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MEDIA RELEASE • Watco Companies, Inc.

Date: December 15, 2010
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WATCO ANNOUNCES KINDER MORGAN EQUITY INVESTMENT

PITTSBURG, KANSAS, Dec. 15, 2010 – Watco Companies, Inc. and Kinder Morgan Energy Partners, L.P. (NYSE: KMP) announced an agreement today whereby Kinder Morgan will invest up to \$150 million over the next year in Watco Companies in exchange for a preferred equity position in the company. Kinder Morgan’s initial investment will be \$50 million upon closing, which is scheduled to occur in January of 2011. Kinder Morgan is a leading pipeline transportation and energy storage company in North America. The transaction provides capital to Watco for further expansion of specific projects and offers Kinder Morgan the opportunity to share in the subsequent growth.

“This investment complements Kinder Morgan’s existing terminal network, and provides our customers more transportation services for many commodities that we handle,” said, Jeff Armstrong, president of Kinder Morgan’s terminals business. “We also believe that the relationship with Watco will produce additional growth opportunities through new projects such as crude unit train operations and incremental business at our terminal storage facilities.” The transaction is expected to be immediately accretive to cash distributable to KMP unitholders.

Rick Webb, Chairman and CEO of Watco said, “We look forward to partnering with our good customer, Kinder Morgan. We are honored to have them as our partner and believe their reputation for providing safe, quality, value-creating terminal and storage services when combined with our rail service offerings will create many beneficial opportunities for both of our companies.”

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Kinder Morgan Energy Partners, L.P. (NYSE: KMP) is a leading pipeline transportation and energy storage company in North America. KMP owns an interest in or operates more than 28,000 miles of pipelines and 180 terminals. Its pipelines transport natural gas, gasoline, crude oil, CO2 and other products, and its terminals store petroleum products and chemicals and handle bulk materials like coal and petroleum coke. KMP is also the leading provider of CO2 for enhanced oil recovery projects in North America. One of the largest publicly traded pipeline limited partnerships in America, KMP has an enterprise value of over \$30 billion. The general partner of KMP is owned by Kinder Morgan, Inc., a private company. For more information please visit www.kindermorgan.com.

This news release includes forward-looking statements. Although Kinder Morgan believes that its expectations are based on reasonable assumptions, it can give no assurance that such assumptions will materialize. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein are enumerated in Kinder Morgan’s Forms 10-K and 10-Q as filed with the Securities and Exchange Commission.

Watco Companies, Inc. (WCI) is a Pittsburg, KS., based transportation company serving transportation, mechanical, and transload/intermodal needs of Customers throughout the nation. WCI is the owner of Watco Transpor-



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tation Services, Inc. (WTS), the largest privately-held short line railroad company in the U.S. operating 22 short line railroads on more than 3,500 miles of track as well as 21 industrial contract switching locations. Watco's Mechanical Services division operates 14 railcar repair shops, 4 locomotive shops and 19 mobile mechanical shops. The Transload/Intermodal Services division currently manages 12 transload facilities, 7 warehouses and 1 intermodal location. More information about Watco and its subsidiaries can be found at www.watcocompanies.com.

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