KINDER MORGAN

First Union Equity Conference

June 2001

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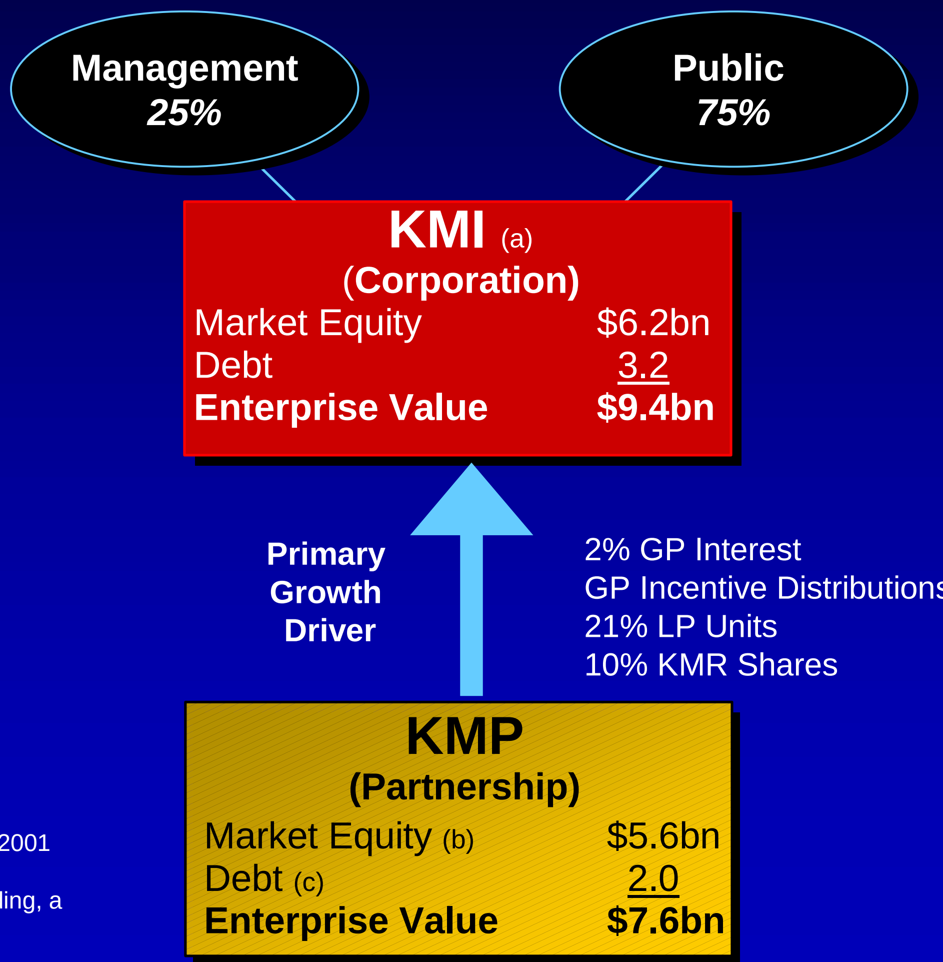
Unique Financial Structure

- **KMP drives growth at KMI**
  - At current rates, will pay over $250 million of distributions to KMI for 2001
  - Represents approximately 34% of KMI's segment income in 2001
  - Fastest growing business segment of KMI
- **Senior Management**
  - Owns 25% of KMI
  - KMI owns $1 billion of KMP units
  - Rich Kinder and Bill Morgan have $1/year salaries, no bonus, no options



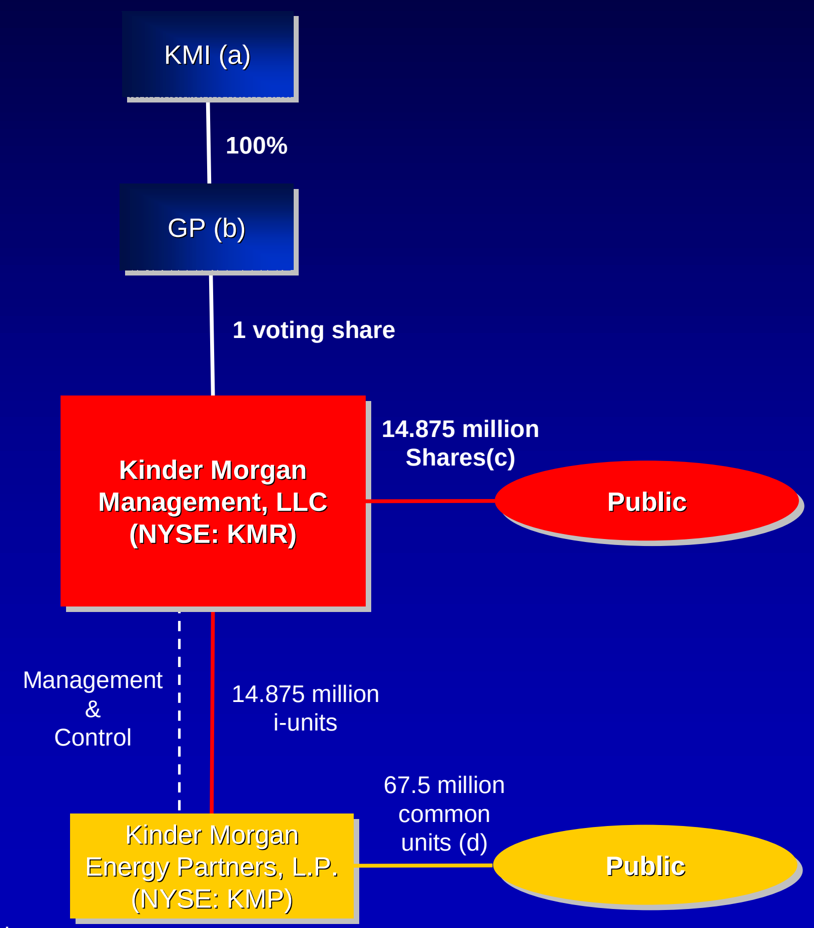
(a) Market cap. and enterprise values based on 114.5mm shares o/s and a price of $54 as of 6/21/2001 and debt balance as of 3/31/2001

