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# *Copano Energy*

NASDAQ: CPNO

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**The National Association of Publicly Traded Partnerships  
Sixth Annual Master Limited Partnership  
Investor Conference**

**March 8, 2007**

# Forward-Looking Statements

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Statements made by representatives of Copano Energy, L.L.C. (the “Company”) during this presentation may constitute “forward-looking statements” as defined by the Securities and Exchange Commission. All statements, other than statements of historical facts, made by representatives of the Company during this presentation that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements are based on certain assumptions made by the Company based on management’s experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances.

Any forward-looking statements made by representatives of the Company during this presentation are subject to a number of assumptions, risks and uncertainties, many of which are beyond the Company’s control. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, then the Company’s actual results may differ materially from those implied or expressed by the forward-looking statements. These risks include an inability to obtain new sources of natural gas supplies, the loss of key producers that supply natural gas to the Company, key customers reducing the volume of natural gas and natural gas liquids they purchase from the Company, a decline in the price and market demand for natural gas and natural gas liquids, the incurrence of significant costs and liabilities in the future resulting from the Company’s failure to comply with new or existing environmental regulations or an accidental release of hazardous substances into the environment and other factors detailed in the Company’s Securities and Exchange Commission filings.

The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information or future events.

# Introduction to Copano Energy, L.L.C.

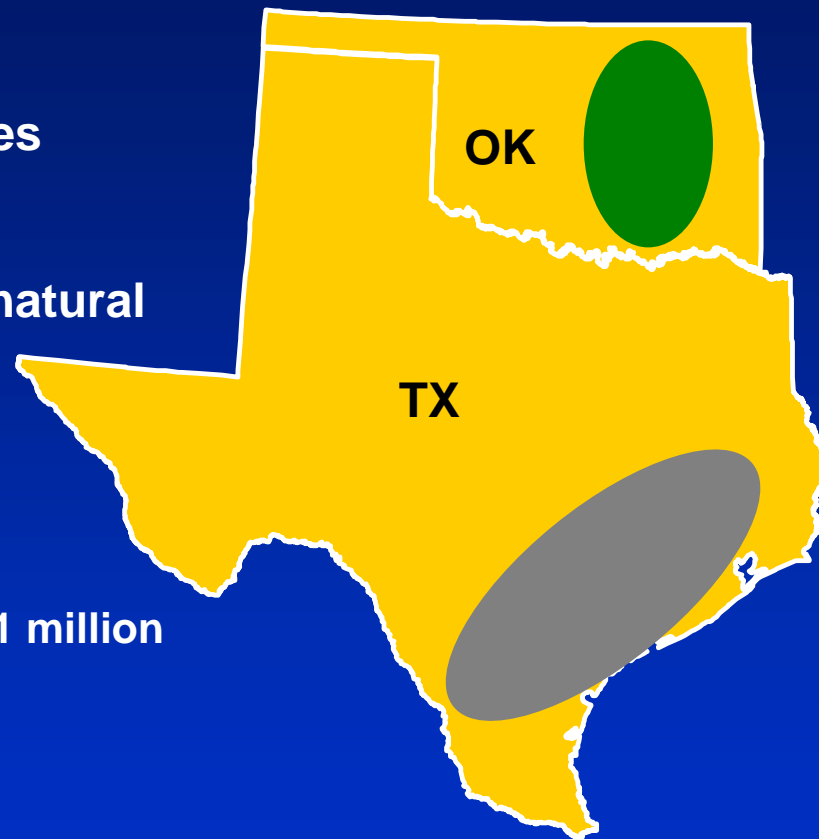
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- Growth-oriented midstream energy company founded in 1992
  - Built through acquisitions – over 30 acquisitions plus extensive construction and integration projects
  - Significant pipeline growth – from 23 miles to over 5,000 miles
  - Five processing plants <sup>(a)</sup> – over 800 MMcf/d of combined processing capacity
  - Prominent producer services franchise in two active producing regions
  - Texas Gulf Coast – South Texas
  - Mid-Continent – Central and Eastern Oklahoma covering 25% of the land mass of the state

(a) includes majority interest in Southern Dome, LLC

# Overview

- Strong producer and customer focus
- Highly competitive and flexible services
- Provides midstream services to approximately 834,000 MMBtu/day of natural gas
- Financial Profile – FYE 12/31/06:
  - Revenue: \$860.3 million
  - Total Segment Gross Margin <sup>(a)</sup>: \$188.1 million
  - EBITDA <sup>(a)</sup>: \$130.0 million
  - Current Equity Value: \$1.4 billion <sup>(b)</sup>
  - Current Enterprise Value: \$1.6 billion <sup>(b)</sup>



 Mid-Continent  
 Texas Gulf Coast

(a) Total Segment Gross Margin and EBITDA are non-GAAP financial measures. For definitions and reconciliations to comparable GAAP measures, see Appendix.

