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Stable Platforms / Exceptional Growth

January 24, 2001

Forward looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and securities values of Kinder Morgan Inc. and Kinder Morgan Energy Partners, L.P. (collectively known as "Kinder Morgan") may differ materially from those expressed in the forward-looking statements contained throughout this presentation. Many of the factors that will determine these results and values are beyond Kinder Morgan's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future, including, among others, the ability to achieve synergies and revenue growth; national, international, regional and local economic, competitive and regulatory conditions and developments; technological developments; capital markets conditions; inflation rates; interest rates; the political and economic stability of oil producing nations; energy markets; weather conditions; business and regulatory or legal decisions; the pace of deregulation of retail natural gas and electricity and certain agricultural products; the timing and success of business development efforts; and other uncertainties. You are cautioned not to put undue reliance on any forward-looking statement.

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The Agenda

- **I. Introduction and Company Overview (1:00 - 1:25)**
  - Rich Kinder - Chairman & CEO
- **II. Product Pipelines Segment Overview (1:25 - 1:50)**
  - Mary Morgan - Vice President, Product Pipelines
- **III. CO_2 Segment Overview (1:50 - 2:15)**
  - Tim Bradley - President, CO_2
- **IV. NGPL Segment Overview (2:15 - 2:45)**
  - Deb Macdonald - President, NGPL
- **V. Power Segment Overview (3:00 - 3:25)**
  - Anthony Lannie - President, Power
- **VI. Acquisition Strategy (3:25 - 3:50)**
  - Mike Morgan - Vice President, Strategy and Investor Relations
- **VII. Financial Overview (3:50 - 4:15)**
  - Park Shaper - CFO
- **VIII. Questions & Answers (4:15 - 5:00)**
  - Panel

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Elements of Kinder Morgan's Strategy

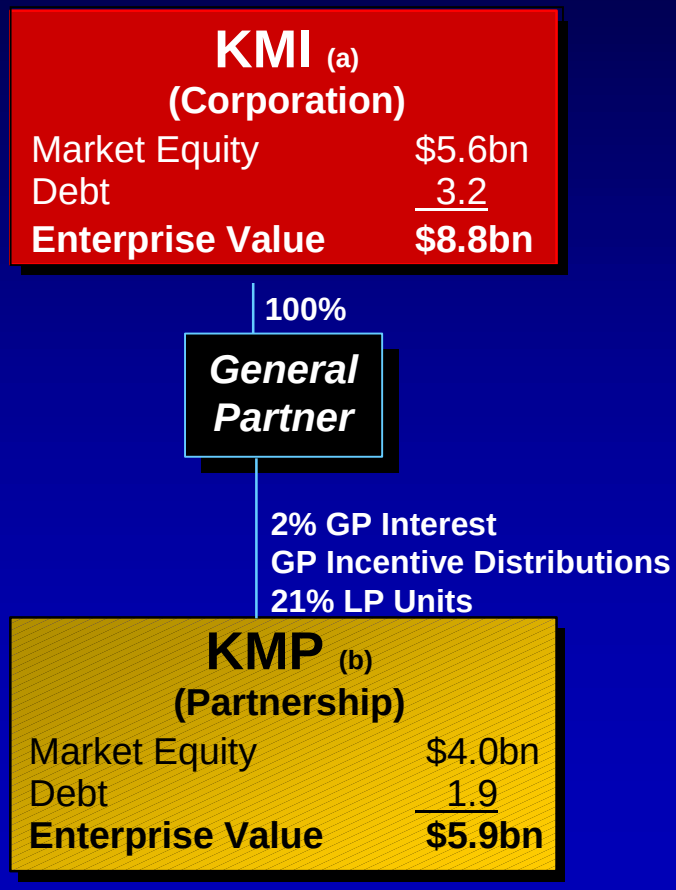
Since the formation of Kinder Morgan, management has:

