MLP's are well understood and the structure is widely disclosed.	• Widely followed by securities analysts (over twelve cover KMP) • Structure similar to 20-25 other publicly traded MLPs with over $20 billion in equity capitalization. • MLP structure has been used by American businesses for nearly 20 years. • Structure is disclosed and publicly documented • Disclosures reviewed by SEC, audit firms, legal counsel, etc. • Annual conferences to improve understanding - Kinder Morgan conference attended by over 100 people • At KMP conference, dedicated one of seven presentations solely to reviewing structure • Presentation on web shows detailed 2001 results, **2002 budget**, calculation of cash flow available for distribution and splits between general partner and limited partners.
KMP has a strong balance sheet.	• On a long-term basis, KMP targets a conservative 40% debt to total capital (book value) ratio. S&P and Moody's have rated KMP A-/Baa1 • Currently, KMP debt to total capital is approximately 46%. Plan is to complete an equity offering in Q2 to return to approximately 40%. • KMP maintains 50% fixed and 50% floating debt. Thus, at 46% overall debt, approximately 23% of capital structure is floating debt. Weighted average life of debt is approximately 8-10 years. • Pipeline and other MLPs as a group currently average debt to total capital of approximately 50% according to recent report by UBS.

KMP offers an attractive yield with internal growth supported by long-lived assets.	• How do you value a company that currently pays $2.20 in distributions per year (6.5% yield at current price) and has delivered 28% growth in distributions over the past five years?
	  - Utilities yield slightly over 4%
	  - 10-year Treasury yields approximately 5%
	  - Over past five years, MLPs as a group have historically traded roughly at 230 basis point premium to 10-year Treasury.
	• This valuation assumes that distribution rate is maintained. Is that possible?
	  - KMP owns long-lived, stable fee-based pipelines and terminals, which are core to energy infrastructure. Many of these assets have long-term contracts in place.
	  - KMP spent $54 million last year in sustaining capital to maintain these assets and is projected to spend $74 million in 2002 (paid before distributions).
	  - Relatively low level of floating rate debt, which minimizes its exposure to rising interest rates.

MLP’s have significant tax advantages.

Two levels of tax benefit, one permanent and one deferred:

- At the entity level, KMP does not pay taxes, corporations do.
- At the investor level, the benefit is tax deferral. A large portion of MLP distribution is considered return of capital. Thus, tax is generally owed when investment is sold. Generally, corporate shareholders pay ordinary income tax on dividends.

KMP generates more cash than it distributes.

Per unit cash flow is adjusted for burden of GP incentive.

Distributable Cash Flow	1999	2000	2001
Net Income	$ 182.3	$ 278.3	$ 442.3
DD&A	50.7	90.8	151.1
Sus. Capex	(23.7)	(35.1)	(56.1)
Total DCF	209.3	334.1	537.3
Less: GP	(56.3)	(109.5)	(202.1)
LP DCF	153.1	224.7	335.2
DC flow per LP Unit	$ 1.56	$ 1.78	$ 2.18
Declared Distribution per LP Unit	$ 1.43	$ 1.71	$ 2.15
Ave. Units Outstanding	97,986	126,300	154,110

GP incentive structure is based on cash and has provided exceptional returns for LP unitholders.

.

- Incentives are designed so that GP gets larger share only when LP distribution increases. KMP unitholder returns over 650% since 01/01/97. GP receives maximum of 50% only after certain distribution thresholds are met.
- Applying a percentage to KMP’s total net income to calculate the GP incentive distribution is flawed because the GP’s share is calculated on cash, not income.
- KMP paid out approximately 39% of its cash flow to the general partner in 2001 and is projected to pay approximately 40% in 2002. This participation has increased from 2% in 1996 as the LP distribution per unit has increased from $.63 to $2.20 or 249%.
- Shareholder Returns (dividends reinvested):

	1 year	**3 year**	**5 year**
KMP	42%	37%	50%
MLP (a)	37%	22%	19%
S&P 500	(12%)	(1%)	11%

(a) Salomon Smith Barney MLP Composite

<table>
<tr>
<td>KMP’s cost of capital is attractive.</td>
<td>

All $6.1 billion in acquisitions over the past five years have been accretive to the LP after taking into account the GP incentive distribution.
Cost of capital is not in the mid-teens. Calculation:

<table>
<tr><td>Debt</td><td>Equity</td></tr>
<tr><td>50% Fixed = 7.5%</td><td>Current Yield = 6.5%</td></tr>
<tr><td>50% Float = 4.5%</td><td>GP Gross Up (40%) = 4.3%</td></tr>
<tr><td>Pretax Debt Cost = 6%</td><td>Pretax Equity Cost = 10.8%</td></tr>
<tr><td colspan="2">60% Equity and 40% Debt = 8.9%</td></tr>
</table>

Several hundred basis point advantage over the average cost of capital of MLP corporate competitors.
Assets have been acquired at significant discount to cost of capital: 2001 Acquisition = 8.0X cash flow after sustaining capital and before debt, or 12.5% yield.
If you assume that cost of equity capital is 10% (rate of return equal dividend yield of 6.5% plus growth of 3.5%), then average cost of capital = 12.4%. Thus, company is delivering on expected growth at current acquisition pricing.

</td>
</tr>
<tr>
<td>Growth is not dependent on acquisitions.</td>
<td>

KMP projects 8-10% growth from internal sources: (i) approximately 4% revenue growth and (ii) expansion projects (see web presentation).

</td>
</tr>
</table>