KINDER MORGAN

ENERGY PARTNERS, L.P.



"The fox knows many things; the hedgehog one great thing."

– Archilochus

The Time of the Hedgehog

January 29, 2009

KINDER MORGAN
ENERGY PARTNERS, L.P.

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.

KINDER MORGAN
ENERGY PARTNERS, L.P.

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.

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 DD&A less sustaining capital expenditures plus 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. "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/.

KINDER MORGAN
ENERGY PARTNERS, L.P.

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

KINDER MORGAN
ENERGY PARTNERS, L.P.

The Time of the Hedgehog…

"The fox knows many things; the hedgehog one great thing."

– Archilochus

KMP's model works in uncertain times

- **Secure cash flows from existing assets**
- **Demonstrated access to capital**
- **Available growth opportunities**
  - At attractive returns
  - With less competition

MLPs with strong balance sheets and diversified, stable assets have the advantage

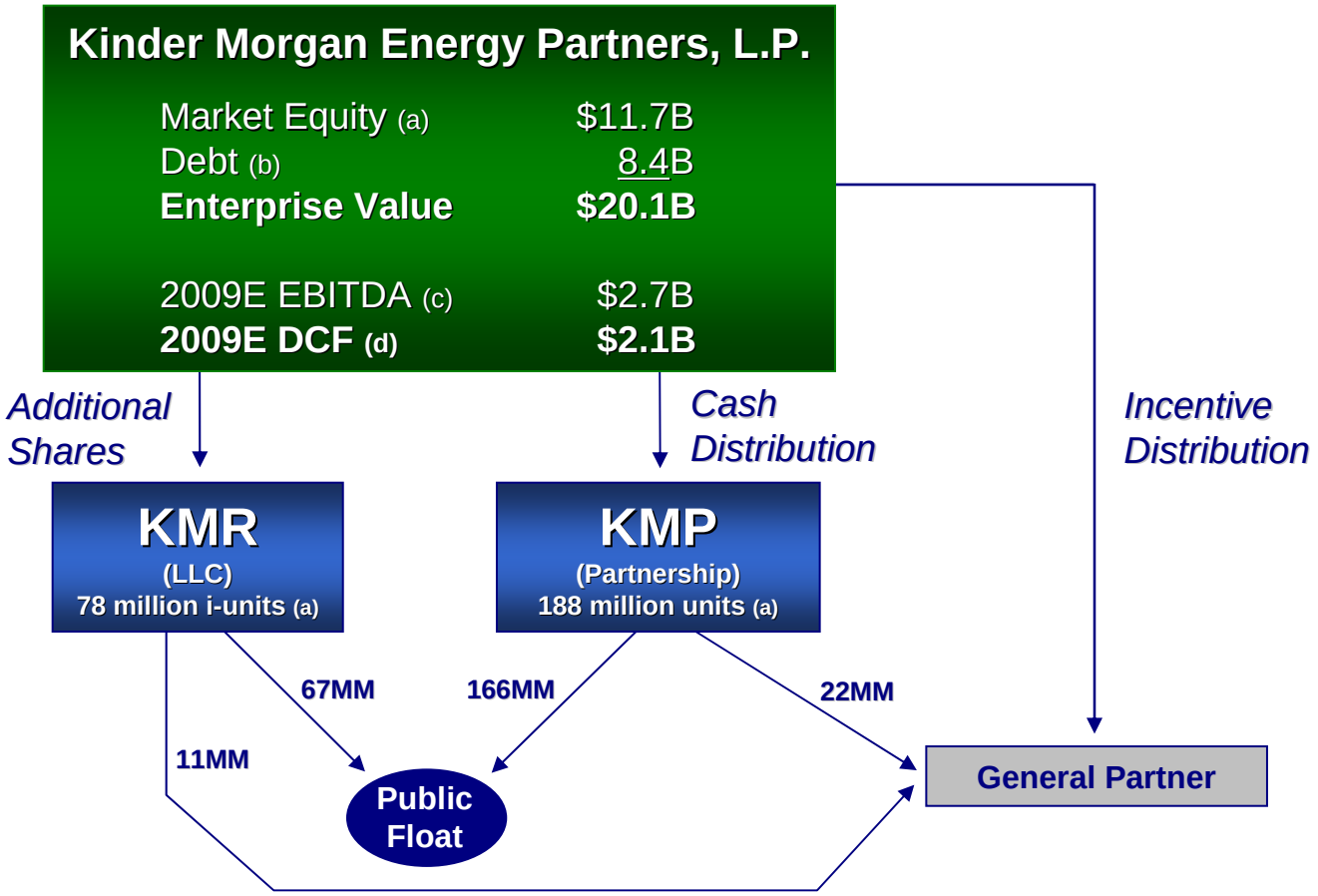
KINDER MORGAN
ENERGY PARTNERS, L.P.

Questions You Should Ask a Hedgehog

- **What is the impact of lower commodity prices on midstream infrastructure?**
  - Will Kinder Morgan distribute $4.20/unit as budgeted?
- **Will Kinder Morgan be able to fund its capital requirements in this challenging economic environment?**
- **What is impact of a sustained recession on Kinder Morgan's revenues?**
- **Will acquisition opportunities improve in this environment?**
- **Will project construction costs be lower as the economy contracts?**
- **Will Kinder Morgan be able to complete its major projects on current schedule and cost forecast?**

KINDER MORGAN
ENERGY PARTNERS, L.P.

Capital Structure



(a) KMP market equity based on 188 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 $45.75 and 78 million KMR shares at a price of $39.98, as of 31-Dec-2008.
(b) Debt balance as of 31-Dec-2008, excludes the fair value of interest rate swaps, net of cash. Adjusted for Jan-2009 interest rate swap unwind for proceeds of $144.4 million.
(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.

KINDER MORGAN
ENERGY PARTNERS, L.P.

The Kinder Morgan Strategy

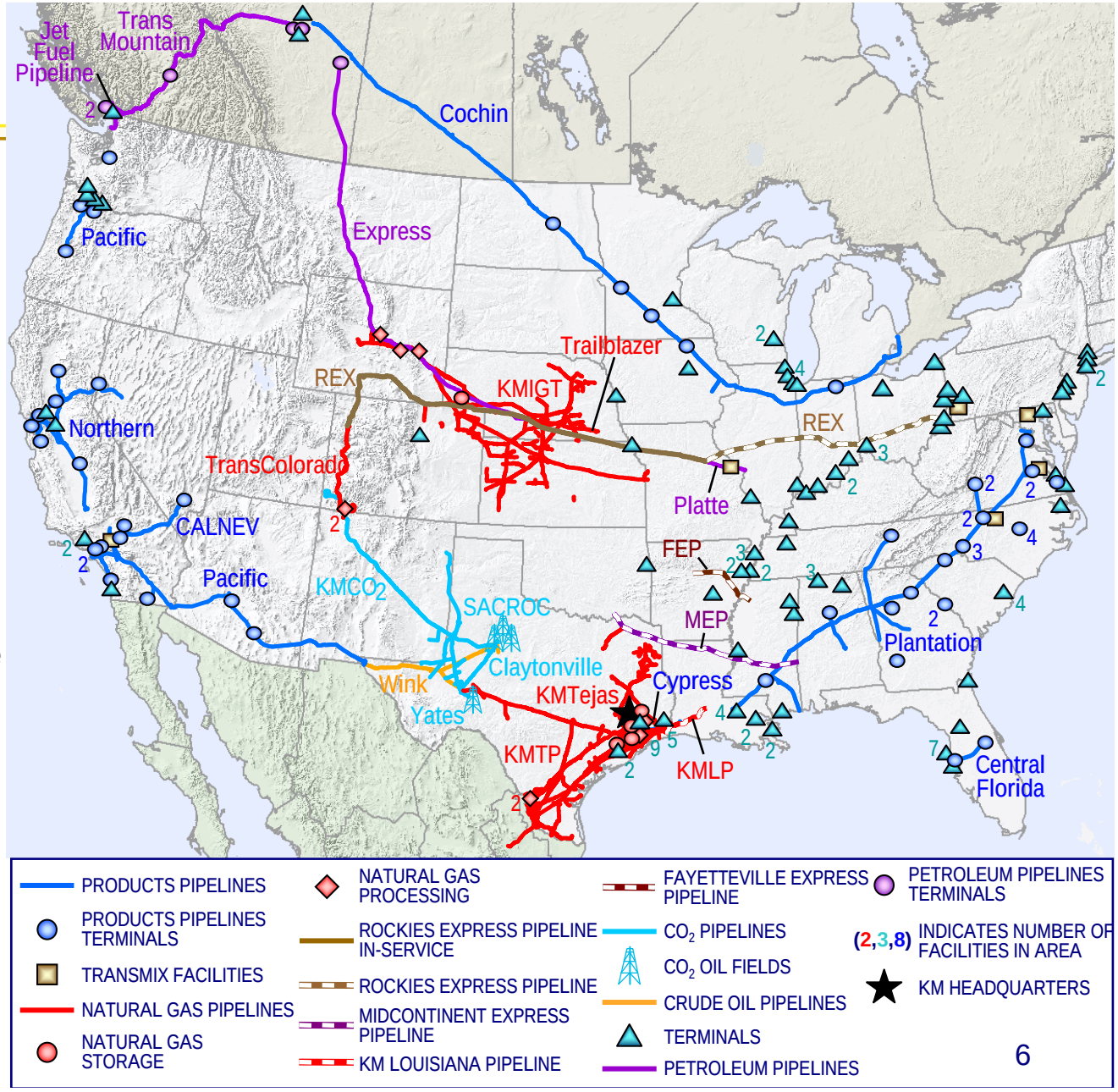
Same Strategy Since Inception

- **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

KINDER MORGAN
ENERGY PARTNERS, L.P.

