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UBS Warburg Energy Conference

February 15, 2001

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Elements of Kinder Morgan's 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 all 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
  - GP promote turns modest growth into exceptional growth
  - Strong balance sheet allows flexibility when raising capital for acquisitions / expansions

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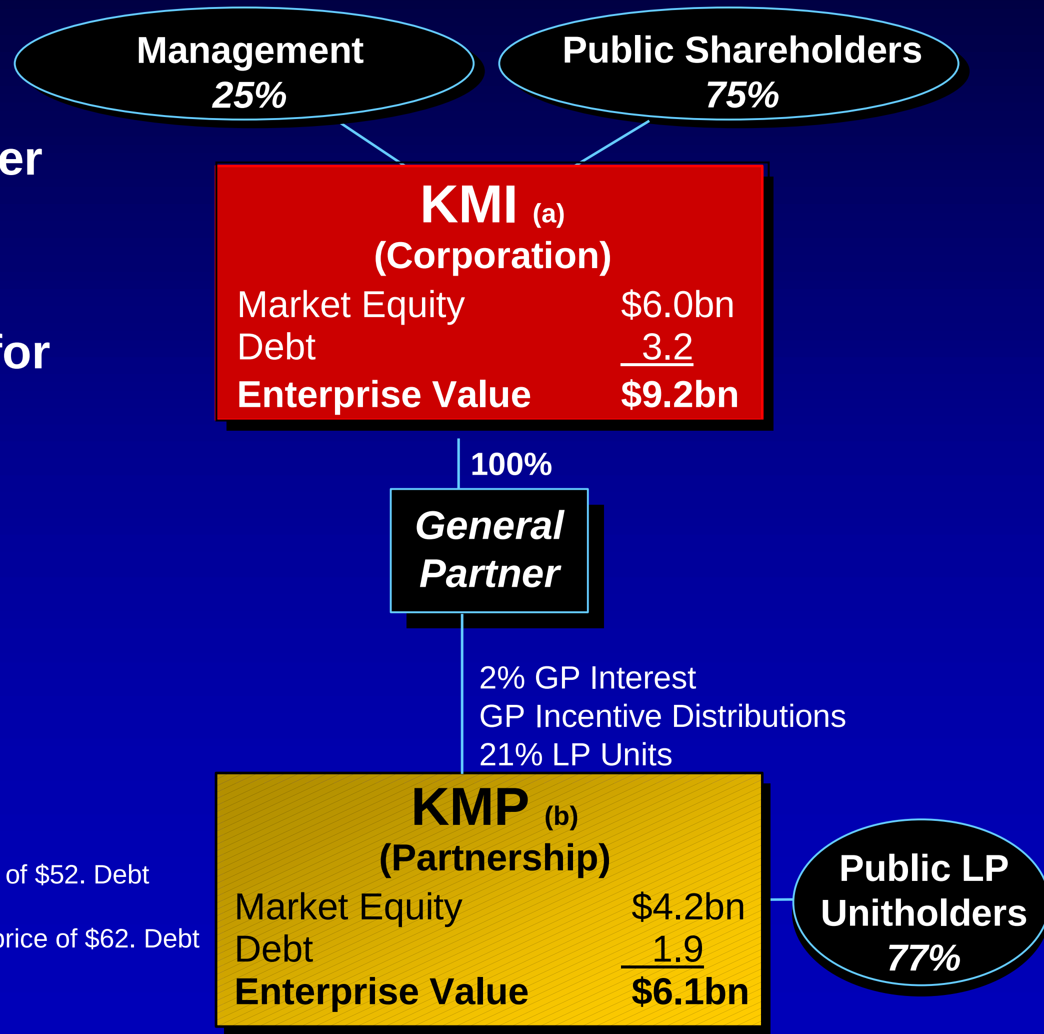
Unique Financial Structure

- **KMI owns 100% of the General Partner of KMP**
- **For a given KMP acquisition, KMI contributes 2% of the equity capital for 36% of the cash flow and 50% of the upside** (c)
- **KMP generates growth and income**
  - approximately 6.1% tax deferred yield
  - has increased per unit distributions at approximately 32% CAGR (d)



(a) Market equity and enterprise values assume 116M shares o/s and a price of $52. Debt balance as of 12/31
(b) Market equity and enterprise values assume 67.5M shares o/s and a unit price of $62. Debt balance as of 12/31
(c) Based on $3.80 distribution
(d) Calculated since 2/97 when current management assumed control

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Unique Incentive Structure

- **Rich Kinder and Bill Morgan have largest equity stake in energy industry**
  - $1/yr in salary
  - no bonus, no options
- **Sr. Management is limited to $200K/year in salary**
  - Majority of compensation is derived from bonus and options
  - No bonus is paid unless internal growth targets are reached
  - Bonus Targets for 2001:
    - $1.75 EPS at KMI
    - $3.90 distribution per unit at KMP
- **All employees have stock options**
- **Directors are compensated with options only**

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KMP - 2001 Goals

KMP goals for 2001:

