



Real Assets, Real Earnings, Real Cash

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The Kinder Morgan Structure



(a) Market cap based on 124 million shares and a price of \$48.43 as of 3/28/02. Estimated debt balance as of 3/31/02.

(b) Market cap based on 135 million common units at a common unit price of \$33.00, and 31 million i-units at a price of \$33.60 as of 3/28/02. Estimated debt balance as of 3/31/02.

Kinder Morgan System Map



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 on distributions from high cash flow businesses
 - GP promote turns modest growth into exceptional growth
 - Strong balance sheet allows flexibility when raising capital for acquisitions / expansions

Management Philosophy

■ Low Cost Asset Operator

- Senior management limited to \$200,000/year in salary
- No planes, sports tickets, etc.

■ Attention to Detail

- Weekly operations and financial assessment
- Monthly earnings and accounts receivable review
- Quarterly strategic review

■ Risk Management

- Avoid businesses with direct commodity price exposure wherever possible
- Hedge incidental commodity price risk

■ Alignment of Incentives

- Employees
 - Bonus targets = publicly stated KMI EPS and KMP DCF goals of \$2.58 and \$2.40, respectively
 - All employees have stock options
- Rich Kinder and William Morgan
 - Largest equity stake in energy industry = 23%
 - \$1/year in salary, no bonus, no options

Exceptional Investor Returns

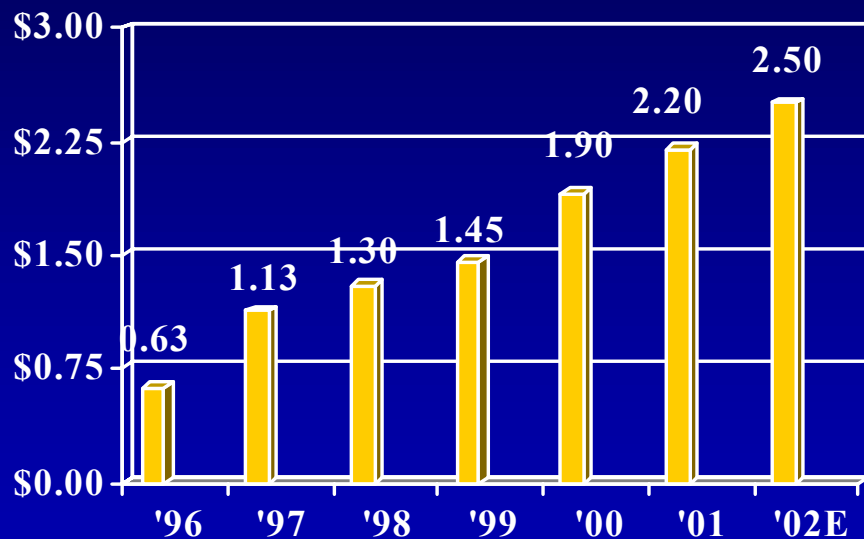
	Time Frame ^(a)	Price CAGR	Total CAGR ^(b)
KMI	7/99 – 3/02	61%	62%
KMP	1/97 – 3/02	35%	44%

(a) Time frames shown reflect period for which current management in place: KMP early 1997 and KMI mid 1999.

(b) Yield plus price appreciation.

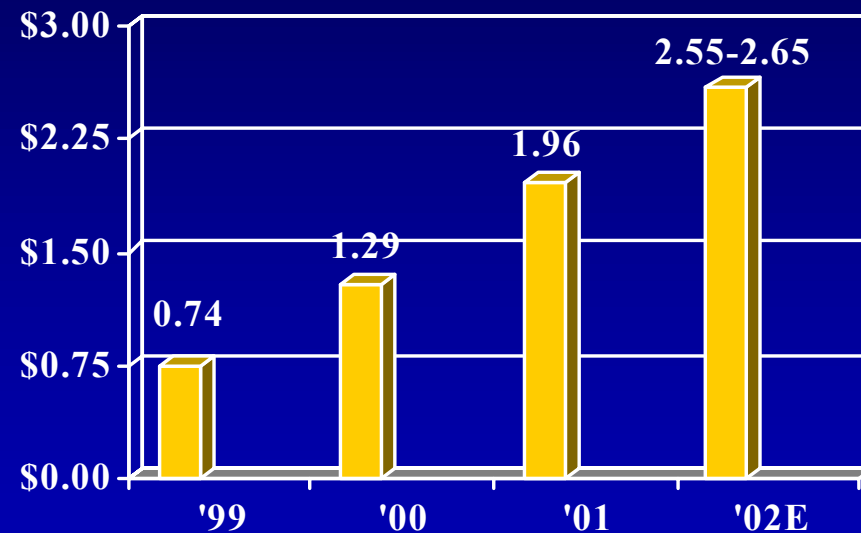
Strong Historical Growth

KMP DPU



26% CAGR (b)

