KINDER MORGAN

The Magic of Disciplined Investing

January 25, 2005

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Company Overview

Rich Kinder

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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 Inc., Kinder Morgan Energy Partners, L.P. and Kinder Morgan Management, LLC (collectively known as "Kinder Morgan") 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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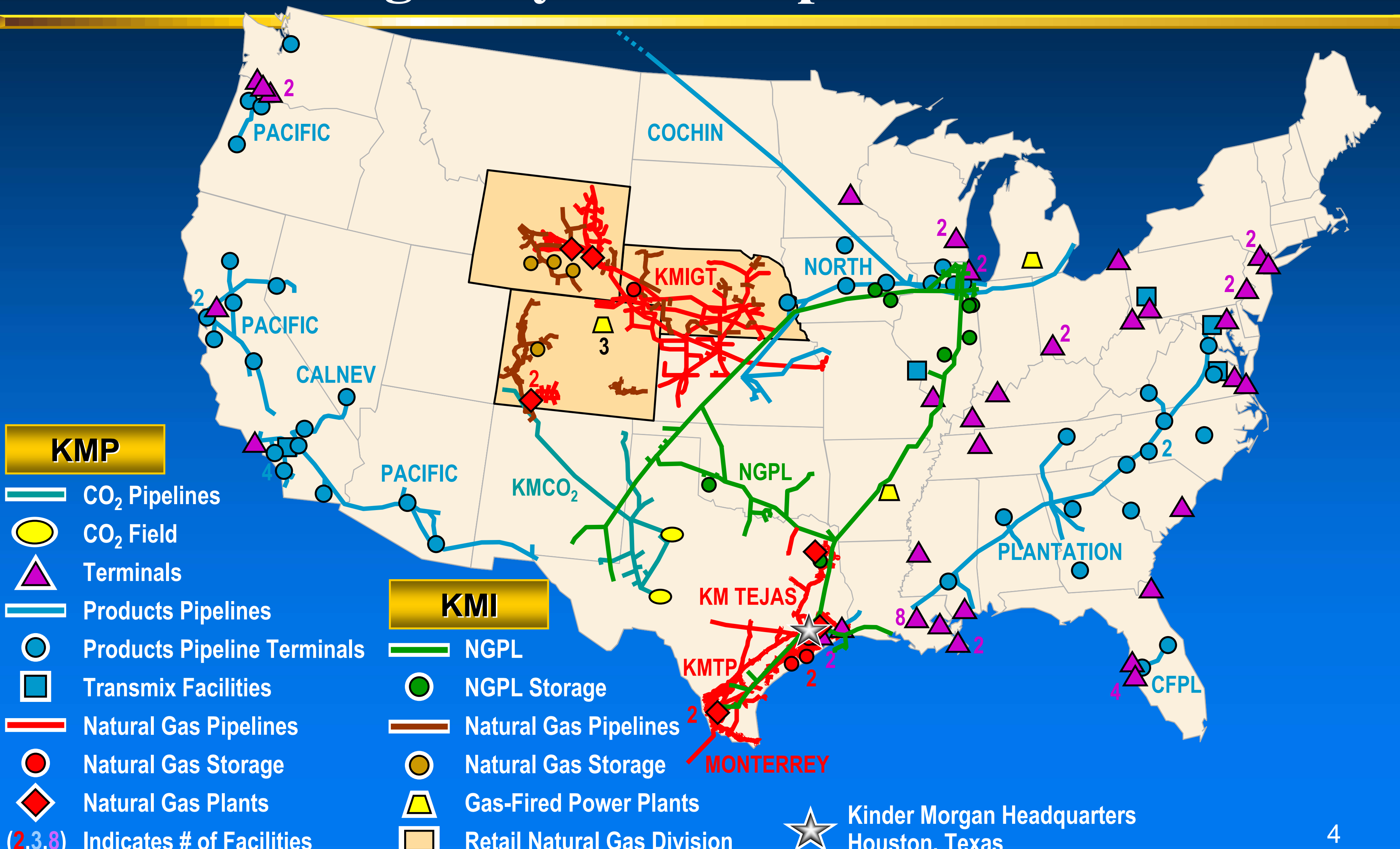
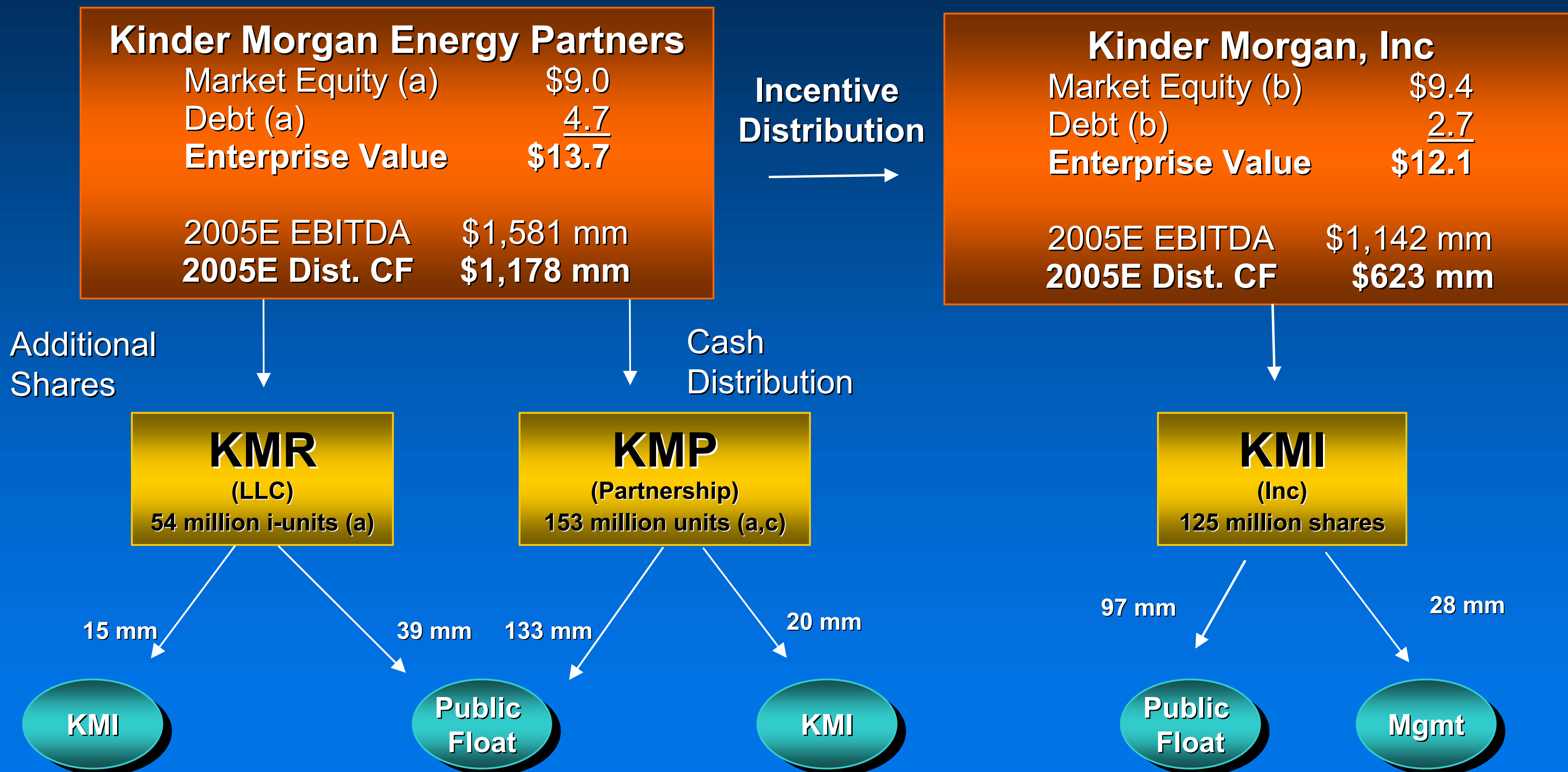
Kinder Morgan System Map