Unmatched Footprint

- **Largest independent transporter of petroleum products in the U.S.**
  - Transport nearly 2 million barrels per day (Bbl/d)
- **2nd largest transporter of natural gas in U.S. (a)**
  - Approximately 21,000 miles of interstate / intrastate pipeline
- **Largest transporter of CO_2 in U.S.**
  - Transport ~1.3 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.**
  - 104 million barrels of domestic liquids capacity
  - Handled nearly 100 million tons of dry bulk products in 2008
    - Largest handler of petcoke in U.S.

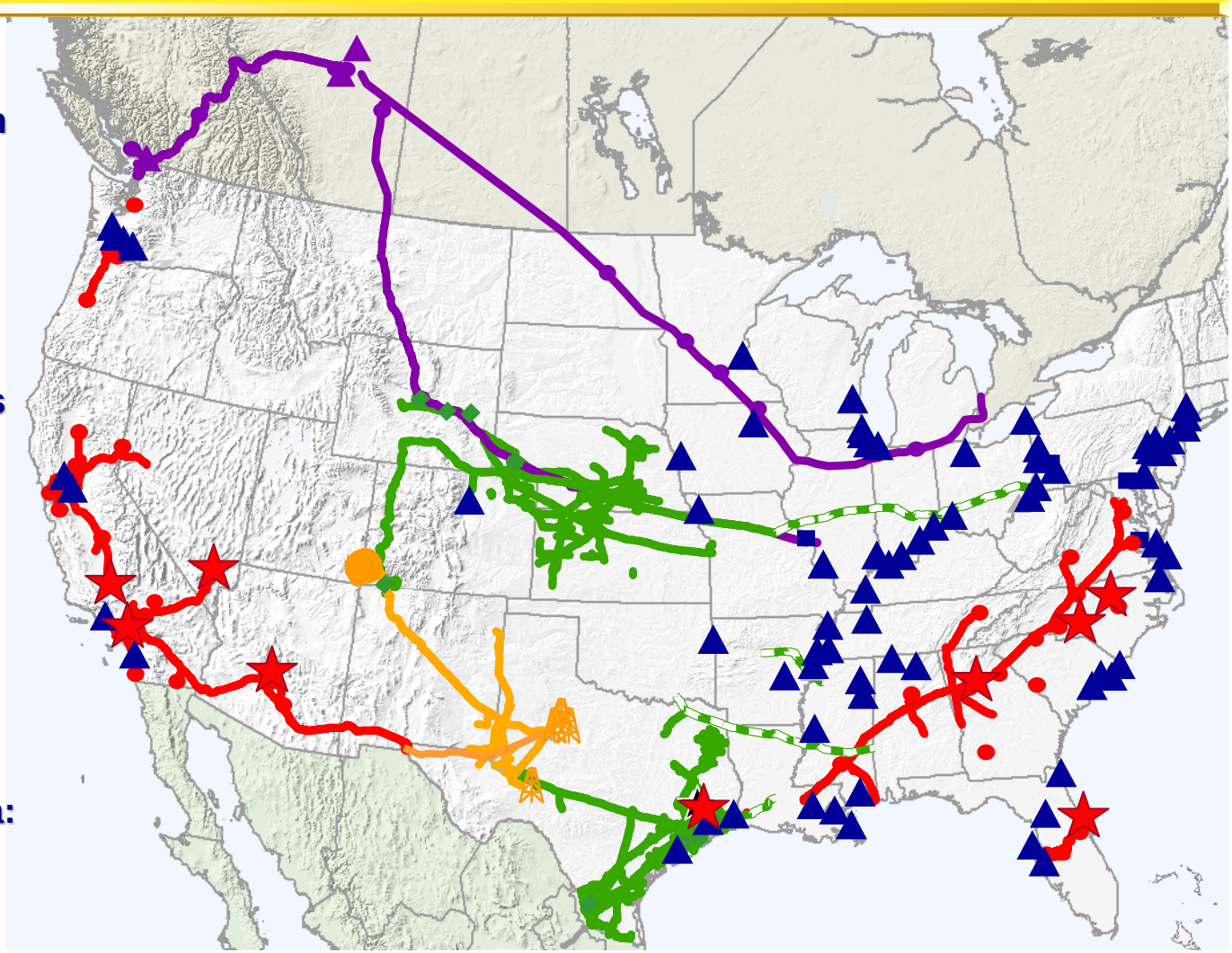


(a) Includes NGPL

KINDER MORGAN
ENERGY PARTNERS, L.P.

But More Important Than Size – Location, Location, 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 inland waterways
- Kinder Morgan Canada: serve Canadian Oilsands



Well-diversified Asset Base

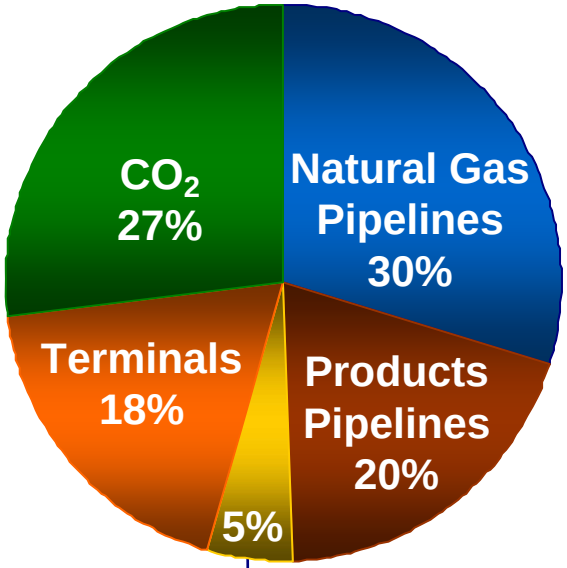
CO_2

- 32% CO_2 transport and sales
- 68% oil production related
- Production hedged (a):
  - 2009=73% ($49/Bbl)
  - 2010=63% ($56)
  - 2011=57% ($63)
  - 2012=35% ($83)
  - 2013=5% ($107)

Terminals

- 52% Bulk
- 48% Liquids
- Geographic and product diversity

KMP 2009 DCF Profile (b)



Natural Gas Pipelines

- 58% Interstate (c)
- 42% Texas Intrastate

Products Pipelines

- 63% Pipelines
- 32% Associated Terminals (d)
- 5% Transmix

(a) 2009 production based on Kinder Morgan budget; 2010-2013 based on Netherland, Sewell reserve report. Includes heavier NGL components (C4+).
(b) Budgeted 2009 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.

KINDER MORGAN
ENERGY PARTNERS, L.P.

Stable Asset Base

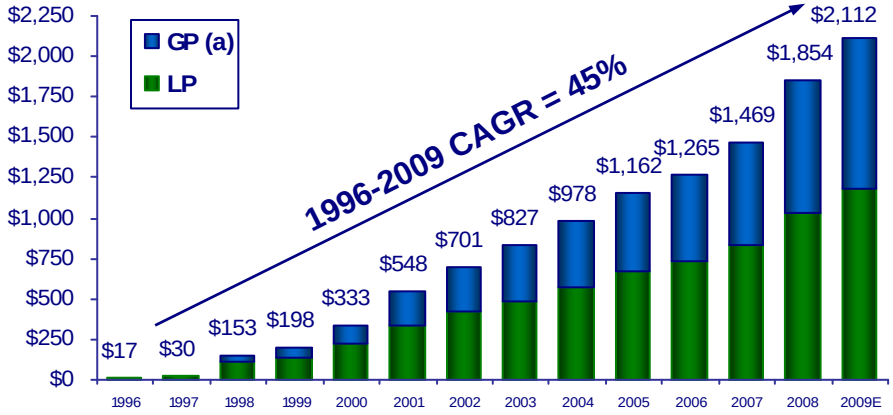
	Natural Gas Pipelines	Products Pipelines	CO_2	Terminals	Kinder Morgan Canada
Volume Security	– Interstate: virtually all take or pay – Intrastate: ~75% take or pay (a)	– volume based	– S&T: minimum volume guarantee	– Liquids: take or pay – Bulk: minimum volume guarantee	– take or pay
Remaining Contract Life (b)	– Transportation: 9.6 yrs (c) – Storage: 3.5 yrs	– not applicable	– S&T: 3.5 yrs	– Liquids: 3.1 yrs – Bulk: 2.8 yrs	– 3.1 yrs
Pricing Security	– Interstate: fixed based on contract – Intrastate: primarily fixed margin	– PPI + 1.3%	– S&T: ~74% fixed (d) – O&G: volumes ~73% hedged (e)	– based on contract; typically fixed or tied to PPI	– fixed based on contract
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: 26% tied to oil price (d) – O&G: volumes ~27% unhedged (e)	– 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 2009 budgeted revenues.
(c) Includes newbuild pipelines (REX, MEP, FEP and KMLP). Newbuild pipeline capacity generally subscribed for at least a 10-year initial term.
(d) Based on revenue assuming an oil price of $68/Bbl. Includes sales we make to our O&G business; eliminating sales to O&G = 86% fixed / 14% tied to oil price.
(e) % of 2009 expected production, includes NGLs.