KMI EPS

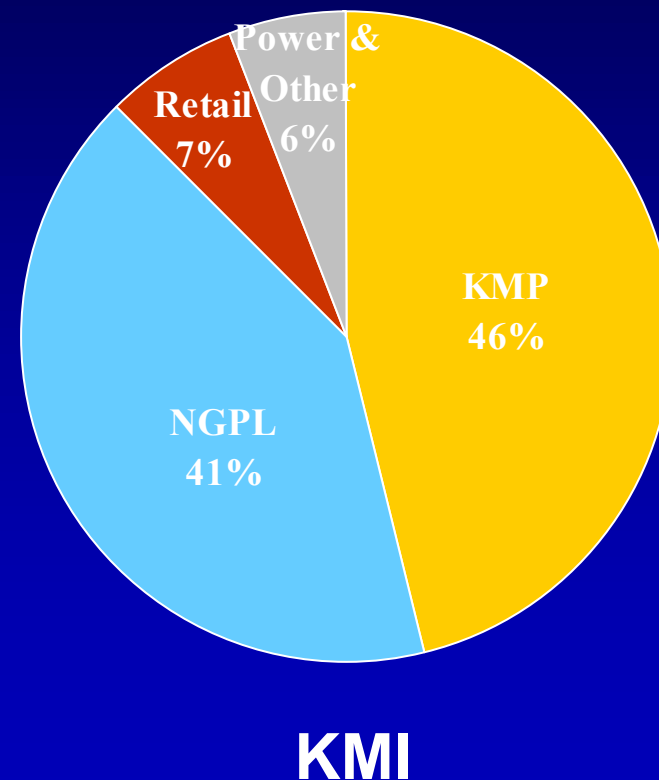
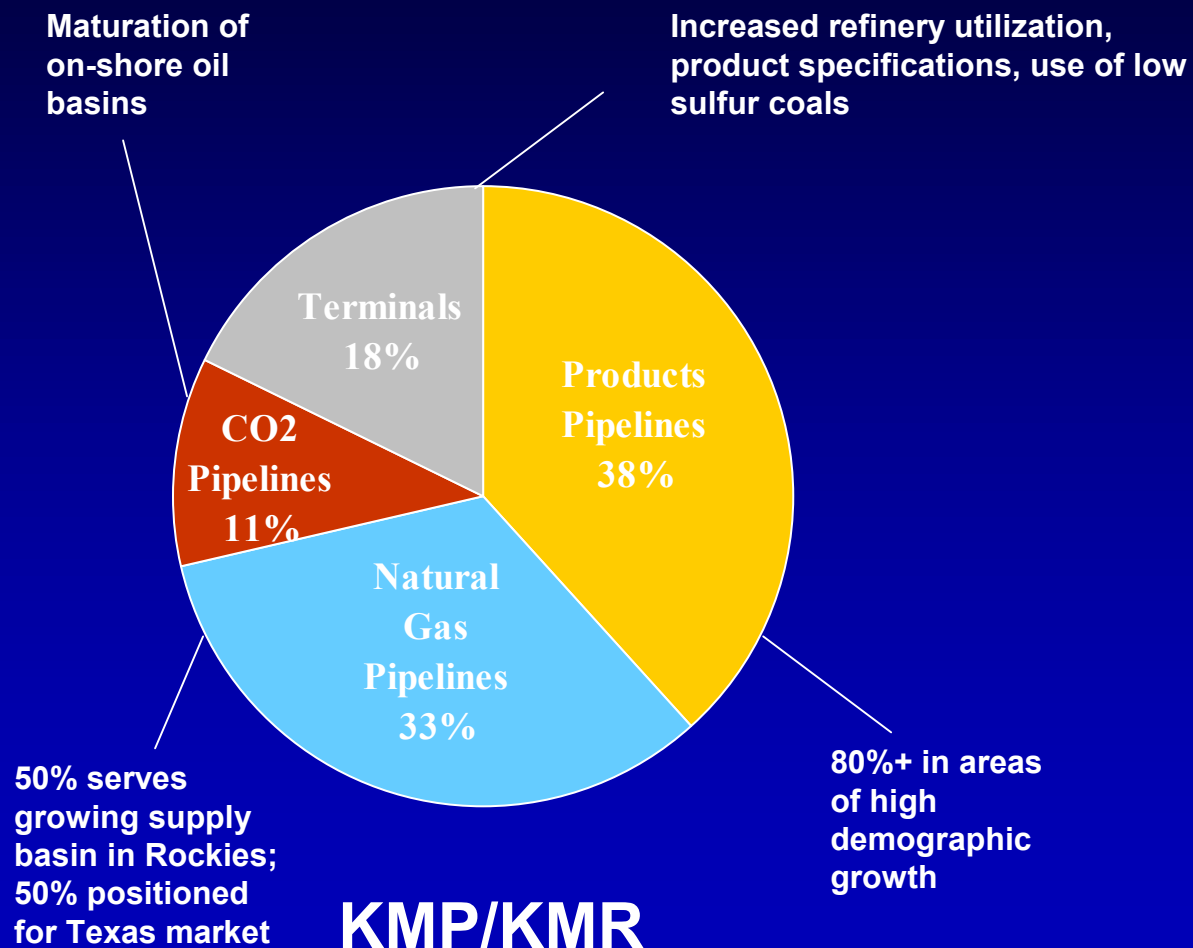


