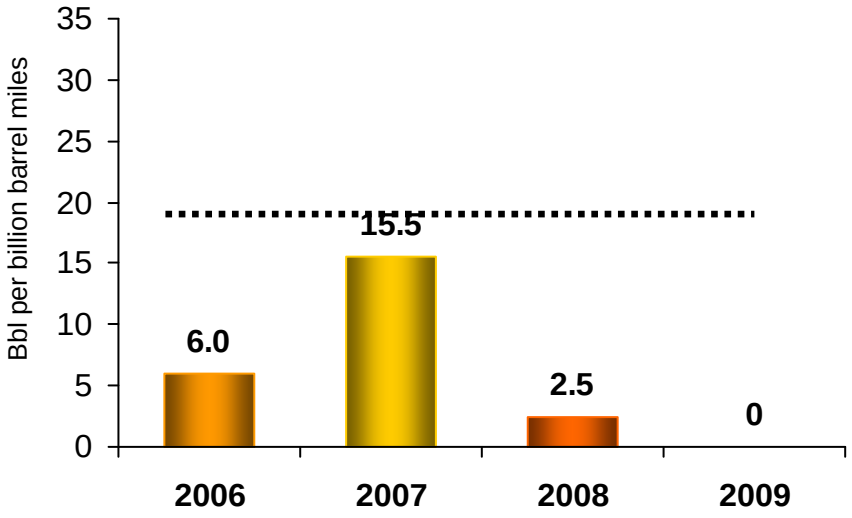


Incidents & Releases: Liquids Pipeline ROW

Liquids Pipeline Incidents per 1,000 Miles (a)



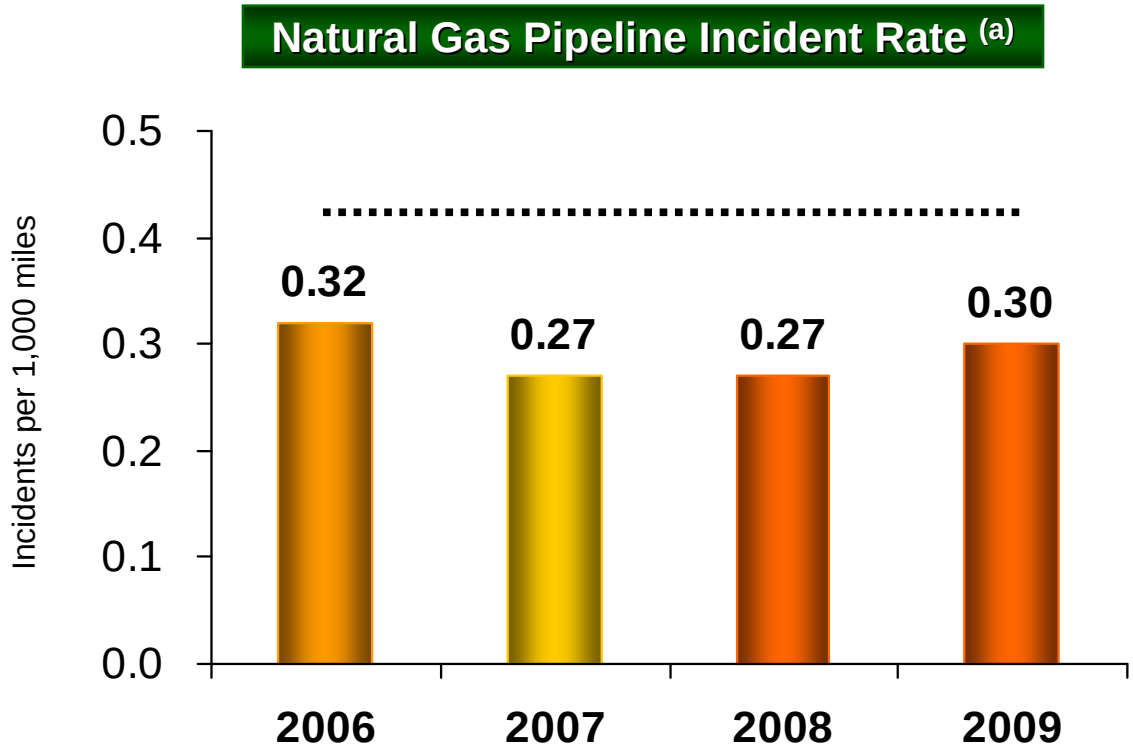
Liquids Pipeline Release Rate (a)



Notes:
KM totals exclude non-DOT jurisdictional CO_2 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

Incidents & Releases: Natural Gas Pipeline 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) A death, or personal injury necessitating in-patient hospitalization; or

(ii) Estimated property damage, including cost of gas lost, of the operator or others, or both, of $50,000 or more

(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)

Safety Performance – KM 1 year vs. Industry

	Recordable Injuries [a]		Lost Time Injuries [a]		Vehicle Accidents [b]	
Business Unit	**KM 12-mo**	**Industry**	**KM 12-mo**	**Industry**	**KM 12-mo**	**Industry**
Natural Gas Pipelines	1.50	2.0	0.82	0.9	0.47	1.48
CO_2	1.84	1.7	1.01	1.2	0.20	1.48
Products Pipelines	1.14	2.0	0.79	0.9	0.37	2.28
Terminals	2.29	7.1	1.21	4.7	1.51	N/A
Kinder Morgan Canada	0.80	2.0	0.53	0.9	0.60	2.28

(a) Injury rates are per 200,000 hours (100 people working 40 hours/wk for 50 weeks)
(b) Vehicle rates are per 1,000,000 miles

Safety Performance – KM 1 year vs. KM 3 year

	Recordable Injuries [a]		Lost Time Injuries [a]		Vehicle Accidents [b]	
Business Unit	**KM 12-mo**	**KM 3-yr**	**KM 12-mo**	**KM 3-yr**	**KM 12-mo**	**KM 3-yr**
Natural Gas Pipelines	1.50	1.22	0.82	0.51	0.47	0.75
CO_2	1.84	0.78	1.01	0.46	0.20	0.82
Products Pipelines	1.14	1.00	0.79	0.72	0.37	0.48
Terminals	2.29	3.29	1.21	1.56	1.51	2.28
Kinder Morgan Canada	0.80	0.87	0.53	0.43	0.60	0.85

(a) Injury rates are per 200,000 hours (100 people working 40 hours/wk for 50 weeks)
(b) Vehicle rates are per 1,000,000 miles

Contractor Safety

	Recordable Injuries [a]		Lost Time Injuries [a]	
Business Unit	**KM 12-mo**	**Industry**	**KM 12-mo**	**Industry**
Natural Gas Pipelines	2.12	2.60	0.19	1.10
CO_2	1.61	4.20	0.59	1.53
Products Pipelines	2.14	2.60	0.00	1.10
Terminals	1.46	3.28	0.49	1.20
Kinder Morgan Canada	0.00	2.60	0.00	1.10

(a) Injury rates are per 200,000 hours (100 people working 40 hours/wk for 50 weeks)

2010 Plans

- **Extension of Compliance Systems exception reporting to more subject areas**
- **Close remaining compliance gaps**
  - PSM/RMP (CO_2)
  - DOT (Terminals) – multi-year plan
- **Terminals O&M revision and implementation (Q1 2010)**
- **Renewed focus on employee safety – continuous improvement**