(b) Equity value as of March 2, 2007

# Copano's LLC Structure

Characteristic	Typical MLP	<i>Copano Energy</i>	C-Corp
Non-Taxable Entity	Yes	Yes	No
Tax Shield on Distributions	Yes	Yes	No
Tax Reporting	Schedule K-1	Schedule K-1	Form 1099
General Partner	Yes	No	No
Incentive Distribution Rights	Yes; up to 50%	No	No
Voting Rights	No	Yes	Yes

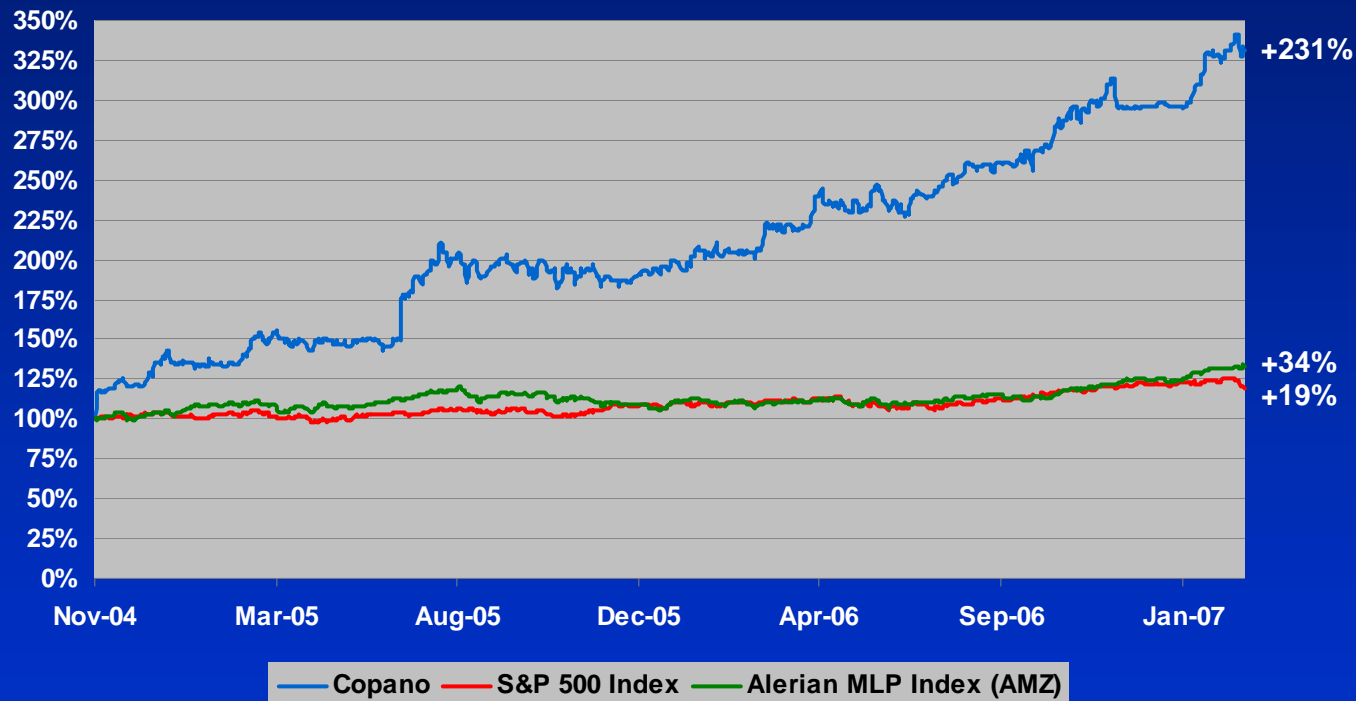
# LLC Benefits

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- No entity-level taxation
- No general partner splits (“incentive distribution rights”)
  - Reduces cost of equity
  - Greater ease of equity issuance
  - Greater appeal to institutional investors
- Stronger governance
  - Truly independent board
  - Elected by unitholders

# Relative Unit Price Performance (a)

- Copano has outperformed both the Alerian MLP Index (AMZ) and the S&P 500 since its IPO