52% CAGR (b)

(a) KMP DPU reflects year end run rate (i.e. 4Q X 4)

(b) Time frames shown reflect period for which current management in place: KMP early 1997 and KMI mid 1999.

2002 Sources of Cash Flow and Growth ^(a)



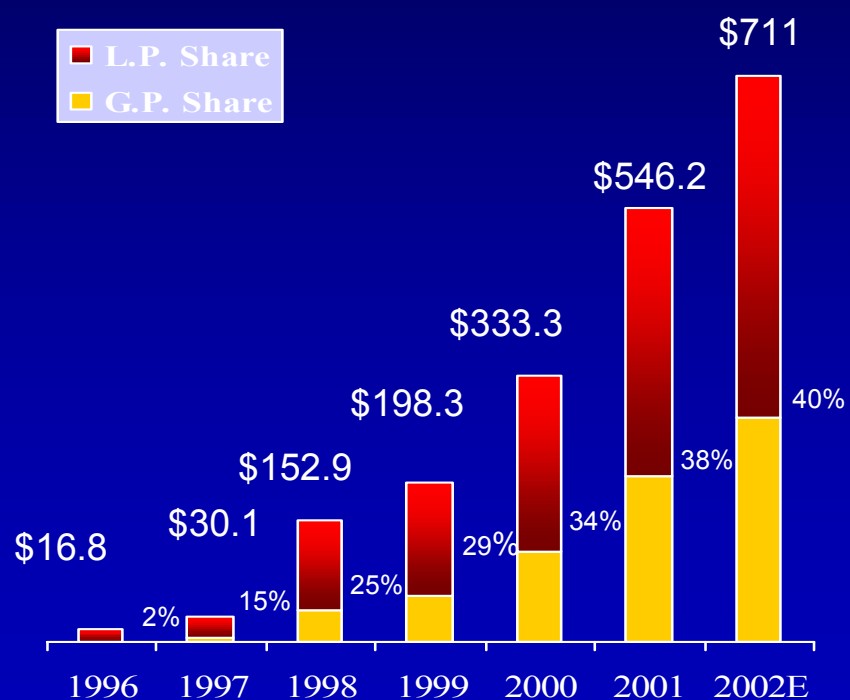
(a) 2002 segment earnings (KMI) and DCF (KMP/KMR) before allocation of G&A and interest.