(b) Market cap based on 67.5mm common units outstanding, approximately 15mm I-Units outstanding, a common unit price of $68.26, and a KMR price of $67.95 as of 6/21/01.

(c) Reduced net balance of $3bn as of 3/31/01 by $1bn of KMR proceeds

Kinder Morgan Management, LLC

- Provides KMP access to the institutional market, allowing KMP to accelerate its growth strategy
- Manages and controls the operations of KMP
- Owns a new class of KMP limited partnership interests (“i-units”)
- Has equivalent economics to and same voting rights as KMP common units
- KMI bought 10% of the offering



(a) Owns 11.3 million common units, 2.7 million class B units, and 1.49 million KMR shares including those held by subsidiaries, including Kinder Morgan,G.P., Inc
(b) Owns 2% general partner interest in KMP, including operating partnership interests and incentive distribution rights
(c) Includes 1.4875 million shares (10%) owned by KMI
(d) Includes common and class B units owned by affiliates of KMI

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KMR is KMP

	KMR	KMP
Distributions	Shares	Cash
Yield	6.0%	6.0%
Exchangeability	KMP Common Units	None
Voting Rights	In Parity with KMP	Limited
Optional Purchase	Yes	Yes
Mandatory Purchase	Yes	No
Tax Considerations		
Allocated Taxable Income	No	Yes
Non-Qualifying Income	No	Yes
UBTI	No	Yes
K-1s	No	Yes
State Filing Obligations	No	Yes

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Business Strategy

Since the formation of Kinder Morgan, management has:

- **Focused on stable, fee-based assets which are core to the energy infrastructure of growing markets**
- **Increased utilization of assets while controlling costs**
  - Classic fixed cost businesses with little variable costs
  - Improve productivity to drop most of top-line growth to bottom line
- **Leveraged economies of scale from incremental acquisitions**
  - Reduce needless overhead
  - Apply best practices to core operations
- **Maximized benefit of a unique financial structure which fits with strategy**
  - MLP avoids double taxation on distributions from high cash flow businesses
  - Strong balance sheet allows flexibility when raising capital for acquisitions / expansions

Kinder Morgan Energy Partners
Premier Pipeline MLP

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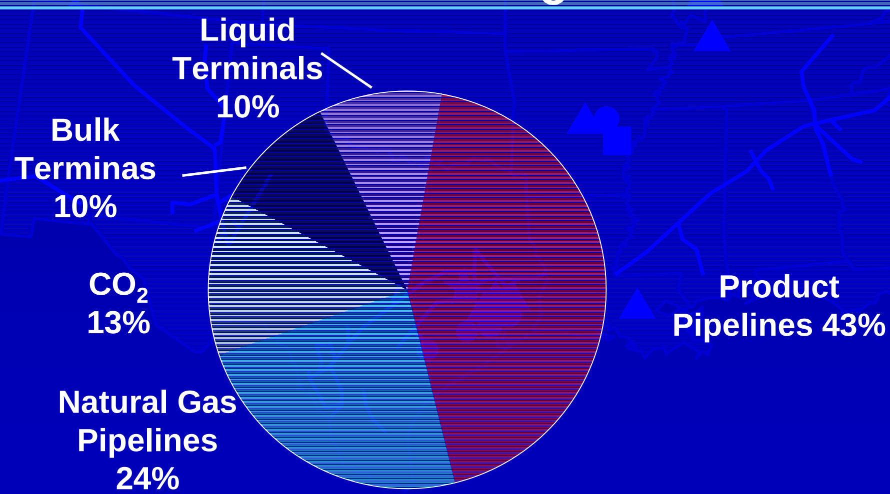
Market Position

- Largest pipeline MLP
- Largest independent refined products pipeline system
- Largest CO_2 transporter
- Largest independent bulk terminal operator
- Second largest independent liquids terminal operator

Financial Profile (a)

Cash Distribution:	$ 4.20
Distribution Yield:	6.2%
4 Year Distribution CAGR (b)	33%
4 Year Total Return (6/01/2001)	590%
Price / Distribution	16.3x