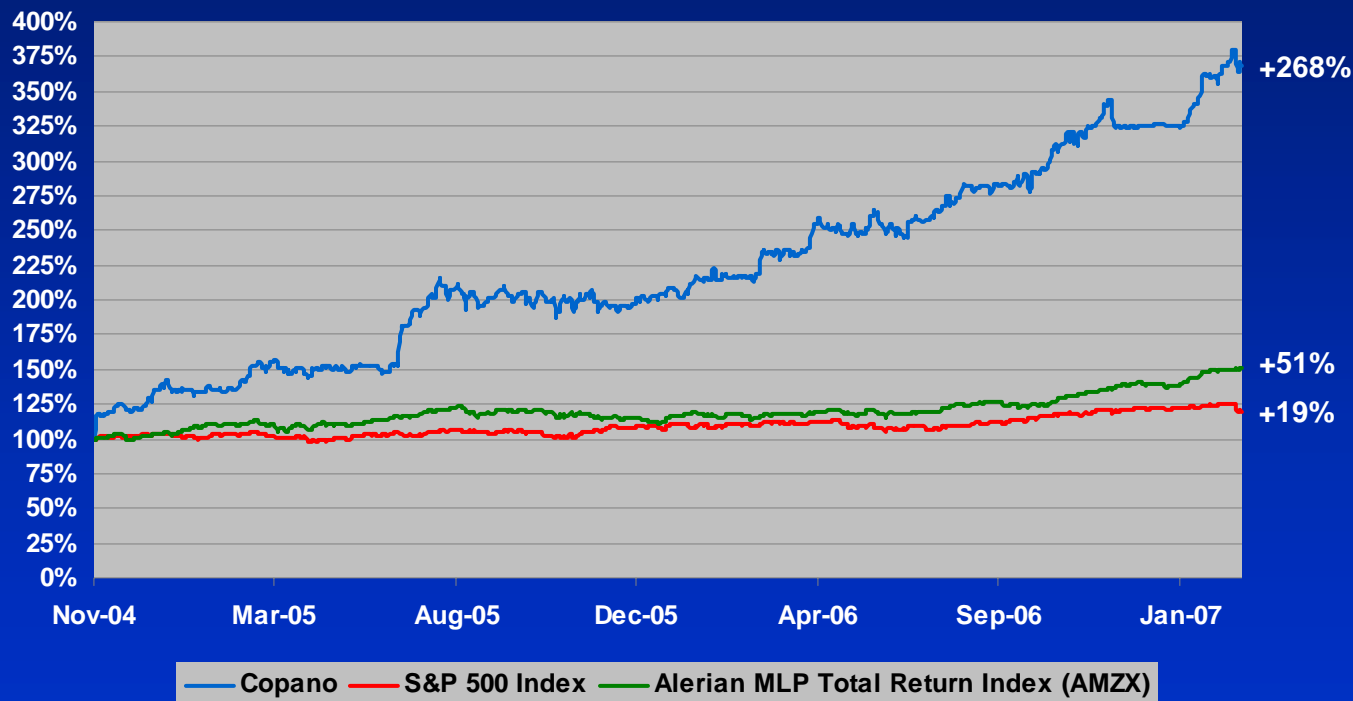


Source: Bloomberg

(a) As of March 2, 2007

# Total Return Performance (a)

- Copano has also outperformed both the Alerian MLP Total Return Index (AMZX) and the S&P 500 in terms of total return since its IPO



Source: Bloomberg

(a) As of March 2, 2007. Assumes distributions reinvested.

# Distribution Growth and Coverage

## Distribution Growth



## Distribution Coverage Ratio



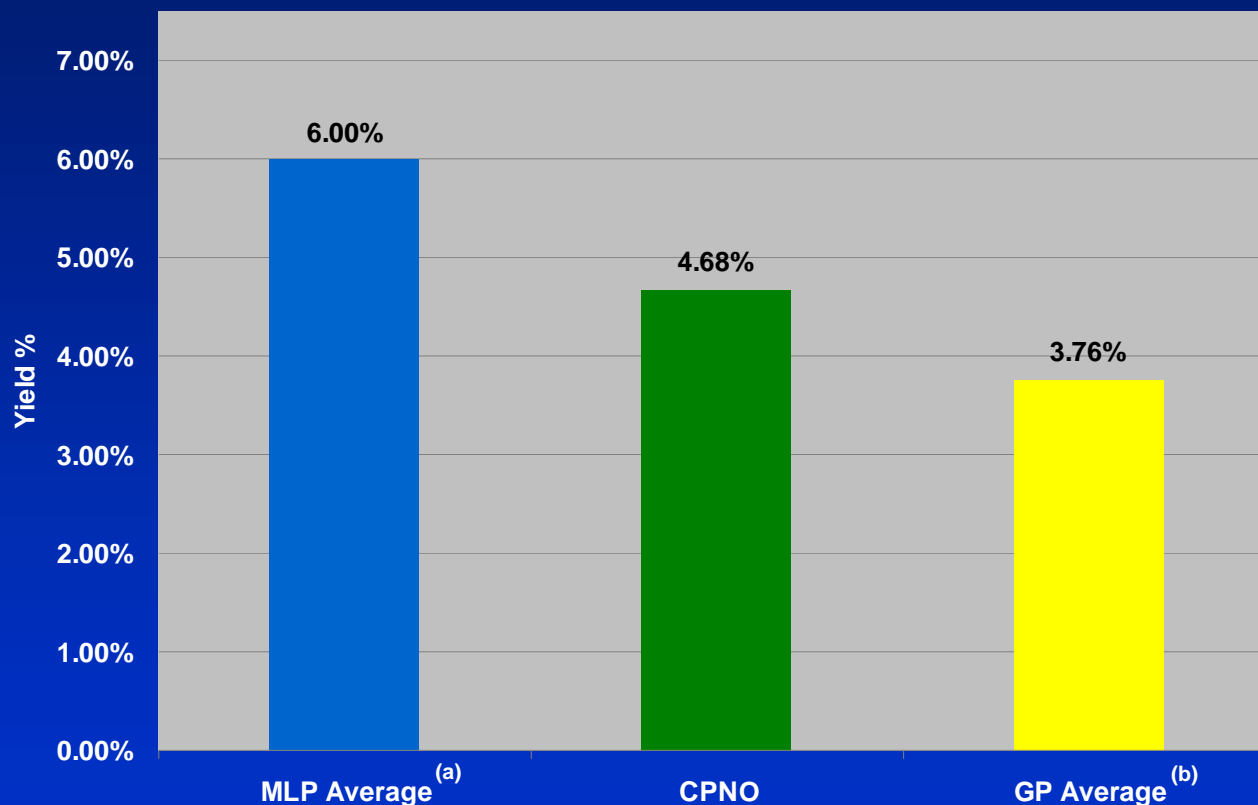
(a) Minimum Quarterly Distribution (“MQD”) per LLC Agreement.