- **Year - end distributions in the $4.00 - $4.20 range (approx. $3.90 avg. for year)**
- **Average distributions over $3.90 v.s. $3.43 in 2000**
  - Approximately $0.20 - $0.30 internal growth
  - Approximately $0.20 - $0.30 acquisition growth
- **Earnings growth of $0.15 - $0.25 ($2.83 - $2.93)**
  - Focus is on distribution, not earnings
  - Growth mitigated by effects of higher cash distribution
- **Maintain B/S near historical 60% equity / 40% debt ratio**
  - Complete new equity offering
  - Continue to expand public debt program

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KMI - 2001 Goals

KMI Goals for 2001

- **EPS Growth of 30% - 40% ($1.66 - $1.79)**
  - Low end of range assumes no additional KMP acquisitions
  - High end of range assumes modest KMP acquisitions
  - Change in seasonality resulting from sales/transfers should produce 25% of annual EPS in 1st quarter
- **Segment Growth**
  - GP expected to contribute most to growth
  - Power expected to double by adding new plants
  - Modest growth from NGPL and Retail
- **Balance Sheet Improvement**
  - Debt to total capital in low 50's by year-end '01
  - Goal of strong BBB rated credit

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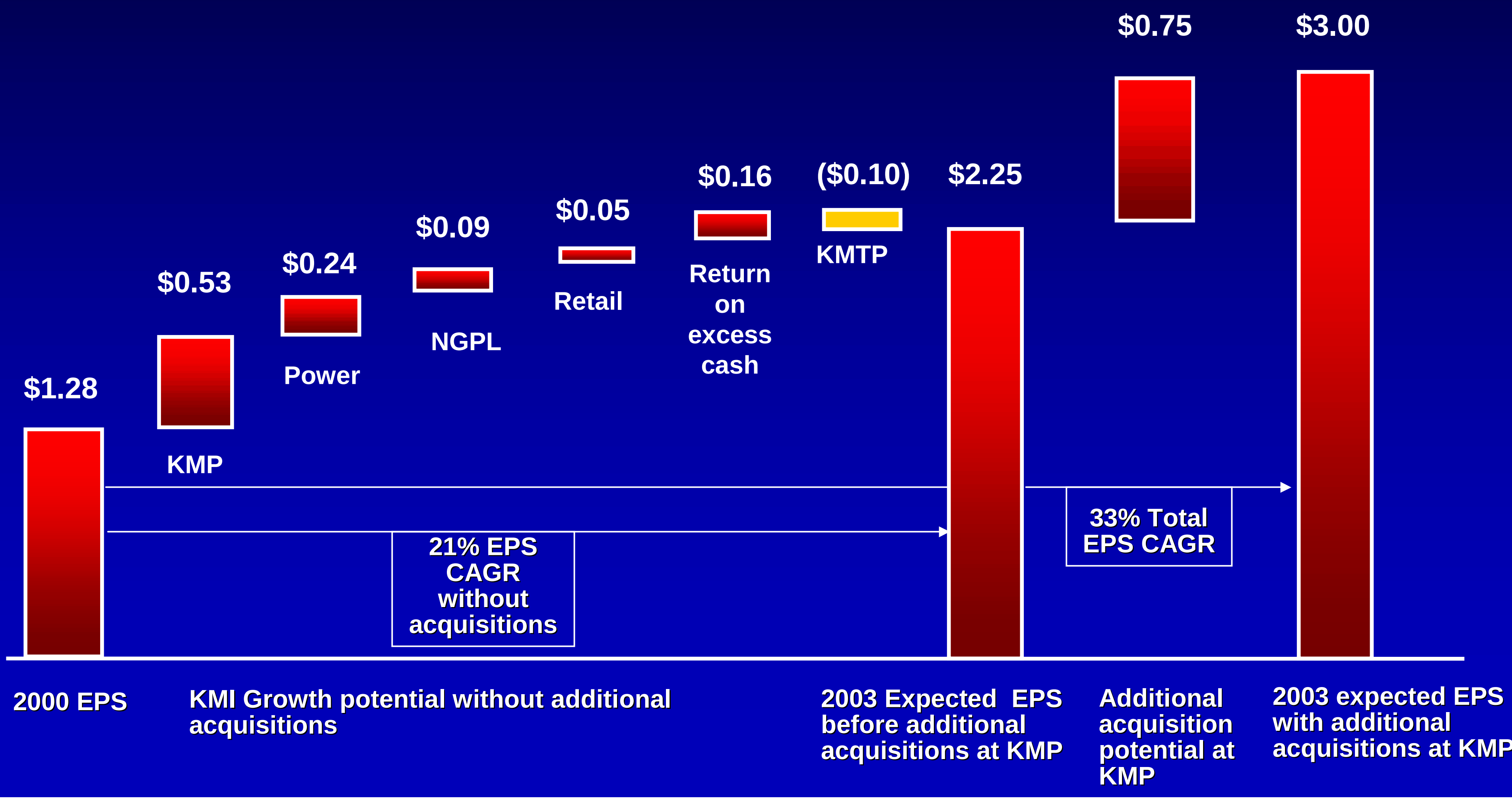
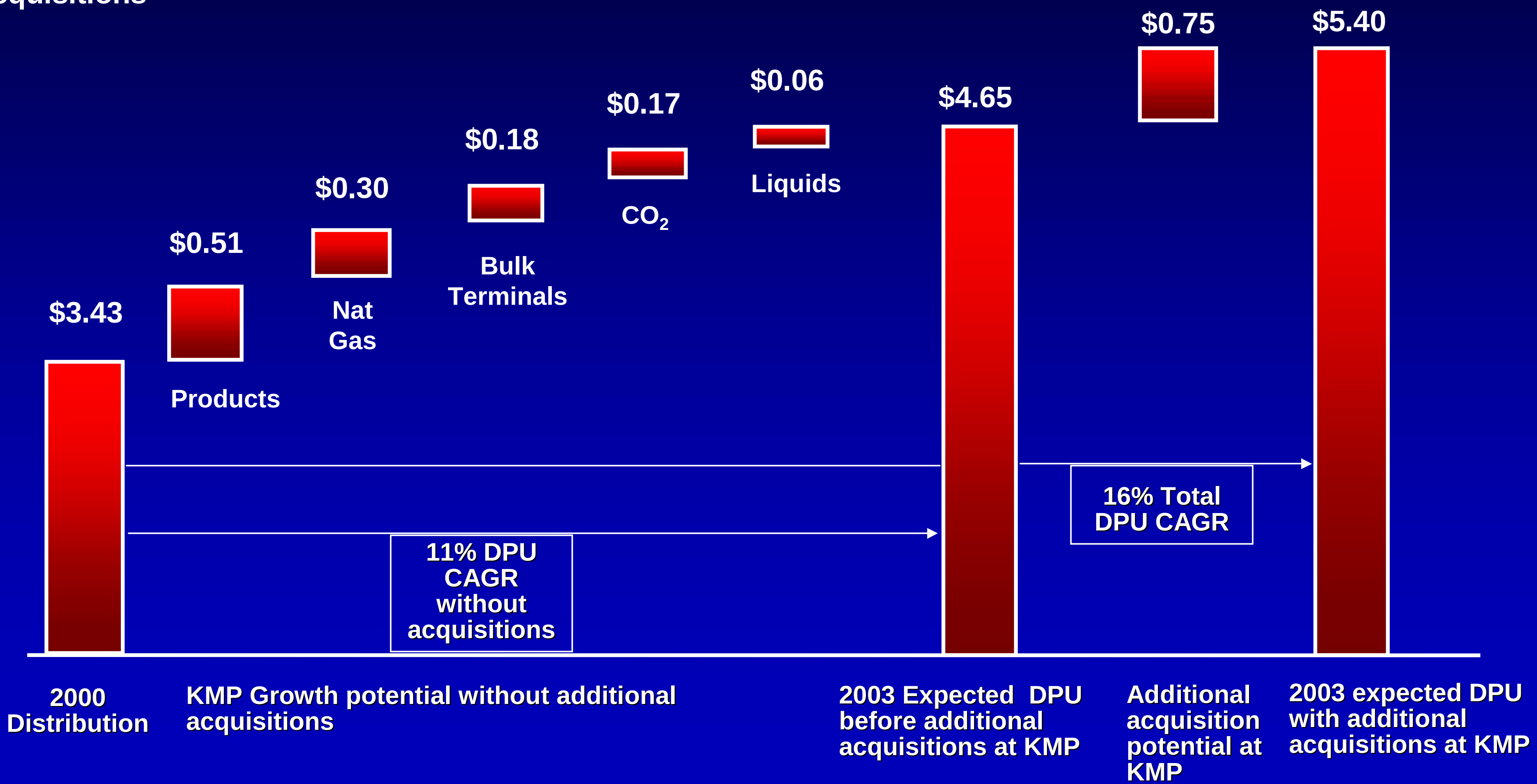
KMI 3 Year Growth Targets

