KINDER MORGAN

RBC Energy Infrastructure
“Movers & Shakers” Conference

March 8, 2006
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Overview

- Who is Kinder Morgan?
- Infrastructure Opportunities in North America
- Kinder Morgan Response
Who is Kinder Morgan?

- Largest independent transporter of petroleum products in the U.S.
  - transport more than 2 million barrels per day (Bbl/d)

- 2nd largest transporter of crude oil and petroleum products in Canada
  - transport more than 950,000 Bbl/d of crude oil and petroleum products

- 2nd largest transporter of natural gas in U.S.
  - approximately 24,000 miles of interstate / intrastate pipeline

- Largest transporter of CO₂ in the U.S.
  - transport more than 1 Bcf/d of CO₂

- Largest independent terminal operator in U.S.
  - ~96 million barrels of liquids capacity
  - handle over 80 million tons of dry bulk products

- 3rd largest LDC in Canada (largest in B.C.)
  - 892,000 customers
Note: All amounts in U.S. dollars unless otherwise noted.

(a) KMP market cap based on 163 million common units at a price of $47.27 and 59 million KMR i-units at a price of $43.73 as of February 28, 2005. Debt balance as of December 31, 2005, excludes the fair value of interest rate swaps, net of cash.

(b) KMI market cap based on 135 million shares at a price of $92.78 as of February 28, 2005. Market equity also includes $381 million of preferred securities. Debt balance as of December 31, 2005, excludes the fair value of interest rate swaps and preferred securities, net of cash.

(c) Includes 5.3 million Class B units owned by KMI. Class B units are unlisted KMP common units.
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
Note: All amounts in U.S. dollars unless otherwise noted.
(a) Includes 2% GP interest.
(b) Declared 4Q distribution annualized (i.e. multiplied by four)
(c) Excludes certain items and loss on early extinguishment of debt. KMI 2005 EPS excludes the December 2005 impact of Terasen.
(d) Excludes loss/gains in Other Comprehensive Income related to hedges; debt excludes preferred securities (KMI).
Significant Historical Returns, thru 12-31-05

KMI: 39% annual return

UTY Index

KMI

Dollars (a,b)

KMP: 32% annual return

MLP Index

$851

S&P 500

KMP

UTY Index

Dollars (a,c)

KMR: 13% annual return

MLP Index

$211

S&P 500

KMR

Dollars (a,d)

Note: All amounts in U.S. dollars unless otherwise noted.
Sources: Bloomberg, Citigroup Smith Barney
(a) Returns calculated on a daily basis through December 30, 2005 assuming dividends/distributions reinvested in index/stock/unit, except MLP Index calculated on a monthly basis.
(b) Start date 7/8/1999; KN Energy merger announced
(c) Start date 12/31/1996
(d) Start date 5/14/2001; KMR Initial public offering
North American Energy Trends

- Expanding Canadian Oilsands Production
- Growing Rockies Natural Gas Production
- Increased Supply of LNG on Gulf Coast
- Increased Use of Heavy Crude
- Growing Coal Imports
KM Response

Trend

- Expanding Canadian Oilsands Production
- Growing Rockies Natural Gas Production
- Increased Supply of LNG on Gulf Coast

KM Opportunity

- Trans Mountain, Corridor, Edmonton terminal
- Rockies Express, Entrega
- Kinder Morgan Louisiana Pipeline
Canadian Oilsands: Supply

**Canadian Crude Production by Type (a)**

- Oilsands
- Pentanes/Condensate
- Conventional Heavy
- Conventional Light/Med

**World Oil & Bitumen Reserves – Top 10 (b)**

- **Venezuela**: 345 billion barrels (reserves)
- **Canada**: 315 billion barrels (reserves)
- **Saudi Arabia**: 270 billion barrels (reserves)
- **Russia**: 130 billion barrels (reserves)
- **Iraq**: 115 billion barrels (reserves)
- **UAE**: 100 billion barrels (reserves)
- **Kuwait**: 100 billion barrels (reserves)
- **Iran**: 93 billion barrels (reserves)
- **USA**: 40 billion barrels (reserves)
- **Libya**: 32 billion barrels (reserves)

**Production Costs: Mining (c)**

- **Mining**
- **Upgrading**
- **Refining**

Total Operating & Upgrade: Cdn $22-26/Bbl
US $19-22/Bbl

Price = 30-40% below WTI

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All amounts in U.S. dollars unless otherwise noted.