(b) Actual \$0.20 distribution per unit was for the partial quarterly period from the IPO closing on November 15, 2004 through December 31, 2004. Fourth quarter 2004 Distribution Coverage Ratio not reflected since the distribution was for a partial quarterly period.

(c) Represents coverage based on total number of units outstanding on June 30, 2005. Distribution Coverage Ratio was 99% based on the total number of units outstanding on August 1, 2005, the distribution record date, including the units issued on the record date in connection with our acquisition of ScissorTail Energy, LLC.

# Comparative Distribution Yield

- CPNO's yield is between that of traditional MLPs and Public GPs



Source: Lehman Brothers MLP Weekly for the week ended February 23, 2007

(a) MLP Average includes: APL, BWP, BPL, XTEX, DPM, EROC, EEP, ETP, EPD, HLND, KMP, MMP, MWE, MMLP, NGLS, OKS, PAA, RGNC, SXL, TCLP, TPP, VLI, WPZ

(b) GP Average includes: XTXI, ETE, EPE, MGG, MWP, AHGP, AHD, BGH, NRGP, VEH, HPGP, PVG

# Business Strategy

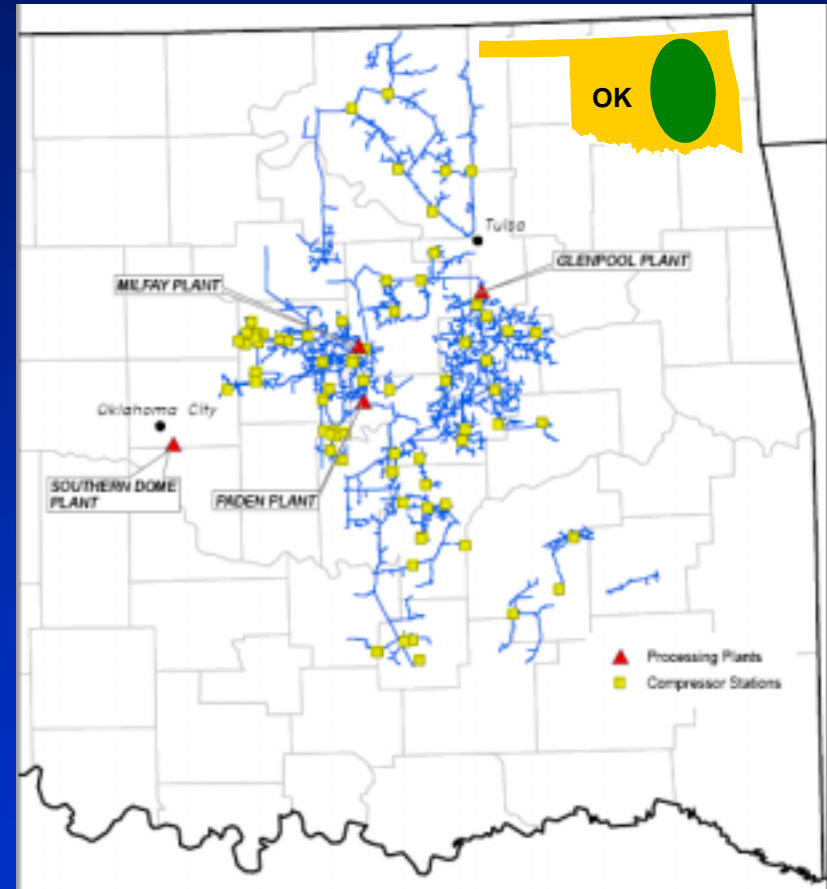
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- Pursue growth from our existing assets
- Pursue complementary acquisitions and organic expansion opportunities
- Reduce sensitivity of our cash flows to commodity price fluctuations
- Exploit the operating flexibility of our assets
- Expand our geographic scope into new regions where our growth strategy can be applied



# Mid-Continent Operations

- One of the largest independent networks of natural gas pipelines in Central and Eastern Oklahoma
- Over 3,300 miles of natural gas gathering pipelines
  - 16,900 square mile region
- Long-term agreements with remaining terms ranging up to approximately 13 years
- 26 drilling rigs currently active in area of operations
- Hunton de-watering play and coal bed methane provide growth visibility
- 4 processing plants (includes majority-owned Southern Dome)
  - Current inlet capacity of 115 MMcf/d
- FYE 12/31/06 Segment Gross Margin <sup>(a)</sup>:
  - \$95.6 million



(a) Total Segment Gross Margin is a non-GAAP financial measure. For a definition and reconciliation to a comparable GAAP measure, see Appendix.