- **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 6.4% 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 $48. Debt balance as of 12/31
(b) Market equity and enterprise values assume 67.5M shares o/s and a unit price of $59. 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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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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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

50%

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Exceptional Growth in G.P.'s distribution

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

Exceptional EPS Growth

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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 @ $58		10.3 M
Pretax Cash Flow	**$**	**143 M**
Less:		
Interest	($	30.0) M
$3.80 Dist. on New Units	($	39.3) M
GP Dist. on New Units	($	22.1) M
Excess Cash Flow	$	51.6 M
Less:		
GP Share of Excess	($	25.8) M
Cash Accretion	$	25.8 M
Cash Accretion/Unit (a)	**$**	**0.33**

KMI Impact*

GP Dist. on New Units	$	22.1 M
GP Share of Excess	$	25.8 M
GP Accretion on Units Owned (b)	$	4.6 M
Less:		
Cost of Capital on 2% Contribution	($	1.0 M)
Pre Tax Earnings Benefit	$	51.5 M
Tax @ 40%	($	20.6 M)
After tax earnings benefit	$	30.9 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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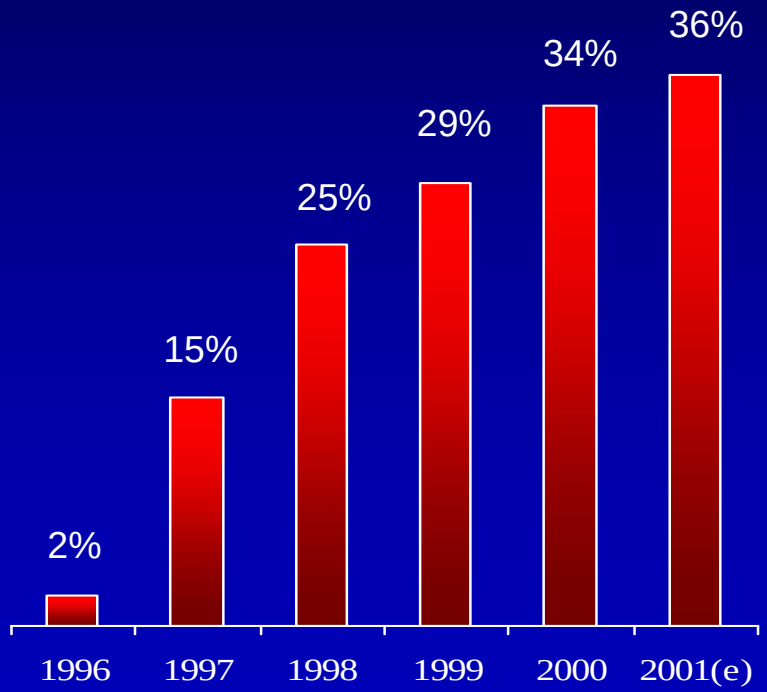
How KMP Impacts KMI

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)