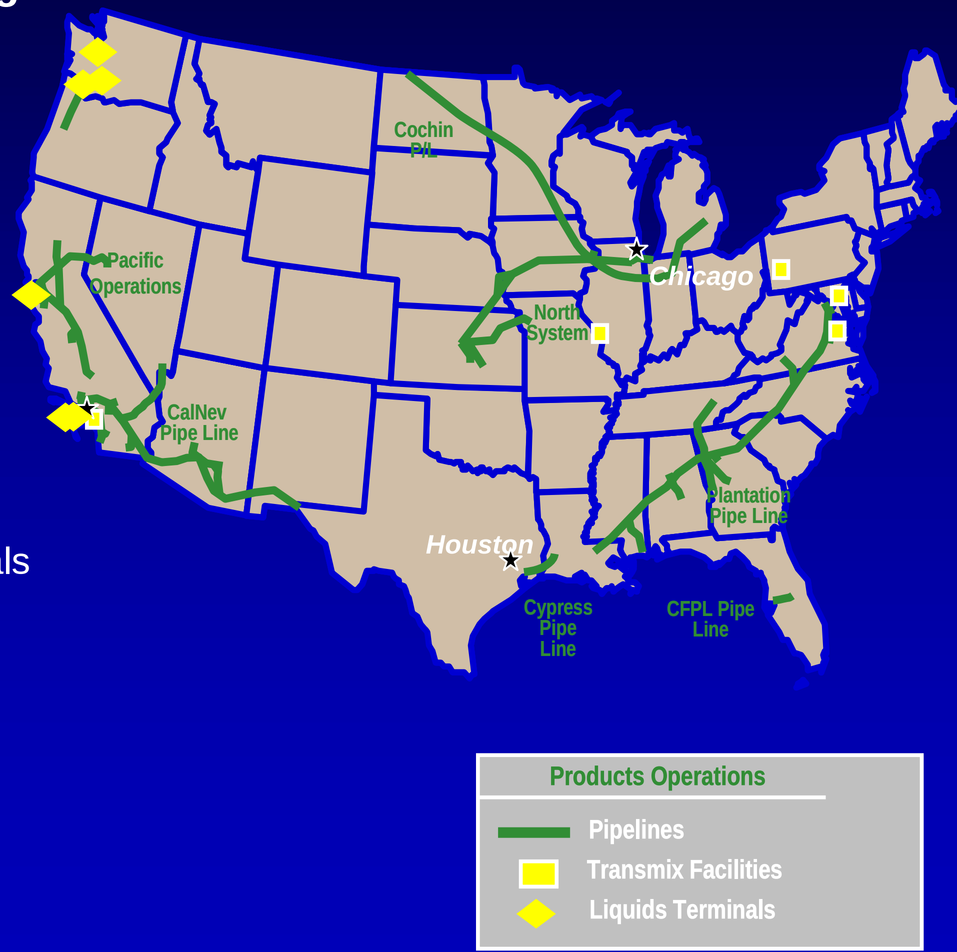
2001 Estimated Earnings Contribution



(a) Based on a $68.26 unit price as of 6/20/2001
(b) Through Q1 2001

Product Pipelines

- **Accounts for 43% of KMP's 2001 expected earnings**
  - Classic fixed cost businesses with fee-based revenues and little variable costs
  - Benign regulatory environment
  - Excess capacity plus favorable demographics in SW and SE drive growth
- **Pipeline Assets**
  - Over 10,000 mile pipeline system
  - Refined products: gasoline, diesel, jet fuel
  - NGLs for refinery and petrochemical feedstocks
  - Transports over 2MM barrels of products a day
  - Associated terminals including west coast GATX terminals
  - Serves the highest growth markets in the U.S.
- **Transmix Processing**
  - 5 facilities
  - Fee-based



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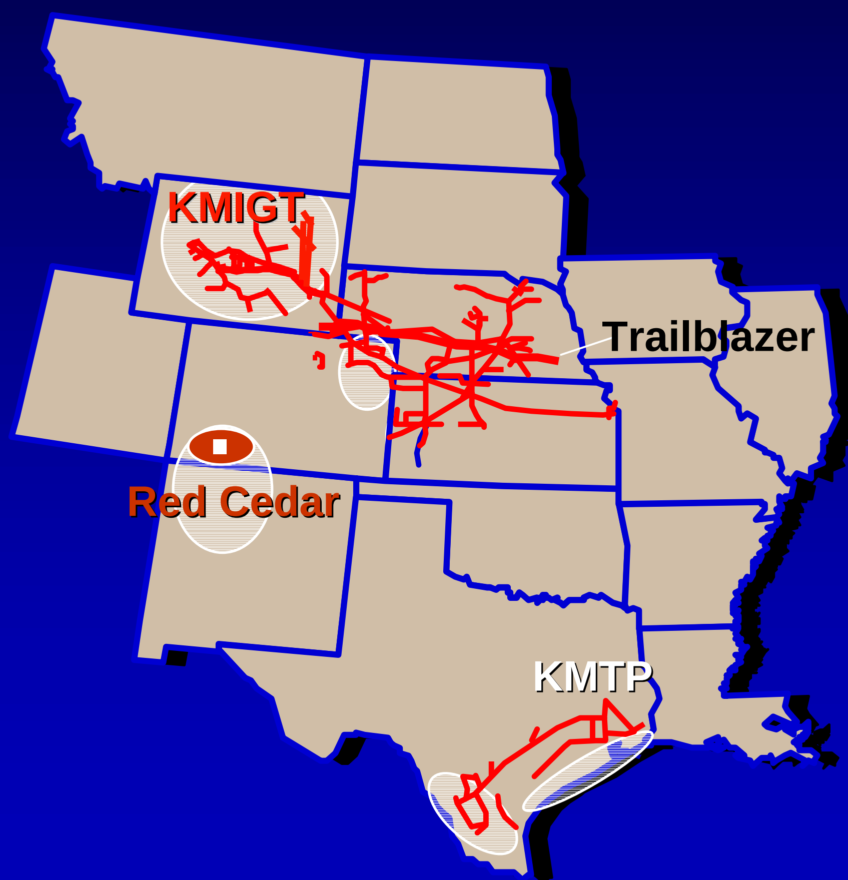
Natural Gas Pipelines