# Texas Gulf Coast Processing

- **Houston Central Processing Plant straddles KMTP's Laredo-to-Katy pipeline**
- **2<sup>nd</sup> largest processing plant in Texas Gulf Coast region; 3<sup>rd</sup> largest in Texas**
- **Total inlet capacity of 700 MMcf/d**
- **Highly efficient conditioning capability avoids processing margin losses by reducing:**
  - **NGLs extracted by 93%**
  - **Fuel consumption by 80%**
- **Sheridan NGL Pipeline: 104 miles**
- **Brenham NGL Pipeline <sup>(a)</sup>: 46 miles**
- **FYE 12/31/06 Segment Gross Margin <sup>(b)</sup>:**
  - **\$50.6 million**



(a) Leased from Kinder Morgan.

(b) Total Segment Gross Margin is a non-GAAP financial measure. For a definition and reconciliation to a comparable GAAP measure, see Appendix.

# Producer Relationships



NOTE: Partial list for Texas Gulf Coast and Mid-Continent

# Highly-Rated Service Provider

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- **In the 2006 Natural Gas Midstream Services Survey conducted by EnergyPoint Research, Houston, among all respondents Copano rated:**
  - **#2 Overall – all service categories and geographic regions**
  - **#1 Onshore Gas Gathering – all geographic regions**
  - **#1 Texas Intrastate – all service categories**
  - **#1 Reliability, Capacity and Condition of Field Assets <sup>(a)</sup>**
  - **#1 Health, Safety and Environmental Practices <sup>(a)</sup>**
  - **#1 Administrative, Scheduling and Accounting Personnel <sup>(a)</sup>**
  
- **Among primary decision makers, Copano rated #1 overall and in most categories**

(a) All service categories and geographic regions

# Organic Growth & Bolt-on Capital Spending

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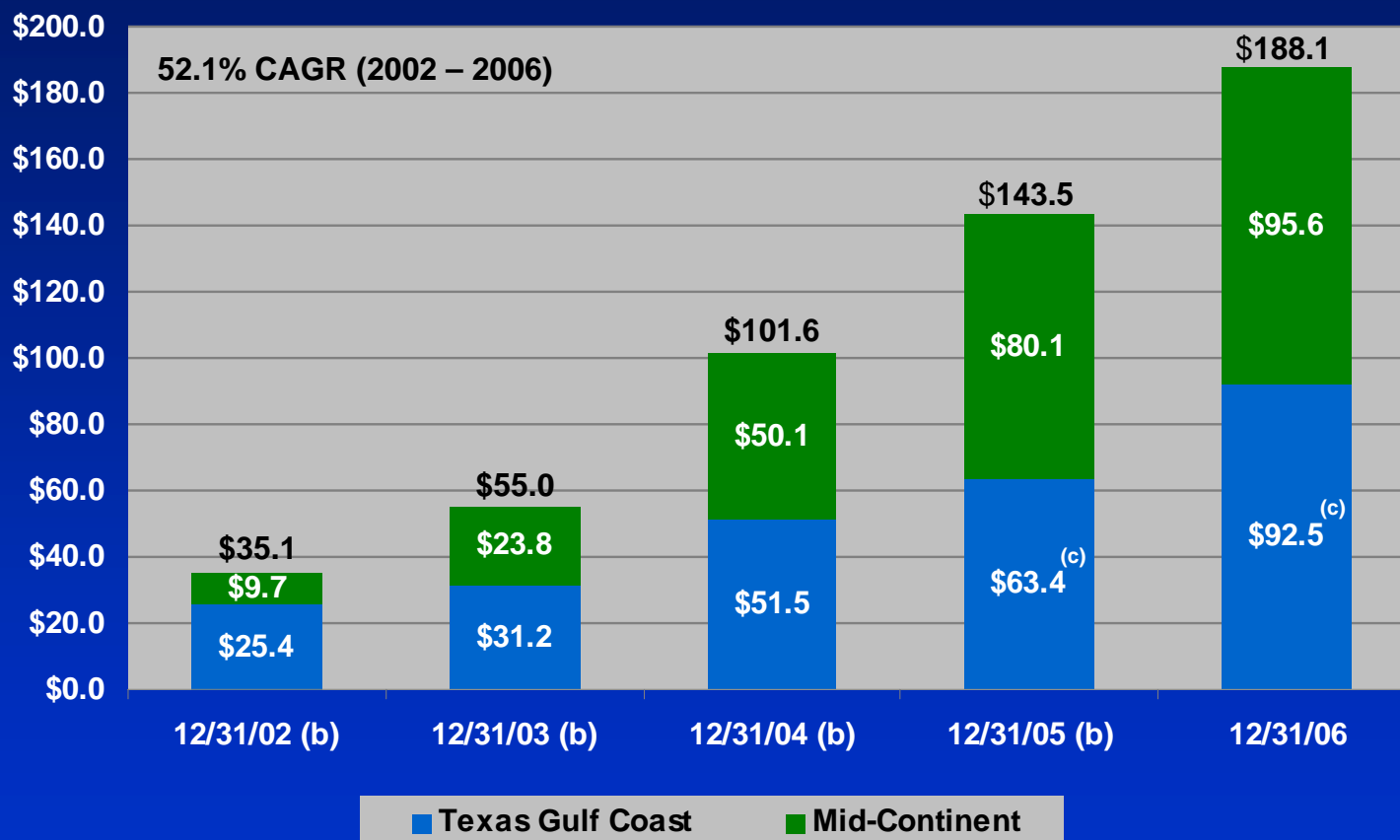
- **Committed organic growth and bolt-on capital spending in excess of \$80 million completed or initiated in 2006**
- **Hunton play gathering and compression expansion (Mid-Continent) ongoing**
- **Expansion of Paden Plant and addition of Nitrogen Rejection Unit estimated completion Q2 and Q1 2008, respectively (Mid-Continent)**
- **Southern Dome greenfield facilities completed Q2 2006 (Mid-Continent)**
- **Bolt-on acquisitions in South Texas (Texas Gulf Coast) include:**
  - **Williams Field Services South Texas Assets completed Q3 2006**
  - **Normanna Lateral completed Q3 2006**
  - **Driscoll Lateral completed Q1 2007**
- **Houston Central CO<sub>2</sub> treating capacity expansion completed Q4 2006 (Texas Gulf Coast)**