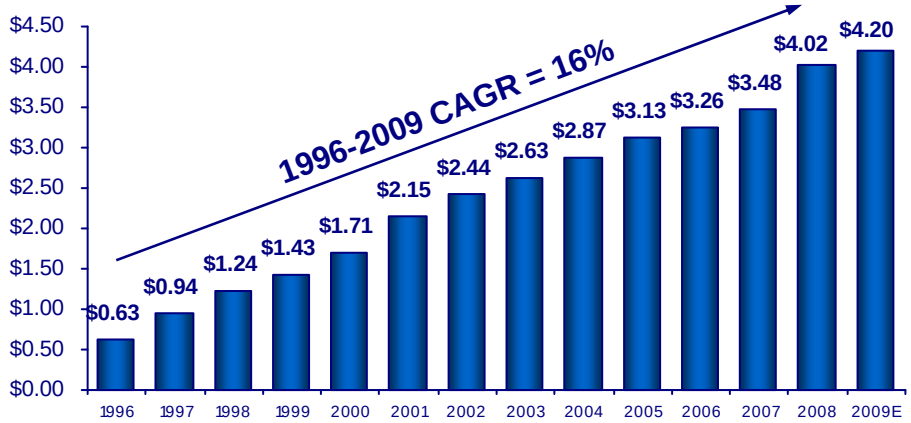
KINDER MORGAN
ENERGY PARTNERS, L.P.

Twelve Years of Consistent Growth

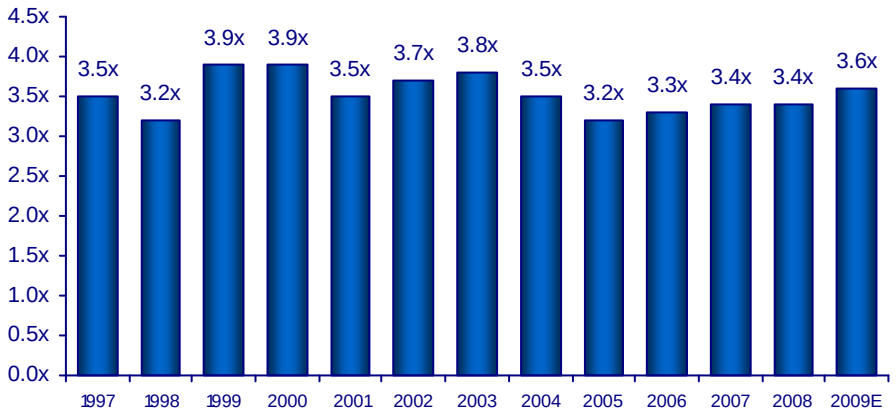
Total Distributions (GP + LP) ($MM)



Annual LP Distribution Per Unit (b)



Net Debt to EBITDA (c)

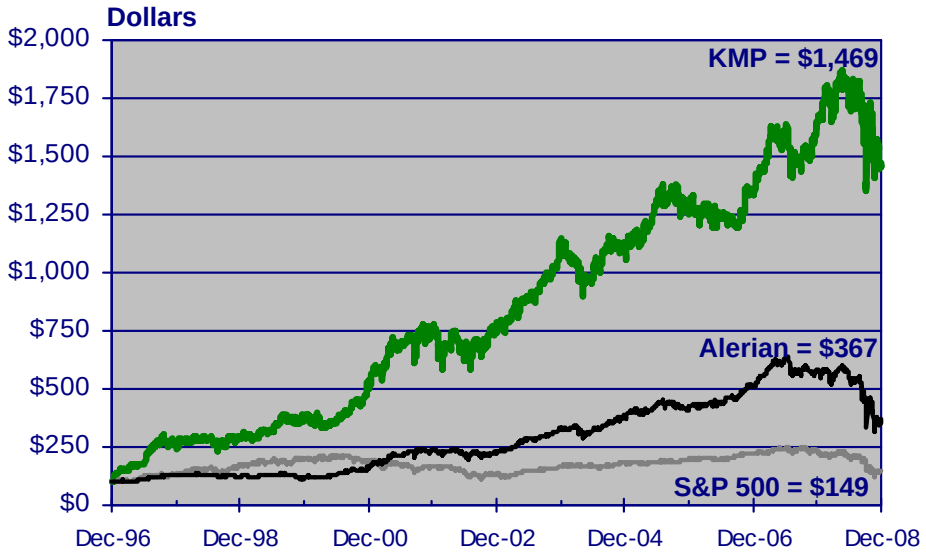


(a) Includes 2% GP interest.
(b) Annual LP distribution, rounded to 2 decimals where applicable.
(c) Debt is net of cash and excludes fair value of interest rate swaps.

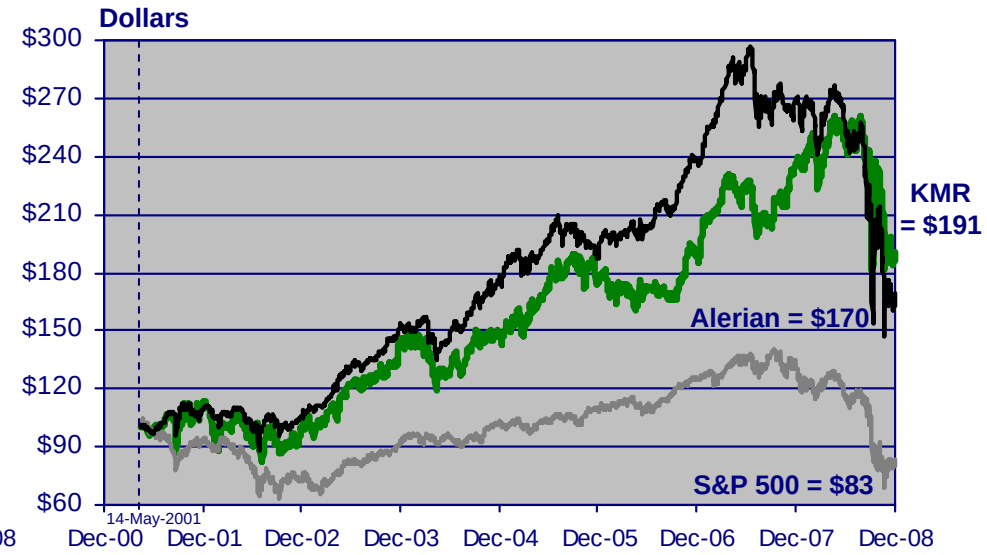
KINDER MORGAN
ENERGY PARTNERS, L.P.

Significant Historical Returns (a)

KMP: 25% CAGR (b)



KMR: 9% CAGR (c)



KMP 2008 Total Return = -9%

KMR 2008 Total Return = -19%

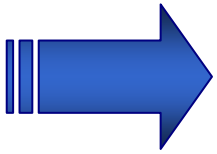
Alerian 2008 Total Return = -37%
S&P 500 2008 Total Return = -37%

Source: Bloomberg
(a) Total returns calculated on a daily basis through 31-Dec-2008 assuming dividends/distributions reinvested in index/stock/unit.
(b) Start date 31-Dec-1996
(c) Start date 14-May-2001; KMR Initial public offering

KINDER MORGAN
ENERGY PARTNERS, L.P.

Promises Made, Promises Kept

Promises Made	Promises Kept
Budgeted Distribution per unit:	**Actual Distribution per unit:**
2000: $1.60	2000: $1.71
2001: $1.95	2001: $2.15
2002: $2.40	2002: $2.435
2003: $2.63	2003: $2.63
2004: $2.84	2004: $2.87
2005: $3.13	2005: $3.13
2006: $3.28	2006: $3.26
2007: $3.44	2007: $3.48
2008: $4.02	2008: $4.02



KINDER MORGAN
ENERGY PARTNERS, L.P.

2009 Partnership Goals

- **Distribution Target**
  - $4.20 per unit (4.5% growth)
  - Excess coverage of ~$14 million
- **Maintain Solid Balance Sheet**
  - Expansions / acquisitions financed 50% equity, 50% debt
- **Deliver Projects on Current Schedule and Cost Forecast**

KINDER MORGAN
ENERGY PARTNERS, L.P.