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



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KMI Benefits from KMP Internal Growth

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Modest Revenue Growth

90%+ to bottom line

- Fixed cost business
- Productivity Improvements
- No tax leakage

Attractive Bottom-line Growth

50%

Growth in Per Unit Distribution

KMI

50%

Exceptional Growth in G.P.'s distribution

- GP is large % of KMI
- No additional Capex required

Exceptional EPS Growth

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GP Incentive Distribution Calculation

Under KMP's unique structure, as unitholder distributions are increased, the General Partner gets an increasingly larger share of the upside

	LP Distribution/Unit			LP%	GP%	LP Share (a)	GP Share (a)
Tier 1	$0.00	to	$1.21	98%	2%	$81.7	$ 1.7
Tier 2	1.21	to	1.43	85	15	14.9	2.6
Tier 3	1.43	to	1.87	75	25	29.7	9.9
Tier 4		>	1.87	50	50	130.3	130.3
Total Distribution to Partners @ $3.80 / Unit						$256.6	$144.5
Percent of Total						64%	36%

(a) Based on 67.5M units outstanding

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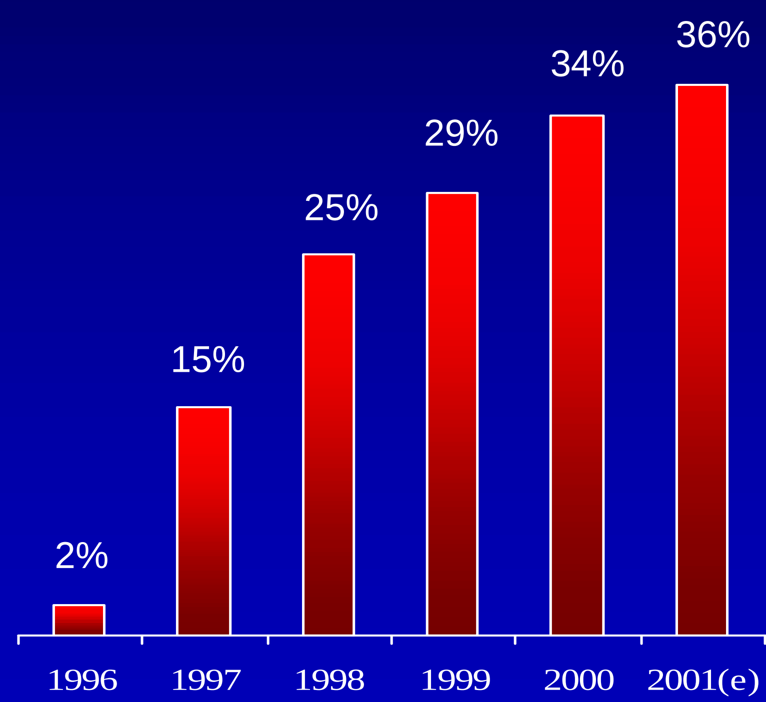
How KMP Impacts KMI

As the per-unit KMP distributions have increased, the GP's percentage of total cash flow has grown dramatically

KMP Distribution/Unit

KMI % of KMP Cash Flow (a)

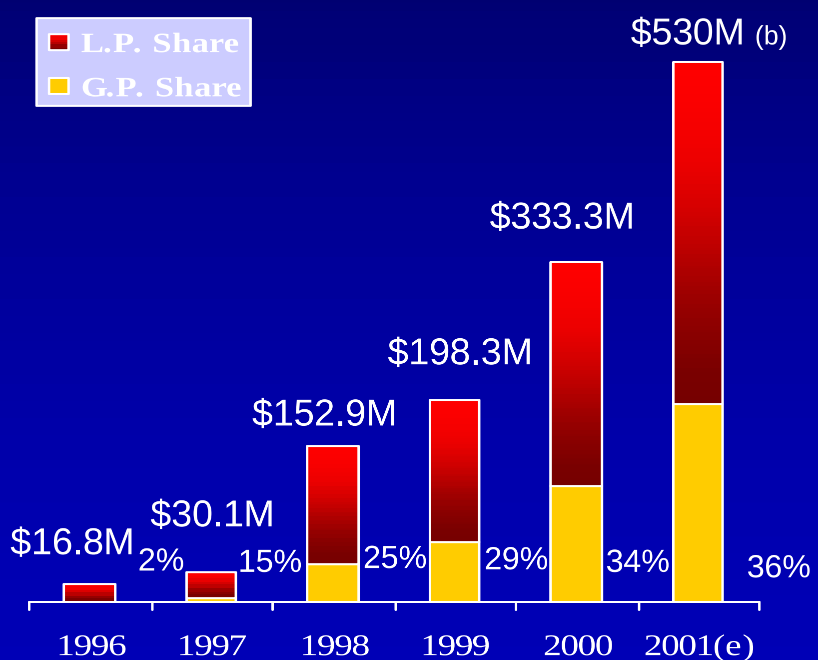


(a) Includes only the 2% GP Interest - does not include L.P. units owned by the G.P. (KMI)

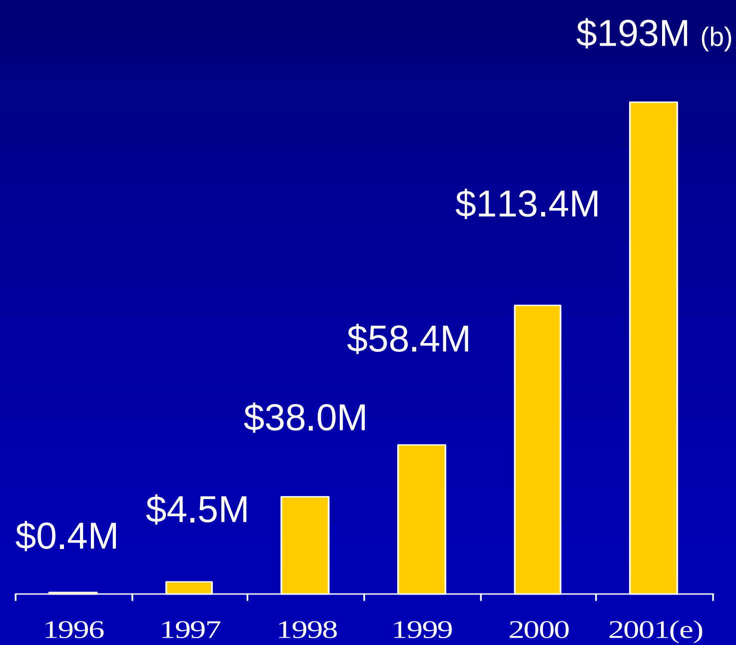
How KMP Impacts KMI

The combination of growth in both KMP's total cash flow and KMI's share of that total has produced dramatic cash flow growth for KMI's GP interest