# Recent Announcements

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- **In February 2007, approved a two-for-one split for all outstanding common units (to be distributed March 30, 2007)**
- **Closed follow-on equity offering of 2.875 million common units, including exercise of underwriters over-allotment option, in December 2006**
- **Announced expansion of commodity risk management portfolio in November 2006 and December 2006**
- **Closed amendment of existing \$200 million senior secured revolving credit facility on January 12, 2007**

# Total Segment Gross Margin (a)

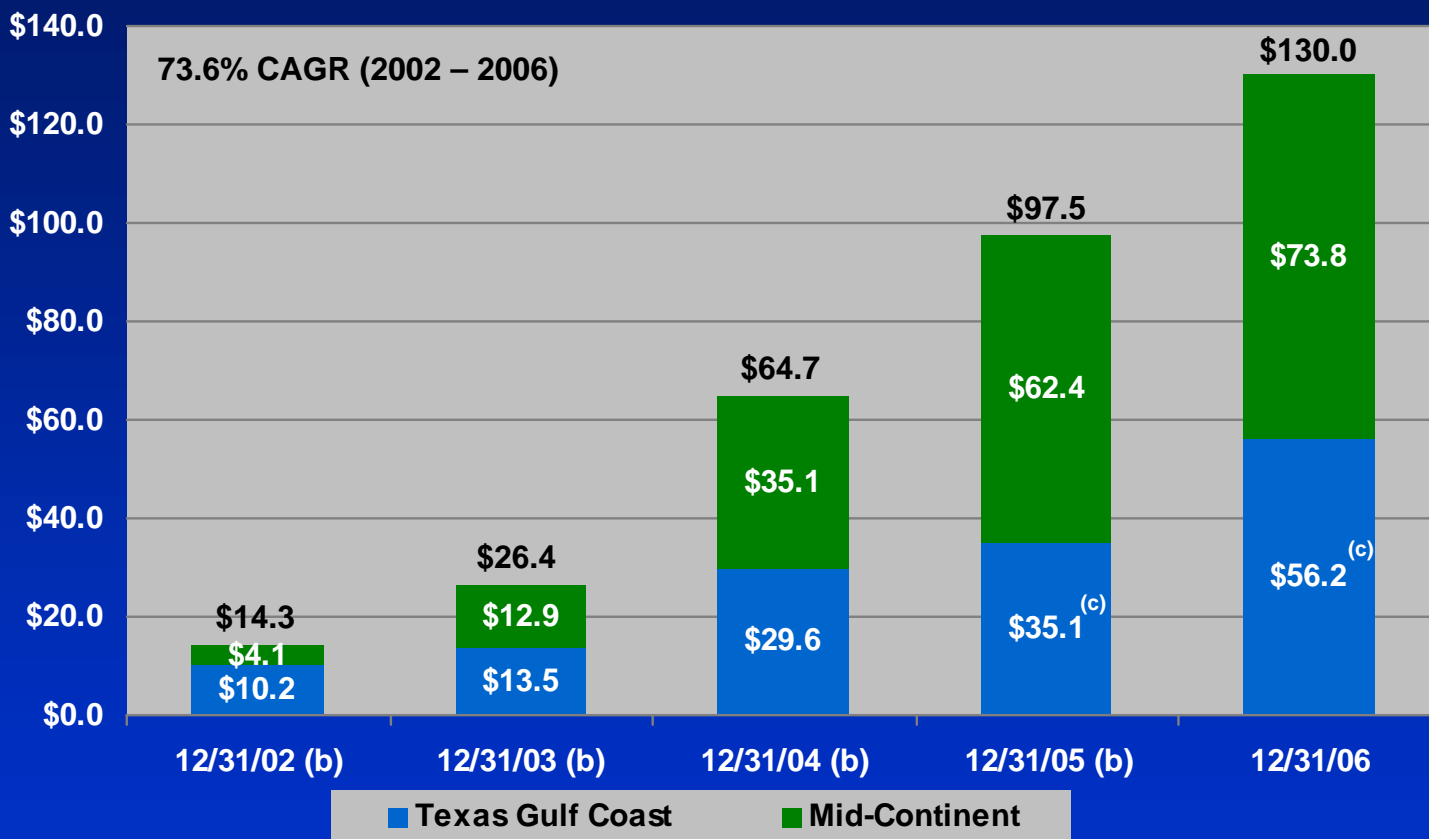


(a) Total Segment Gross Margin is a non-GAAP financial measure. For a definition and reconciliation to a comparable GAAP measure, see Appendix.

(b) Pro Forma for the acquisition of ScissorTail Energy, LLC

(c) Includes \$0.4 and \$1.4 million of Corporate Segment gross margin for the periods ending 12/31/05 and 12/31/06, respectively.

# Combined EBITDA (a)



(a) EBITDA is a non-GAAP financial measure. For a definition and reconciliation to a comparable GAAP measure, see Appendix.

(b) Pro Forma for the acquisition of ScissorTail Energy, LLC

(c) Texas Gulf Coast results for 12/31/05 and 12/31/06 periods include all corporate G&A expenses.

# Financial Structure

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- **Strong capitalization at December 31, 2006**
  - Total Debt to Enterprise Value of 16% (a)
  - Total Debt to LTM EBITDA of 2.0x
- **Broad institutional unitholder and noteholder base**
- **Strong capital support for acquisitions**
- **Moody's ratings:**
  - B1 Corporate Family Rating
  - B2 Senior Notes Rating
  - Positive outlook
- **S&P ratings:**
  - BB- Corporate Credit Rating
  - B+ Senior Notes Rating
  - Positive outlook

(a) Equity value as of March 2, 2007.

# Hedging Program and Risk Management

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- **On-going long-term risk management strategy adopted in 2005 to reduce commodity price risk exposure**
  
