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ENERGY PARTNERS, L.P.

IPAA Oil & Gas Investment Symposium – MLP

January 17, 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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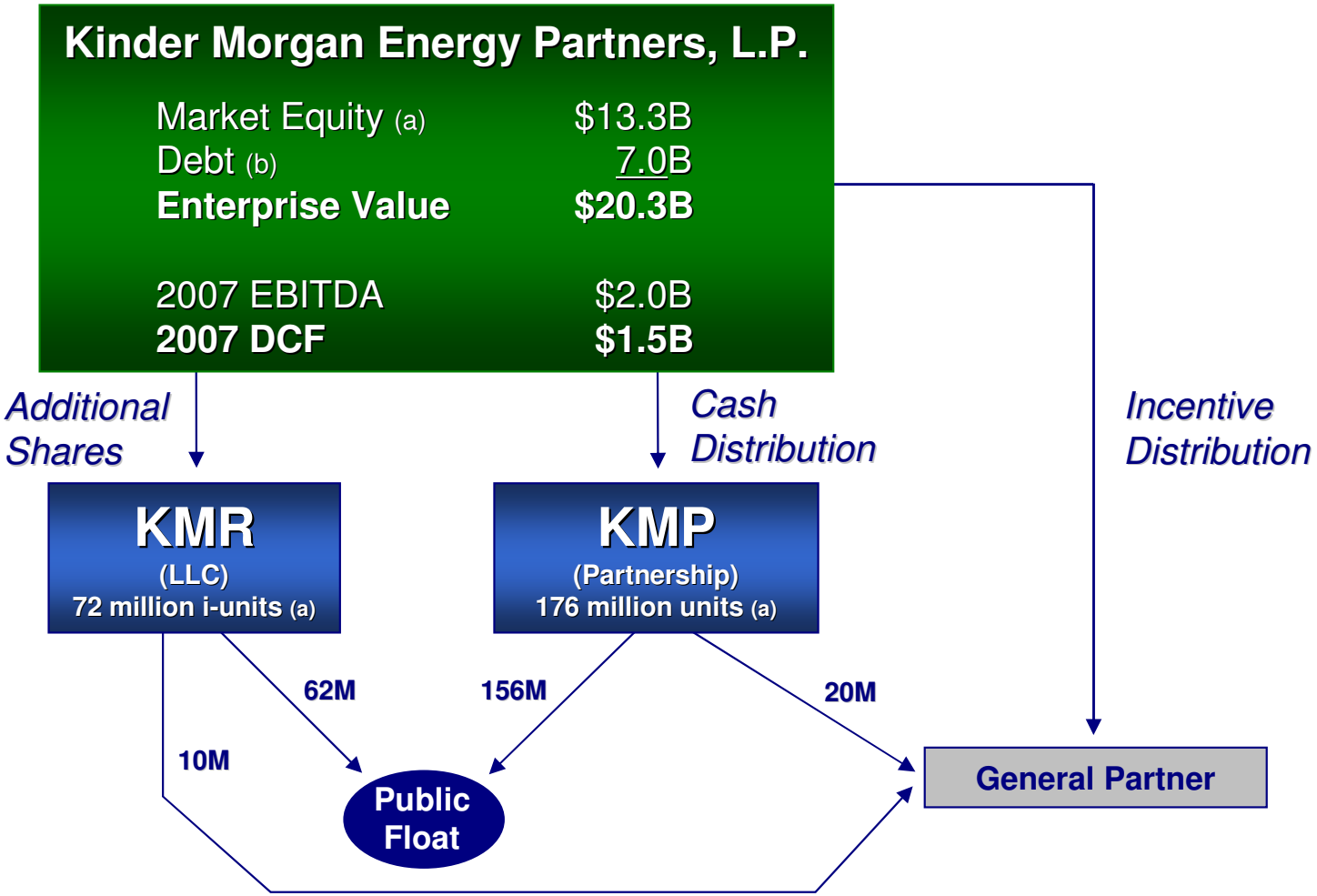
Use of Non-GAAP Financial Measures

This presentation utilizes the non-generally accepted accounting principles (non-GAAP) financial measures of distributable cash flow (DCF), EBITDA, and segment earnings before depletion, depreciation and amortization (DD&A).

For KMP overall, we define distributable cash flow (DCF) to be pretax income plus DD&A less cash taxes paid and sustaining capital expenditures (capex) for KMP, plus KMP's portion of the DD&A less sustaining capex of Rockies Express, our equity method investee. For our segments we define DCF as segment net income (which is before corporate costs of G&A and interest) plus DD&A less sustaining capex. The components of the difference between overall KMP DCF and segment DCF are cash versus book taxes, DD&A and sustaining capex on Rockies Express, G&A, interest, minority interest and the general partner's interest. We define EBITDA as pre-tax income plus DD&A and interest expense. We define segment earnings before DD&A as segment earnings plus DD&A and amortization of excess cost of equity investments. The amounts included in the calculation of these measures are computed in accordance with generally accepted accounting principles (GAAP), with the exception of "sustaining capital expenditures" (as it relates DCF) which is not a defined term under GAAP. Consistent with the partnership agreement of Kinder Morgan Energy Partners, L.P., sustaining or maintenance capex 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.

Capital Structure



(a) KMP market equity based on 176 million common units (includes 5.3 million Class B units owned by KMI; 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.