MLP Structure is Common and Public

- Partnership – 10 years old
- Similar to approximately 25 other publicly traded MLPs
- Widely disclosed and publicly documented
- Widely followed by analysts
- Majority of independent board members
- MLPs have outperformed the S&P 500 over the last one and five years
- MLP is a structure, not a strategy. Not all MLPs are the same

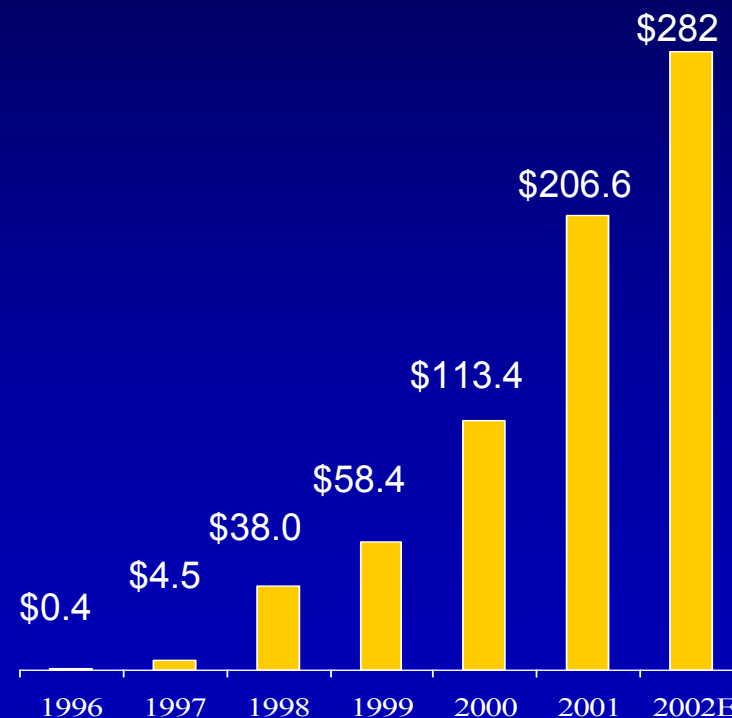
Structure is Focused on Cash

KMP Total Cash Distributions



Cash

KMI GP Interest (a)



(a) Includes only the 2% GP Interest - does not include limited partner units owned by GP/KMI

Structure offers Two Risk Reward Profiles

	Limited Partner KMP/KMR	General Partner KMI
Yield	Attractive yield of approximately 7%	Low yield of less than 1%
Distributions	Share in distributions from Available Cash	Only entitled to incentive distribution on Cash from Operations
Current Split of Distributable Cash	60%	40%
Upside	50% upside	50% upside
Downside	50% downside	50% downside
Results – 5 years	Distribution per unit up 265% Total return of over 570% ^(a)	GP distribution has increased to \$207 million

(a) Through March 2002.

Modest Top Line Growth = Significant Bottom Line Growth

Illustrative

	<u>Year 1</u>	<u>Year 2</u>	<u>Growth</u>	<u>Comments</u>
Gross Margin	\$100	\$104	4%	Price and volume
Operating Expenses	<u>50</u>	<u>50</u>		Efficiency savings compensate for small increase in variable cost.
Operating Income	\$50	\$54	8%	
G&A	<u>6</u>	<u>6</u>		No increase associated with internal growth
Net before Debt	\$44	\$48	9%	
Interest Expense (a)	<u>11</u>	<u>11</u>		No increase associated with internal growth
Net After Debt	\$33	\$37	12%	
LP Share	20	2	10%	LP receives 60% of total; 50% of upside
GP Share	13	2	15%	GP receives 40% of total; 50% of upside

(a) Based on enterprise value equal to \$450, 40% leverage and 6% interest rate.

Excess Capacity Available for Growth

KMP/KMR

Products Pacific: approximately 70% utilization on average
 Plantation: approximately 80%; 5-8 years of excess capacity
 CFPL: approximately 65%

Natural Gas Texas systems (which compose approximately 50% of total natural gas pipelines) have 25% excess capacity

CO2 Cortez has approximately 20% additional capacity
 Central Basin has 50% excess capacity
 CRC is near 100% capacity.