- **Current portfolio of hedging contracts includes:**
  - **Call spread options on natural gas through 2011 to hedge a portion of the net operational short natural gas position when we operate our Houston Central Plant in a processing mode**
  
  - **Puts on natural gas through 2009**
  
  - **Puts and swaps for ethane, propane, iso-butane and normal butane through 2011**
  
  - **Puts on WTI crude oil through 2011 to hedge natural gasoline and condensate**

# Financial Policy

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- **Maintain sustainable distributions with targeted distribution coverage greater than MLP peers**
- **Target total leverage: below 4.0x**
  - **Use free cash flow to reduce leverage on quarterly basis**
- **Demonstrated ability and willingness to raise additional equity**
  - **Follow-on equity offering closed in December 2006**
- **Finance accretive acquisitions with balanced combination of long-term debt and equity**

# Experienced Management Team and Board of Directors

- 16 senior managers average 24 years of experience in the industry
- Ownership by ALL employees including LTIP participation
- Management and employees beneficially own approximately 11% of outstanding units <sup>(a)</sup>
- Six of the seven Board members are independent

Name	Primary Affiliation
James G. Crump	Retired Global Energy & Mining Cluster Leader, PricewaterhouseCoopers
Ernie L. Danner	Director, Executive Vice President and Chief Operating Officer, Universal Compression Holdings Inc. and Director, UCO GP, LLC
Scott A. Griffiths	Former Senior Vice President and Chief Operating Officer, Hydro Gulf of Mexico, L.L.C.
Michael L. Johnson	Retired Chairman and Chief Executive Officer, Conoco Gas and Power
T. William Porter	Chairman and Founding Partner, Porter & Hedges, L.L.P.
William L. Thacker	Retired Chairman and Chief Executive Officer, TEPPCO Partners, L.P.
John R. Eckel, Jr.	Chairman and Chief Executive Officer, Copano Energy, L.L.C.