Kinder Morgan: Three Securities



(a) KMEP market cap based on 153 million common units at a price of $44.33 and 54 million KMR i-units at a price of $40.70 as of December 31, 2004. Debt balance, as of December 31, 2004, excluding the fair value of interest rate swaps, net of cash.

(b) KMI market cap based on 125 million shares at $73.13 as of December 31, 2004. Market equity also includes $284 million of capital trust securities (TRUPS). Debt balance as of December 31, 2004, excluding fair value of interest rate swaps and cash from sale of TransColorado, net of other cash.

(c) Includes 5.3 million Class B units owned by KMI. Class B units are unlisted KMP common units.

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Promises Made, Promises Kept

Promises Made	Promises Kept
KMP/KMR	**KMP/KMR**
Distribution per unit:	**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
KMI	**KMI**
Earnings Per Share (a):	**Earnings Per Share (a):**
2000: $1.10	2000: $1.28
2001: $1.66-$1.79	2001: $1.96
2002: $2.55 - $2.65	2002: $2.84
2003: $3.18	2003: $3.33
2004: $3.71	2004: $3.81

(a) Excluding certain items and loss on early extinguishment of debt.

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2005 Corporate Goals

KMP/KMR

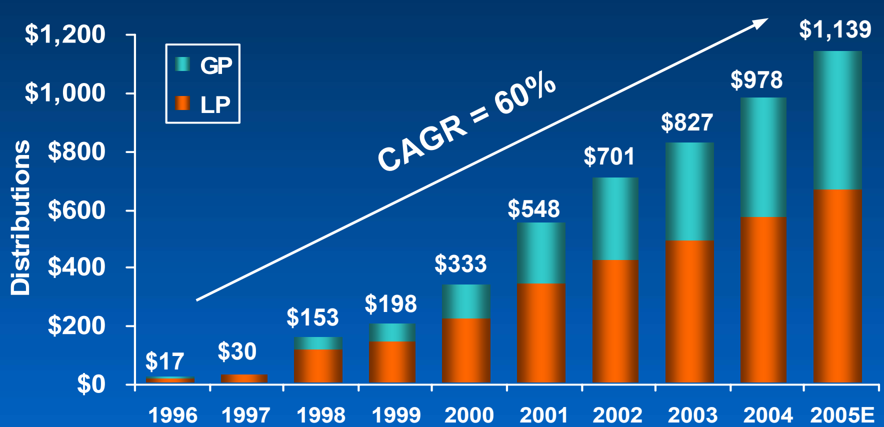
- **Distribution Target** (without acquisitions)
  - $3.13 per unit (9% growth)
  - Excess coverage of $39 million
- **Strengthen balance sheet**
  - Budgeted Expansions:
    85% equity, 15% debt
  - New acquisitions:
    60% equity, 40% debt

KMI

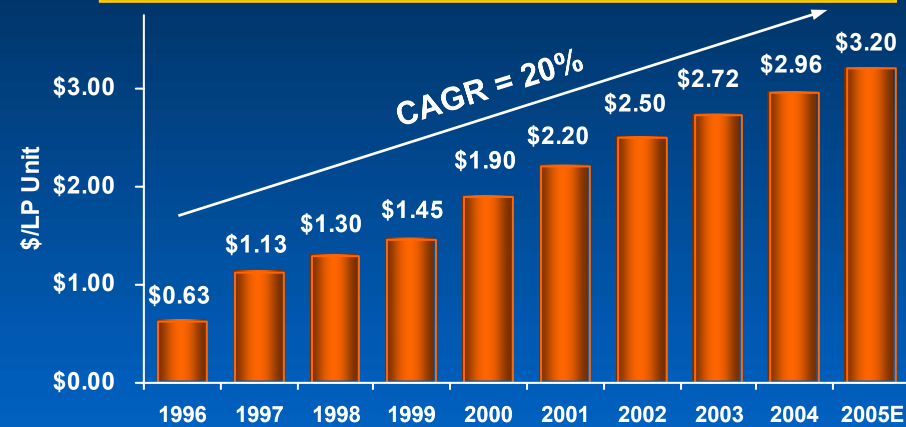
- **EPS Target** (without acquisitions)
  - $4.22 per share (11% growth)
- **Maintain strong balance sheet**
- **Return cash to investors**

Consistent Track Record

Total Distributions (GP + LP) ($mm)