- **Accounts for 24% of 2001 expected earnings**
  - Serves various producing regions with long-term contracts
  - Excess capacity positioned to profit from growth in gas demand
  - Regulated asset base with long-term rate moratorium
- **Pipeline Assets**
  - Approximately 10,000 miles of pipeline plus gathering and storage facilities
  - Approximately 1.05 Tcf of natural gas throughput per year
  - Moves Rockies and Mid-Continent gas to end users
  - Provides approximately 35% of all deliveries into Houston and southeast Texas area
  - Recently announced Sonoran pipeline with Calpine to deliver gas to California by 2003



Shading denotes significant supply basin

CO_2 Pipelines

- **Accounts for 13% of 2001 expected earnings**
  - Major player in attractive niche business
  - Extremely low variable cost produces consistent results in a variety of commodity price environments
  - New contracts with Oxy and Marathon
- **Delivers CO_2 for use in enhanced oil recovery projects**
- **Transports CO_2 via four pipelines with 2.2 Bcf/d capacity**
- **Long-term deliverability of CO_2 reserves**

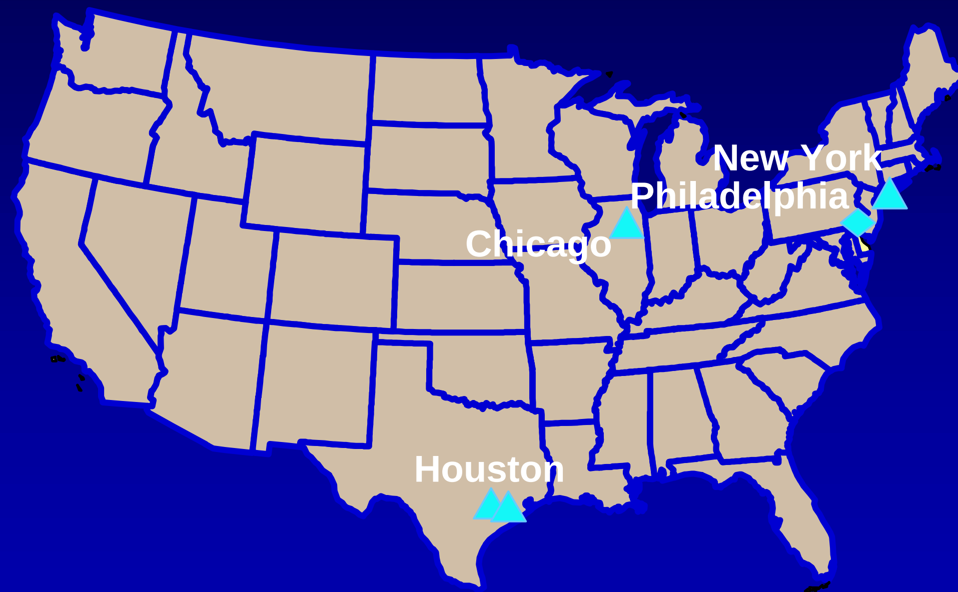
Bulk Terminals

- **Accounts for 10% of 2001 expected earnings**
  - Geographic and product diversity with long-term contracts
  - Like pipelines, a fee-based, fixed cost business
  - Growth in low-sulfur coal, petroleum coke and cement

- **29 owned or operated bulk terminals**
  - Handle over 40 million tons annually:
    - Coal
    - Petroleum Coke
    - Cement and other bulk products

Liquids Terminals

- **Accounts for 10% of 2001 expected**
  - KMP is second largest independent in the U.S. in
    - Petroleum storage
    - Chemical storage
  - Focus on fee-based opportunities not subject to commodity futures markets
- **5 Liquids Terminals**
  - Storage capacity of 26.6 mmbbls
  - Primary locations in Houston, New York Harbor, and Chicago
  - 66% of revenues from long-term contracts with 20% over 5 years



Kinder Morgan Inc.
Segment Overview

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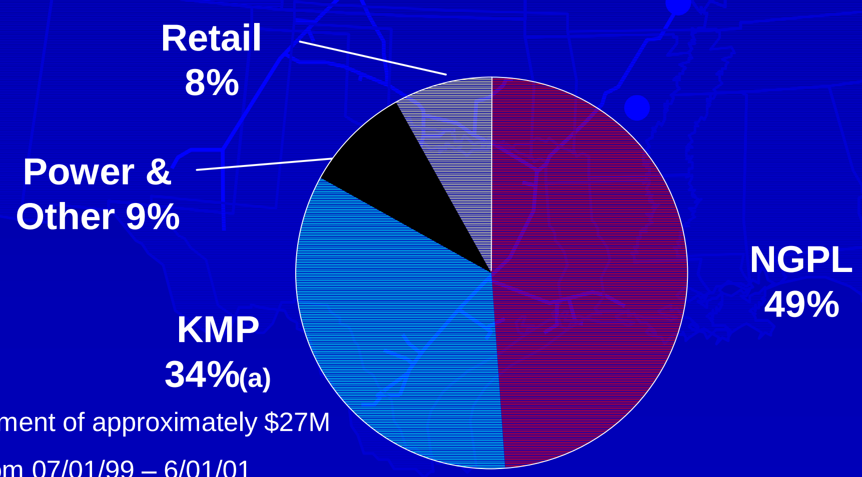
Market Position