Recent Trends

	Impact	Offset / Response
Decline in product demand	– Impacts volumes on product pipelines	– Annual PPI adjustment – Ethanol
Lower oil prices	– Impacts unhedged crude oil and NGL volumes in CO_2 segment	– Lower cost environment; e.g. drilling, equipment, capitalized CO_2, royalties, severance taxes, fuel/operating costs – May help refined product demand
	– Slowing growth in Canadian Oilsands production	– No impact on existing assets – May slow need for additional expansion
Lower short-term interest rates	– Positively impacts floating rate debt	– Impact of 100 bp change = $26MM (a)
Lower raw material costs	– Impacts capital projects	– Less possibility of additional cost overruns – New projects = better economics
Lower natural gas prices	– Slower growth in production	– Insignificant impact on gross margin – Lower power costs – May slow demand for new projects
Contango crude oil/refined products markets	– Crude/products sold forward, drives demand for existing tankage	– Incremental storage opportunities
Increased focus on lower CO_2 emissions	– Should drive demand for natural gas as preferred fossil fuel – Potential legislation regulating CO_2 emissions	– Natural gas expansion/ newbuild opportunities – CO_2 S&T opportunities
Volatility in capital markets	– Lower entity and asset valuations – Fewer entities with access to capital	– Potential for asset acquisitions/mergers

(a) Impact of a 100-basis point change in rates over a full year. Based on 31-Dec-2008 debt balance adjusted for 8-Jan-2009 swap unwind, ~31% of total debt exposed to floating rates; long-term fix/float target = 50/50%.

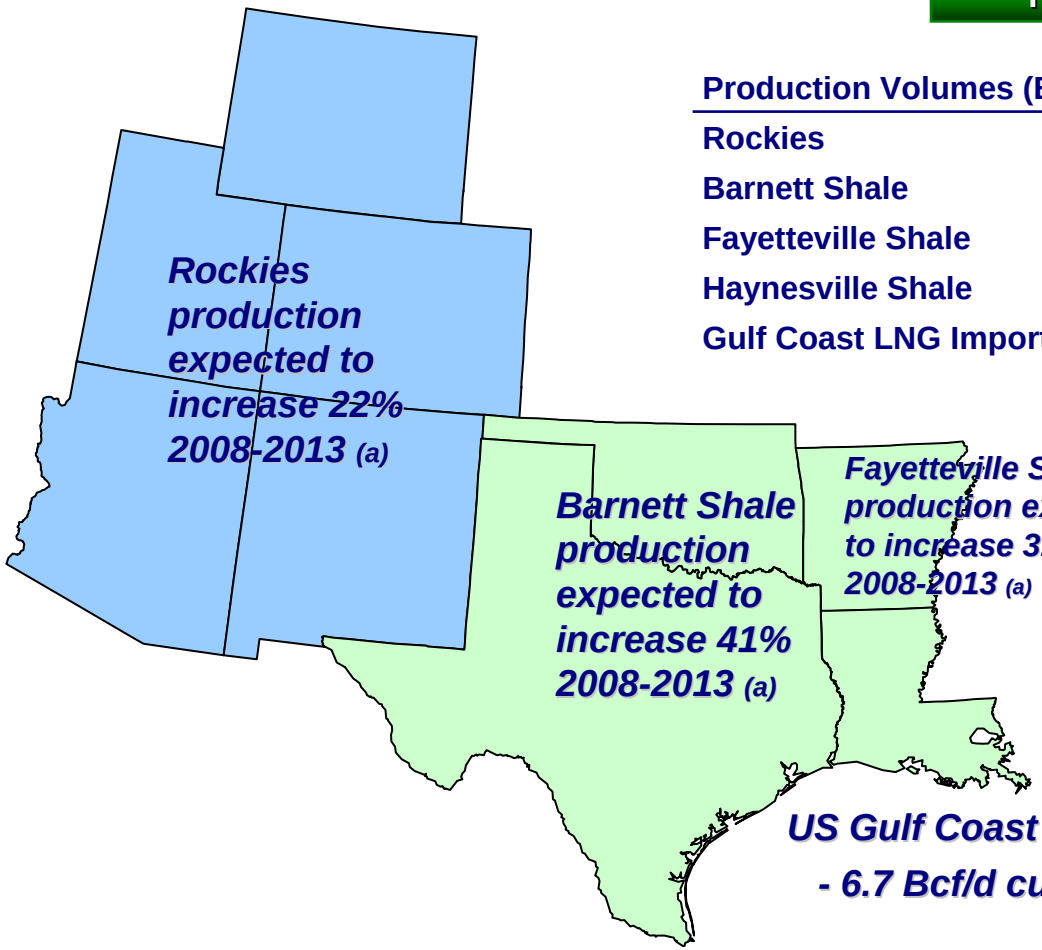
KINDER MORGAN
ENERGY PARTNERS, L.P.

Continued Growth Opportunities

	Current Projects (2009-2011)	Additional Opportunities
Shifting Natural Gas Supply Sources		
— **Rockies**	– Rockies Express pipeline	– Expansions, extensions and added service on current projects and existing assets
— **Shale Plays**	– Midcontinent Express pipeline – Fayetteville Express pipeline	– Storage
— **LNG**	– KM Louisiana pipeline	
Increased Use of Renewable Fuels		
— **Biodiesel**	– Store and blend at terminals – Tampa, Southeast Terminals, Northwest, West Coast, Houston, Argo, Philadelphia	– Additional ethanol/biodiesel storage and blending at terminal facilities
— **Ethanol**	– Transport on pipelines – CFPL	– Batched and dedicated ethanol/ biodiesel pipelines – Plantation/ Oregon line
Increased Use of Heavy Crude		
— **Petcoke Handling**	– Increased volume at petcoke terminals	– Increased handling of petcoke
— **Sulfur Handling**	– New petcoke locations: • BP Whiting • New Gulf Coast Facility • Deer Park	– Need for sulfur terminaling/storage – Application of sulfur prilling technology at terminal facilities

KINDER MORGAN
ENERGY PARTNERS, L.P.

Shifting Natural Gas Supply Sources



Natural Gas Supply (a)

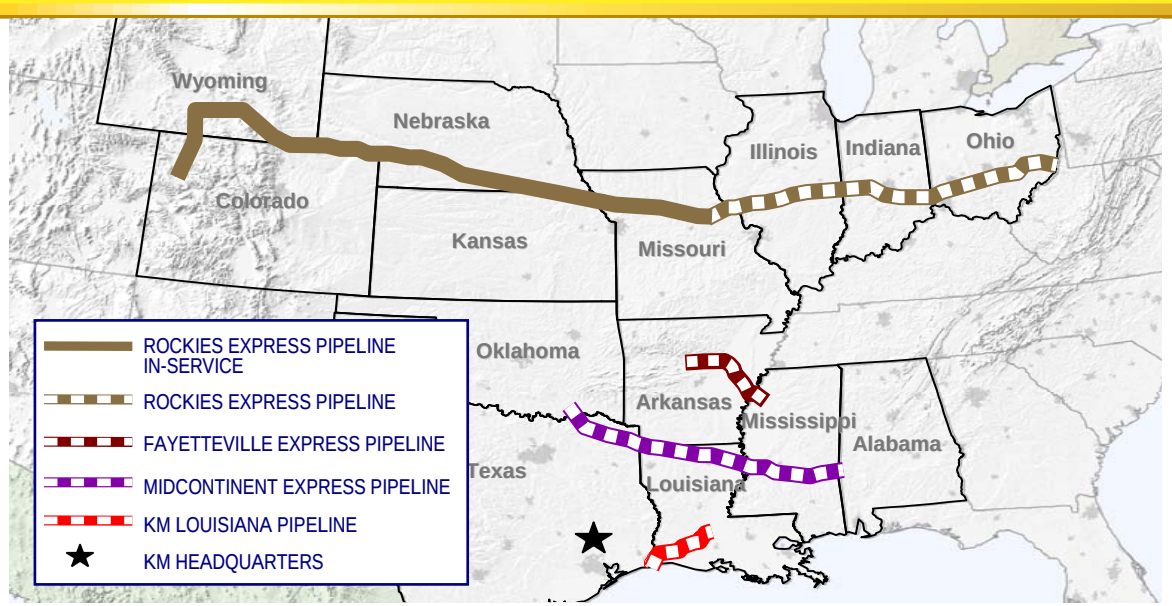
Production Volumes (Bcf/d)	2008E	2013	Change	% Change
Rockies	8.9	10.9	2.0	22%
Barnett Shale	3.9	5.5	1.6	41%
Fayetteville Shale	0.7	2.9	2.2	314%
Haynesville Shale	0.1	3.7	3.6	n/m
Gulf Coast LNG Imports	0.1	1.8	1.7	n/m

US Gulf Coast LNG import capacity:
- 6.7 Bcf/d currently in place (b)

(a) Sources: Fayetteville Shale, 2013 - Deutsche Bank forecast for 1/1/2012 (Jul-2008). All other natural gas supply - Wood Mackenzie (Dec-2008)
(b) Source: FERC

KINDER MORGAN
ENERGY PARTNERS, L.P.