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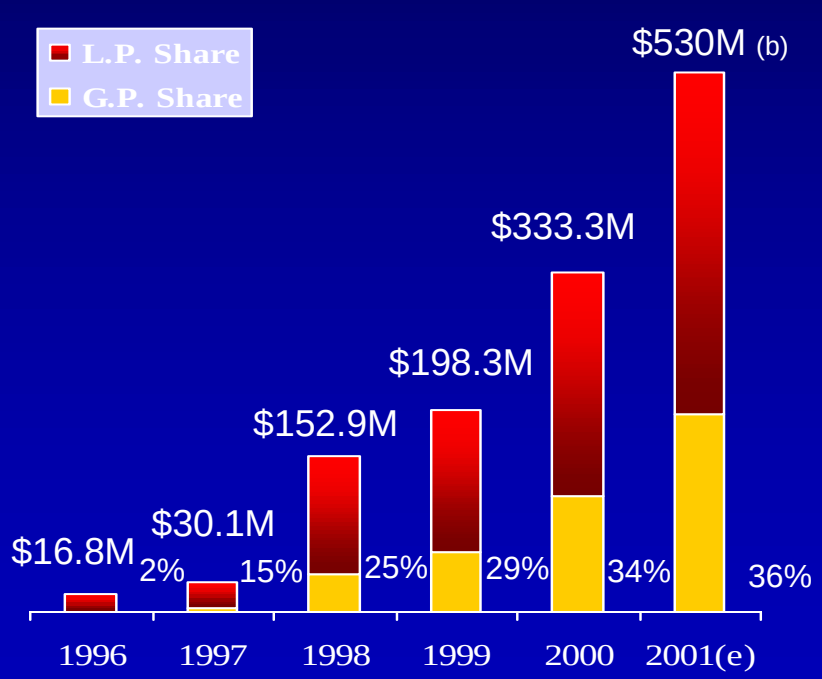
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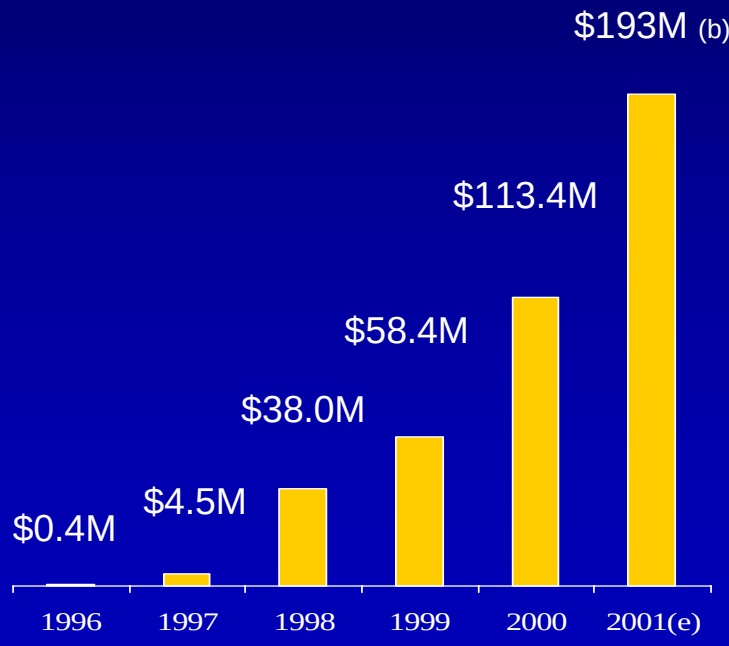
How KMP Impacts KMI

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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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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Management Planning Focus

Focused on very long-term trends and aggressive pursuit of near-term goals

6 - 18 Months

Execution

Deliver Near-Term Promises

- Deliver Numbers
- Continuously improve productivity
- Out hustle the competition
- Listen to customers

5 Years

Plan

Don't waste time on 5 year plans

10+ Years



Find Tsunamis to ride for long-term growth

- Demographics
- Macroeconomic factors
- Energy consumption trends

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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 institutional 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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Long - Term Goals

- **KMI EPS Growth of 20 - 30% in for the long term**
  - Current KMP assets positioned to produce significant growth via GP incentive
  - KMP acquisition opportunities expected to continue
  - Power expected to grow very rapidly over the next 2-3 years, but represents long-term opportunity for KMI
  - NGPL expected to generate significant growth beginning in second half of ‘02 as industry moves to 30TCF market
- **KMP total return to unit holders of at least 17 - 22% over long - term**
  - 10 - 15% growth in distributions per common unit driven by internal growth and acquisitions
  - 6.5% tax-advantaged yield