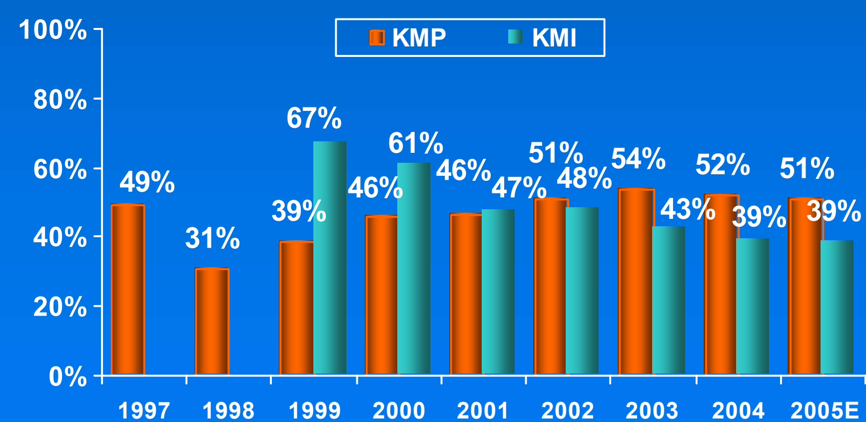


KMP Distribution / Unit (a)



KMI Earnings Per Share

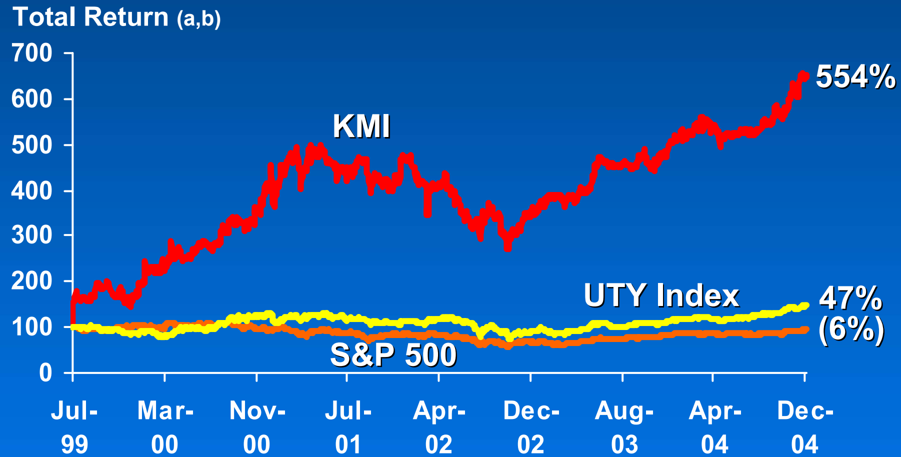
Debt to Total Capital (b)



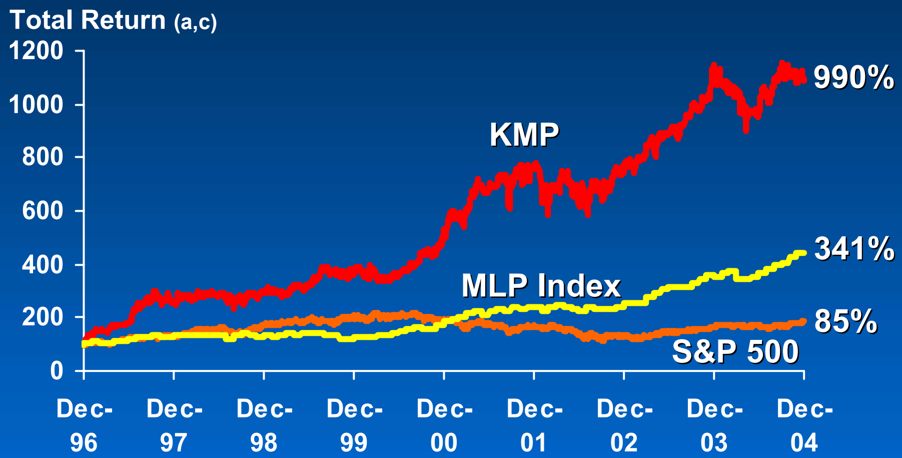
(a) Declared 4Q distribution annualized (i.e. multiplied by four).
(b) Excludes loss/gains in Other Comprehensive Income related to hedges; KMI 2004 excludes cash on hand from TransColorado sale

Significant Historical Returns

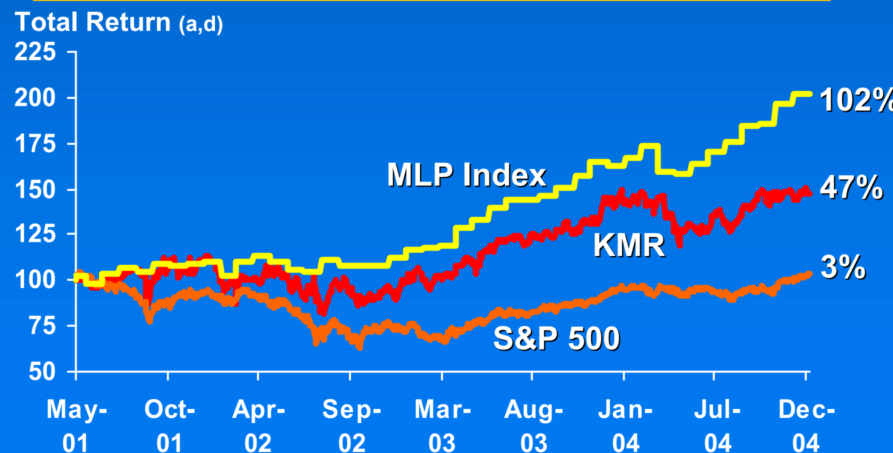
KMI: 41% annual return



KMP: 35% annual return



KMR: 11% annual return



Sources: Bloomberg, Citigroup Smith Barney

(a) Returns calculated on a daily basis assuming dividends/distributions reinvested in index/stock/unit, except MLP Index calculated on a monthly basis

(b) Start date 7/8/1999; KN Energy merger announced

(c) Start date12/31/1996

(d) Start date 5/14/2001; Initial public offering

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

Management Philosophy

- **Low Cost Asset Operator**
  - Senior management limited to $200,000 per year in base salary
  - No planes, sports tickets, etc.
- **Attention to Detail**
  - Weekly operations and financial assessment
  - Monthly and quarterly earnings
  - Quarterly strategic review
- **Disciplined Capital Allocation**
  - Consistent return hurdles
  - Consistent assumptions
  - Accountability
- **Risk Management**
  - Avoid businesses with direct commodity price exposure where possible
  - Hedge commodity price risk