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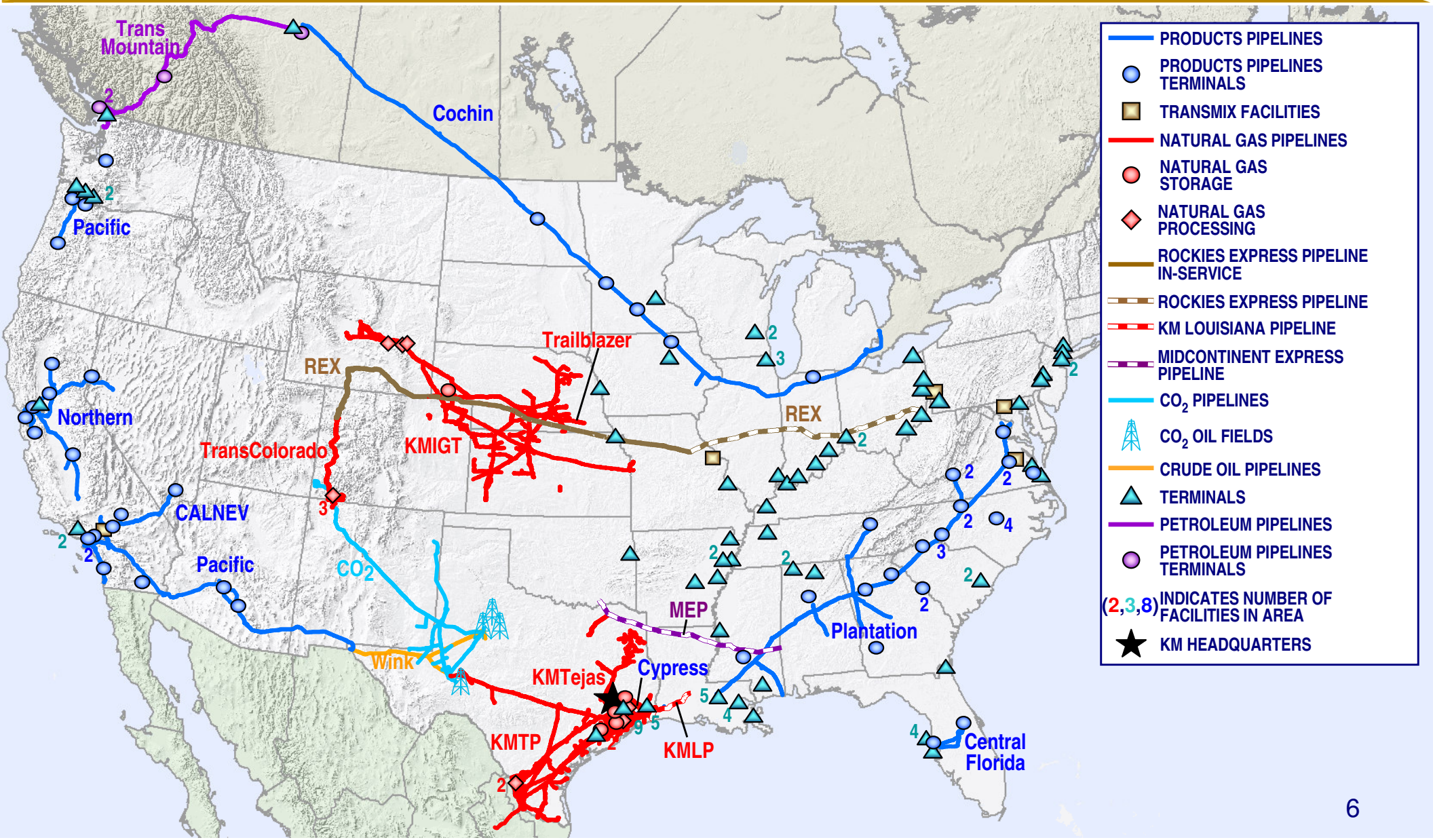
The Kinder Morgan Strategy

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

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System Map



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Well-diversified Asset Base

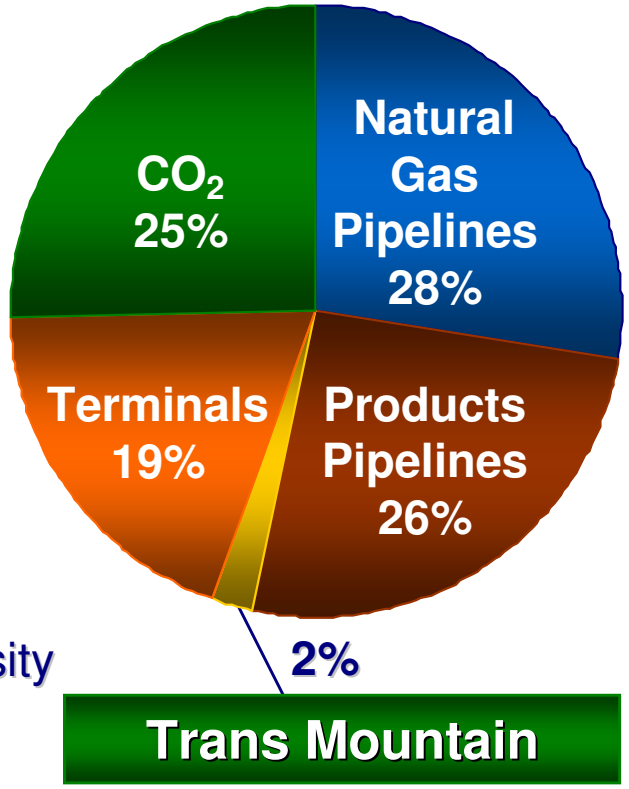
CO_2

- 33% CO_2 transport and sales
- 67% oil production related
- Production hedged (a):
  - 2007=85% ($35/Bbl)
  - 2008=83% ($44)
  - 2009=71% ($49)
  - 2010=72% ($56)

Terminals

- 53% Liquids, 47% Bulk
- Geographic and product diversity
- 3-4 year average contract life

KMP 2007 DCF Profile (b)



Natural Gas Pipelines

- 58% Texas Intrastate
- 42% Rockies
- Little incidental commodity risk

Products Pipelines

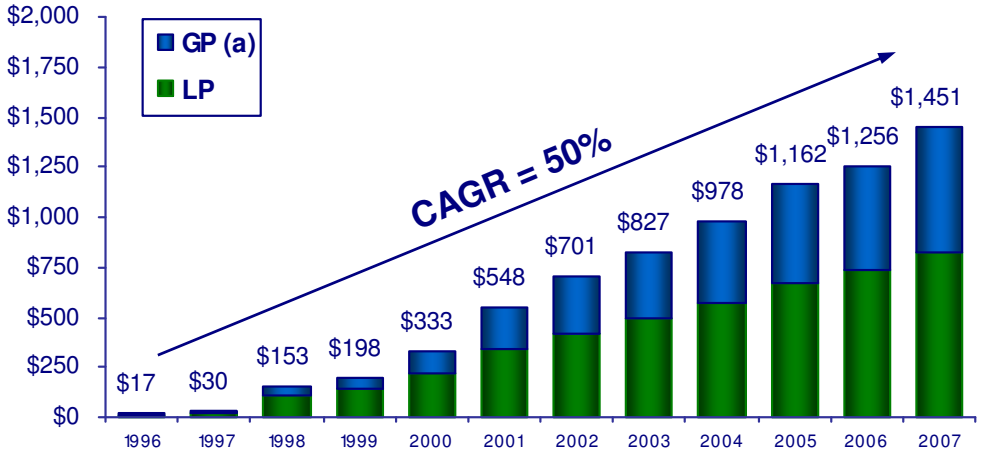
- Refinery hub to population center strategy
- 61% Pipelines
- 33% Associated Terminals (c)
- 6% Transmix
- No commodity price risk

(a) 2008-2010 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) Segment DCF as defined on slide 3.
(c) Terminals are not FERC regulated except portion of CALNEV.