- One of the largest midstream energy companies in U.S.
- 30,000 miles of natural gas and products pipelines

Market Performance

- 325% Total Return under current management (b)

2001 Estimated Earnings Contribution

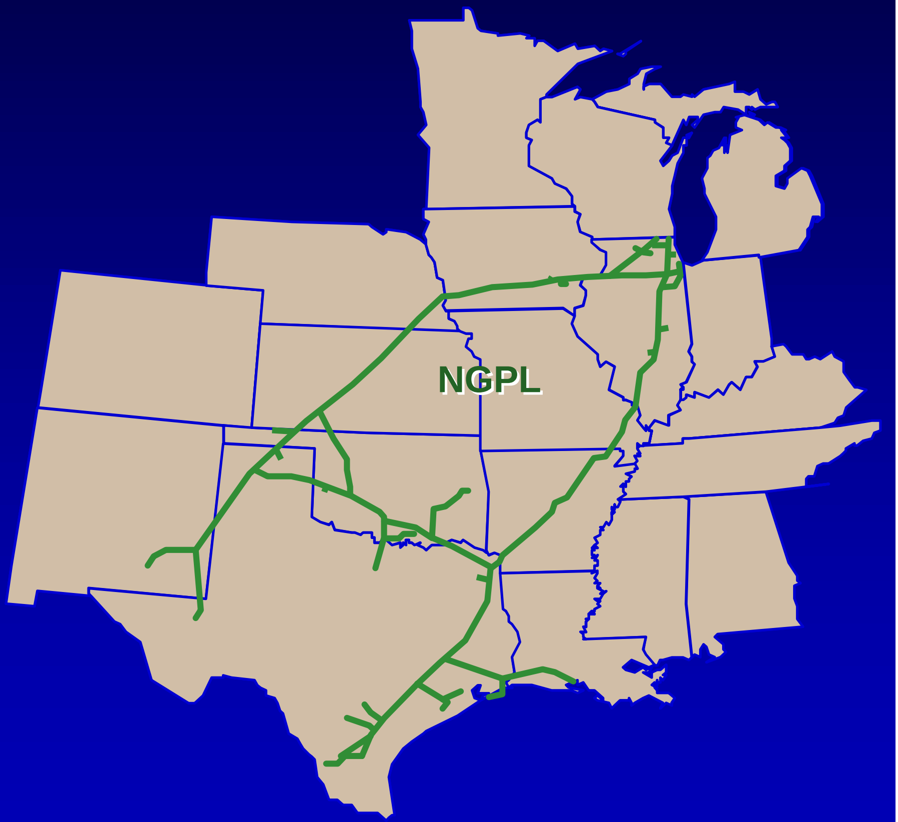


(a) Does not include amortization of excess investment of approximately $27M

(b) Total return including dividend reinvestment from 07/01/99 – 6/01/01

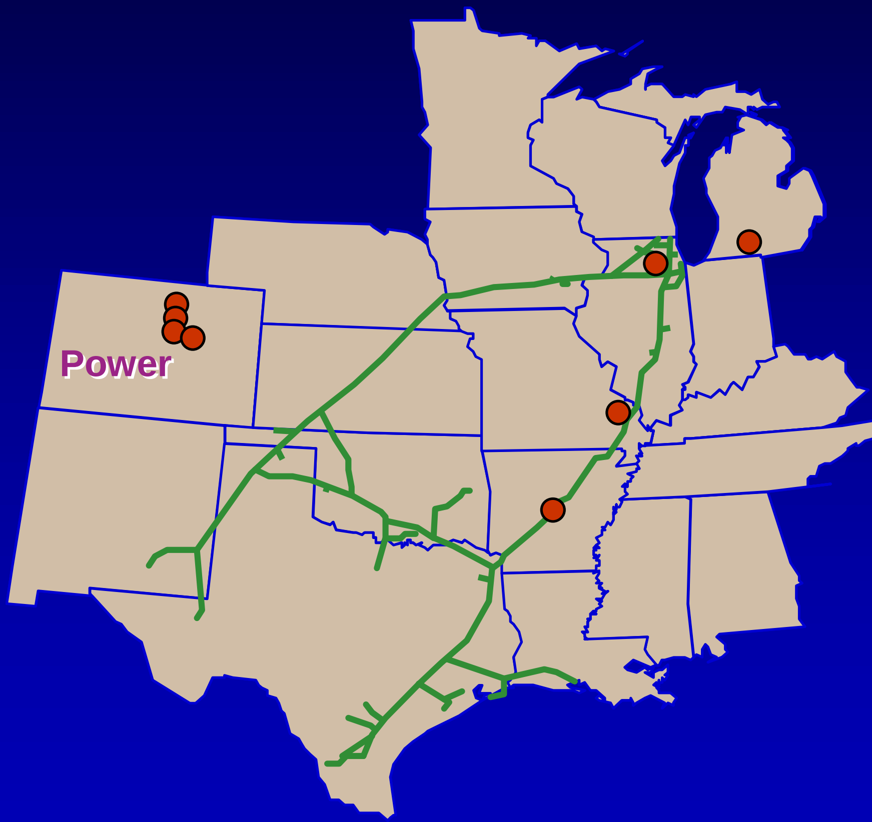
Natural Gas Pipeline of America (NGPL)