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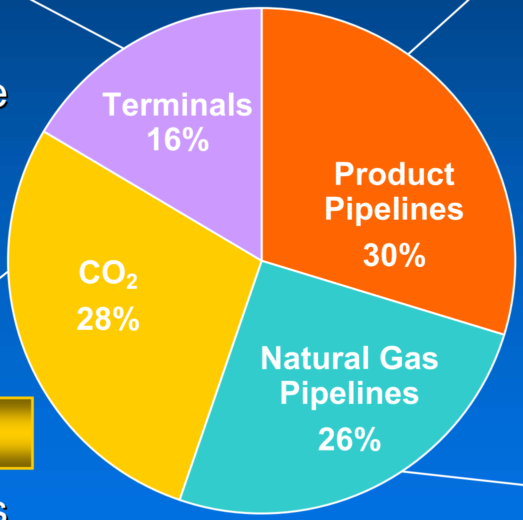
Management Philosophy (continued)

- **Transparency**
  - Publish budget, compare to actual quarterly results on conference calls
  - Publish detailed information for analyst conference
- **Cash is King**
  - Get the cash! - monthly accounts receivable meetings
  - Return cash to investors; let investor make reinvestment decision
- **Alignment of Incentives**
  - Bonus targets are tied to published budget
  - All employees have equity-based incentives.
  - Rich Kinder owns 20% equity stake in KMI, largest in S&P 500 energy
  - He receives $1 per year in salary, no bonus, no options
- **Business Unit Autonomy**
  - Experienced business unit presidents – 23 years average industry experience
  - Presidents run own businesses
  - Corporate: Capital Allocation, Accountability, Common Culture, Access to Capital

Kinder Morgan Energy Partners
KMP and KMR

Solid Asset Base Generates Stable Fee Income

KMP
2005 DCF (a)



Terminals

- 55% Liquids, 45% Bulk
- Geographic and product diversity
- 3-4 year average contract life

CO_2

- 25% CO_2 transport and sales
- 75% oil production related
- Expected production hedged: 2005=95%; 2006=72%; 2007=58%

Products Pipelines

- Refinery hub to population center strategy
- 64% Pipelines
- 31% Associated Terminals (b)
- 5% Transmix
- No commodity price risk

Natural Gas Pipelines

- 51% Texas Intrastate
- 49% Rockies
- Little incidental commodity risk

a) Budgeted 2005 distributable cash flow before G&A and interest
b) Terminals are not FERC regulated except portion of CalNev.

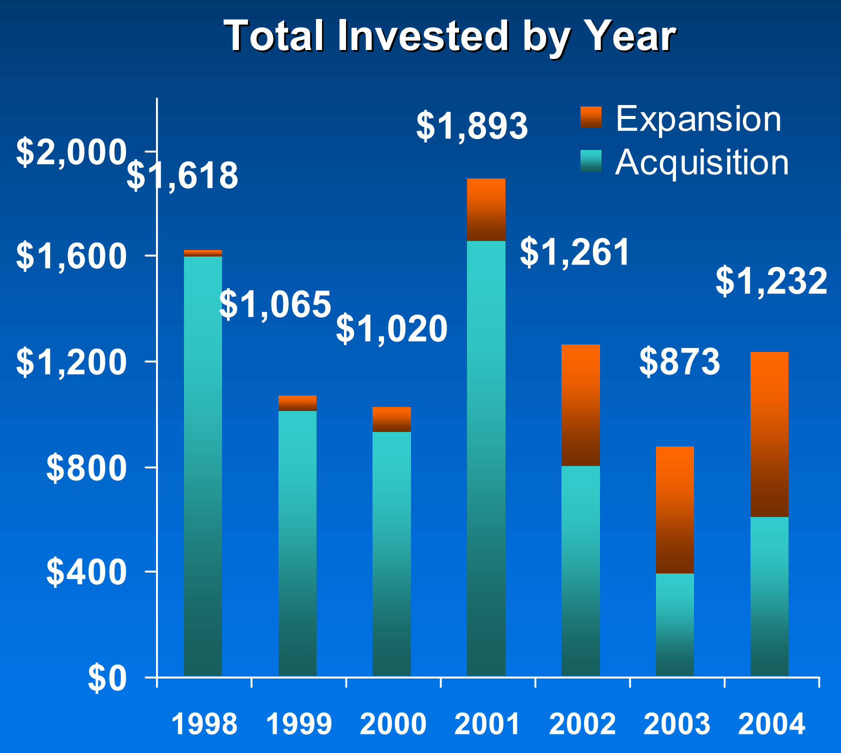
Long-Term Growth Drivers

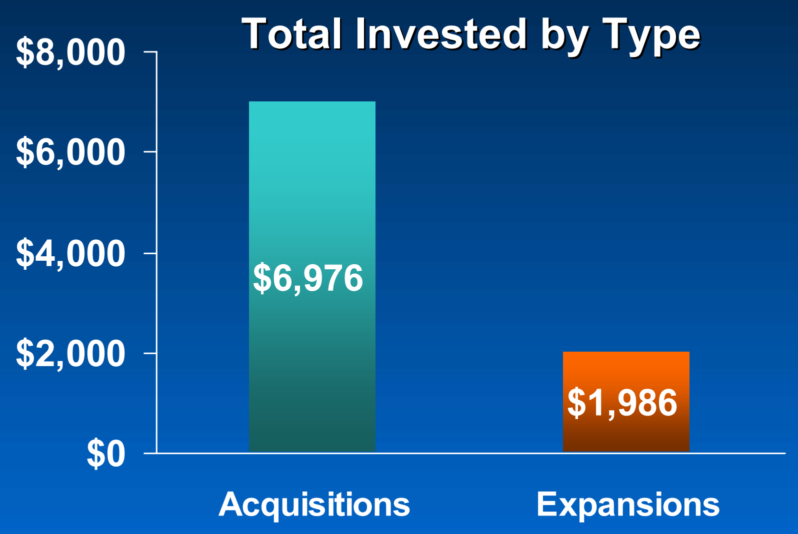
Business Segment	Growth Drivers
Products Pipelines	▪ Gasoline demand tracks demographic growth ▪ Serve 8 of 10 fastest growing metropolitan areas ▪ Price escalator = PPI ▪ Advantage to existing assets
Natural Gas Pipelines	▪ Natural gas demand growth = 1.5%/year (a) ▪ US is infrastructure constrained ▪ LNG requires new infrastructure ▪ Advantage to existing assets
CO_2	▪ Production at SACROC and Yates ▪ Additional Permian Basin Opportunities ▪ Opportunities in new basins ▪ CO_2 Expertise
Terminals	▪ Increasing product specifications ▪ Changing regulations ▪ Advantage to existing assets