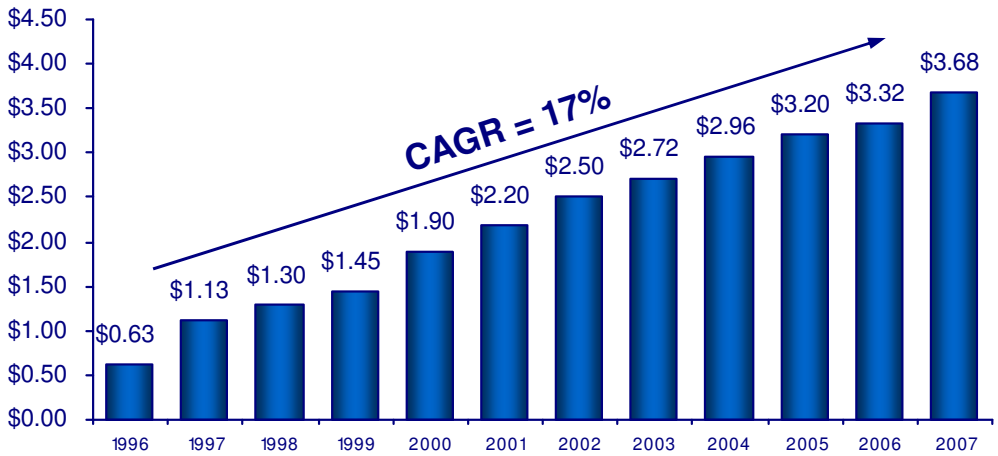
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Consistent Track Record

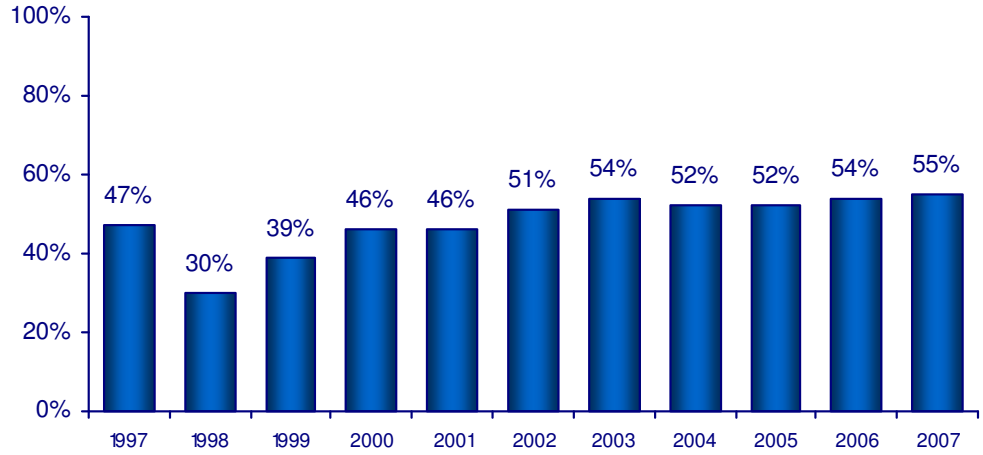
Total Distributions (GP + LP) ($mm)



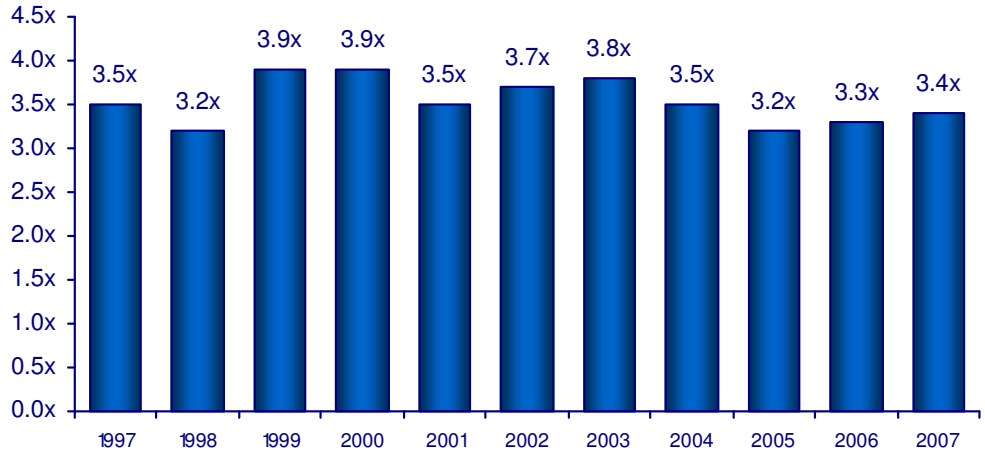
LP Distribution Per Unit (b)



Net Debt to Total Capital (c)



Net Debt to EBITDA (c)

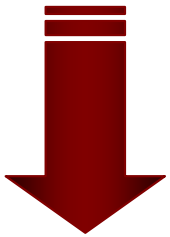


(a) Includes 2% GP interest.
(b) Declared 4Q distribution annualized (i.e. multiplied by four)
(c) Debt is net of cash and excludes fair value of interest rate swaps. Total capital excludes accumulated other comprehensive loss related to hedges.