Terminals High utilization on liquids; substantial excess in bulk

KMI

NGPL High utilization; growth will come from Horizon/St. Louis plus re-contracting success

Internal Expansions add Additional Growth

2001 Announced Expansions	Number of Projects	Capital Committed	Completion Date	Comments
Products Pipelines	1	\$9	2002	CALNEV
Natural Gas Pipelines	5	\$200	2002-2003	Trailblazer, FPC, Horizon, St. Louis
CO2 Pipelines	1	\$29	2002	SACROC
Terminals	<u>4</u>	<u>\$80</u>	2002-2003	Delta, Dakota
Total	11	\$318		

Targeted KMP Internal Growth

	Actual 2001	Total Change 2001-2002	Annual Internal Target	Variance Comments
Products	\$347.8	\$39.6	\$30-35	CALNEV partial period
Natural Gas	218.4	113.4	20-25	Tejas, Occidental partial period
CO2	108.4	1.9	20-25	SACROC growth in 2003
Terminals	144.6	33.3	10-15	Partial period acquisitions
G&A, Interest , Other			(5-10)	Interest for expansion projects
Total			\$75-90	



Approximately 8-10% internal growth

Internal Growth Only

Hypothetical KMI Four Year Internal EPS Growth (2001-2005) ^(a)

KMI Other Asset Growth ^(b)					
		2%	4%	6%	8%
KMP Internal DPU Growth	6%	15%	16%	17%	19%
	8%	17%	18%	19%	20%
	10%	19%	20%	21%	22%
	12%	21%	22%	23%	24%

(a) Assumes 50% of cash flow after tax is used to pay down debt and 50% used to repurchase shares.

(b) Growth in operating income from other KMI Assets: NGPL, power and retail.

Augment Internal Growth with Acquisitions

Disciplined Strategy

<u>Segment</u>	<u>Purchase Price</u>	<u>DCF</u>	<u>DCF Multiple</u>	<u>Target Multiples</u>	<u>Comments</u>
Natural Gas Pipelines	\$1,178	\$137	8.6	6-8X	Oxy lease effect, Tejas
Products Pipelines	\$19	4	4.3	6-8X	Cochin, Transmix
CO2 Pipelines	\$12	3	4.4	5-7X	SACROC
Terminals	\$202	30	6.6	4-7X	Stolt, Vopak,
Total – 2001 (a)	\$1,410	\$175	8.1		
Total – 1997-2000	\$4,731				
Grand Total (a)	\$6,141				

(a) Does not include \$11 million retail acquisition completed at KMI.

Substantial Acquisition Opportunities

	Industry Capacity	Kinder Morgan	KM Pct. Share	Comments
Products Pipelines ^(a)	154,400	10,200	7%	Approximately 35% owned by majors, 58% others
Natural Gas Pipelines ^(b)				
- Interstate	206,000	16,500	8%	Enron, Merchants
- Intrastate	73,000	5,900	8%	
Terminals ^(c)				
- Independent	328.7	56.7	17%	Ten companies represent 77% of total independent tankage
- Total	730.0		8%	
CO2 Pipelines	2,527	925	37%	Based on throughput, KM share is greater. Do not anticipate substantial acquisitions.

(a) Source: Association of Oil Pipelines and FERC data compiled by Oil & Gas Journal

(b) Source for External Information: EIA. Excludes gathering lines.

(c) Tank Storage Capacity in million barrels; Source: World Refining Magazine, September 2001

KMI Long Term Outlook

Hypothetical KMI: Four Year Compounded Annual Growth Rate (2001-2005)

Acquisitions Per Year @ KMP					
KMP Internal DPU Growth		\$0	\$500	\$1,000	\$1,500
	6%	16%	21%	25%	28%
	8%	18%	22%	26%	30%
	10%	20%	24%	28%	31%
	12%	22%	26%	30%	33%

Assumptions: (i) NGPL, retail and power grow at 4%, (ii) 50% of cash flow used to pay down debt and 50% used to repurchase shares, (iii) acquisitions made at 7.0X multiple and financed on a long term basis at 60% equity/40% debt.

Appendix:

KMI Growth Assumptions (2001 to 2005)

KMP	LP distribution per unit grows by 8-10% per year (internal sources only)
NGPL	Grows 4% '01-'05
Retail	Grows 5% in '02 and 4% thereafter
Power	Declines 21% in '02; grows 4% thereafter
G&A	Increases 3% per year over '02 budget
Other	50% of free cash flow used to pay down debt 50% of free cash flow used to repurchase KMI shares \$500-\$700 million KMR equity issuance in Q2 '02



KMI EPS grows from \$1.96 in '01 to \$3.75-\$4.00 in '05

= 18 - 20% growth 2001 to 2005



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