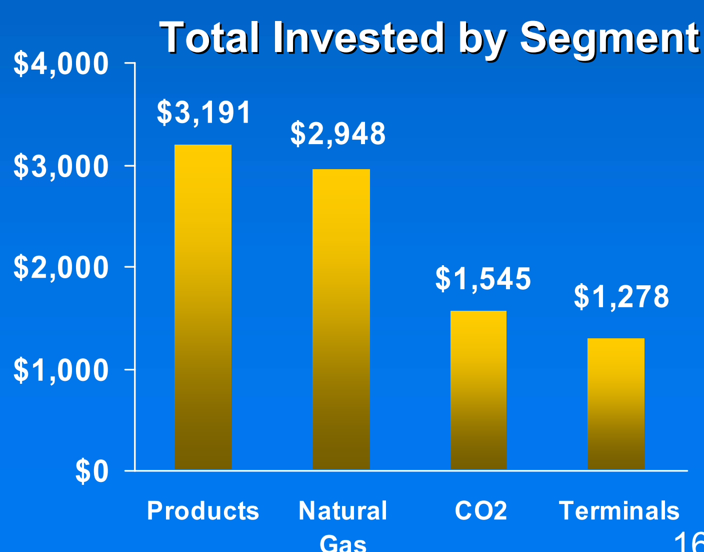
(a) Source: Energy Information Administration (EIA) 2005 Annual Energy Outlook

Approximately $9 Billion in Capital Invested at KMP

($ millions)







(a) Calculation of Investment is detailed in Appendix

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2005 Expansion

KMP 2005 Expansion Capital Budget

Business Segment	2005 Budget ($mm)	Major Projects
Product Pipelines	$185	East Line, Carson
Natural Gas Pipelines	$130	Dallas, Rancho, Markham, TransColorado
CO_2	$238	SACROC and Yates
Terminals	$53	Pasadena, Carteret, Tampaplex
Total	**$606**	

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Illustrative

Disciplined Investment Process and Accountability

Decision → **Accountability**

Acquisition Model

EBITDA	$60
Sustaining Capital	(10)
Distributable CF	50
Purchase Price	400
Multiple	8X
IRR (a)	17%

Segment Budget

2004 DCF	$400
Add: Acquisition/Expansion	50
2005 DCF	$450

Board Review

	Acquisition	2005 Results
EBITDA	$60	$62
Sust. Capital	(10)	(11)
DCF	$50	$51

(a) Assumes 60% equity, 40% debt

Leads to Attractive Return on Capital

Return on Investment:	2000	2001	2002	2003	2004
Products Pipelines	11.9%	11.8%	12.8%	12.9%	12.6%
Natural Gas Pipelines	13.3	15.5	12.9	13.5	14.0
CO_2	27.5	24.6	22.0	21.9	23.8
Terminals	19.1	18.2	17.7	18.4	18.0
KMP Return on Investment	12.3%	12.7%	12.6%	13.1%	13.7%

KMP Return on Equity	17.4%	19.0%	21.9%	23.2%	25.2%

(a) G&A is deducted in calculating return on investment, but is not allocated to the segments and therefore not deducted in calculating the segment information.
(b) Please see Appendix for details on calculations.

KMP is Conservatively Capitalized

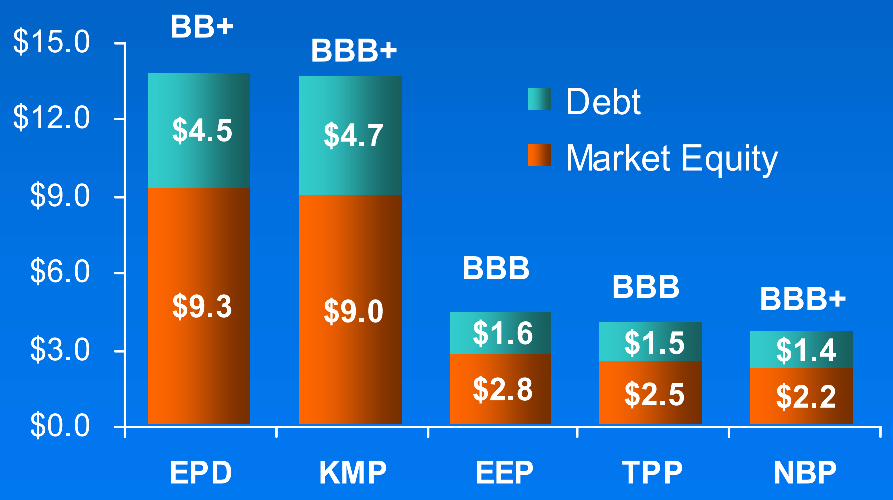
Credit Summary

Rating	Baa1/BBB+
Current Net Debt / Total Capital (a)	52%
2005 Budget Estimates:	
Debt / EBITDA	3.0x
EBITDA / Interest	6.3x

CP Capacity (c)

Total Revolver	$1,250
Outstanding CP	417
Excess Capacity	$833

Comparative Credit Ratings (b)