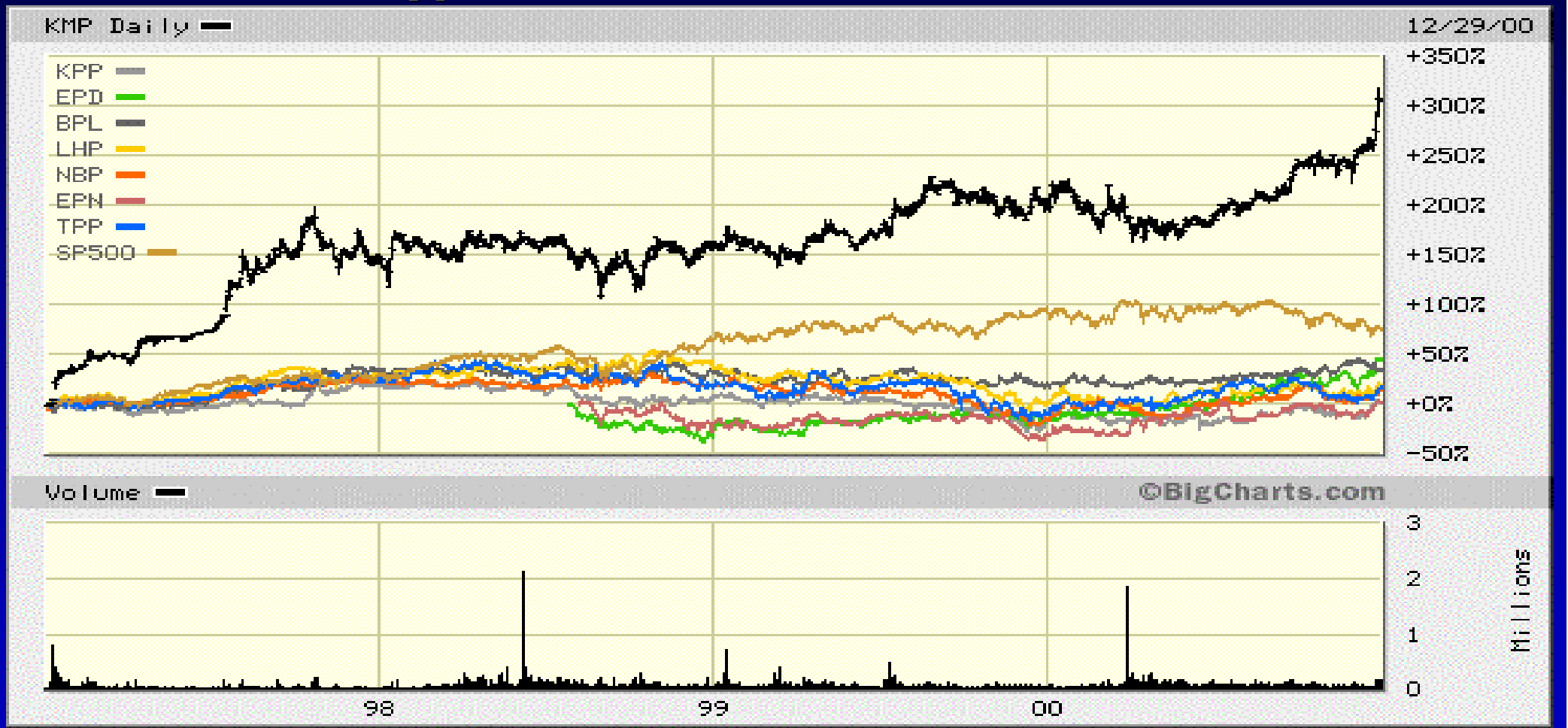
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KMP v.s. S&P 500 & Other Pipeline MLP's

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



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KMP - Peer Group Valuation

KMP's peer group - as of 1/19/01

Company	Ticker	Distribution (a)	Price	Yield	Distribution CAGR Since 4Q 96 (b)
KMP	KMP	3.80	59 11/16	6.37%	32.0%
TEPCO	TPP	2.10	25 7/8	8.12%	9.4%
El Paso Energy Partners	EPN	2.20	27 3/8	8.04%	8.9%(c)
Northern Border	NBP	2.80	32 15/16	8.50%	6.6%
Lakehead	LHP	3.50	44 3/50	7.94%	7.0%
Buckeye	BPL	2.40	31 1/4	7.68%	13.4%
Enterprise	EPD	2.20	31 1/16	7.08%	NA (d)
Kaneb	KPP	2.80	32 1/4	8.68%	4.2%