- **49% of of 2001 expected earnings**
- **Transport natural gas to Chicago and other Midwest markets**
- **Over 10,000 miles of pipe and 200 bcf of storage with peak deliverability of 5.7 bcf/day**
- **Recent 3-5 year contract extensions with largest LDC customers**
- **3rd party construction of gas-fired power plants is expected to drive long-term growth**
  - Over 3,000 MW attached in 2000
  - Expect 3,000-4,000 MW annually for '01-'03
- **Hub America**
- **Horizon Pipeline**
- **St Louis Pipeline**
- **Additional Market Area Extensions Expected**



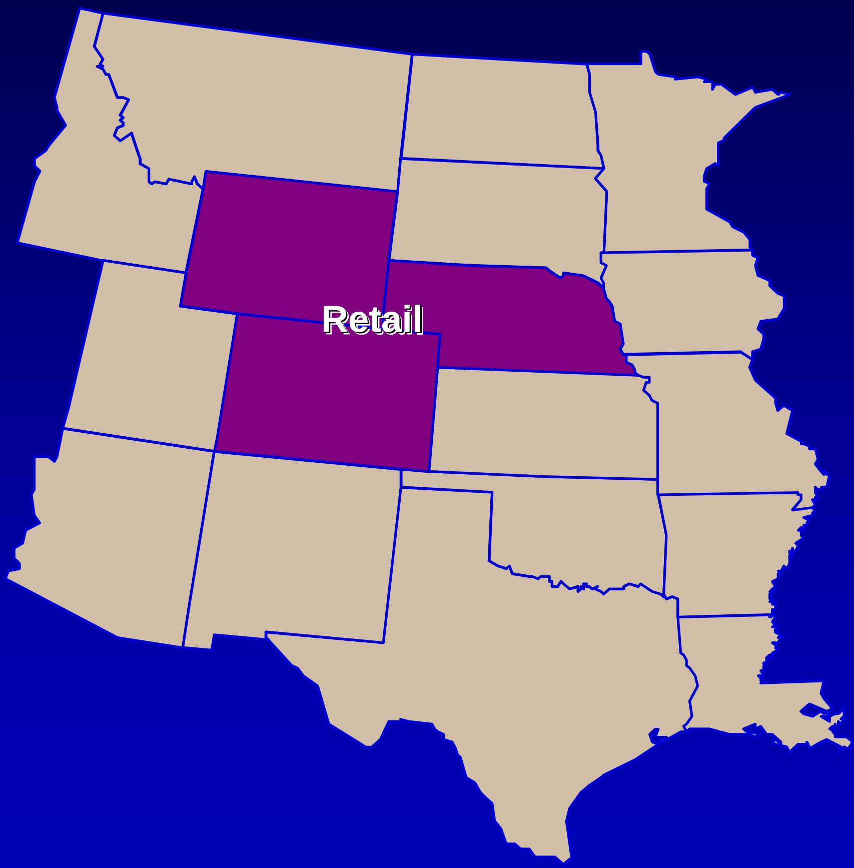
Power

- 9% of 2001 expected earnings
- Plan to develop power generating plants along gas pipelines
- Orion configuration - Innovative plant design that can be ramped up or down quickly
  - Little Rock, AK project with Southern Company (under construction)
  - Six additional sites to be developed with Williams Co. including Jackson, MI (to serve Detroit), Cape Girardeau, MO, and Waukegan, IL
- Beneficial GE contract and impact of development fees
- Interests in four existing plants in Colorado



Retail

- 8% of 2001 expected earnings
- Provides natural gas to approximately 225,000 residential, commercial, industrial and agricultural customers in Nebraska, Colorado and Wyoming
- Promote choice gas, which un-bundles supplier of gas from transporter
- 6-8% load growth on western slope of Colorado mitigated by slower growth in WY and NE



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Acquisition Track Record

Acquisitions		Approximate Value ($mm)
6 Deals in 1997-1998		$ 1,720
4 Deals in 1999		950
Milwaukee / Dakota	25	
80% Shell CO_2	212	
CRC CO_2 Pipeline / SACROC	53	
Buckeye Transmix	38	
Cochin Pipeline (32.5%)	118	
Delta Terminals	114	
Duke Transmix	11	
Marathon JV	40	
Phase II Dropdown (KMTP)	300	
GATX	1,170	
10 Deals in 2000		2,081
Pinney Dock in 2001		42
Total		**$4,793**

Substantial Acquisition Potential in Current Environment

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- **Petroleum pipelines represent a large opportunity**
  - Rationalization by Major Oil Companies
    - Pipelines perceived to be a capital intensive, regulated business with modest growth
    - Internal restructuring to reallocate midstream capital into core businesses
  - Elimination of inefficient joint-venture structures (e.g. Plantation)
  - FTC mandated divestitures from mergers
  - KMP currently accounts for only 7% of the domestic market (a)
- **Significant bulk terminals opportunities**
  - Average cash flow multiples lower than pipelines
  - Coal represents largest opportunity
  - Utilities (81% of market) and IPP's (14% of market) are likely sellers of coal assets

(a) Source: Association of Oil Pipelines and FERC data compiled by Oil & Gas Journal
- Approximately 7% of total miles of domestic pipelines
- Approximately 6% of total barrels delivered annually
- Approximately 8% of total annual transport revenue

Substantial Acquisition Potential in Current Environment (continued)