KMP Total Cash Distributions



KMI's 2% G.P. Interest (a)



(a) Includes only the 2% GP Interest - does not include L.P. units owned by GP/KMI

(b) Assumes yearly average distribution of $3.90 on 86.3M units outstanding

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KMI Benefits from KMP Acquisitions

KMP Acquisitions @ 7.0X Dist Cash Flow *

Purchase Price	$	1,000 M
Debt Issued @ 7.5%	$	400 M
Units Issued @ $60		10 M
Pretax Cash Flow	**$**	**143 M**
Less:		
Interest	($	30.0) M
$3.80 Dist. on New Units	($	38.0) M
GP Dist. on New Units	($	21.4) M
Excess Cash Flow	$	53.6 M
Less:		
GP Share of Excess	($	26.8) M
Cash Accretion	$	26. 8 M
Cash Accretion/Unit (a)	**$**	**0.35**

KMI Impact*

GP Dist. on New Units	$	21.4 M
GP Share of Excess	$	26.8 M
GP Accretion on Units Owned (b)	$	4.9 M
Less:		
Cost of Capital on 2% Contribution	($	1.0 M)
Pre Tax Earnings Benefit	$	52.1M
Tax @ 40%	($	20.8 M)
After tax earnings benefit	$	31.3 M
Avg Shares Outstanding in 2001		120 M
Net EPS Effect / Share	**$**	**0.26**

(a) Assumes pre-acquisition units outstanding are 67.5M

(b) Includes cash accretion on 14M L.P. units owned by KMI; assumes earnings accretion on L.P. units equals cash accretion

* The above figures regarding growth 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.

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Acquisition Track Record

Acquisition	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	1,150	
10 Deals in 2000		2,061
3 yr Total		**$4,731**

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Acquisition Matrix - KMP

For a given dollar amount of acquisitions, KMP unitholders realize a significant amount of cash accretion per unit (a) *

Value of Acquisitions	5.0X	6.5X	8.0X	9.5X
$1250M	$ 0.86	$ 0.50	$ 0.28	$ 0.12
$1000M	$ 0.71	$ 0.42	$ 0.23	$ 0.10
$750M	$ 0.55	$ 0.32	$ 0.18	$ 0.08
$500M	$ 0.38	$ 0.22	$ 0.12	$ 0.05

Target $0.20 - 0.30

(a) Assumes acquisition financed 60% equity / 40% debt, pre-tax debt cost of 7.5%, a $3.80 annual distribution, a unit price of $60, and outstanding units of 67.5 million.

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Acquisition Matrix - KMI

For acquisitions completed at KMP, KMI stockholders receive a significant EPS contribution (a) *

Value of Acquisitions	5.0X	6.5X	8.0X	9.5X
$1250M	$ 0.53	$ 0.36	$ 0.26	$ 0.19
$1000M	$ 0.43	$ 0.29	$ 0.21	$ 0.15
$750M	$ 0.32	$ 0.22	$ 0.16	$ 0.11
$500M	$ 0.22	$ 0.15	$ 0.10	$ 0.07

Target $0.20 - 0.30

(a) Assumes acquisition financed 60% equity / 40% debt, pre-tax debt cost of 7.5%, a $3.80 annual distribution, a unit price of $60, and outstanding units of 67.5 million.

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How KMP Assets Fit the Strategy

KMP Assets provide stability along with strong growth potential

- **Product Pipelines**
  - 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
- **Gas Pipelines**
  - Serve various producing regions with long-term contracts
  - Excess capacity positioned to profit from gas growth
- **CO_2**
  - Dominant player in attractive niche business
  - Extremely low variable cost produces consistent results in a variety of commodity price environments
- **Bulk Terminals**
  - Geographic and product diversity with long-term contracts
  - Like pipelines, a fee-based, fixed cost business
  - Growth in low-sulfur coal, petcoke, and cement

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How KMI Assets Fit the Strategy

KMI businesses are low-risk with significant upside

- **NGPL**
  - Recent recontracting success has stabilized business
    - Recontracted top 3 LDCs for 3-5 years
    - Little sensitivity to weather due to contract structure
  - Classic fixed cost business with little variable costs
  - Gas-fired generation plants drive future demand
    - volume upsides
    - pricing upsides
- **Retail**
  - Stable, mostly unbundled LDC operations
  - Exceptional growth on western slope of Colorado
- **Power**
  - Realize value created by GE contract and sites on gas pipelines
  - Fee-based revenues from power plant development and operation
  - Tolls with investment grade credits eliminate commodity risk

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Year 2000: Promises Made - Promises Kept

Upon the completion of the KN merger in 1999, management made several promises

Promises Made	Promises Kept
Increase Utilization of Major Assets	NGPL signed 3 largest LDC customers and others to multi-year contracts; sold out through '00-'01 winter
	KMTP 10yr. agreement with Calpine
	Pacific volumes up 4%, Plantation volumes up 6%
Reduce Costs	Cut over $70 million annually
Divest Non-Core Assets	Completed $750million of non-core divestitures
Transfer Assets to MLP	Transferred over $1Bn in assets to the MLP

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Promises Made - Promises Kept (Contd.)