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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

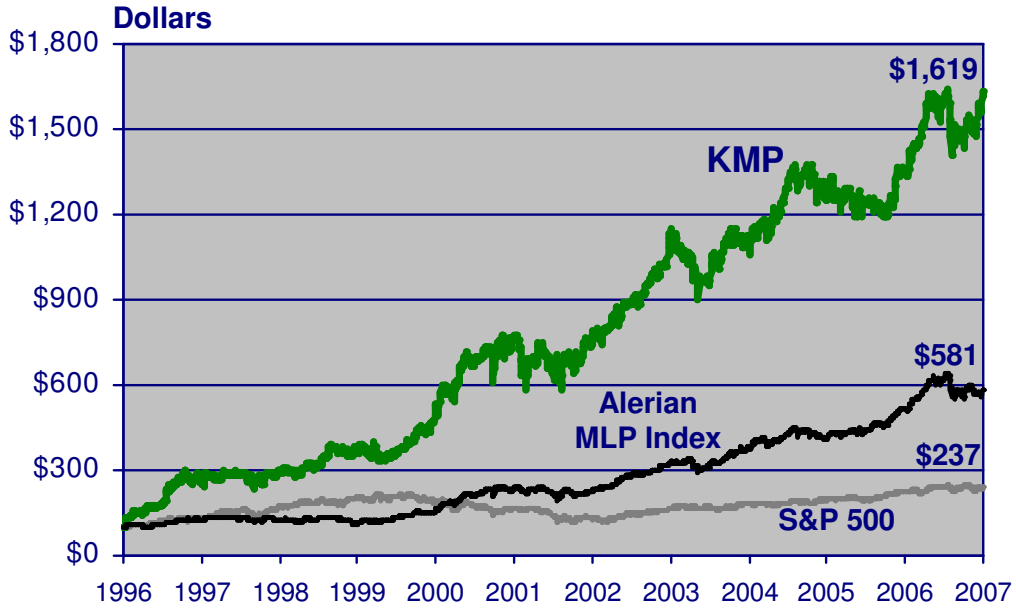


Stable Cash Flow with Visible Growth

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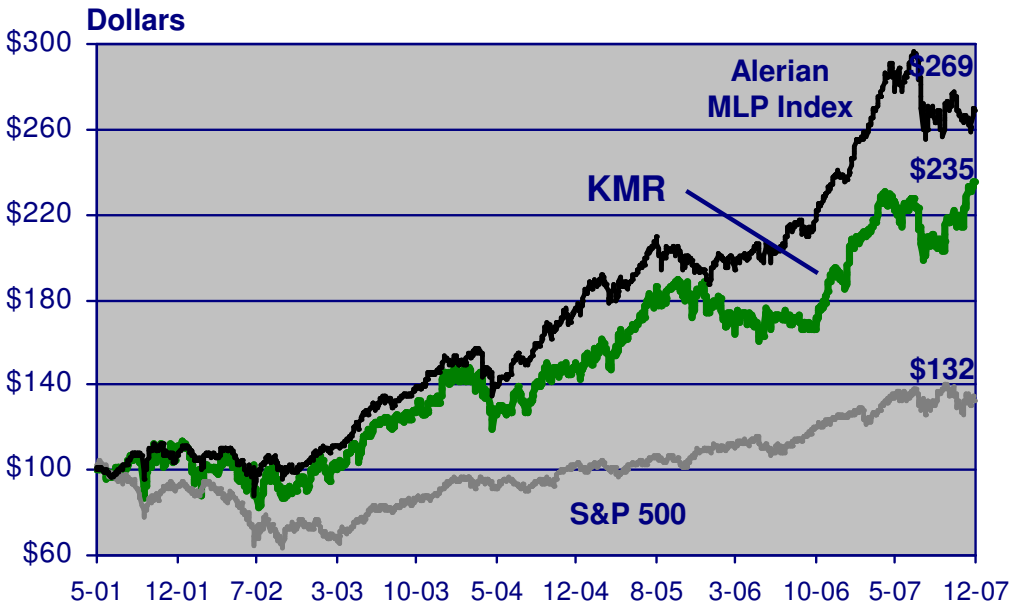
Significant Historical Returns (a)

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

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

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

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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**

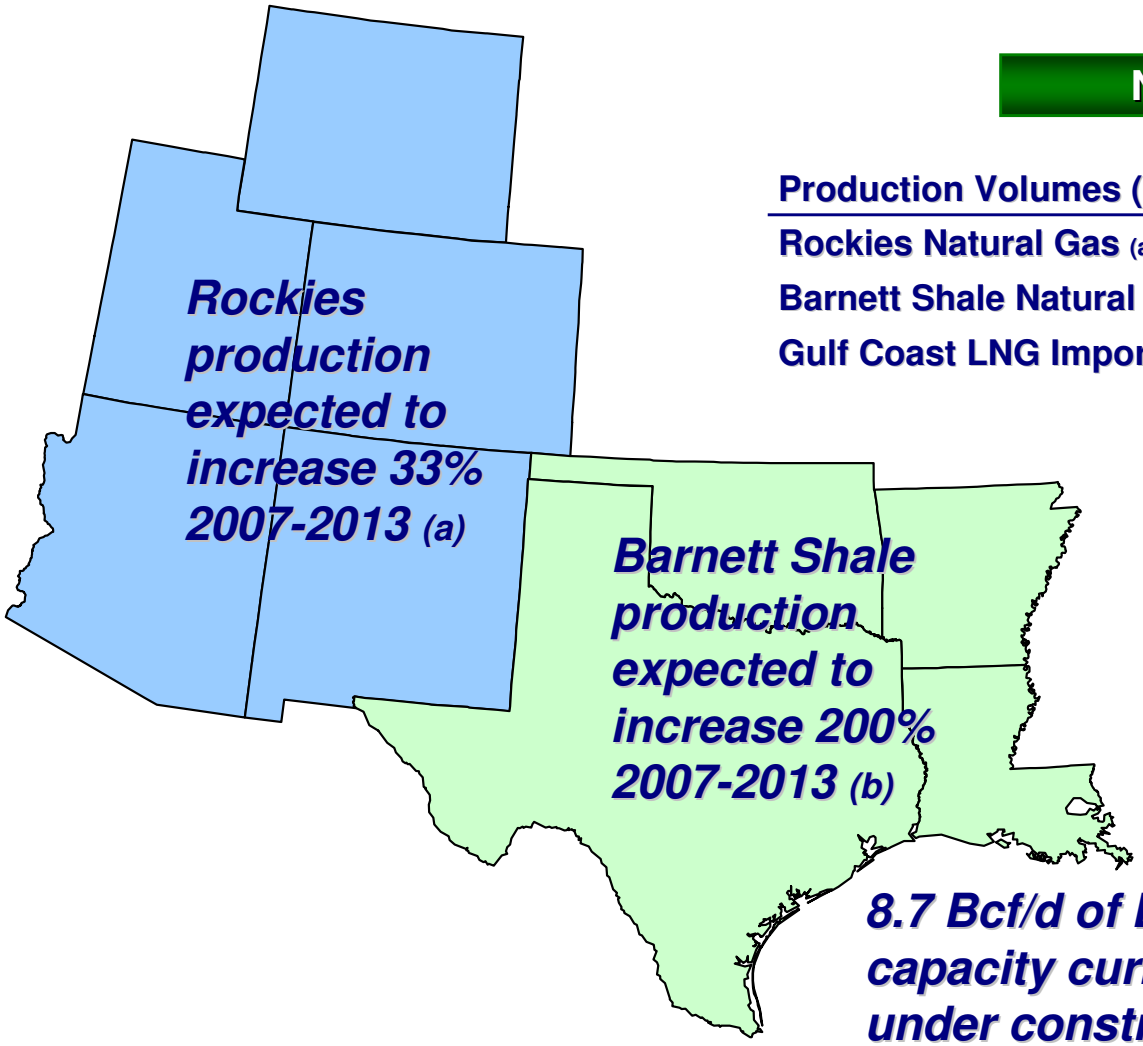
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Growth Opportunities