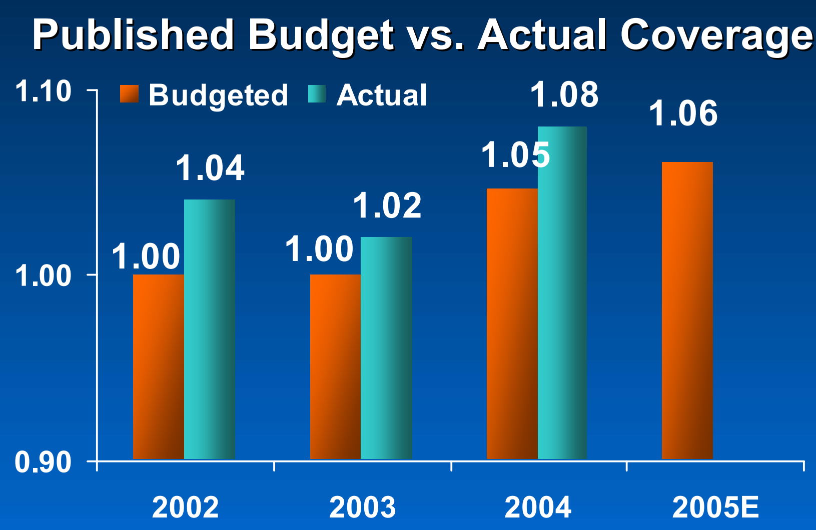


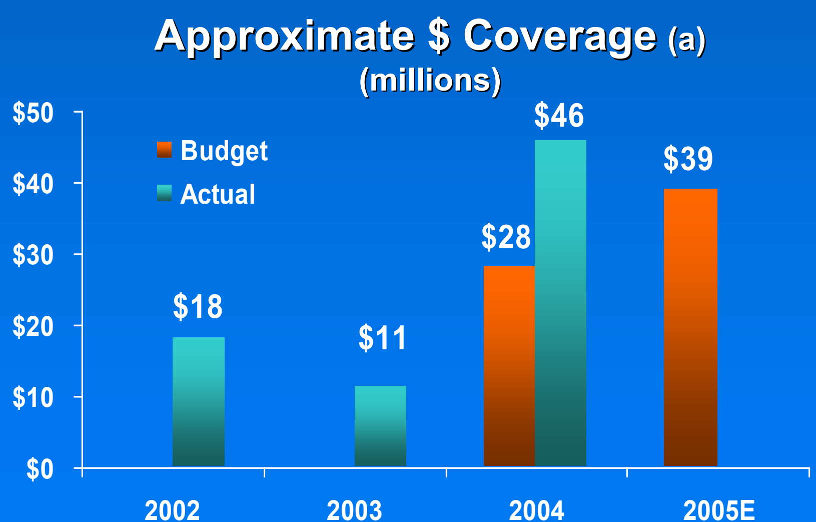
Long-Term Debt Maturities

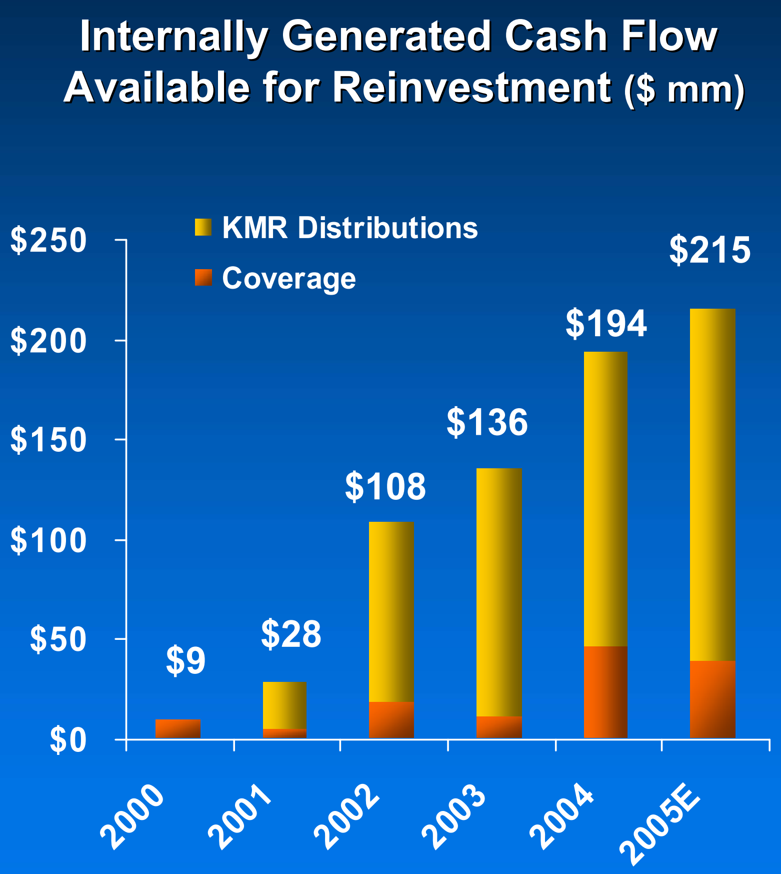
	$ (in millions)
2005	$205
2006	$45
2007	$255
2008	$5
2009	$250

(a) Excludes loss/gain in Other Comprehensive Income account related to hedges.
(b) Priced as of December 31, 2004, source Bloomberg. Source for all other debt and units outstanding is Lehman.
(c) As of 12/31/04

KMP is Growing Equity Distribution Coverage







a) Approximate coverage is the actual net income before DD&A less sustaining cap ex, divided by the cash required to pay the declared distribution to the LPs and the incentive distribution to the GP.

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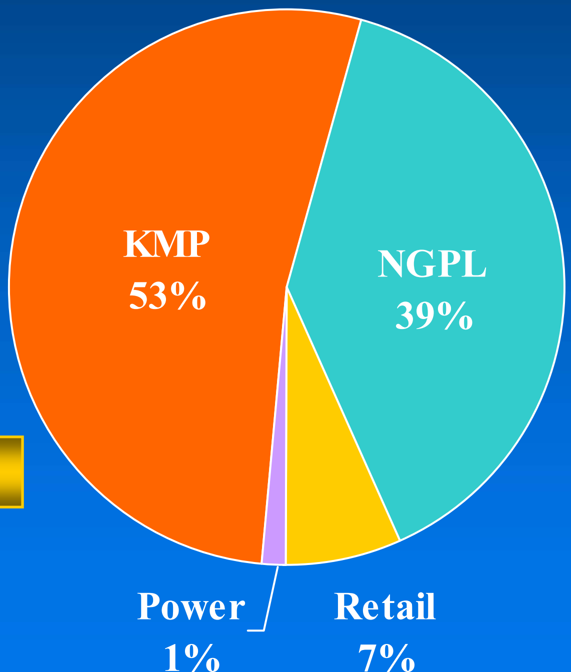
Solid Asset Base Generates Stable Fee Income

Investment in KMP (a)

- General partner interest earns incentive distributions
- Owns 17% of total limited partner units

KMI

2005 Segment Income (b)



NGPL

- FERC regulated with 3 year average contract life
- Primary customers are Chicago local distribution companies
- Little incidental commodity risk

Power

- Equity interest in five plants

Retail

- Natural gas distribution service
- Serve Colorado, Wyoming and Nebraska
- 240,000 customers

(a) Includes: (i) general partner interest, (ii) earnings from 20 million KMP units and (iii) earnings from 15 million KMR shares.
(b) Budgeted 2005 segment earnings before G&A and interest.