(a) Based on annualizing the most recently announced quarterly distribution - as of 1/19/01
(b) Based on distributions declared prior to 12/31/00
(c) Formerly Leviathan Gas Pipeline Partners L.P.
(d) Data was not available for entire period

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KMI v.s. S&P 500

KMI v.s. S&P 500 from 7/01/1999 - 12/29/00



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KMI - Peer Group Valuation (a)

KMI's peer group - as of 1/19/01

Company	Ticker	Consensus 01' Earnings	Consensus 5Yr Growth Rate	Price	01 'P/E Multiple	P/E Growth Ratio	MKT Cap (in $Billion)
KMI	KMI	1.75	25%	48 3/4	28	1.11	5.66
Dynegy	DYN	1.79	20%	47 3/16	26	1.32	11.22
Enron	ENE	1.66	15%	70 7/8	43	2.85	52.91
El Paso	EPG	3.22	15%	59 3/16	18	1.23	13.85
Williams	WMB	1.28	17%	38 3/16	30	1.75	16.80
Calpine	CPN	1.28	40%	37 11/16	29	0.74	10.62
AES	AES	1.91	30%	53 1/5	28	0.93	24.39

(a) KMI management estimates; first call data

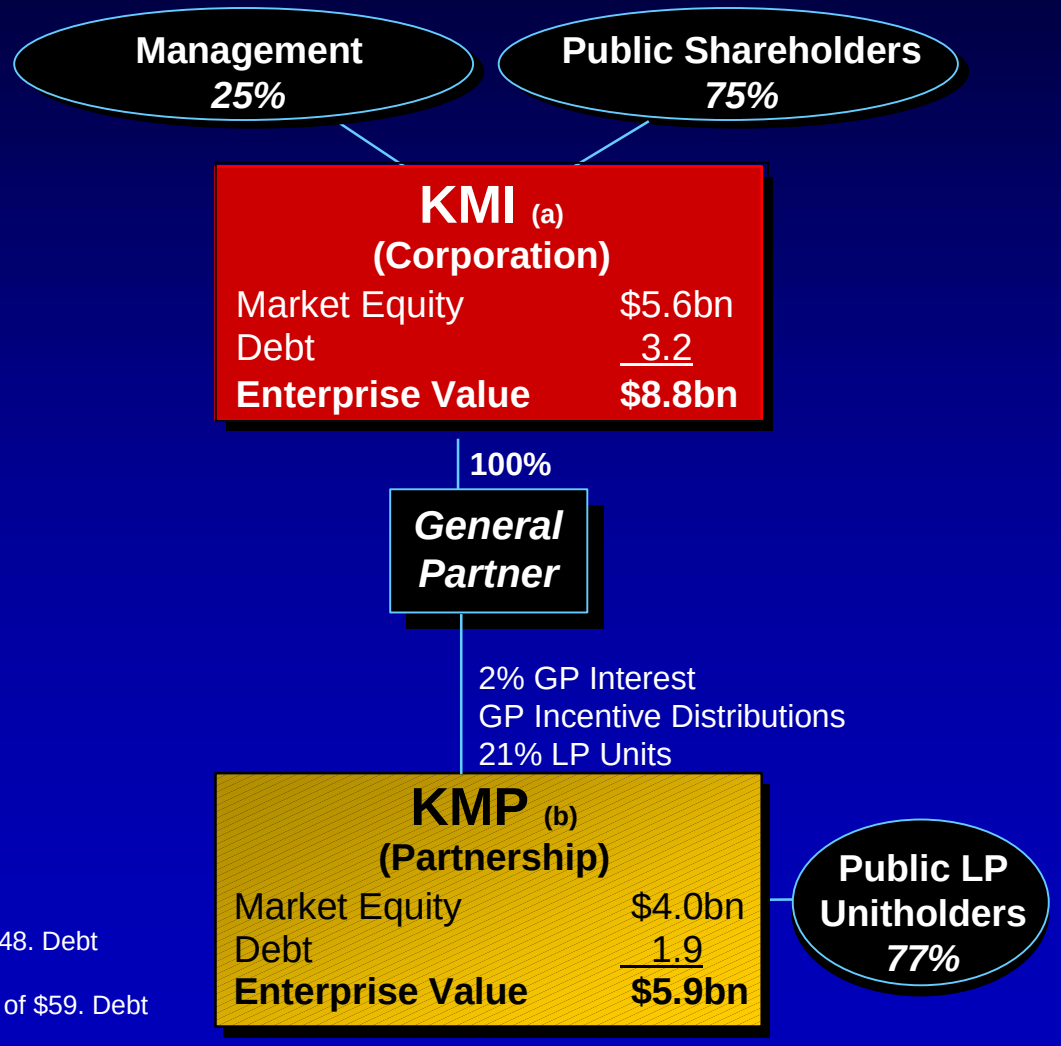
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Management's Stake in the Game