Newbuild Natural Gas Pipelines

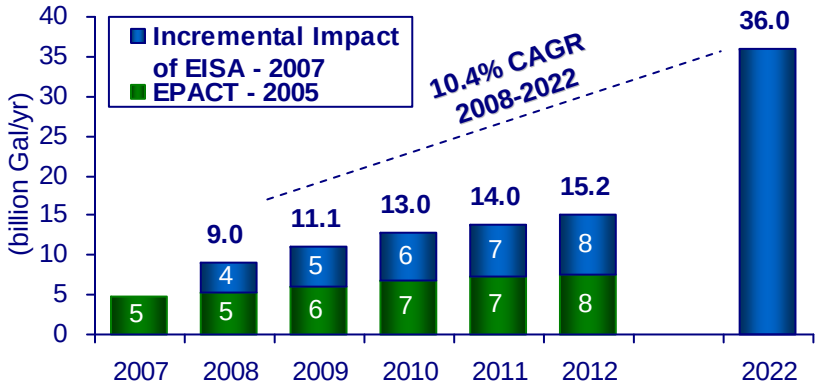


	Rockies Express Pipeline	Midcontinent Express Pipeline	Fayetteville Express Pipeline	KM Louisiana Pipeline		Total
KM Share of Cost ($MM)	$3,153 (a)	$971 (b)	$604	$949	=	$5,677
Capacity (Bcf/d)	1.8	1.8 (c)	2.0	2.1	=	7.7
In-service	2007-2009 (d)	2009-2010 (e)	2011	2009		
Term of Contracts	11.5 yrs (f)	10 yrs	10 yrs	20 yrs		
Ownership	KMP 50% (g) SRE 25% COP 25% (g)	KMP 50% ETP 50%	KMP 50% ETP 50%	KMP 100%		

(a) Includes ~$39 million (our share) for the REX-West EnCana expansion.
(b) Includes ~$93 million (our share) for the MEP Zone-1 expansion.
(c) Zone-1 capacity after expansion.
(d) 2009 in-service for base 1.8 Bcf/d project, 2010 in-service for REX-West EnCana expansion.
(e) 2009 in-service for base 1.4 Bcf/d project, 2010 in-service for Zone-1 expansion.
(f) Ten years from in-service of REX East.
(g) Upon completion of construction.

Increased Use of Renewable Fuels

Renewable Fuels Standard (RFS) (a)



- **EPA guidelines for the 2009 RFS requires "Obligated Parties" to blend ethanol at an expected overall 10% level in gasoline (b)**

EPA guidelines require significant ethanol/biodiesel blending in 2009 and beyond

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

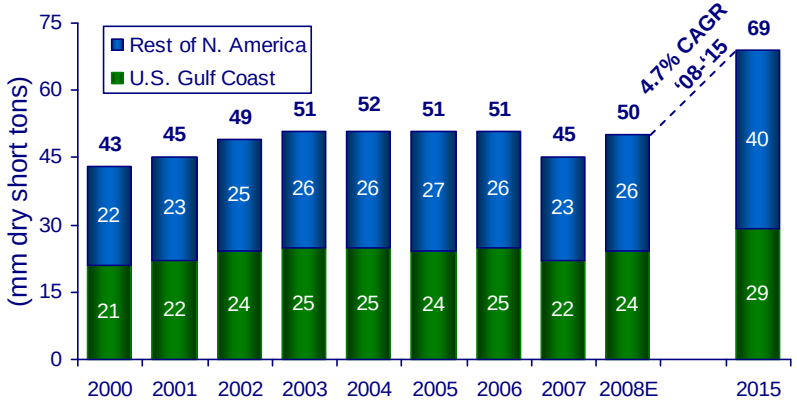
- **Invested a total of $161 million through 2008 to expand biofuel handling capabilities across our Products Pipelines and Terminals segments**
  - Handled ~50 million barrels of ethanol in 2008
- **Converted Central Florida Pipeline – first U.S.-based pipeline to transport ethanol**
- **Ran successful test batch of B5 blend (5% biodiesel/95% ULSD) on Plantation Pipe Line System**
  - Pursuing commercial commitments
- **Planning biodiesel movements on Portland-Eugene pipeline**

(a) Source: Renewable Fuels Association
RFS: Renewable Fuels Standard; EISA: Energy Independence and Security Act of 2007 (H.R.), EPACT: Energy Policy Act of 2005
(b) Source: EPA. Obligated Parties – all but small refiners and non-refiner/importers of gasoline.

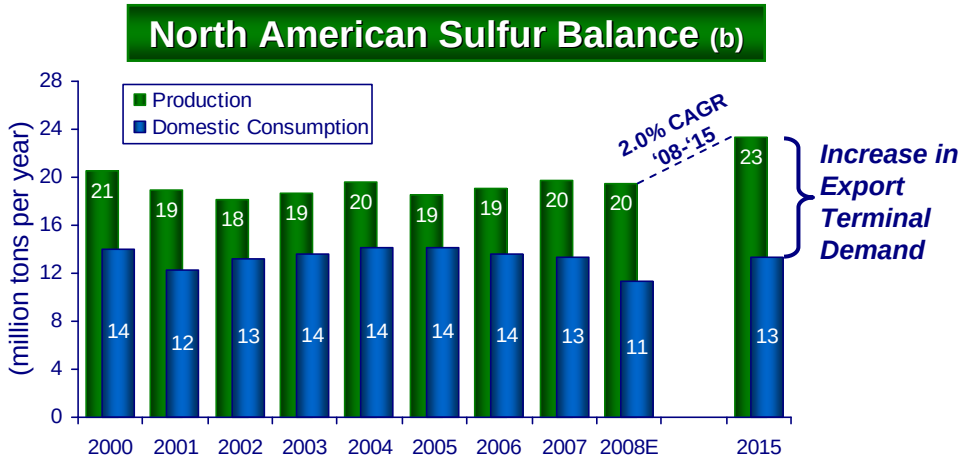
KINDER MORGAN
ENERGY PARTNERS, L.P.

Increased Production and Use of Heavy Crude

North American Petcoke Production (a)



North American Sulfur Balance (b)



Despite drop in crude price, oil slate still getting heavier – 1.4MMbbl/d of incremental heavy refining capacity forecast to be added by 2015 (c)

Leverage strong Gulf Coast position into the Midwest and Canada

- **Heavier, sour crude produces more residue**
  - Petcoke
  - Sulfur
- **Need for more petcoke and sulfur handling**
- **More sulfur to be exported**
  - Need for terminaling/storage
  - Application of proprietary prilling technology
- **Well positioned…**
  - Handled 14.8 million tons of petcoke in 2008, ~34% of total U.S. production
- **Customers are signing deals**
  - BP Whiting
  - Deer Park
  - New Gulf Coast facility
  - Renewed 2 petcoke contracts with Exxon at Baton Rouge and Chalmette
  - Signed a new petcoke contract with Exxon at Baytown

(a) Source: Jacobs Consultancy
(b) Source: The Sulfur Institute, PentaSul and Con-Sul Inc.
(c) Source: Turner, Mason and Company (Jan-2009)

KINDER MORGAN
ENERGY PARTNERS, L.P.

Current Major Projects

$5.8 Billion In Current Projects 2009-2011 (a)

Project	Estimated Project Cost KM-Share ($MM)	Remaining Project Cost KM-Share ($MM)	Expected Completion
Rockies Express East	$1,825 (a,b)	$845 (a,b)	2009 (c)
Midcontinent Express	971 (a,d)	552 (a,d)	2009-2010 (e)
Fayetteville Express	604 (a)	596 (a)	2011
KM Louisiana Pipeline	949	184	2009
CALNEV expansion	426	410	2011
CO_2 – SACROC and Yates	419	419	2009
Other identified projects	638 (a,f)	376 (a,f)	2009-2011
Total	**$5,832 (a)**	**$3,382 (a)**	

Completed projects totaling $4.3 billion in last ~2 years (g)

(a) Pro rata expenditures for KMP's ownership interest.
(b) Includes REX-West EnCana expansion.
(c) 2009 in-service for base 1.8 Bcf/d project, 2010 in-service for REX-West EnCana expansion.
(d) Includes MEP Zone-1 expansion.
(e) 2009 in-service for base 1.4 Bcf/d project, 2010 in-service for Zone-1 expansion.
(f) Dayton, Markham, KMTP hill country, Travis AFB, Colton, Carson, Tampa ethanol, CFPL ethanol conversion, Southeast terminals ethanol, Pasadena/Galena Park Phase IV, Deer Park, BP Whiting petcoke, Cora, Van Wharves and other.
(g) KMP's proportionate share of expenditures for projects completed and brought in-service in last ~2 years. Total cost of completed projects = $5.7 billion (8/8ths).

KINDER MORGAN
ENERGY PARTNERS, L.P.

The Time of the Hedgehog…

"The fox knows many things; the hedgehog one great thing."