	Current Projects (2008-2011)	Additional Opportunities
Shifting Natural Gas Supply Sources		
— Rockies	Rockies Express pipeline	*REX Northeast extension, storage, further pipeline expansion, incremental shipper services (backhaul, hub, etc.)*
— LNG	KM Louisiana pipeline	
— Barnett Shale	Midcontinent Express pipeline	
Increased Use of Renewable Fuels		
— Biodiesel	Supply natural gas to ethanol facilities, Store and blend store and blend at terminals	*Additional ethanol/biodiesel storage and blending at terminal facilities, batched and dedicated ethanol pipelines*
— Ethanol		
Growing Production from Canadian Oilsands	Trans Mountain Anchor Loop expansion Edmonton terminal project	*TMX2, TMX3, TMX North, Vancouver Wharves expansions, other terminals, CO_2 capture and transport, Gulf Coast bullet line*
High Crude Oil Prices	McElmo Dome expansion, Cortez expansion, SACROC, Yates	*Further CO_2 sales & transport expansion, incremental production from EOR*
Increased Use of Heavy Crude		
— Petcoke 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*
— Sulfur Handling		
Demographic Growth	CALNEV products pipeline project Carson terminal expansion	*Additional pipeline and terminal expansions*
Coal Imports/Exports	Pier IX, SRT	*Expansions at coastal terminals*

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Shifting Natural Gas Supply Sources



Natural Gas Supply

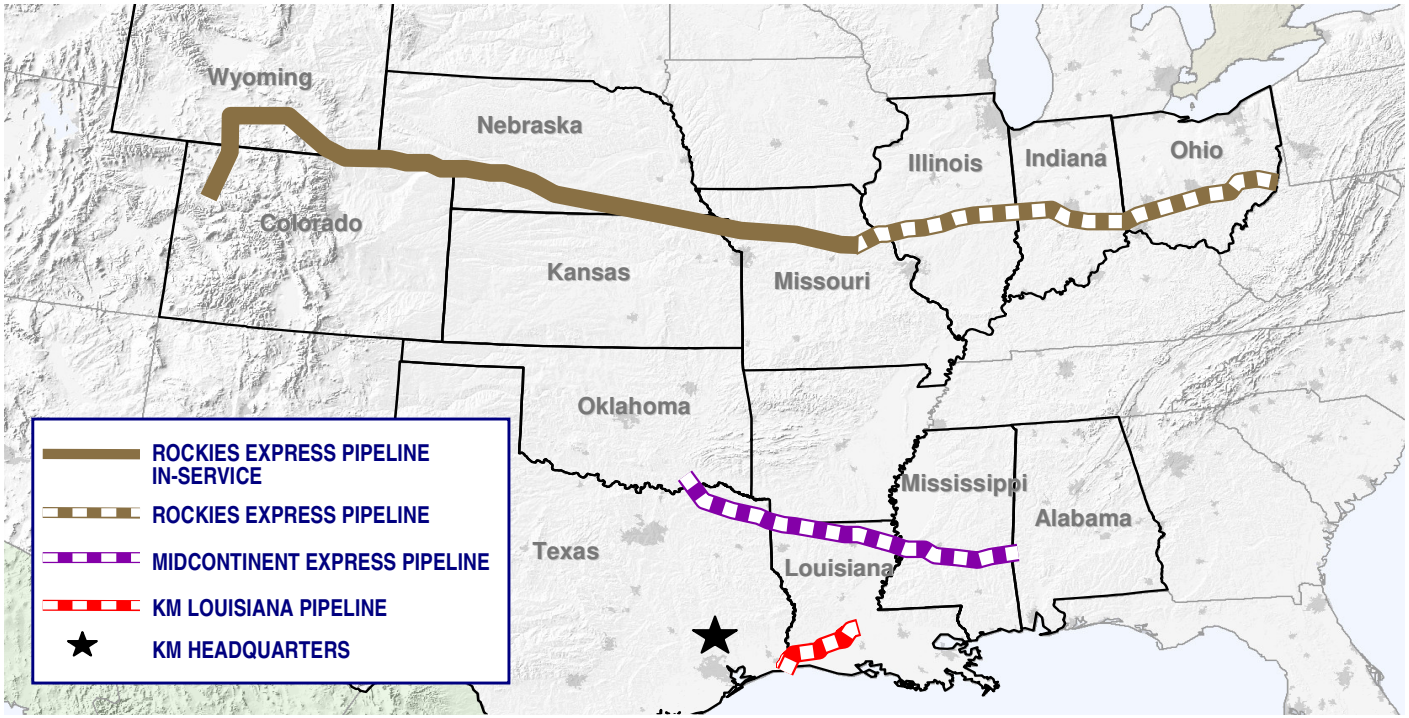
Production Volumes (Bcf/d)	2007E	2013	Change	% Change
Rockies Natural Gas (a)	8.6	11.4	2.8	33%
Barnett Shale Natural Gas (b)	2.1	6.4	4.3	200%
Gulf Coast LNG Imports (a)	0.7	2.8	2.1	300%