(b) Source: NEB 2003 study “Canada’s Energy Future, Scenarios for Supply and Demand to 2025”.
   Note: Total discovered recoverable reserves of crude and bitumen (Saudi values are proven reserves, implying higher degree of certainty).
(c) Source: DBRS October 2005 industry study “The Canadian Oil Sands”
Canadian Oilsands:
PADDs II and IV Have the Most Access to Canada

Major Canadian Oilsands Takeaway into the U.S.

- **PADD III**
  - El Paso
  - Midland
  - Houston
  - Freeport
  - Corpus Christi

- **PADD IV**
  - Fort McMurray
  - Cold Lake
  - Hardisty
  - Regina
  - St. Paul
  - Patoka
  - Cushing

- **PADD V**
  - Vancouver
  - Anacortes
  - Calgary
  - Edmonton
  - Billings
  - Casper
  - Guernsey
  - Regina
  - St. Paul

**Trunkline Capacity in to U.S.**

<table>
<thead>
<tr>
<th>Region</th>
<th>Capacity (MMBbl/d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PADD II</td>
<td>2.0</td>
</tr>
<tr>
<td>PADD IV</td>
<td>0.5</td>
</tr>
<tr>
<td>PADD V</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Note: Pipeline paths not drawn according to precise geographic location, but by general regional direction.
Canadian Oilsands: U.S. a Significant Importer of Crude

**U.S. Crude Refinery Inputs by PADD – 2004 (a)**

<table>
<thead>
<tr>
<th>(MBbl/d)</th>
<th>Total Refinery Inputs</th>
<th>% Imports</th>
<th>Canadian Imports as % of Total Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>PADD I (E. Coast)</td>
<td>1,597</td>
<td>97%</td>
<td>13%</td>
</tr>
<tr>
<td>PADD II (Midwest)</td>
<td>3,288</td>
<td>89%</td>
<td>36%</td>
</tr>
<tr>
<td>PADD III (G. Coast)</td>
<td>7,438</td>
<td>59%</td>
<td>---</td>
</tr>
<tr>
<td>PADD IV (Rockies)</td>
<td>556</td>
<td>46%</td>
<td>100%</td>
</tr>
<tr>
<td>PADD V (W. Coast)</td>
<td>2,596</td>
<td>36%</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>15,475</td>
<td>65%</td>
<td>16%</td>
</tr>
</tbody>
</table>

**Alaskan North Slope Production Declining (b)**

**Washington State Refinery Capacity (c)**

*Every PADD uses significant imports: PADD IV uses a very high percentage of Canadian
PADD II and V are opportunities*

(a) Source: EIA “Petroleum Supply Annual 2004”.

(b) Source: CIBC Jan-2006 industry report “Oil Pipeline Expansion: Refiners in Traditional Markets Girding for Expanded Diet of Canadian Heavy”.

Trans Mountain Expansion

- **TMX1** – C$595 million ⇒ additional 75 MBbl/d
  - Pump Station Expansion, C$230 million, 35 MBbl/d, in-svc by April 2007
  - Anchor Loop, C$365 million, 40 MBbl/d, in-svc at end of 2008

- **TMX2** – Loop between Valemont & Kamloops and back to Edmonton, C$900 million, 100 MBbl/d by 2010

- **TMX3** – Loop between Kamloops & Lower Mainland, C$900 million, 300 MBbl/d by 2011

- **TMX North** – Line between Valemont & Kitimat, C$2.0 billion, 400 MBbl/d
Rocky Mountain Natural Gas: Basis Spreads Support Need for New Infrastructure

Basis differential versus Henry Hub.
Sources: Historical Prices – GasDat, Forward Prices – Sempra Oct 05 Curve.