Promises Made	Promises Kept
Make $1billion of acquisitions at 8x cash flow	Over $2bn of acquisitions announced in 2000 at approximately 7x cash flow
$1.10 KMI EPS vs. $0.70 in 1999	$1.28 EPS
$3.20 KMP DPU vs. $2.85 in 1999	$3.43 DPU (ending the year at $3.80)
Strengthen Balance Sheet	Debt to Cap at 61% now, will be low 50's when PEP's mandatorily convert in late 2001 Free cash flow approximately $200MM

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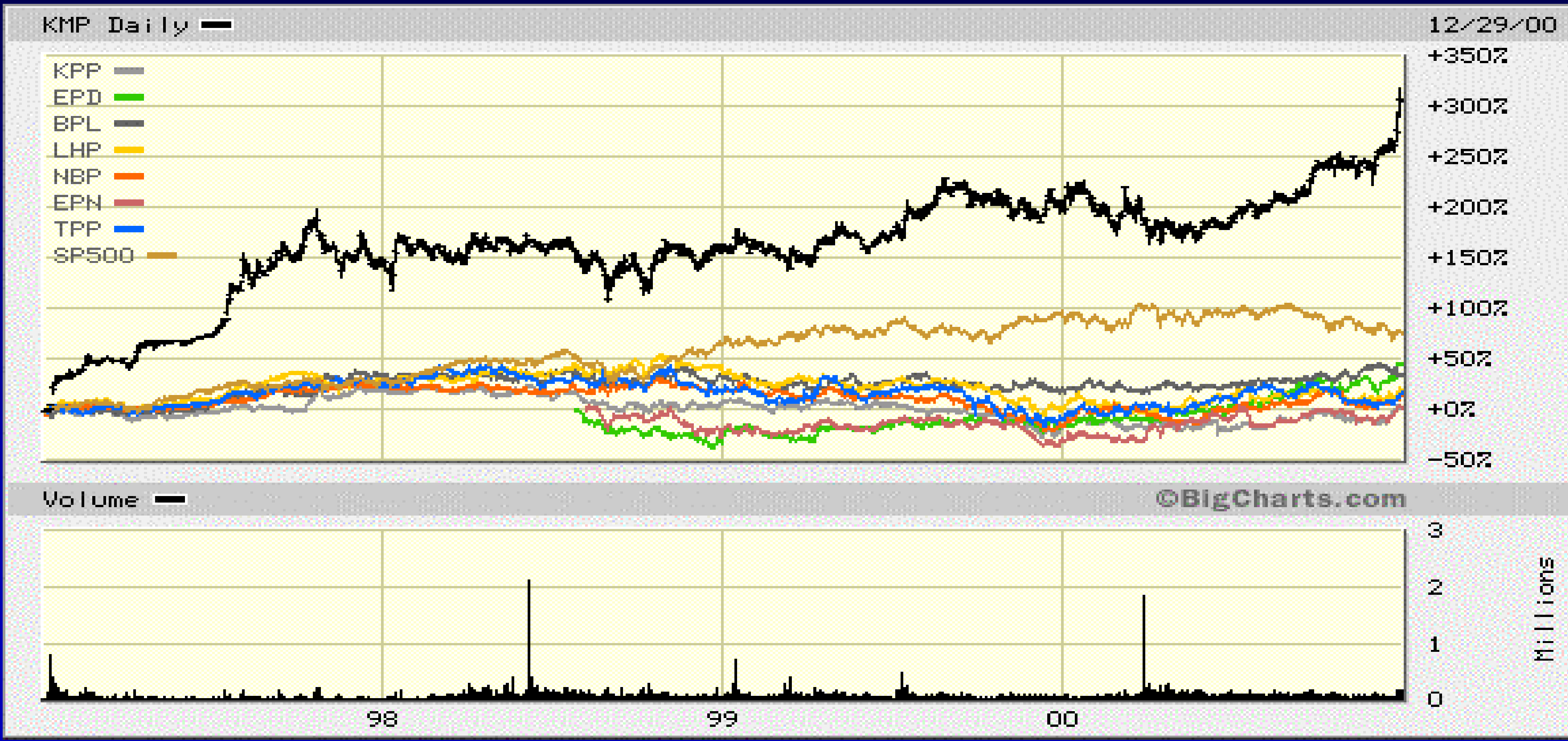
KMP - Track Record