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



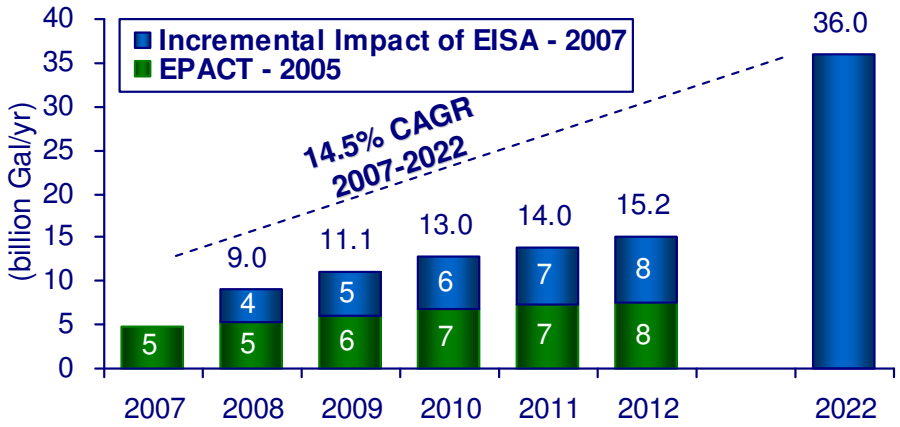
	Rockies Express Pipeline	Midcontinent Express Pipeline	KM Louisiana Pipeline		Total
KM Cost ($mm)	$2,200	$625	$517	=	$3,342
Capacity (Bcf/d)	1.8	1.4	2.1	=	5.3
In-service	2007-2009	2009	2009		
Term of Contracts	10 yrs	10 yrs	20 yrs		
Ownership	KMP 50% (a) SRE 25% COP 25% (a)	KMP 50% ETP 50%	KMP 100%		

(a) Upon completion of construction.

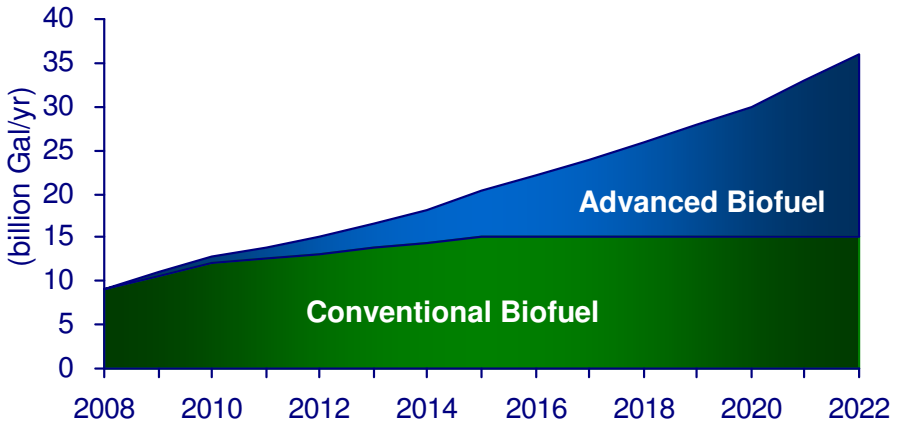
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Increased Use of Renewable Fuels

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

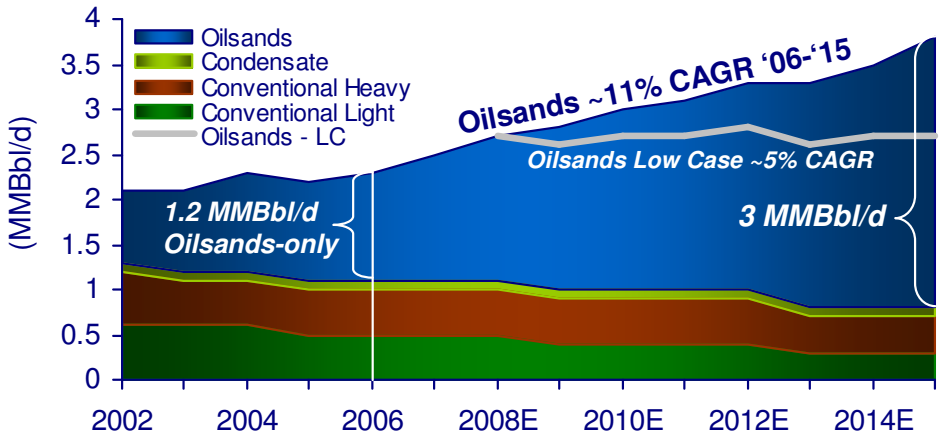
- **Ethanol production facilities require natural gas**
  - ⇒ Significant proportion of U.S. productive capacity in close proximity to our natural gas pipelines
  - ⇒ Use existing lines; build extensions
- **Ethanol and biodiesel to be stored and blended at terminal**
  - ⇒ Terminal assets in California, along the Gulf Coast and in the Northeast

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.

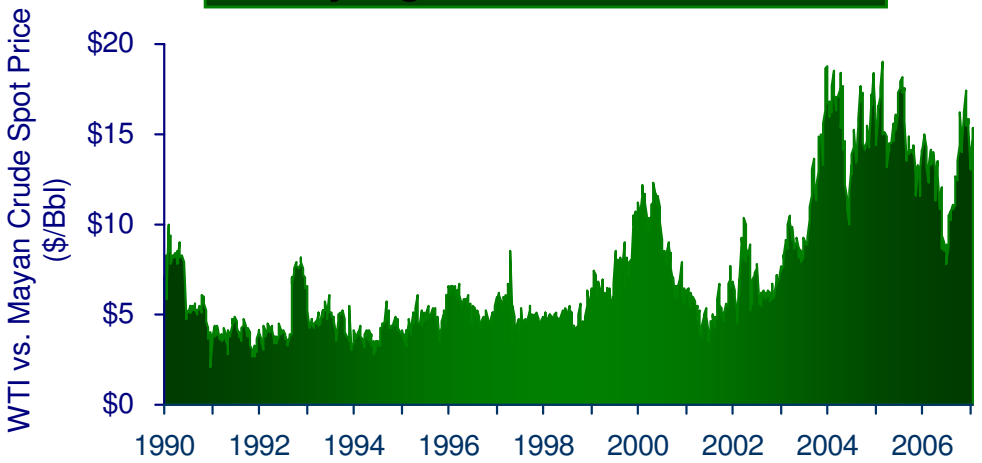
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Growing Crude Production from Canadian Oilsands

WCSB Crude Production by Type (a)

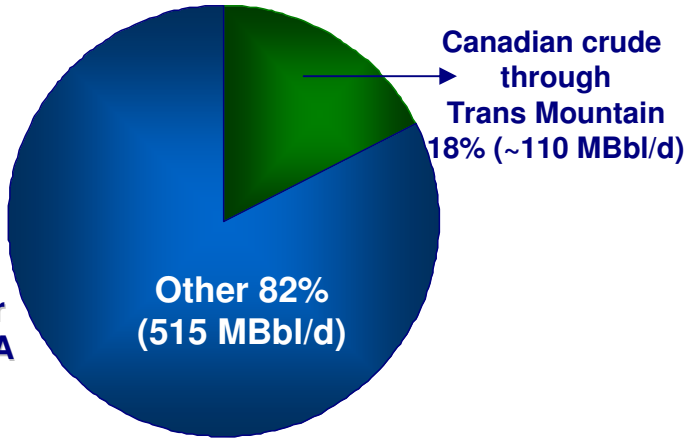


Heavy/Light Crude Differential (b)