– Archilochus

KMP's model works in uncertain times

- **Secure cash flows from existing assets**
- **Demonstrated access to capital**
- **Available growth opportunities**
  - At attractive returns
  - With less competition

MLPs with strong balance sheets and diversified, stable assets have the advantage


KINDER MORGAN
ENERGY PARTNERS, L.P.

KINDER MORGAN
ENERGY PARTNERS, L.P.

Financial Excellence

Park Shaper

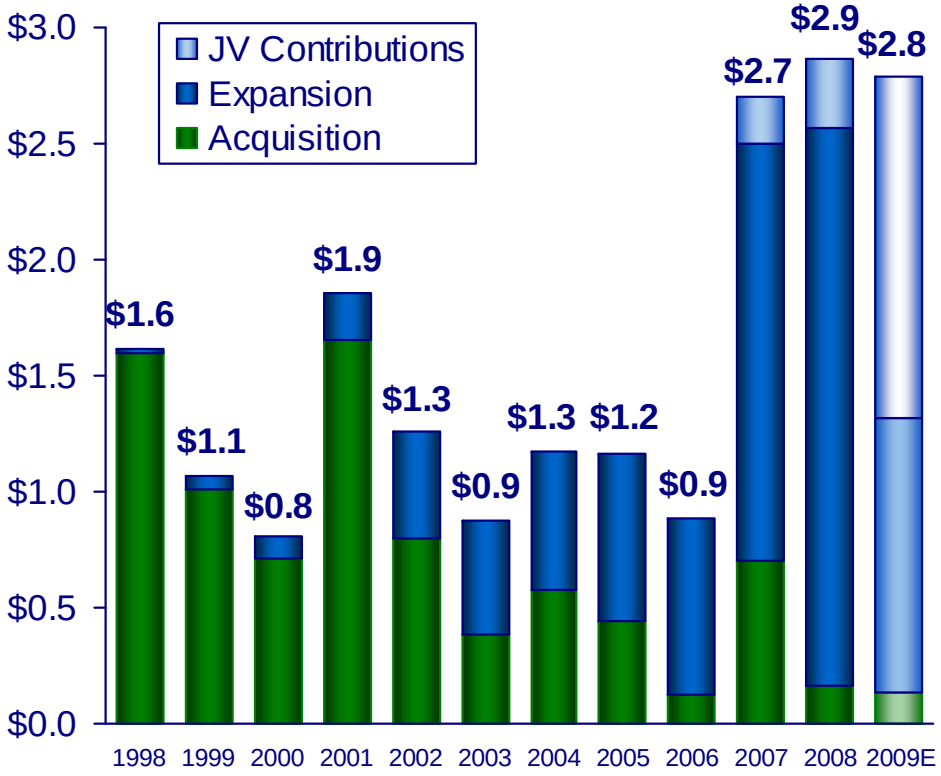
President

KINDER MORGAN
ENERGY PARTNERS, L.P.

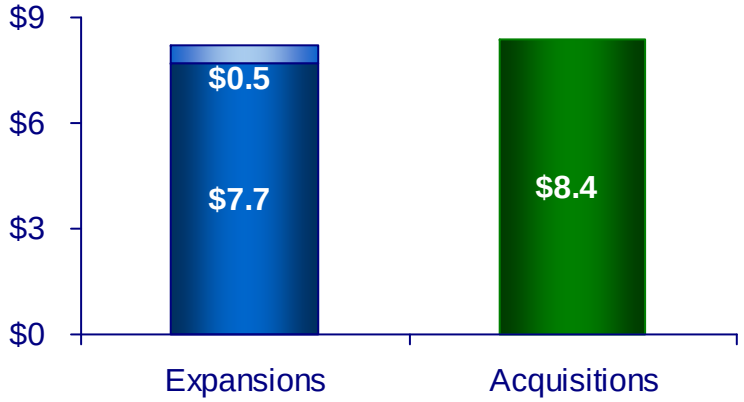
~$17 Billion in Capital Invested To Date (a,b)

(billions)

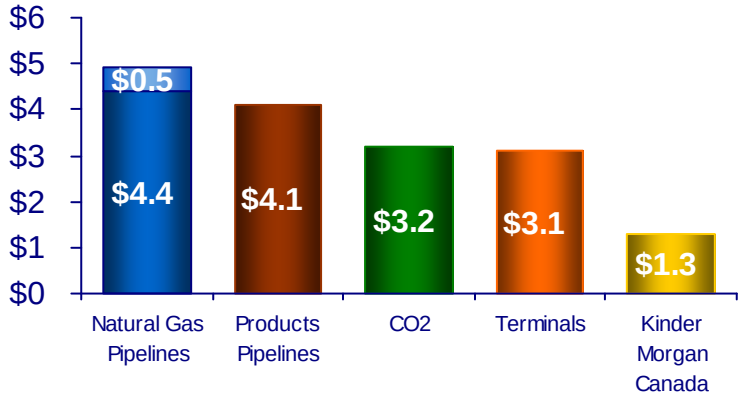
Total Invested by Year (a)



Total Invested by Type (a,b)



Total Invested by Segment (a,b)



(a) For joint-ventures, reflects our equity contributions.
(b) 1998 – 2008, does not include 2009 budget.

KINDER MORGAN
ENERGY PARTNERS, L.P.

How We Have Done: Returns on Capital

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Segment ROI (a):									
Products Pipelines	11.9%	11.8%	12.8%	12.9%	12.4%	11.6%	11.8%	13.2%	12.5%
Natural Gas Pipelines	13.3	15.5	12.9	13.5	14.0	15.5	16.7	17.6	16.9
CO_2	27.5	24.6	22.0	21.9	23.8	25.7	23.1	21.8	25.9
Terminals	19.1	18.2	17.7	18.4	17.8	16.9	17.1	15.8	15.5
Kinder Morgan Canada	--	--	--	--	--	--	--	11.0	11.9
KMP ROI	12.3%	12.7%	12.6%	13.1%	13.6%	14.3%	14.4%	14.1%	14.8%
KMP Return on Equity	17.4%	19.0%	21.9%	23.2%	25.2%	26.6%	26.8%	27.4%	30.3%

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.

KINDER MORGAN
ENERGY PARTNERS, L.P.

Cost of Capital

- **Cost of capital varies over time**

  Current ~9.75%
  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

  — still earn reasonable returns, even when cost of capital or project costs increase

Note: Calculation of current cost of capital may be found in the appendix to this presentation.

KINDER MORGAN
ENERGY PARTNERS, L.P.

Will We Distribute $4.20 in 2009?

- **Vast majority of $2.1 billion DCF is very secure**
- **Impact of oil price at $50/Bbl (vs. $68 in budget) = ~$100 million**
  - 4.7% of total DCF
  - Sensitivity is ~$6 million per $1/Bbl change in crude price
- **Potential offsetting factors**
  - Lower CO_2 operating and capital costs
  - Better performance by other business segments
  - Lower interest rates
  - Lower G&A
  - Acquisitions
  - Cumulative coverage
  - GP contribution

KINDER MORGAN
ENERGY PARTNERS, L.P.

Do Not Require Access to Capital Markets in 2009

(millions)

Uses – Budget		
Growth Expenditures:		
Expansion Capex	$1,188	
Contributions to JVs	1,472	(a)
Acquisitions	130	
Total Growth Capital	$2,790	
Debt Maturities	257	
Total Capital Uses	**$3,047**	

Sources		
Sources:		
Dec'08 Debt Issue	$500	
Dec'08/Jan'09 Swap Unwinds	339	(b)
KMR Dividend	350	
Secondary Equity	1,000	
Debt Issuance	750	
Revolving Credit Facility	108	(c)
Total Sources	**$3,047**	

Sources – Alternative		
Already Secured:		
Cash on Hand @ 12/31/08	$63	
Borrow under Revolver	1,457	(d)
Jan'09 Swap Unwind	144	
KMR Dividend	350	
Knight Purch KMP Units	750	(e)
Total Secured Funding	**$2,764**	
Remaining	**$283**	
Other Sources:		
Interest Rate Swaps	**$600**	(f)
J-V Credit Facilities	**$200**	(g)

(a) Equity contributions to Rockies Express Pipeline and Midcontinent Express Pipeline.
(b) Two interest rate swaps unwound in Dec-2008 for cash proceeds of $194.3 million. One swap unwound in Jan-2009 for total cash proceeds of $144.4 million.
(c) Remaining KMEP revolver borrowing capacity at 31-Dec-2009, adjusted to exclude Lehman commitment, estimated to be approximately $600 million.
(d) Remaining KMEP revolver borrowing capacity was $1,457 million as of 31-Dec-2008.
(e) Knight can fund all but ~$100 million of its $750 million KMP commitment with 2009 expected cash flow. Available capacity on Knight's credit facility at 31-Dec-2008, adjusting for cash on hand and Knight's January tax payment, is ~$800 million.
(f) Estimated market value of remaining KMEP interest rate swap portfolio was over $600 million as of 16-Jan-2009.
(g) KM share of MEP and REX credit facility excess capacity, reduced by contribution to FEP.