KMI is Conservatively Capitalized

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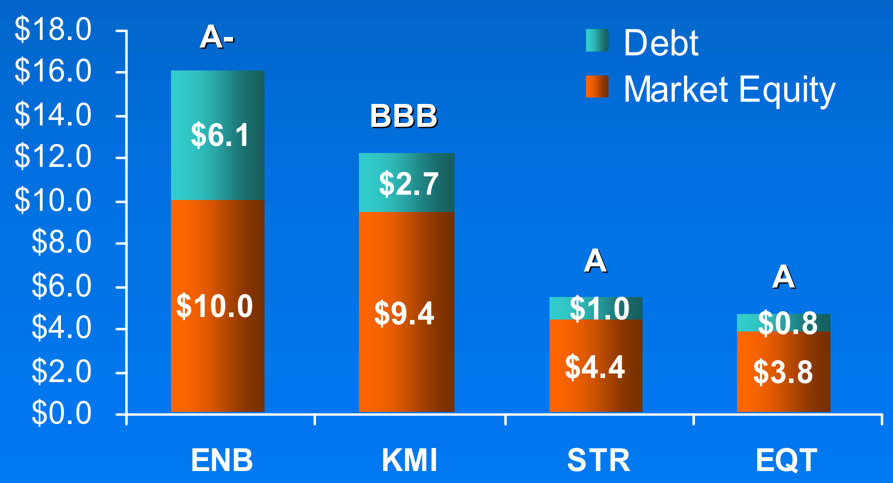
Credit Summary

Rating	Baa2/BBB
Current Net Debt / Total Capital (a)	39%
<u>2005 Budget Estimates:</u>	
Debt / EBITDA	2.4x
EBITDA / Interest	7.5x

CP Capacity (c)

Total Revolver	$800
Outstanding CP	0
Cash	177
Excess Capacity	$977

Comparative Credit Ratings (b)



Long-Term Debt Maturities

	$ (in millions)
2005	$505
2006	$5
2007	$5
2008	$305
2009	$5

(a) Excludes cash on hand from TransColorado sale.
(b) Market equity priced as of December 31, 2004, includes preferred where applicable, source: Bloomberg. Source for all other debt, preferred and shares outstanding is Lehman.
(c) As of 12/31/04

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Targeted KMI Internal Growth

Three Assumptions:

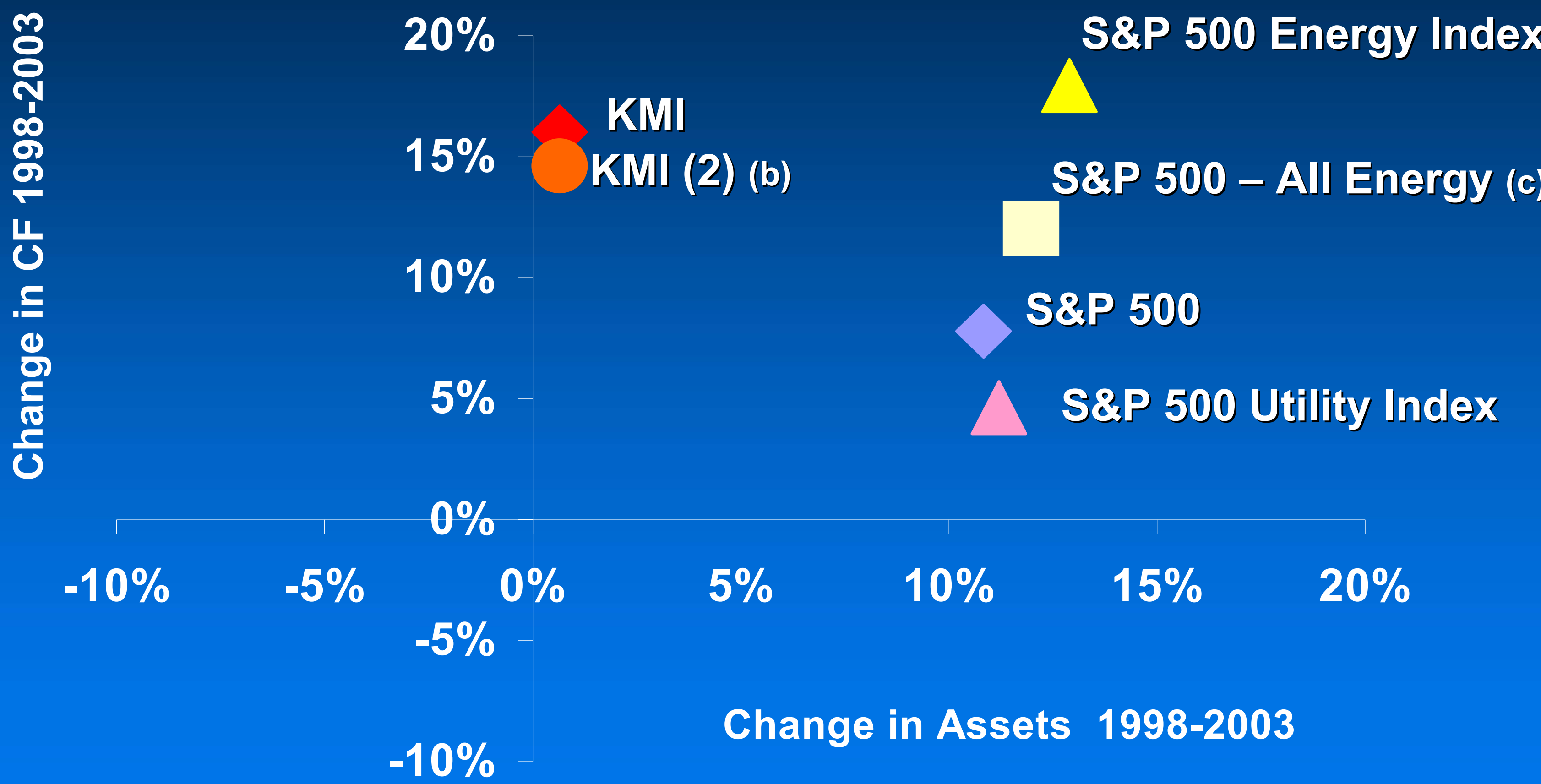
1. Investment in KMP	15% growth results from 8-10% LP distribution growth
2. NGPL / Other Assets	3 - 5% segment earnings growth
3. Use of Free Cash Flow	$104 million in share repurchase

