

KMI GAAP Reconciliation

(millions except per share amounts and where otherwise noted)



	1999	2000	2001	2002	2003	2004
Calculation of Income excluding Certain Items						
Net income from Continuing Operations	\$135,427	\$184,149	\$225,070	\$307,711	\$381,704	\$528,504
Certain Items Included in Continuing Operations, Net of Tax	(76,162)	(37,000)	12,059	41,917	30,237	(52,723)
Net Income from Continuing Operations excl Certain Items	\$59,265	\$147,149	\$237,129	\$349,628	\$411,941	\$475,781
Average Shares outstanding	80,358	115,030	121,326	123,402	123,824	124,938
Earnings per Share excl Certain Items	\$0.74	\$1.28	\$1.96	\$2.83	\$3.33	\$3.81

	1999	2000	2001	2002	2003	2004
Calculation of Free Cash Flow						
Net Income from Cont Ops excl Asset Sales & Merger Related Costs	\$59,265	\$147,149	\$237,129	\$349,628	\$411,941	\$475,781
Income Taxes (excluding Certain Items)	34,586	98,417	167,597	229,424	263,131	299,945
Pretax Income	\$93,851	\$245,566	\$404,726	\$579,052	\$675,072	\$775,726
Tax (Payments) Refunds	10,883	(7,674)	(27,524)	(114,264)	(151,100)	(200,000)
DD&A (including Excess Amortization of Goodwill)	155,268	133,600	131,324	106,496	117,528	118,742
	\$260,002	\$371,492	\$508,526	\$571,284	\$641,500	\$694,468
Sustaining Capital Spending	(92,841)	(85,654)	(79,000)	(86,164)	(83,469)	(82,233)
Free Cash Flow	\$167,161	\$285,838	\$429,526	\$485,120	\$558,031	\$612,235
Average Shares Outstanding	80,358	115,030	121,326	123,402	123,824	124,938
Free Cash Flow per Share	\$2.08	\$2.48	\$3.54	\$3.93	\$4.51	\$4.90

Capital Expenditure Notes

2001 - Sustaining capital expenditures as split out of total shown in 10K cash flow statement.

2000 - As shown in the 10K cash flow statement, excluding Power CapEx

1999 - As shown in the 10K cash flow statement, excluding Power CapEx

	1999	2000	2001	2002	2003	2004
Calculation of EBITDA, excl Certain Items						
Net Income from Cont Ops excl Asset Sales & Merger Related Costs	\$59,265	\$147,149	\$237,129	\$349,628	\$411,941	\$475,781
Income taxes	34,586	98,417	167,597	229,424	263,131	299,945
DD&A (including Excess Amortization of Goodwill)	155,268	133,600	131,324	106,496	117,528	118,742
TRUPS	21,912	21,912	21,912	21,912	21,912	21,912
Interest, Net of Interest Income	251,920	243,155	211,248	161,935	138,608	131,598
EBITDA, excl Certain Items	\$522,951	\$644,233	\$769,210	\$869,395	\$953,120	\$1,047,978

	1999	2000	2001	2002	2003	2004
Calculation of Total Book Capitalization and Debt Ratios						
Notes Payable & Current Maturities	\$581,567	\$908,167	\$630,052	\$501,267	\$132,900	\$505,000
Long-term Debt	3,293,326	2,478,983	2,404,967	2,991,770	2,925,729	2,346,193
Less: Market Value of Swaps	---	---	4,831	(139,589)	(88,242)	(88,243)
Less: Cash	(26,378)	(141,923)	(16,134)	(35,653)	(11,076)	(176,520)
Debt, Net of Cash	\$3,848,515	\$3,245,227	\$3,023,716	\$3,317,795	\$2,959,311	\$2,586,430
Minority Interests	9,523	4,910	817,513	967,802	1,010,140	1,105,436
TRUPS	275,000	275,000	275,000	275,000	283,600	283,600
Common Stockholders Equity	1,649,615	1,777,624	2,259,997	2,354,997	2,666,117	2,864,754
Less: Other Comprehensive Income	1,602	---	(9,868)	44,719	25,683	54,742
Total Capitalization	\$5,784,255	\$5,302,761	\$6,366,358	\$6,960,313	\$6,944,851	\$6,894,962
Ratio of Debt to Total Capitalization	66.5%	61.2%	47.5%	47.7%	42.6%	37.5%
EBITDA to Interest	2.08x	2.65x	3.64x	5.37x	6.88x	7.96x
Debt to EBITDA	7.36x	5.04x	3.93x	3.82x	3.10x	2.47x

	1999	2000	2001	2002	2003	2004
Calculation of Retail EBITDA						
Segment Income				\$64,056	\$65,483	\$69,264
DD&A				15,044	16,197	17,123
EBITDA				\$79,100	\$81,680	\$86,387