KINDER MORGAN
ENERGY PARTNERS, L.P.

Access to Capital

- **Inception (1997) to date**
  - $7.6 billion in equity raised (a)
  - $11 billion in debt (b)
- **Accessed in difficult markets**
  - Sep'01 to Sep'02 – issued ~$430 million in equity (a)
    – issued ~$1.5 billion in debt
  - Aug'07 to Dec'08 – raised ~$1.4 billion in equity (a)
    – raised ~$4.5 billion in debt (b)
- **Several options for equity raise**
  - KMR dividend = ~$350 million in 2009
  - KMR secondary offering
  - KMP "at-the-market" issuance
  - KMP secondary offering
  - Private placement
  - GP commitment of $750 million if necessary
  - Joint-venture partners

~$350MM KMR dividend + $750MM GP commitment = $1.1B equity

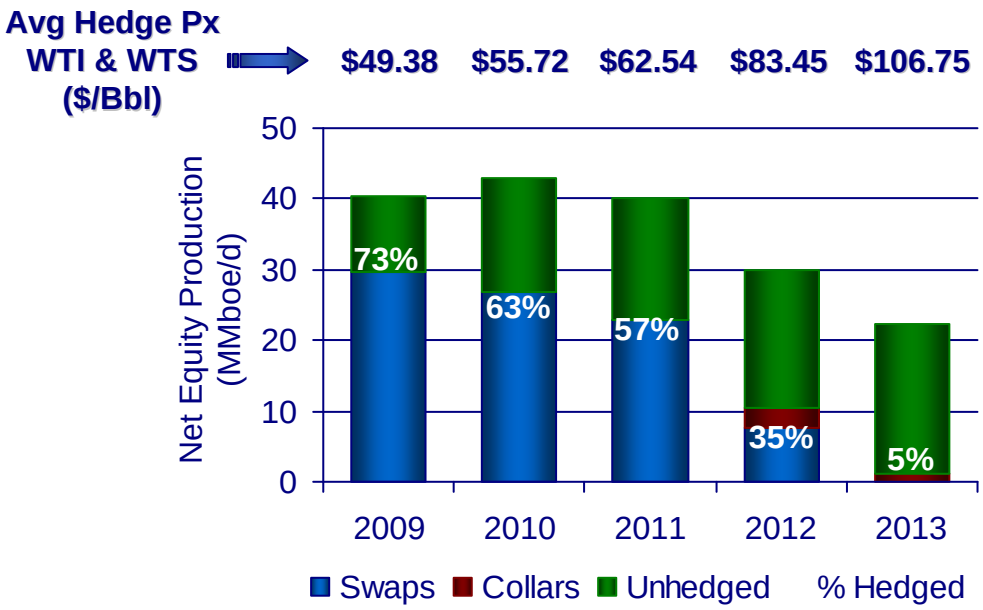
- **Other capital sources**
  - Existing interest rate swap portfolio (current MTM value = over $600 million (c))
  - Joint-venture credit facilities
  - New credit facility

(a) Includes KMR share dividends.
(b) Includes debt issued at REX.
(c) As of 16-Jan-2009.

KINDER MORGAN
ENERGY PARTNERS, L.P.

CO_2 Crude Production Hedge Profile

SACROC & Yates Crude Oil Production (a)



(a) 2009 production based on Kinder Morgan budget; 2010-2013 based on Netherland, Sewell reserve report. Includes heavier NGL components (C4+).

KINDER MORGAN
ENERGY PARTNERS, L.P.

2010

- Expect LP distribution of over $4.40/unit at flat crude oil price (relative to '09 budget) of $68/Bbl
- Results in 8% CAGR in distributions/unit from 2007-2010

KINDER MORGAN
ENERGY PARTNERS, L.P.

Risks

- **Regulatory**
  - Pacific Products Pipeline FERC/CPUC case
  - Periodic rate reviews
  - Unexpected policy changes
- **Crude Oil Production Volumes**
- **Crude Oil Prices**
  - Budget assumes $68/Bbl realized price on unhedged barrels
  - 2009 Sensitivity is ~$6 million DCF per $1/Bbl change in crude oil prices
- **Construction Cost Overruns**
- **Environmental**
- **Terrorism**
- **Interest Rates**
  - Approximately 31% floating rate debt; long-term target is 50/50% fix/floating
  - Budget assumes rates at a level above the forward curve
  - The full-year impact of a 100-bp increase in rates equates to an approximate $26 million increase in interest expense (a)

(a) Based on 31-Dec-2008 debt balance adjusted for 8-Jan-2009 swap unwind.

KINDER MORGAN
ENERGY PARTNERS, L.P.

Operational Excellence

Steve Kean

Chief Operating Officer

KINDER MORGAN
ENERGY PARTNERS, L.P.

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

KINDER MORGAN
ENERGY PARTNERS, L.P.

Operations Performance

Immediate Risk Reduction

- Acceleration of pipeline integrity work (2008 – 09)
- Enhanced ROW protection programs (complete)
- Liquids Pipeline O&M re-write (complete)
- Terminals O&M re-write (ongoing – 2009)
- PSM/RMP review (2008-09)
- EHS “boot camps” in Terminals (complete)
- Comprehensive and “top half” audits (annual program)

Systems-making compliance routine

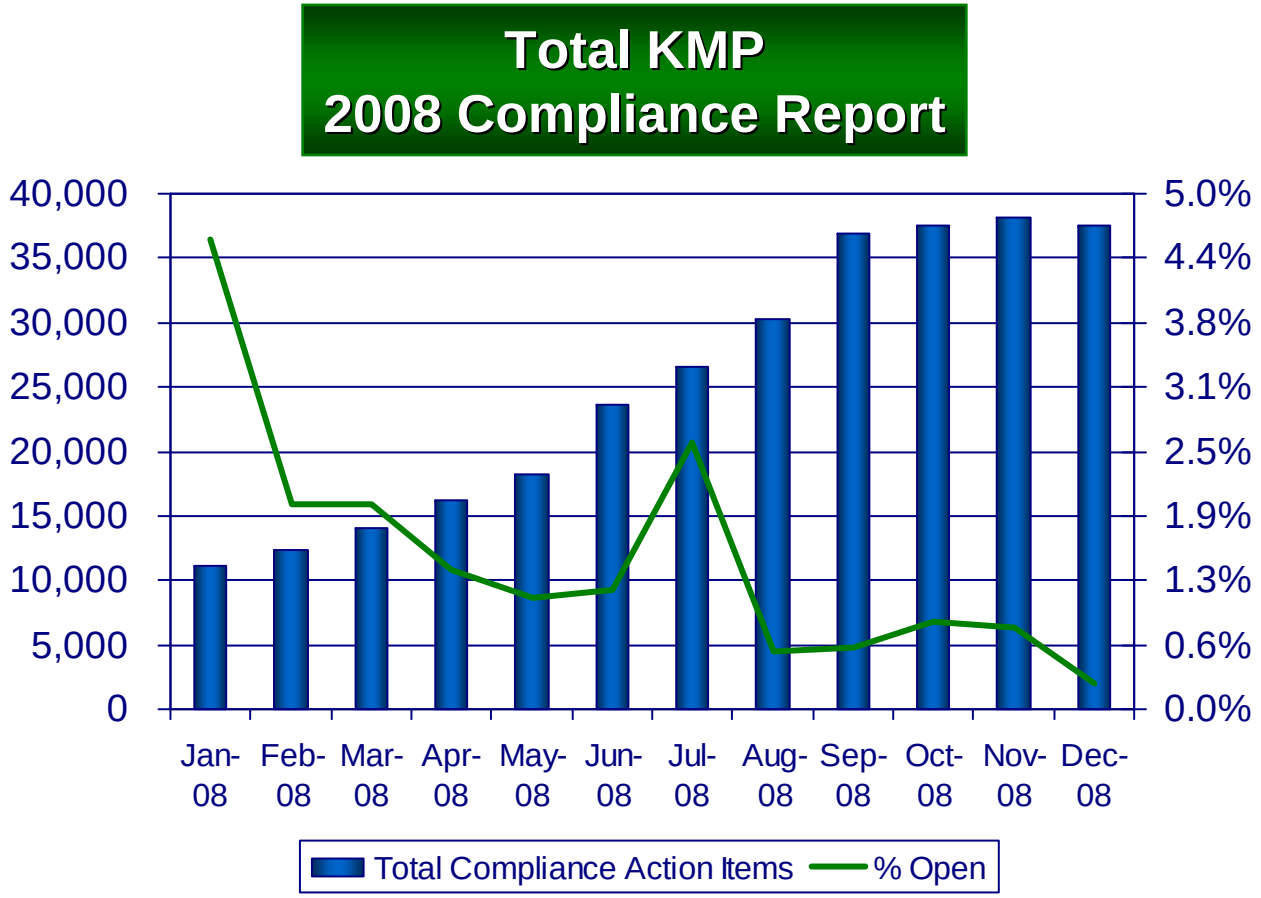
- Addressing operations performance in our existing processes—Operations Management System (complete)
  - Annual budget
  - Compensation
  - QBRs
  - Operations Quarterly meetings
  - Monthly B.U. meetings
- Compliance systems
  - OpsEnvironmental and OpsCompliance (2008 – 2009)
  - Maintenance system (reporting work ongoing)
  - Unified one-call system (complete – exc. Canada- Q109)
  - Audit tracking system (complete)
- Incident and Near Miss Reporting systems
  - ERL (complete)
  - STARS (complete)
  - Incident Review Committee (complete)