- **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 - KMI, $3.90 - KMP**
- **All employees have stock options**
- **Directors are compensated with options only**



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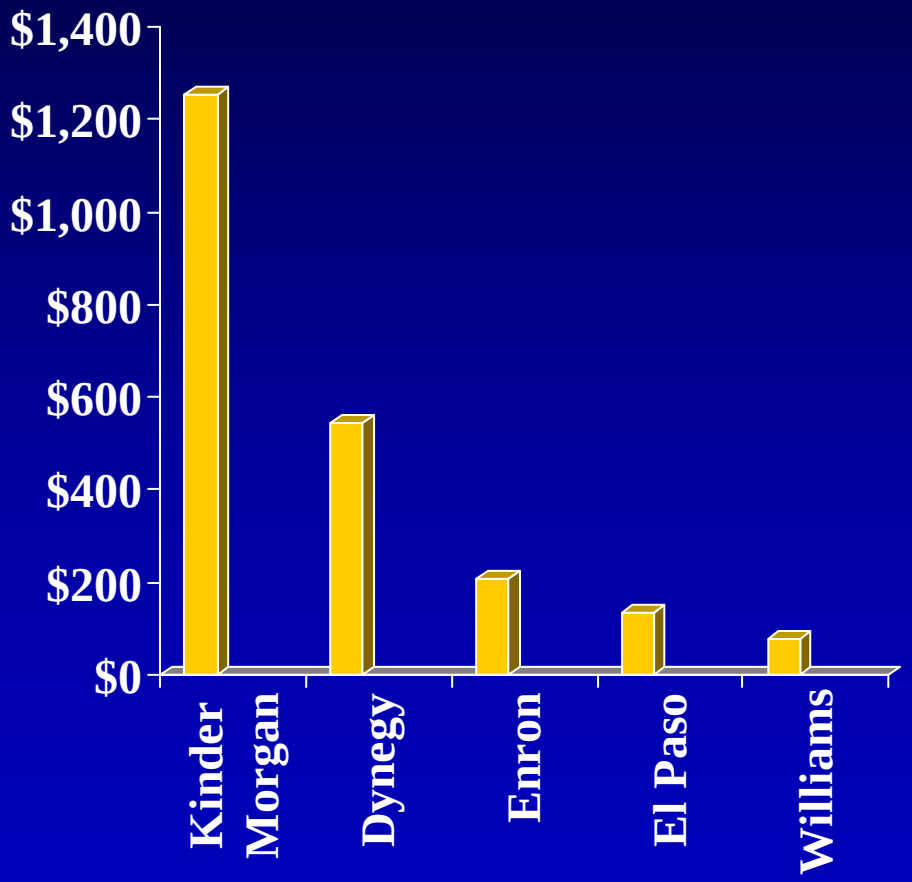
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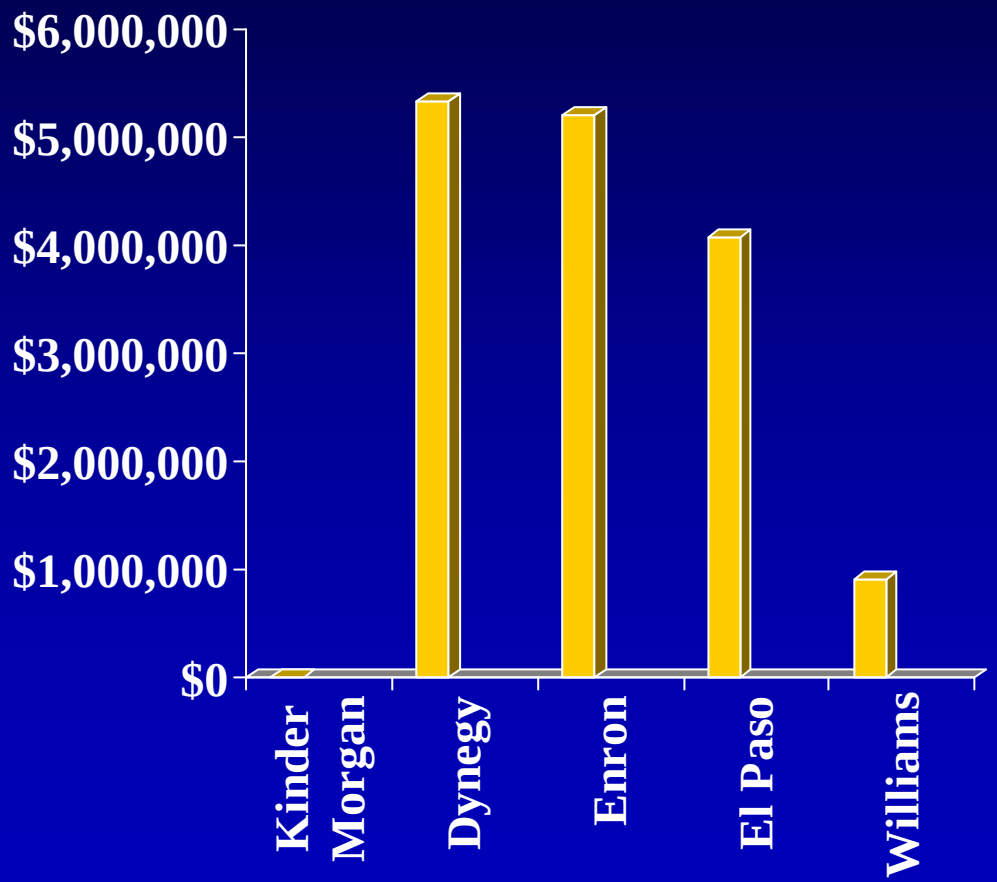
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CEO Ownership - Leading Midstream Companies

Stock owned by CEO ($ in million) (a)



Salary + Bonus of CEO (b)



(a) Number of shares based on 1999 proxy statement and stock price as of 12/29/00.

(b) Salary and bonus of Enron, Dynegy, El Paso, and Williams CEO's are per Bloomberg/company proxy for calendar year 1999. Salary and bonus for Kinder Morgan CEO is based on annual run rate as of 1/01/00.

