KINDER MORGAN

Same Old Boring Stuff
Real Assets, Real Earnings, Real Cash
April 2003
Forward Looking Statements

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Kinder Morgan: Two Companies, Three Securities

Kinder Morgan Energy Partners
Market Equity (a) $6.2
Debt 3.6
Enterprise Value $9.8
2003E EBITDA $1,102 mm
2003E Dist. CF $809 mm

Kinder Morgan, Inc
Market Equity (b) $5.2
Debt 3.3
Enterprise Value $8.5
2003E EBITDA $939 mm
2003E Dist. CF $469 mm

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(a) KMEP market cap based on 181 million units, a common unit price of $35.00, and a KMR price of $31.59 as of December 31, 2002. Debt balance as of December 31, 2002, excluding the fair value of interest rate swaps, net of cash.
(b) KMI market cap based on 123 million shares at $42.27 as of December 31, 2003. Debt balance as of December 31, 2002, excluding the fair value of interest rate swaps, net of cash.
(c) Includes 5 million Class B units owned by KMI. Class B units are unlisted KMP common units.
Consistent Track Record

**Total Distributions (GP + LP) ($mm)**

- 1996: $17
- 1997: $30
- 1998: $153
- 1999: $198
- 2000: $333
- 2001: $548
- 2002: $701
- 2003E: $809

CAGR = 74%

**KMP Distribution / Unit (a)**

- 1996: $0.63
- 1997: $1.13
- 1998: $1.30
- 1999: $1.45
- 2000: $1.90
- 2001: $2.20
- 2002: $2.50
- 2003E: $2.72

CAGR = 23%

**KMI Earnings Per Share (b)**

- 1999: $0.74
- 2000: $1.29
- 2001: $1.96
- 2002: $2.85
- 2003E: $3.18

CAGR = 44%

**Debt to Total Capital**

- 1997: 49%
- 1998: 31%
- 1999: 39%
- 2000: 67%
- 2001: 61%
- 2002: 46%
- 2003E: 53%

(a) Declared 4Q distribution annualized (i.e. multiplied by four).
(b) Excluding special items.
### Attractive Value Proposition

<table>
<thead>
<tr>
<th>Stable Cash Flow</th>
<th>KMP/KMR (a)</th>
<th>KMI (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.0% / 8.0% yield</td>
<td>1.3% yield</td>
</tr>
<tr>
<td>Excess cash used for share buyback, dividends and debt repayment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Add: Internal Growth</th>
<th>8-10%</th>
<th>15-20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Growth - Total Return Potential</td>
<td>15-17%</td>
<td>15-20%</td>
</tr>
</tbody>
</table>

| Acquisition Upside - Total Return Potential | 18-20% | 20-25% |

(a) Returns calculated from 2002 to 2007.
Structure offers Two Risk Reward Profiles

<table>
<thead>
<tr>
<th></th>
<th>Limited Partner KMP/KMR</th>
<th>General Partner KMI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yield</strong></td>
<td>7.0% - 8.0%</td>
<td>Approx. 1.3%</td>
</tr>
<tr>
<td><strong>Distributions</strong></td>
<td>Share in all distributions from Available Cash</td>
<td>Only entitled to incentive distribution on Cash from Operations</td>
</tr>
<tr>
<td><strong>Current Split of Cash Distributions</strong></td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td><strong>Upside/Downside at Current Split</strong></td>
<td>50% upside / 50% downside</td>
<td>50% upside / 50% downside</td>
</tr>
<tr>
<td><strong>Split from Interim Capital Transactions</strong></td>
<td>98%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Results (a)</strong></td>
<td>40% annual return</td>
<td>40% annual return</td>
</tr>
</tbody>
</table>

(a) Annual returns calculated on weekly period for: (i) KMI: July 1999 through December 2002 and (ii) KMP: January 1997 through December 2002 assuming dividends reinvested.
The Kinder Morgan Strategy

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, increasing distributions from high cash flow businesses
- Strong balance sheet allows flexibility when raising capital for acquisitions / expansions
Management Philosophy

- **Low Cost Asset Operator**
  - Senior management limited to $200,000 per year in base 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**
  - Bonus targets are tied to published budget – KMP DCF of $2.63 and KMI EPS of $3.18 for 2003
  - All employees have KMI stock options
  - Rich Kinder has the largest equity stake in the energy industry — 20% in KMI
  - He receives $1 per year in salary, no bonus, no options
Solid Asset Base Generates Stable Fee Income

**Terminals**
- Largest independent terminal operator in U.S.
- 65% Liquids, 35% Bulk
- Geographic and product diversity
- 3-4 year average contract life

**CO2**
- Leading provider of CO2 in U.S.; long-term contracts
- 37% CO2 transport and sales
- 63% oil production related
- Oil price hedged out to 3 years