Continuous Improvement

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

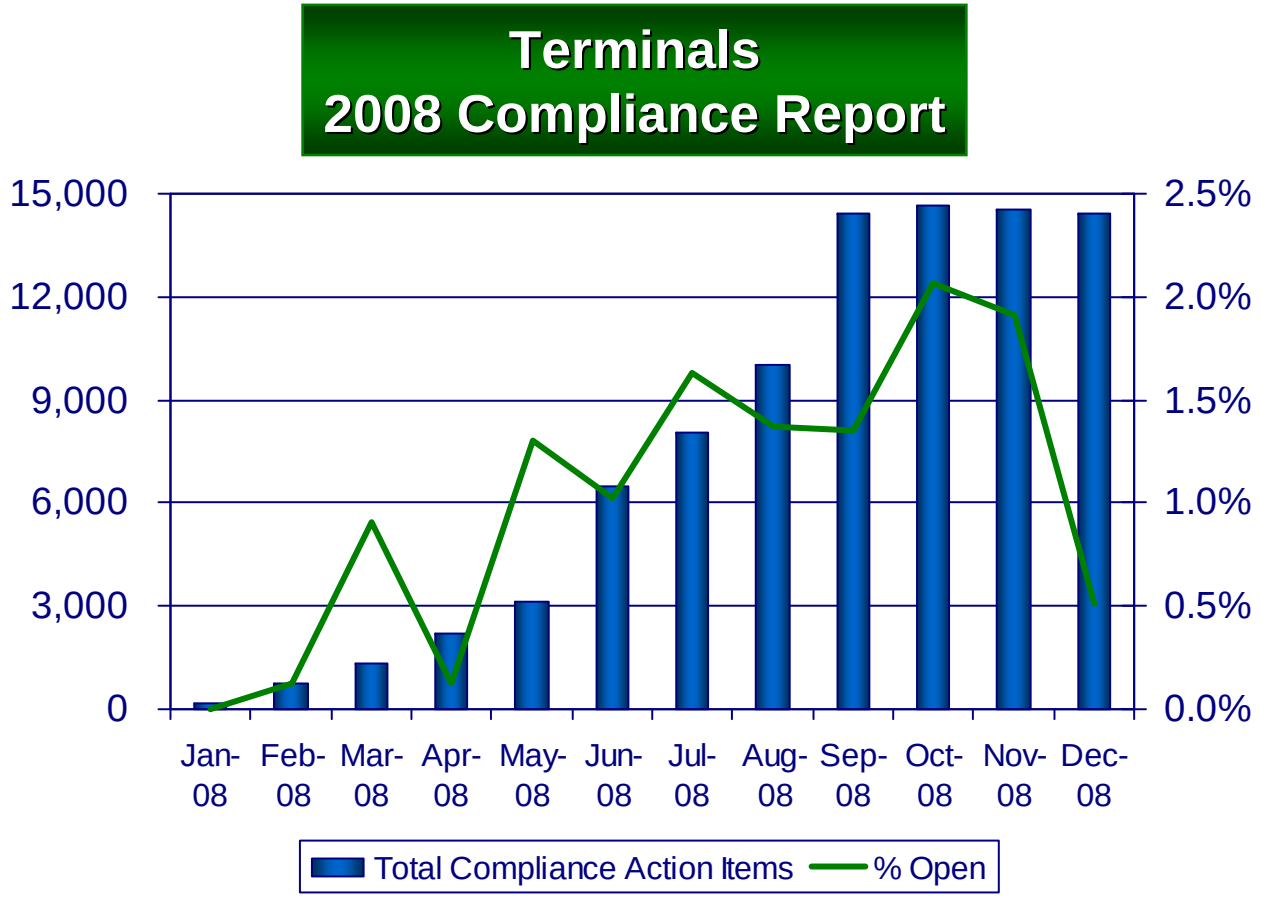
KINDER MORGAN
ENERGY PARTNERS, L.P.

Compliance – Total KMP



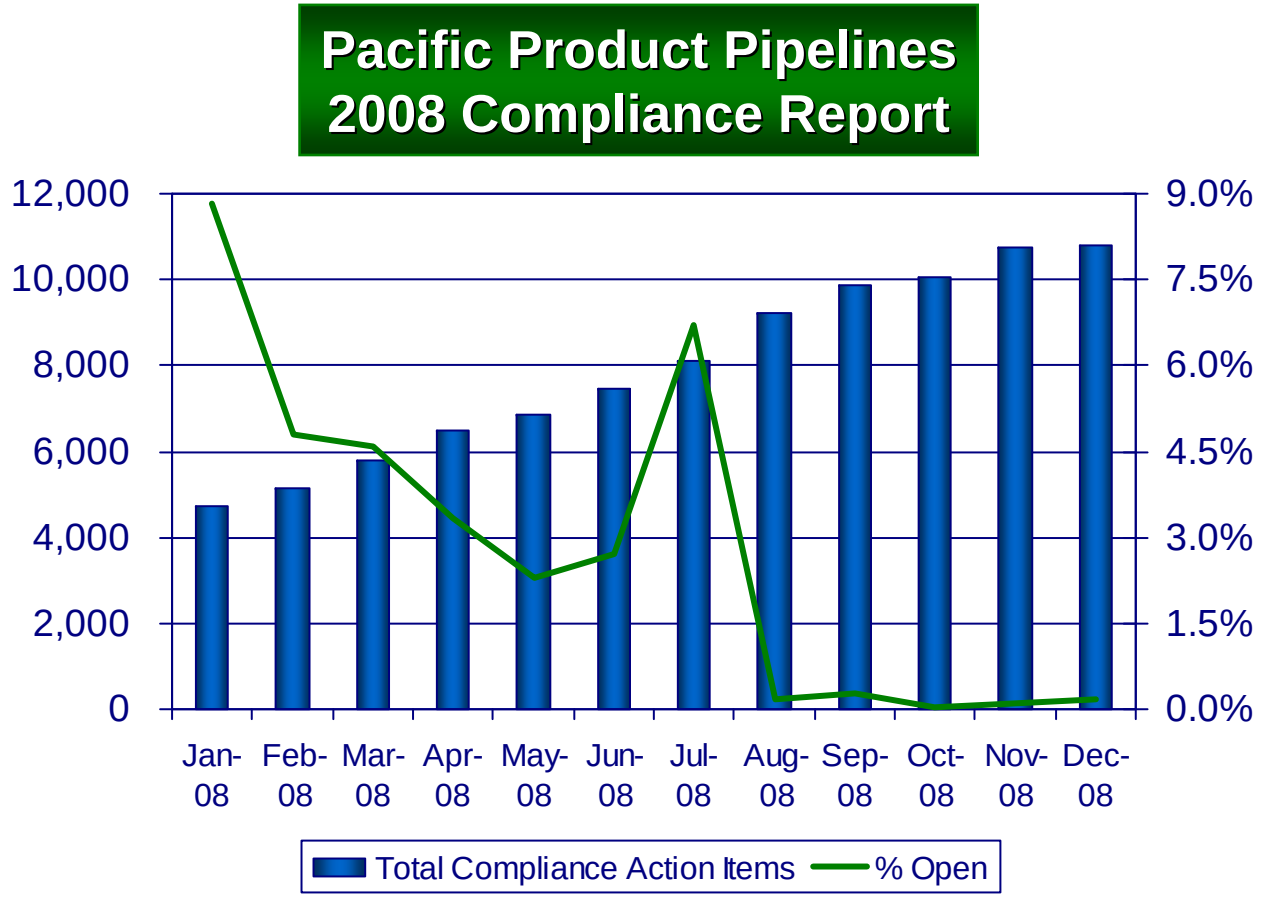
KINDER MORGAN
ENERGY PARTNERS, L.P.

Compliance – Terminals



KINDER MORGAN
ENERGY PARTNERS, L.P.

Compliance – Product Pipelines



KINDER MORGAN
ENERGY PARTNERS, L.P.

2008 Progress; 2009 Plans

- **Completed rollout of compliance systems to all KM US assets (and good compliance results so far).**
- **Implemented enhanced ROW protection programs**
- **Ensuring compliance with PSM/RMP requirements**
- **Other Risk Reduction Activities**
  - accelerated integrity re-testing on SFPP
  - improved testing technology on Express-Platte
  - additional gas pipeline integrity testing (beyond legal requirements).
- **2009 Focus**
  - Terminals O&M procedures
  - Cost control – take advantage of declining price environment


KINDER MORGAN
ENERGY PARTNERS, L.P.