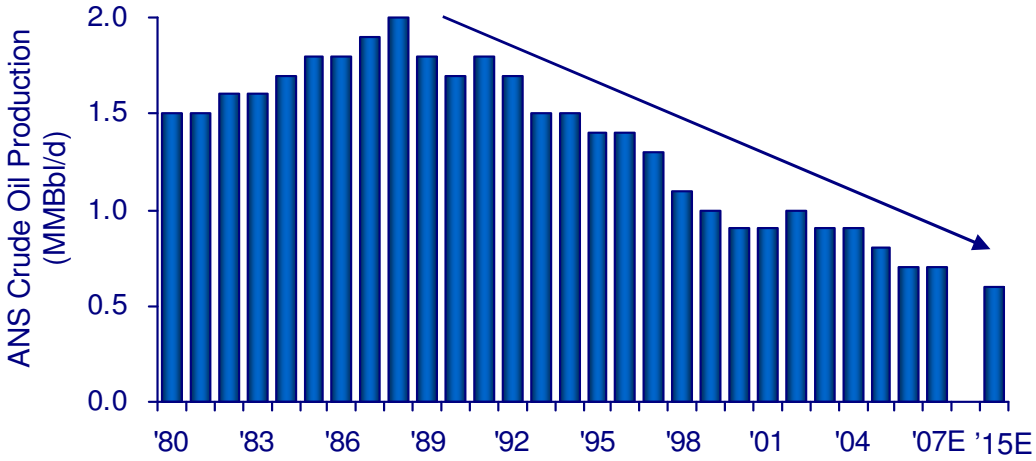


Washington State Refinery Capacity (c)

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



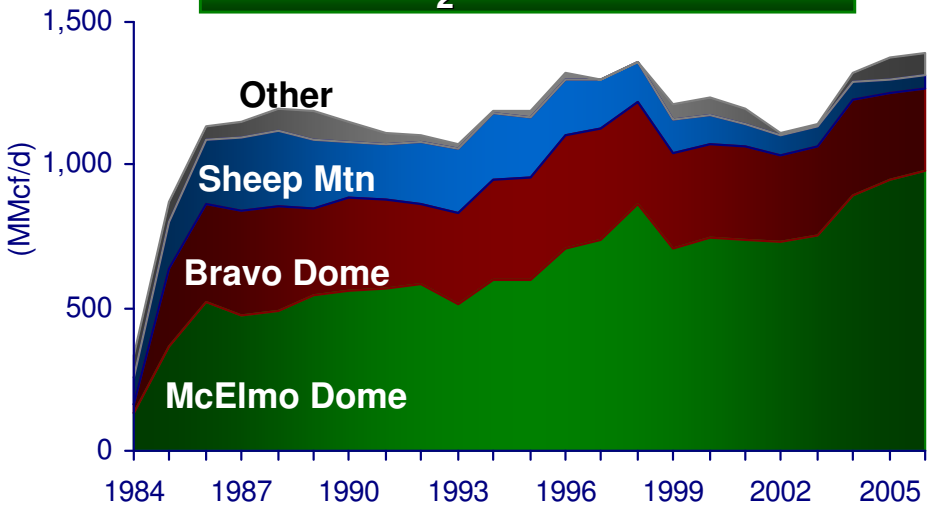
ANS Production in Decline (d)



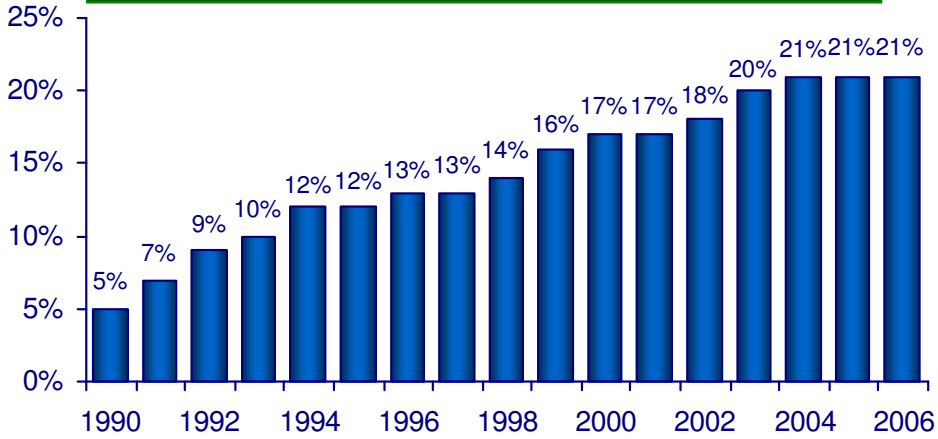
(a) Source: National Energy Board
(b) Sources: Bloomberg
(c) Sources: Dominion Bond Rating Service, Company reports
(d) Source: EIA

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.
  - ~30 years remaining deliverability
  - 45% KM working interest (37% net revenue interest)
  - 9 Tcf of reserves (15 Tcf OGIP)
- **Doe Canyon**
  - Alternative supply source
  - Adjacent to McElmo
  - 88% KM working interest (69% net revenue interest)
  - 1.5 Tcf of reserves (2Tcf OGIP)

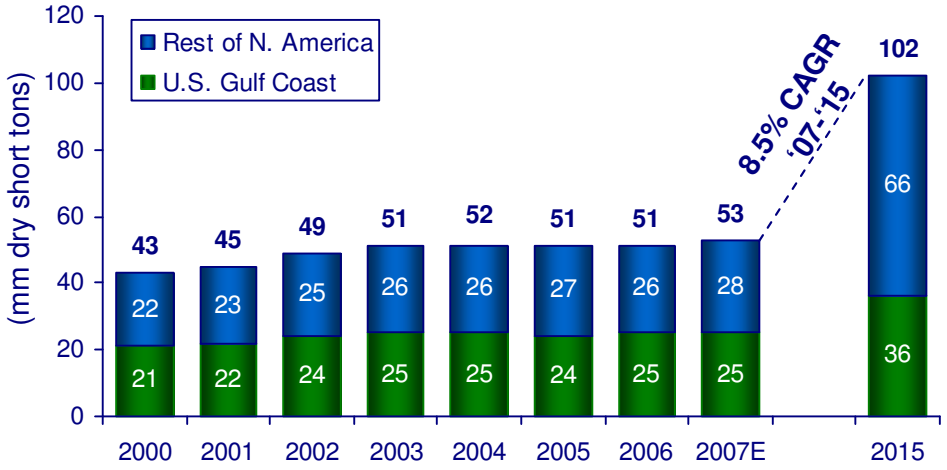
Sales & Transport Expansion

- **$205 million of capital (net to KM = $120)**
  - Cortez Pipeline +200 MMcf/d
  - McElmo Dome +200 MMcf/d
  - Doe Canyon +100 MMcf/d