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- **Liquids Terminals from Majors and Independents**
  - Disaggregated industry
  - Focused on physical logistics rather than marketing-dependent facilities
- **Continued Restructuring in Natural Gas Industry**
  - Industry has seen more consolidation than product pipelines
  - Significant opportunity to expand our ownership as gas market grows to 30Tcf
  - Sources of future opportunities:
    - FTC orders (e.g. El Paso / Coastal)
    - Restructuring by peers away from asset-based businesses
    - New build projects to meet growing U.S. demand
    - Tuck-in acquisition opportunities
- **Will explore additional opportunities for CO_2 around U.S.**
  - Acquire and convert to CO_2 use
  - Partnering with major customers to develop new basins

KMP Acquisition Matrix

Accretion per LP Unit ($) (a)

Hypothetical Value of Acquisitions	Multiple of Distributable Cash Flow: 5.0 X	6.5 X	8.0 X
$1,250M	$ 0.76	$ 0.45	$ 0.26
1,000M	0.62	0.37	0.21
750M	0.48	0.28	0.16
500M	0.33	0.19	0.11

Target $0.20 - 0.30

(a) Assumes acquisition financed 60% equity / 40% debt, pre-tax debt cost of 7.0%, a $4.20 annual distribution, a unit/KMR share price of $69.00, and outstanding units of 82.4 million.

The above figures regarding acquisition accretion potential are based on various forward-looking assumptions made by the management of Kinder Morgan. While Kinder Morgan believes that these assumptions are reasonable, it can give no assurance that such results will materialize

KMI Acquisition Matrix

Accretion per Common Share ($) (a)

Hypothetical Value of Acquisitions	Multiple of Distributable Cash Flow		
	5.0 X	6.5 X	8.0 X
$1,250M	$ 0.57	$ 0.40	$ 0.29
1,000M	0.46	0.32	0.23
750M	0.35	0.24	0.17
500M	0.23	0.16	0.12

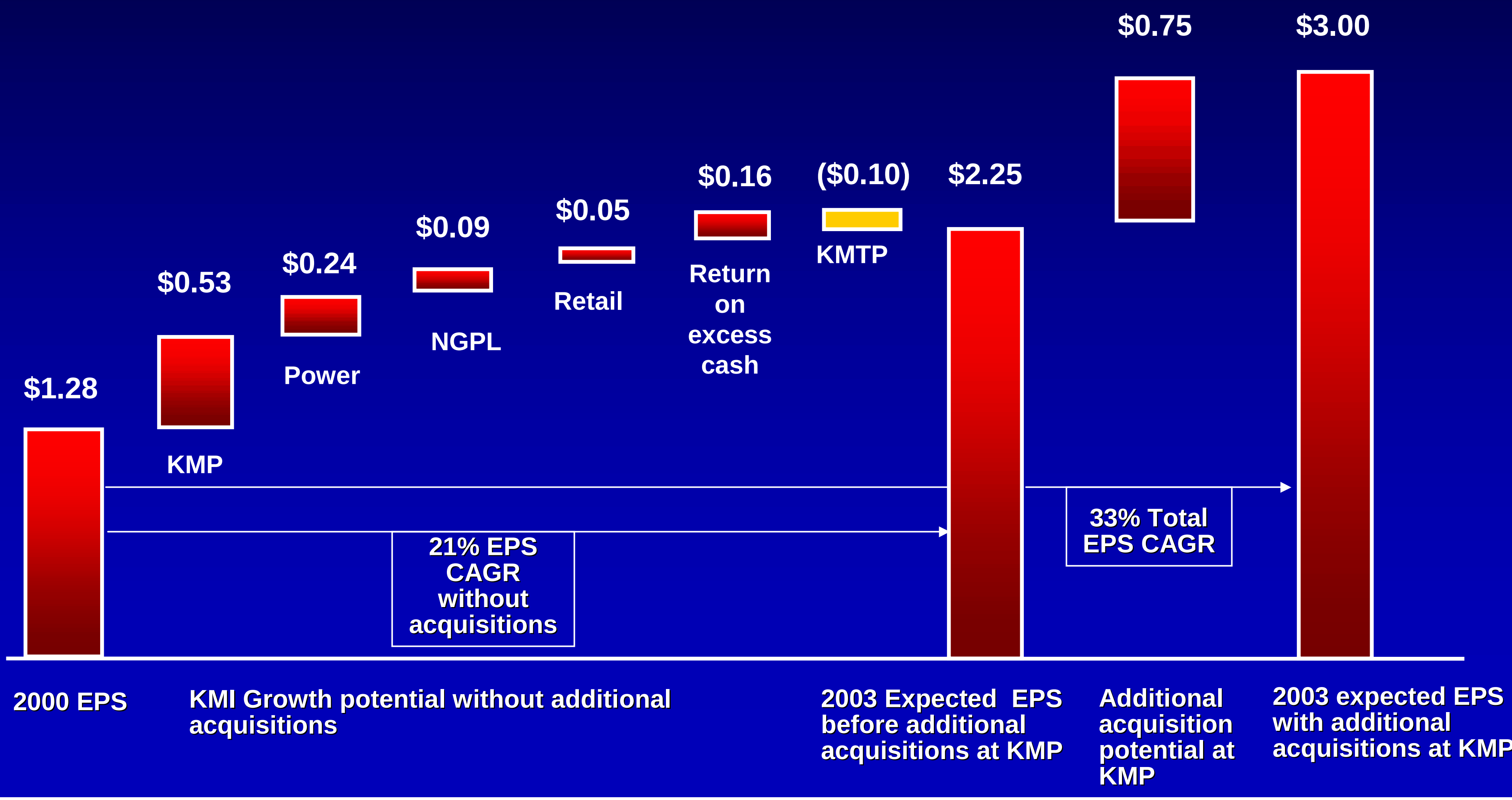
Target $0.20 - 0.30

(a) Assumes acquisition financed 60% equity / 40% debt, pre-tax debt cost of 7.0%, a $4.20 annual distribution, a unit/KMR share price of $69.00, outstanding units of 82.4 million and 114.5 million KMI shares outstanding