KMP GAAP Reconciliation

(millions except per unit amounts and where otherwise noted)



	1996	1997	1998	1999	2000	2001	2002	2003	2004
Calculation of Total Distributions									
Distributions to Limited Partners per Cash Flow Statement	\$16,404	\$21,768	\$93,352	\$135,835	\$194,691	\$277,145	\$319,130	\$354,609	\$404,843
Difference due to Timing on Cash Payment and KMR (a)	1	3,836	21,505	4,031	25,248	62,411	103,647	136,355	166,671
Calendar-year LP Declared Distribution	\$16,405	\$25,604	\$114,857	\$139,866	\$219,939	\$339,556	\$422,777	\$490,964	\$571,514
Distributions to General Partner per Cash Flow Statement	\$268	\$2,280	\$27,450	\$52,674	\$91,366	\$181,198	\$253,344	\$314,244	\$376,005
Difference due to Timing and Minority Interest	168	2,219	10,588	5,743	21,987	26,938	25,043	21,838	30,326
Calendar-year GP Declared Distribution	\$436	\$4,499	\$38,038	\$58,417	\$113,353	\$208,136	\$278,387	\$336,082	\$406,331
Total Calendar-year Distributions (GP + LP)	\$16,842	\$30,103	\$152,896	\$198,282	\$333,292	\$547,692	\$701,164	\$827,047	\$977,844

(a) KMR distributes additional shares in lieu of cash.

Calculation of Distribution Coverage									
Net Income per Unit					\$1.34	\$1.56	\$1.96	\$1.98	\$2.22
DD&A per Unit					0.72	0.98	1.03	1.21	1.49
Sustaining CapEx per Unit					(0.28)	(0.36)	(0.45)	(0.50)	(0.61)
Distributable Cash Flow per Unit					\$1.78	\$2.18	\$2.54	\$2.69	\$3.10
Declared Distribution					1.71	2.15	2.44	2.63	2.87
Coverage per Unit					\$0.07	\$0.03	\$0.11	\$0.06	\$0.23
Average Units Outstanding					126.3	154.1	172.2	185.5	197.0
LP Distribution Coverage					\$8.5	\$4.6	\$18.1	\$11.1	\$45.3

Calculation of EBITDA, excl Certain items								
Net income			\$182,302	\$278,348	\$442,343	\$608,377	\$697,337	\$831,578
Cumulative Effect of Change in Accounting Principle			---	---	---	---	(3,465)	---
Income Taxes			9,826	13,934	16,373	15,283	16,631	19,726
DD&A			50,723	90,825	151,088	177,616	224,607	294,201
Interest, Net of Interest Income			52,605	93,284	171,457	176,460	181,357	194,973
EBITDA, excl Certain Items			\$295,456	\$476,391	\$781,261	\$977,736	\$1,116,467	\$1,340,478

Calculation of Total Book Capitalization and Debt Ratios								
Notes Payable & Current Maturities			\$209,200	\$648,949	\$560,219	---	\$2,248	\$416,900
Long-term Debt			989,101	1,255,453	2,231,574	3,826,489	4,438,142	4,435,664
Less: Market Value of Swaps			---	---	5,441	(166,956)	(121,464)	(130,153)
Less: Cash			(40,052)	(59,319)	(62,802)	(41,088)	(23,329)	---
Debt, Net of Cash			\$1,158,249	\$1,845,083	\$2,734,432	\$3,618,445	\$4,295,597	\$4,722,411
Minority Interests			48,299	58,169	65,236	42,033	40,064	45,646
Partner's Capital			1,774,798	2,117,067	3,159,034	3,415,929	3,510,927	3,896,519
Less: Other Comprehensive Income			---	---	(63,826)	45,257	155,810	457,343
Total Capitalization			\$2,981,346	\$4,020,319	\$5,894,876	\$7,121,664	\$8,002,398	\$9,121,919
Ratio of Debt to Total Capitalization			38.8%	45.9%	46.4%	50.8%	53.7%	51.8%
EBITDA to Interest			5.62x	5.11x	4.56x	5.54x	6.16x	6.88x
Debt to EBITDA			3.92x	3.87x	3.50x	3.70x	3.85x	3.52x

KMP Summary of Sustaining Capital Expenditures

(millions)



	2002	2003	2004	2005 Budget
Product Pipelines	\$32.9	\$34.4	\$52.5	\$58.8
Natural Gas Pipelines	14.4	27.2	31.3	24.9
CO ₂	3.6	3.0	3.8	9.9
Terminals	21.3	23.4	25.8	26.4
Corporate	4.8	4.9	5.9	5.9
Consolidated	<u>\$77.0</u>	<u>\$92.8</u>	<u>\$119.2</u>	<u>\$125.8</u>