KMP vs S&P 500 & other pipeline MLP's from 01/01/1997 - 12/29/00



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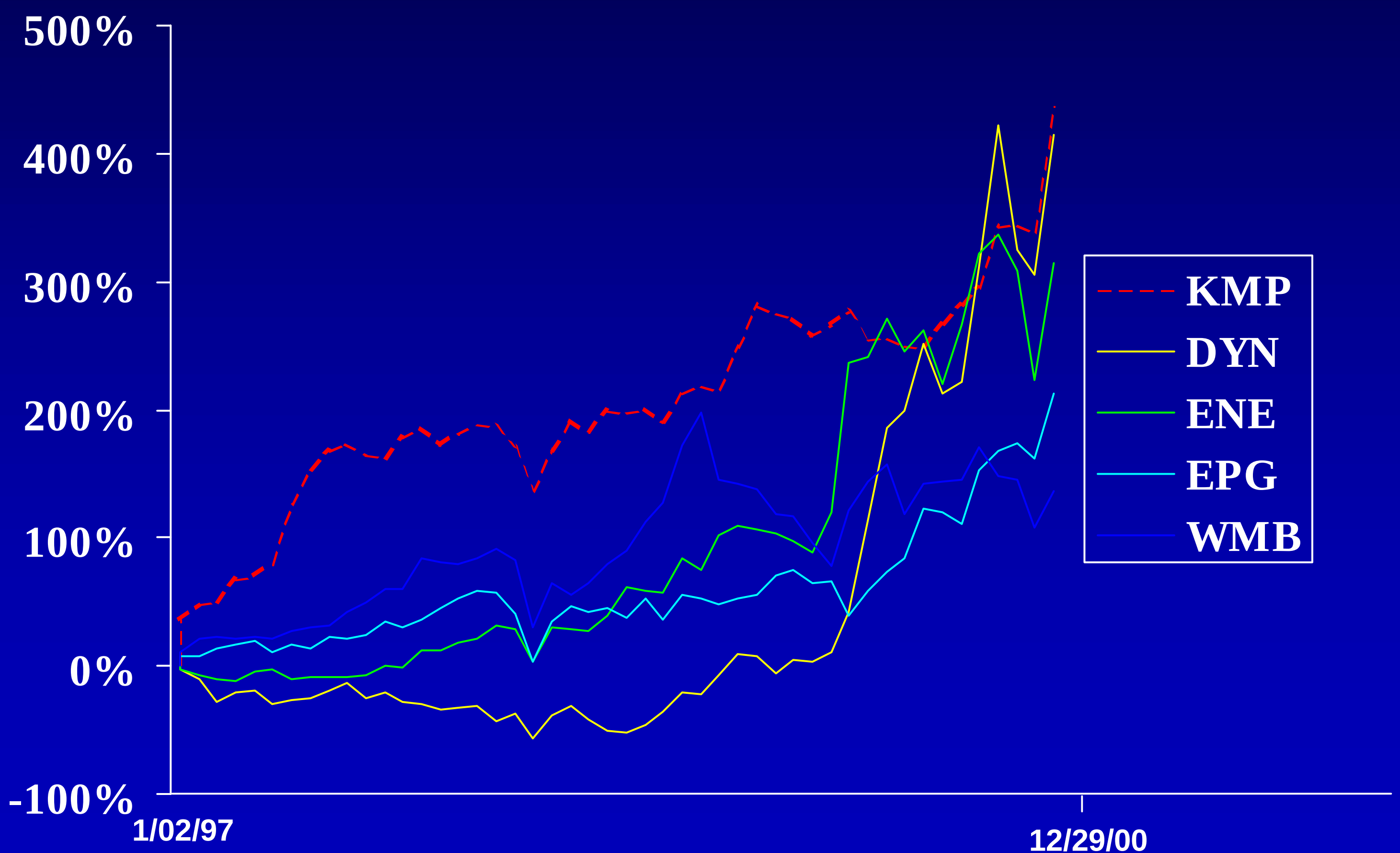
KMP - Track Record

Total percentage return generated by the following stocks from 1/02/97 to 12/29/2000 with dividends/distributions reinvested



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KMP - Peer Group Valuation

KMP's peer group - as of 2/09/01

Company	Ticker	Distribution (a)	Price	Yield	Distribution CAGR Since 4Q 96 (b)
KMP	KMP	3.80	62.00	6.13%	31.8%
Buckeye	BPL	2.40	32.80	7.32%	12.5%
TEPCO	TPP	2.10	25.50	8.24%	8.8%
El Paso Energy Partners	EPN	2.20	30.20	7.28%	8.3%
Lakehead	LHP	3.50	44.10	7.94%	6.5%
Northern Border	NBP	2.80	35.99	7.78%	6.2%
Kaneb	KPP	2.80	33.80	8.28%	3.9%
Enterprise	EPD	2.20	32.00	6.88%	NA

(a) Based on annualizing the most recently announced quarterly distribution - as of 2/09/01
(b) Based on most recently declared distribution - as of 2/09/01
(c) Formerly Leviathan Gas Pipeline Partners L.P.
(d) Data was not available for entire period