Consistent with 10-12% earnings growth

4. Use of Free Cash Flow	$2.80/share in dividends

Approximately 3.8% yield

Limited Reinvestment Required for Growth (a)



(a) Comparison does not include any firms with a negative CF in 1998. Cash Flow from Continuing Operations is used to determine change in CF.
(b) KMI (2) is from 1998-2004.
(c) S&P 500 – All Energy = Utility & Energy Indices

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Tremendous Historical Incremental Returns

Return on Investment:	2000	2001	2002	2003	2004
Investment in KMP	11.2%	16.9%	21.4%	25.0%	29.6%
NGPL	11.4	11.1	10.9	11.4	12.1
Retail	13.0	11.7	15.0	14.5	13.1
Power	14.3	20.2	9.7	5.6	4.7
KMI Return on Investment (a,c)	10.5%	11.7%	12.4%	13.3%	14.8%
KMI Return on Equity	16.6%	19.0%	18.5%	21.3%	23.2%

(a) G&A is deducted in calculating KMI return on investment, but is not allocated to the segments and therefore not deducted in calculating the segment information.
(b) Please see Appendix for details on calculations.
(c) Totals include all assets owned in given year, even if subsequently divested.

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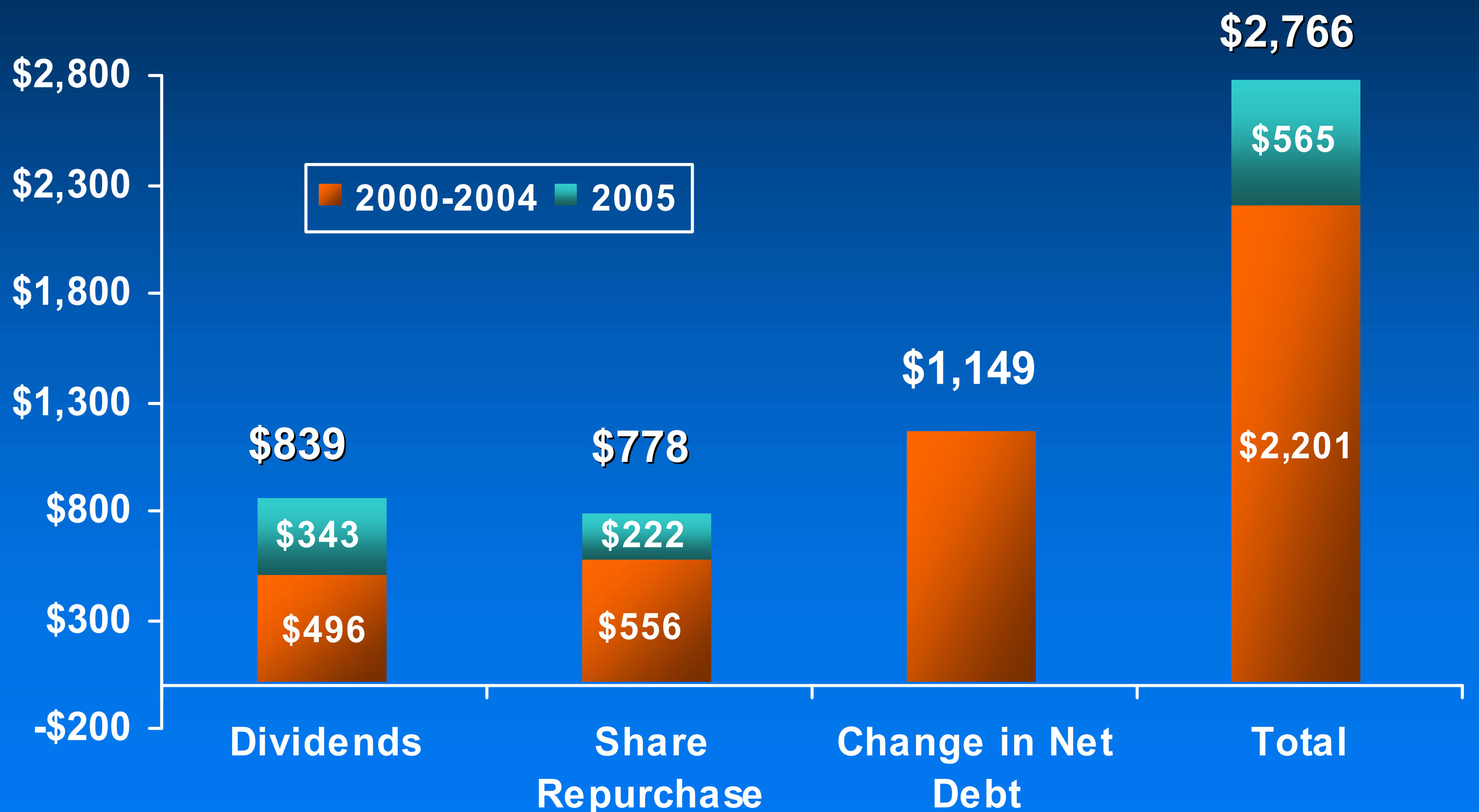
Over $2.7 billion returned to investors 2000-2005



(a) 2005E numbers include $118 million in share repurchase from TransColorado sale.

Risks

- **Regulatory**
  - Pacific Products Pipeline FERC/CPUC case
  - Periodic rate reviews
  - Unexpected FERC policy changes
- **Environmental**
- **Terrorism**
- **Interest Rates**
  - 50% of debt is floating rate
  - Budget assumes approximately 100 bps increase in floating rates over the year
  - A full year of a 100 basis point increase in rates approximately $24 million increase in expense at KMP and $14 million at KMI

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Our Commitment to Safety and our Assets

- $226 million in 2005 sustaining capital spending
- Approximately $160 million additional maintenance in O&M
- Most business units safer than industry averages
- Benchmark against both industry and internal
- Goal is for all business units to be better than industry
- Seek continual improvement in results
- Frequently review decision-making process for determining sustaining capital
- Safety director coordinates across business units
- Business unit leaders accountable for performance
- Portion of employee bonus tied to safety performance

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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 8-10% Long-Term Growth

KMI: 3.8% Yield and 10-12% Long-Term Growth

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