(basis spreads)

- Rockies: ($1.04), ($1.42)
- SoCalGas: ($0.42), ($0.64)
- MidCont: ($0.43), ($0.72)
- Chicago: $0.03
- Transco Z.6: $1.16, $1.88
- Dominion: $0.46, $0.54
- Henry Hub: -$0.00
- Florida: $0.02

Source: EIA GasTran Gas Transport, 2003

(a) Basis differential versus Henry Hub. Sources: Historical Prices – GasDat, Forward Prices – Sempra Oct 05 Curve.
Rocky Mountain Natural Gas: Expected Production Growth Supports Need for New Infrastructure

**Rocky Mountain natural gas production is growing, but takeaway capacity is limited**

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (Bcf/d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>5.8</td>
</tr>
<tr>
<td>2007</td>
<td>7.0</td>
</tr>
<tr>
<td>2009</td>
<td>7.6</td>
</tr>
<tr>
<td>2012</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Current takeaway capacity ~ 6.5 Bcf/d

(a) Source: CERA Wet Gas Capacity Outlook
Rockies Express

Map of Rockies Express Pipeline Project

- Entrega
- Rockies Express Pipeline Project

Zone 1
- WIC
- Southern Star
- Burlington
- Echo Springs
- Lost Creek
- Opal
- Questar
- NWPL
- WFS
- Kern River
- Opal Plant
- TransColorado
- Encana Plant

Zone 2
- WIC-Medicine Bow
- KMIGT PXP
- KMIGT Trailblazer
- CIG Cheyenne Plains
- PSCO WIC

Zone 3 (Certificate II)
- Possible Interim Service
- Midwestern TGT
- Columbia Gas
- Equitrans
- Waynesburg

Zone 3 (Certificate III)
- National Fuel
- North Penn Transco
- Leidy Hub
- Equitrans
- Dominion
- East Ohio Gas
- TETCO

January 2008: Pipeline Segment In-Service Date
- January 2009
- June 2009

- Possible Expansion
- Market Hubs
- Proposed Interconnections
LNG: Increased Supply on Gulf Coast

~8-11 Bcf/d of terminal capacity under construction with committed contracts

Gulf Coast LNG Projects Under Construction

- **ExxonMobil – Golden Pass**: 1-2 Bcf/d, projected in svc 2008-09
- **Sempra – Cameron LNG**: 1.5-2.65 Bcf/d, est in svc 2008-10, Tractabel 0.325-0.5 Bcf/d, 20-yr, ENI – 0.6 Bcf/d, 20-yr
- **Freeport LNG – Quintana Island**: 1.5 Bcf/d, projected in svc 2007
- **Cheniere – Sabine Pass**: 2.6-4.0 Bcf/d, projected in svc 2009
- **Southern Union – Trunkline LNG**: (0.6 Bcf/d existing), Phase I-II expansions add combined 1.2 Bcf/d projected in svc 2006/07
- **ConocoPhillips – 1 Bcf/d**
- **Dow – 0.5 Bcf/d, 20-yr**
- **Total – 1.0 Bcf/d, 20-yr**

Source: company websites
Kinder Morgan Louisiana Pipeline LLC

Provides key link between Sabine Pass LNG Terminal to interstate pipeline grid

- Capital $484 million
- 20-year, fixed rate contracts with Chevron and Total
- In-service April 1, 2009
- 137 miles 42”
## Identified Future Growth Opportunities

### Nearly $8 billion in identified growth opportunities over next 5 years

<table>
<thead>
<tr>
<th>Entity</th>
<th>Project</th>
<th>Estimated Total Project Cost ($B)</th>
<th>Expected Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>KMP</td>
<td>Louisiana Pipeline (LNG)</td>
<td>$0.5</td>
<td>2009</td>
</tr>
<tr>
<td>KMP</td>
<td>Rockies Express</td>
<td>2.9</td>
<td>2007-2009</td>
</tr>
<tr>
<td>KMP</td>
<td>CO₂</td>
<td>1.1</td>
<td>2006-2010</td>
</tr>
<tr>
<td>KMP</td>
<td>East Line expansion</td>
<td>0.3</td>
<td>2006-2007</td>
</tr>
<tr>
<td>KMI</td>
<td>Trans Mountain expansion</td>
<td>1.3</td>
<td>2007-2008</td>
</tr>
<tr>
<td>KMI</td>
<td>Corridor expansion</td>
<td>0.9</td>
<td>2009</td>
</tr>
<tr>
<td>KMP</td>
<td>Other identified expansions</td>
<td>0.7 ($D)</td>
<td>2006-2010</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$7.7</strong></td>
<td></td>
</tr>
</tbody>
</table>

All amounts in U.S. dollars unless otherwise noted.

(a) Assumes 2/3 Kinder Morgan ownership. Includes purchase of Entrega Phase I.

(b) 2006-2010

(c) Phase I and phase II.

(d) Shipyard River Terminal, Pier 9, Edmonton terminal, CALNEV and Dayton.