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KMI - Track Record

KMI vs S&P 500 from 7/01/1999 - 12/29/00

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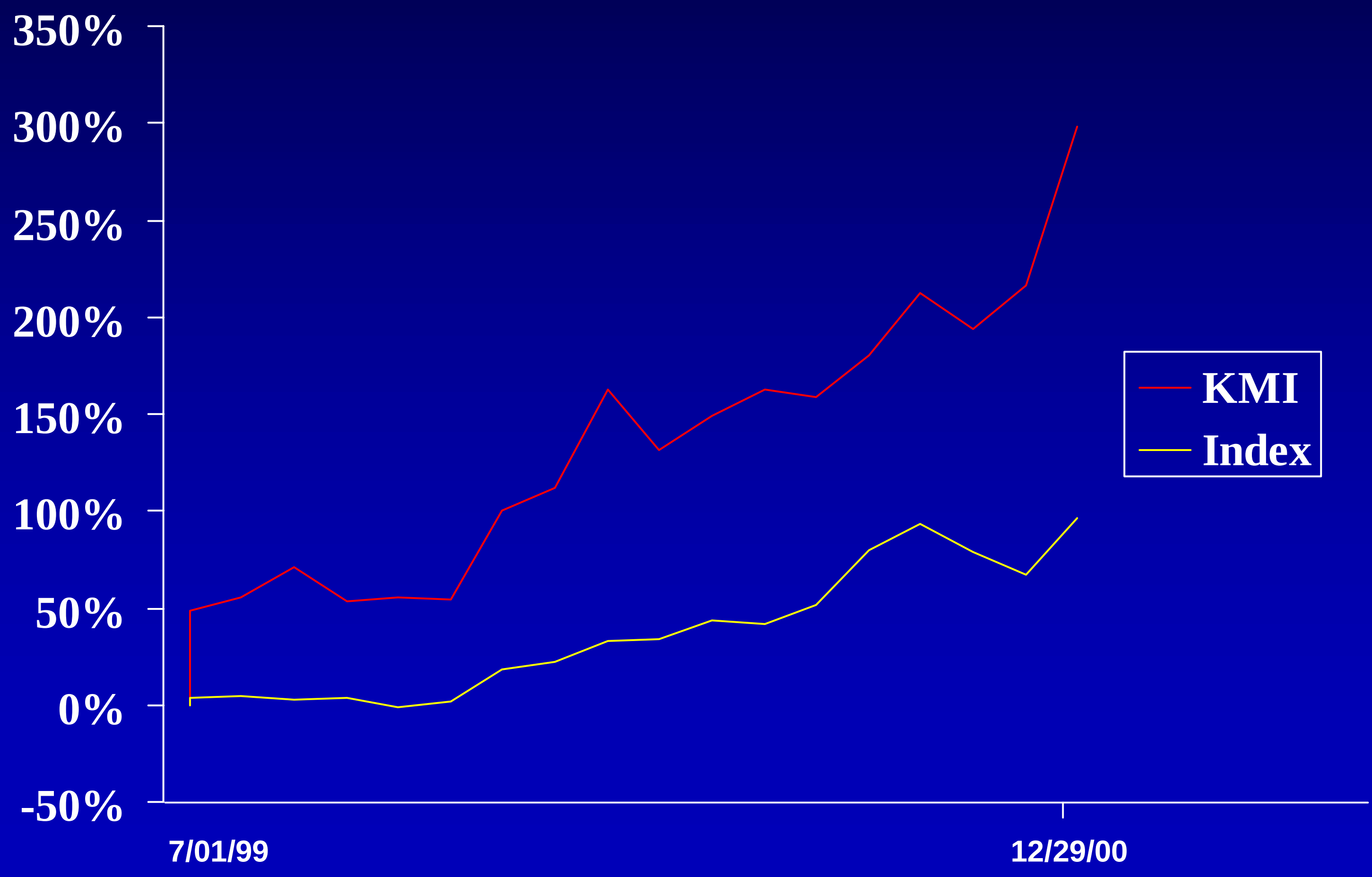
KMI - Track Record

Total price appreciation of the following stocks from 7/01/99 to 12/29/2000



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KMI - Peer Group Valuation

KMI's peer group - as of 2/09/01

Company	Ticker	Consensus 01' Earnings	Consensus 5Yr Growth Rate (a)	Price	01 'P/E Multiple	P/E Growth Ratio	MKT Cap (in $Billion)
KMI	KMI	1.77	25% (b)	54.67	31	1.24	6.34
AES	AES	1.89	30%	59.58	32	1.05	27.32
Calpine	CPN	1.41	40%	47.54	34	0.84	13.39
Dynegy	DYN	1.84	21%	53.15	29	1.38	12.63
El Paso	EPG	3.28	15%	71.56	22	1.45	35.57
Enron	ENE	1.74	18%	80.20	46	2.56	59.87
Williams	WMB	1.31	15%	42.99	33	2.19	20.33

(a) First call data

(b) KMI mgmt. estimates

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Summary - Investment Attributes

- Significant management ownership
- Strong internal growth with acquisition upside
- Unique financial structure