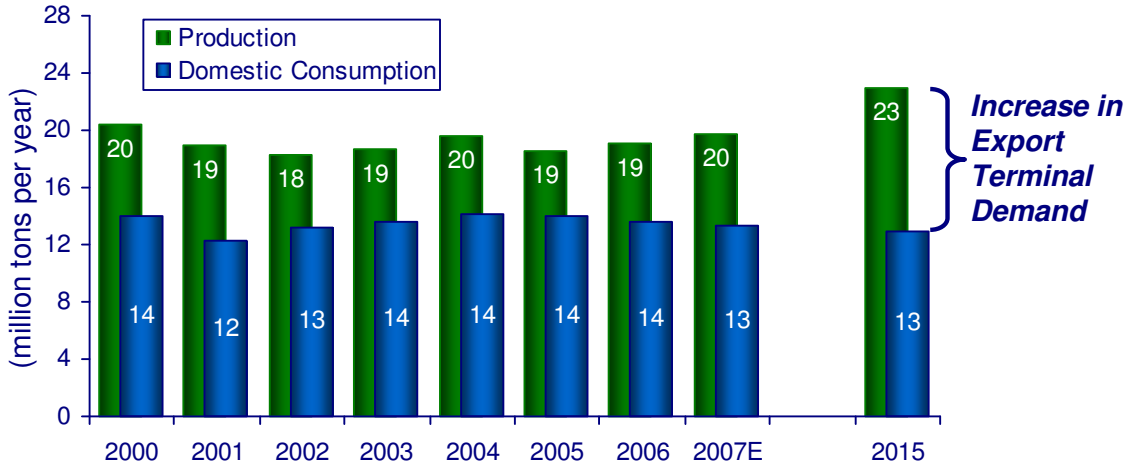
(a) Crude oil production in the Permian Basin derived from CO_2 floods as a percent of total Permian Basin crude oil production.
Sources: KM estimates, Oil and Gas Journal, EIA

Increased Production and Use of Heavy Crude

North American Petcoke Production (a)



North American Sulfur Balance (b)

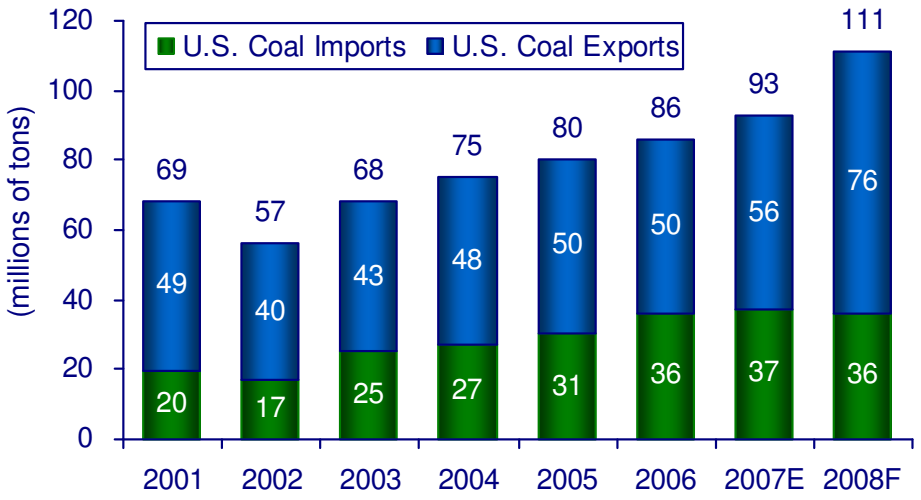


(a) Source: Jacobs Consultancy
(b) Source: The Sulfur Institute

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

Coal Imports/Exports

U.S. Coal Imports/Exports (a)



Our terminals are well-positioned on coasts and 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 & 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 more attractive

(a) Sources: EIA, Coal Americas newsletter

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Current Projects

$6.5 Billion In Projects Over Next 4 Years

Project	Estimated Project Cost ($mm)	Expected Completion
Rockies Express	$2,200 (a)	2007-2009
Midcontinent Express	625 (a)	2009
KM Louisiana Pipeline	517	2009
CALNEV expansion	425	2010
East Line expansion	155	2007
Trans Mountain dropdown	550 (b)	2007
Trans Mountain – TMX1	470 (c)	2008
CO_2 – SACROC and Yates	950	2007-2010
CO_2 – source and transport	120 (a)	2008
Other identified projects	500 (d)	2007-2009
Total	$6,512	

(a) Pro rata expenditures for KMP's ownership interest.
(b) Completed sale of Trans Mountain by Knight to KMP on 30-Apr-2007.
(c) Remaining expenditures.
(d) Edmonton, Houston, Pier IX, TransColorado, Dayton.

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Balance Sheet Has Remained Solid (a)

Credit Summary

L-T Debt Rating	Baa2/BBB
Net Debt / Total Capital (b)	54.9%
Debt / EBITDA (b)	3.4x
EBITDA / Interest	5.2x

CP Capacity

Total Bank Credit	$1,850
Less:	
Outstanding CP	589
Letters of Credit	538
Excess Capacity	$723

Long-term Debt Maturities

2008	$5
2009	$250
2010	$250
2011	$700

(a) As of and for the year ended 31-Dec-2007.
(b) Debt balance excludes fair value of interest rate swaps and is net of cash. Capital excludes loss/gain from other comprehensive income.

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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Summary

- **Stable Cash Flow**
  - Own assets core to energy infrastructure
- **Internal Growth Opportunities**
  - Critical Mass
  - Well-located assets/favorable demographics
- **Fixed Cost Business**
  - Drop growth to bottom line
- **Unique Structure**
  - Tax Efficient
  - Incentive Fee
- **Management Philosophy**
  - Low-Cost Operator
  - Focused on cash
  - Disciplined Investment

KMP/KMR:
6-7% Yield
and
8%
Long-Term
Growth


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