The above figures regarding acquisition accretion potential are based on various forward-looking assumptions made by the management of Kinder Morgan. While Kinder Morgan believes that these assumptions are reasonable, it can give no assurance that such results will materialize

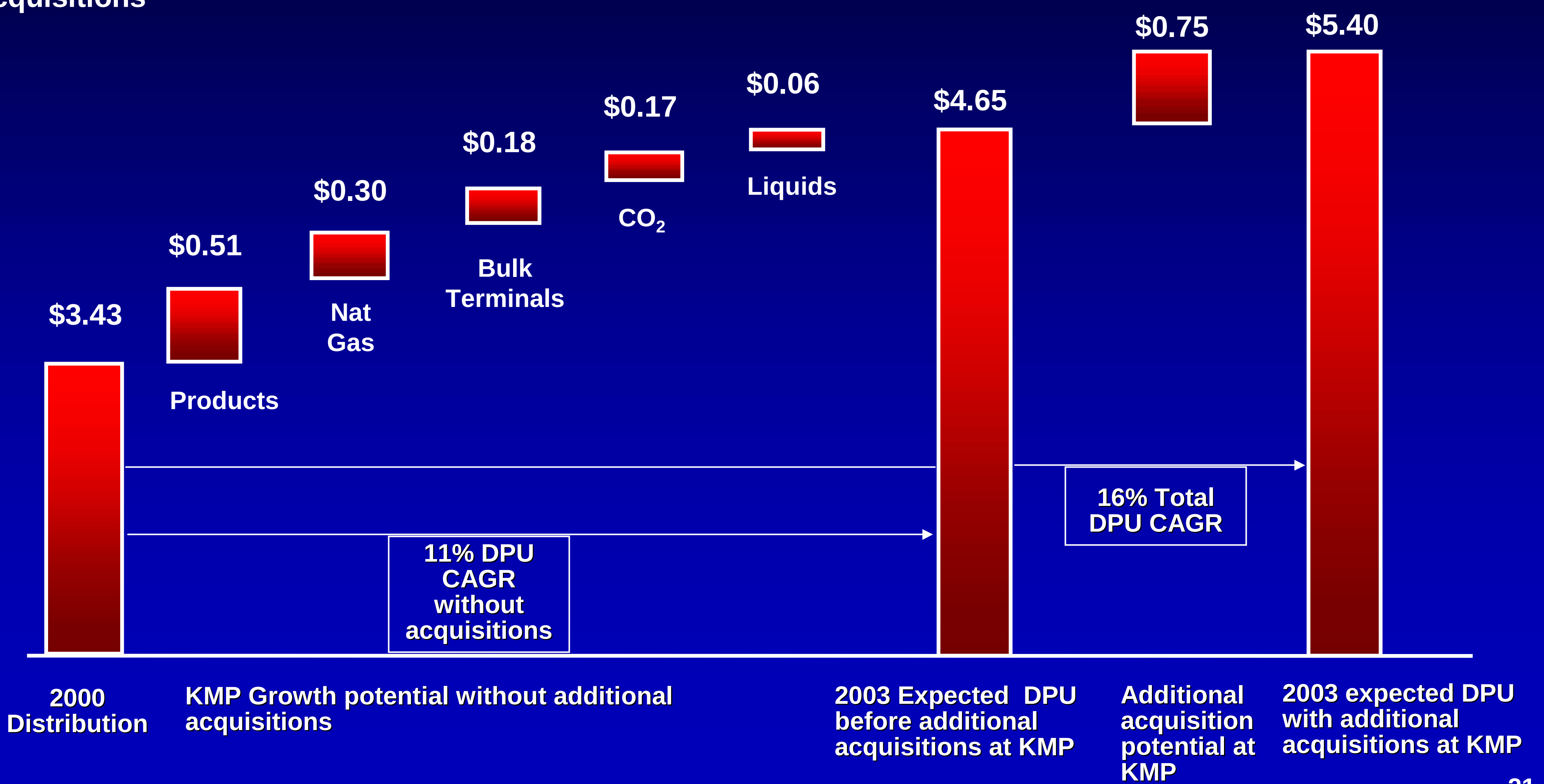
KMI 3 Year Growth Targets

KMI EPS is expected to grow at a 21%CAGR over the next 3 years without additional acquisitions



KMP 3 Year Growth Targets

KMP distribution per unit is expected to grow at an 11%CAGR over the next 3 years without additional acquisitions



A Unique Investment Opportunity

- Unique combination of growth and yield
- Premier assets with stable, fee-based cash flows
- Committed to growing distributions driven by organic growth and acquisitions
- Strong management team aligned with unitholders
- KMR eliminates difficulties with holding partnership equity

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