**KMP 2003 DCF (a)**
- Terminals 19%
- CO2 Pipelines 15%
- Natural Gas Pipelines 30%
- Product Pipelines 36%

**Products Pipelines**
- Largest independent refined products pipeline system in U.S.
- Refinery hub to population center strategy
- 47% FERC regulated (b)
- 19% CPUC regulated (b)
- No commodity price risk

**Natural Gas Pipelines**
- 38% FERC regulated with 7-8 year average contract life
- 51% Texas Railroad Commission regulated
- Little incidental commodity risk

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(a) Budgeted 2003 distributable cash flow before allocation of G&A and interest.
(b) Based on 2002 earnings.
Solid Asset Base Generates Stable Fee Income

KMP (a)
- General partner interest provides incentive distributions
- Own 18% of total limited partner units

NGPL
- FERC regulated with 3 year average contract life
- Primary customers are Chicago local distribution companies
- Little incidental commodity risk

Power
- Equity interest in five plants

TransColorado
- Transports natural gas from Rockies to northern New Mexico

Retail
- Natural gas distribution service
- Serve Colorado, Wyoming and Nebraska
- 240,000 customers

2003 Segment Income (b)
- KMP 45%
- NGPL 43%
- Retail 8%
- Power 2%

(a) Includes: (i) general partner interest, (ii) earnings from 18 million KMP units and (iii) earnings from 14 million KMR units. On a comparable basis 2002 numbers were KMP 42%, NGPL 43%, Retail 8%, Power 5% and TransColorado 2%.

(b) Budgeted 2003 segment earnings before allocation of G&A and interest.
KMP is largest MLP and conservatively capitalized

Enterprise Value (a)

<table>
<thead>
<tr>
<th></th>
<th>KMP</th>
<th>EPD</th>
<th>EEP</th>
<th>NBP</th>
<th>EPN</th>
<th>TPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9.8</td>
<td>$3.6</td>
<td>$2.3</td>
<td>$3.3</td>
<td>$3.1</td>
<td>$3.1</td>
<td>$3.1</td>
</tr>
<tr>
<td>$5.9</td>
<td>$3.6</td>
<td>$1.8</td>
<td>$1.5</td>
<td>$1.7</td>
<td>$1.2</td>
<td>$1.6</td>
</tr>
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</table>

Credit Rating

<table>
<thead>
<tr>
<th></th>
<th>KMP</th>
<th>EPD</th>
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<th>EPN</th>
<th>TPP</th>
<th>EEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2/A</td>
<td>Ba1/BBB+</td>
<td>Ba2/BBB</td>
<td>Baa2/BBB</td>
<td>Baa1/BBB+</td>
<td>A3/A-</td>
<td>A2/A</td>
</tr>
<tr>
<td>A3/A-</td>
<td>Baa1/BBB</td>
<td>Baa3/BBB-</td>
<td>Ba1/BBB+</td>
<td>Ba2/BBB</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Debt to Total Capital (b)

<table>
<thead>
<tr>
<th></th>
<th>KMP</th>
<th>EPD</th>
<th>EEP</th>
<th>NBP</th>
<th>EPN</th>
<th>TPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>51%</td>
<td>65%</td>
<td>60%</td>
<td>54%</td>
<td>59%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Credit Statistics

Current Net Debt / Total Capital 51%

2003 Budget Estimates:
Debt / EBITDA 3.6x
EBITDA / Interest 6.0x

(a) Equity price and shares outstanding from Bloomberg as of 12/31/02. Debt balances as of 9/30/02, except KMP as of 12/31/02.
(b) Salomon Smith Barney Monthly Update, December 2002.
KMI is Strong Credit with Significant Free Cash

Credit Statistics

Rating: BBB/Baa2

Current Net Debt / Total Capital: 48%

2003 Budget Estimates:
- Debt / EBITDA: 3.4x
- EBITDA / Interest: 5.8x

Debt to Total Capital

Free Cash Flow (a)

(a) Free cash flow is defined as pretax income before DD&A, less cash taxes and sustaining cap ex.
Little Need to Access Markets in the Future

<table>
<thead>
<tr>
<th></th>
<th>KMP</th>
<th>KMI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CP Capacity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revolver</td>
<td>$975</td>
<td>$775</td>
</tr>
<tr>
<td>Outstanding CP</td>
<td>220</td>
<td>0</td>
</tr>
<tr>
<td><strong>Excess Capacity</strong></td>
<td><strong>$755</strong></td>
<td><strong>$775</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Maturities:</th>
<th>KMP</th>
<th>KMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>45</td>
<td>501</td>
</tr>
<tr>
<td>2004</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>2005</td>
<td>205</td>
<td>501</td>
</tr>
<tr>
<td>2006</td>
<td>45</td>
<td>7</td>
</tr>
<tr>
<td>2007</td>
<td>255</td>
<td>0</td>
</tr>
</tbody>
</table>
KMR Reduces KMP’s Need to Access Market

- 2003 EBITDA: $1,100
- Interest, Sustaining Cap Ex, Taxes: $300
- LP Distribution: $480
- KMR Distribution: $120
- GP Distribution: $320
- Reinvested in Business: $120