(a) Excludes 153,010 restricted common units and 606,079 options to acquire common units, of which 112,559 are exercisable as of March 1, 2007. Restricted common units and options represent approximately 3.5% of current outstanding units.

# Key Investment Merits

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- **Assets are strategically located in active natural gas supply areas and are easily scalable**
- **Our contracts and asset mix provide operating flexibility to mitigate processing margin risk**
- **We provide an integrated and comprehensive package of midstream services**
- **We have knowledgeable and experienced employees with significant ownership interests in us**
- **Our LLC structure is tax-advantaged, reduces the cost of equity capital, and allows unitholders to elect directors**
- **We have a flexible financial structure and have a proven track record of growth**

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# Appendix

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# Reconciliation of Non-GAAP Financial Measures

## Gross Margin

- We define our total segment gross margin as our segment revenue less cost of sales. Cost of sales includes the following costs and expenses: cost of natural gas and NGLs purchased by us from third parties, cost of natural gas and NGLs purchased by us from affiliates, costs we pay third parties to transport our volumes and costs we pay our affiliates to transport our volumes. We view total segment gross margin as an important performance measure of the core profitability of our operations. This measure is a key component of our internal financial reporting and is used by our senior management in deciding how to allocate capital resources among business segments. We believe that investors benefit from having access to the same financial measures that our management uses. The GAAP measure most directly comparable to total segment gross margin is operating income.
- The following table presents a reconciliation of the non-GAAP financial measure of total segment gross margin (which consists of the sum of individual segment gross margins) to operating income on a historical basis:

### Copano Energy, L.L.C.

(\$ in millions)

	Year Ended December 31,				Pro forma (a)	Year Ended
	2002	2003	2004	2005	12/31/2005	December 31,
Operating income	\$4.6	\$7.4	\$22.2	\$50.2	\$66.0	\$96.3
Add:						
Operations and maintenance expenses	9.6	10.9	12.5	18.5	25.7	32.5
Depreciation and amortization	5.5	6.1	7.3	17.0	30.6	32.0
General and administrative expenses	4.2	5.8	9.2	18.2	20.7	26.5
Taxes other than income	0.9	0.9	0.8	1.2	1.4	2.1
Equity in (earnings) loss of unconsolidated affiliate	0.6	0.1	(0.4)	(1.0)	(0.9)	(1.3)
Total segment gross margin	<u>\$25.4</u>	<u>\$31.2</u>	<u>\$51.6</u>	<u>\$104.1</u>	<u>\$143.5</u>	<u>\$188.1</u>

### ScissorTail Energy, LLC

(\$ in millions)

	Year Ended December 31,		
	2002	2003	2004
Operating income	\$1.3	\$9.2	\$30.9
Add:			
Operations and maintenance expenses	4.2	7.9	11.3
Depreciation and amortization	2.8	3.7	4.1
General and administrative expenses	1.4	3.0	3.8
Total gross margin	<u>\$9.7</u>	<u>\$23.8</u>	<u>\$50.1</u>

(a) Pro forma for the acquisition of ScissorTail Energy, LLC

# Reconciliation of Non-GAAP Financial Measures

## EBITDA

- We define EBITDA as net income (loss) plus interest expense, provision for income taxes and depreciation and amortization expense. EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements such as investors, commercial banks, research analysts and others, to assess:
  - the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
  - the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness;
  - our operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing or capital structure; and
  - the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.
- EBITDA is also a financial measurement that, with certain negotiated adjustments, is reported to our lenders and is used to compute our financial covenants. EBITDA should not be considered an alternative to net income, operating income, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP. Our EBITDA may not be comparable to EBITDA or similarly titled measures of other entities, as other entities may not calculate EBITDA in the same manner as we do.
- The following table presents a reconciliation of the non-GAAP financial measure of EBITDA to the GAAP financial measure of net income (loss):

### Copano Energy, L.L.C.

(\$ in millions)	Year Ended December 31,				Pro forma (a)	Year Ended
	2002	2003	2004	2005	12/31/2005	December 31, 2006
Net (loss) income	(\$1.6)	(\$4.7)	(\$0.9)	\$30.4	\$34.8	\$65.1
Add:						
Depreciation and amortization	5.5	6.1	7.3	17.0	30.6	32.0
Interest and other financing costs	6.3	12.1	23.2	20.5	32.1	32.9
EBITDA	<u>\$10.2</u>	<u>\$13.5</u>	<u>\$29.6</u>	<u>\$67.9</u>	<u>\$97.5</u>	<u>\$130.0</u>

### ScissorTail Energy, LLC

(\$ in millions)	Year Ended December 31,		
	2002	2003	2004
Net income	\$0.0	\$7.9	\$30.3
Add:			
Depreciation and amortization	2.8	3.7	4.1
Interest and other financing costs	1.3	1.3	0.7
EBITDA	<u>\$4.1</u>	<u>\$12.9</u>	<u>\$35.1</u>

(a) Pro forma for the acquisition of ScissorTail Energy, LLC

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***Copano Energy***

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