Paid in shares, cash reinvested
KMR is a Tax Efficient Way to Own KMP

- Higher Current Yield When KMR Trades at a Discount
  - KMP Cash Distribution / KMR Price (10 days prior to ex-dividend)

- Same or Better Terminal Value
  - guarantee upon mandatory purchase events of higher of KMP or KMR value

- Same Voting Rights as KMP

- Taxes
  - Share distributions are not taxed and reduce per share basis
  - One year after purchase, all gains (including most recent share distribution) are long term capital gains

- KMI BOD has authorized KMI to act opportunistically to repurchase KMR shares
## Targeted KMP Internal Segment Growth

<table>
<thead>
<tr>
<th>Business Segments</th>
<th>DCF 2002 Actual</th>
<th>DCF 2003 Budget</th>
<th>Change</th>
<th>Growth Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products Pipelines</td>
<td>$399.1</td>
<td>$418.7</td>
<td>$19.6</td>
<td>Demographics in West and Southeast U.S.</td>
</tr>
<tr>
<td>Natural Gas Pipelines</td>
<td>307.6</td>
<td>341.1</td>
<td>33.5</td>
<td>Expansions and extensions</td>
</tr>
<tr>
<td>CO₂ Pipelines</td>
<td>128.6</td>
<td>171.9</td>
<td>43.3</td>
<td>SACROC growth</td>
</tr>
<tr>
<td>Terminals</td>
<td>187.9</td>
<td>211.7</td>
<td>23.8</td>
<td>Expansions, new contracts</td>
</tr>
</tbody>
</table>

| Total (a)              | $1,023.2        | $1,143.4        | $120.2 |

Consistent with 8% Internal Growth to LP Units

(a) Total segment distributable cash before G&A and interest.
Modest Top Line Growth Leads to Significant Bottom Line Growth

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Growth</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>$100</td>
<td>$104</td>
<td>4%</td>
<td>Price and volume</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>50</td>
<td>50</td>
<td></td>
<td>Efficiency savings compensate for small increase in variable cost</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$50</td>
<td>$54</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>G&amp;A</td>
<td>6</td>
<td>6</td>
<td></td>
<td>No increase associated with internal growth</td>
</tr>
<tr>
<td>Net Before Debt</td>
<td>$44</td>
<td>$48</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Interest Expense (a)</td>
<td>11</td>
<td>11</td>
<td></td>
<td>No increase associated with internal growth</td>
</tr>
<tr>
<td>Net After Debt</td>
<td>$33</td>
<td>$37</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>LP Share</td>
<td>20</td>
<td>2</td>
<td>10%</td>
<td>LP receives 59% of total and 50% of upside</td>
</tr>
<tr>
<td>GP Share</td>
<td>13</td>
<td>2</td>
<td>15%</td>
<td>GP receives 41% of total and 50% of upside</td>
</tr>
</tbody>
</table>
## KMP 2003 Expansion Capital Budget

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>2003 Budget</th>
<th>Major Projects</th>
<th>Cost – Major Projects</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Pipelines</td>
<td>$66</td>
<td>Sacramento, Ethanol</td>
<td>$88</td>
<td>2003-2005</td>
</tr>
<tr>
<td>Natural Gas Pipelines</td>
<td>$67</td>
<td>Cheyenne, Monterrey</td>
<td>$118</td>
<td>2003-2004</td>
</tr>
<tr>
<td>CO2 Pipelines</td>
<td>$233</td>
<td>SACROC/Centerline</td>
<td>$236</td>
<td>2003</td>
</tr>
<tr>
<td>Terminals</td>
<td>$58</td>
<td>Northeast, Houston</td>
<td>$44</td>
<td>2003</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$424</strong></td>
<td></td>
<td><strong>$486</strong></td>
<td></td>
</tr>
</tbody>
</table>
Targeted KMI Internal Growth

Three Assumptions:

1. Limited Partner Units  
   8 - 10% growth

2. Other Assets  
   3 - 5%

3. Free Cash Flow  
   50% Dividends/Repurchase Shares  
   50% Reduce Debt

Consistent with 15%+ Internal Growth
Risks

- **Regulatory**
  - Pacific Products Pipeline FERC/CPUC case
  - Trailblazer rate case
  - Affiliate rule change
  - Unexpected FERC policy changes

- **Environmental/Terrorism**

- **Interest Rates**
  - 50% of debt is floating rate
  - Budget assumes approximately 100 bps increase in floating rates over the year
  - A full year of a 100 basis point increase in rates equals $18 million increase in expense at KMP and $17 million at KMI
Stable Platform, Attractive Growth

- Stable cash flow from essential infrastructure
- Low cost discipline
- Conservative capital structure
- Management team with significant equity stake
- Outstanding track record
- Attractive internal growth from favorable demographics and expansion opportunities
- Acquisition upside potential