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Mary Morgan

Vice President, Marketing - Product Pipelines

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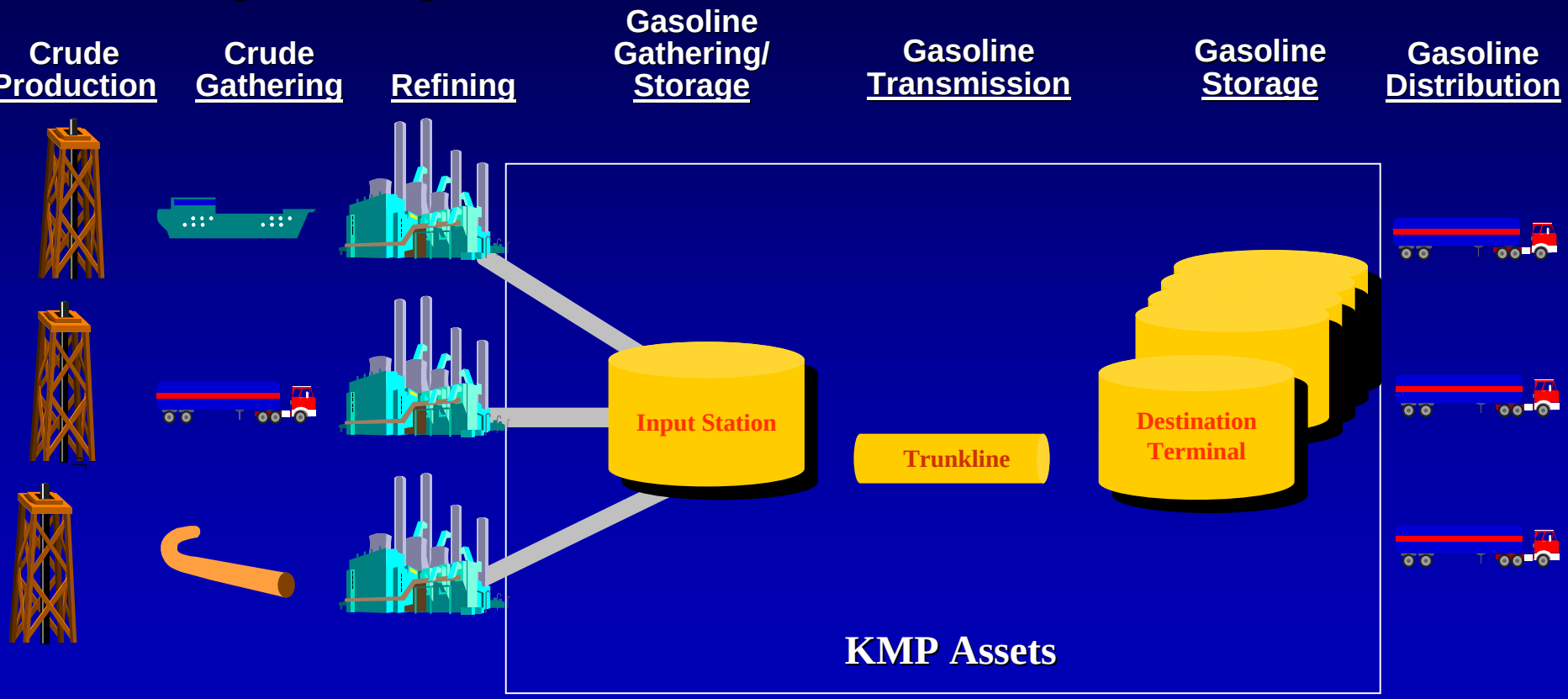
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KMP in the Petroleum Value Chain

The KMP portfolio of assets includes pipelines and terminals that store/transport both petroleum and petroleum products



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Product Pipelines Overview

- **Pipeline Transportation**
  - Over 10,000 mile pipeline system, largest pipeline MLP in the U.S.
  - Refined petroleum products: gasoline, diesel, jet fuel
  - NGL's for refinery and petrochemical feedstocks
  - Transports over 2MM barrels of products a day
  - Serves the highest growth markets in the U.S.
- **Terminal Services (post GATX acquisition)**
  - 32 terminals nationwide
  - Refined products, NGL's, Chemicals and Crude
- **Transmix Processing**
  - 5 facilities
  - Approximately 60% of non-refining transmix processing market

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Product Pipelines Map



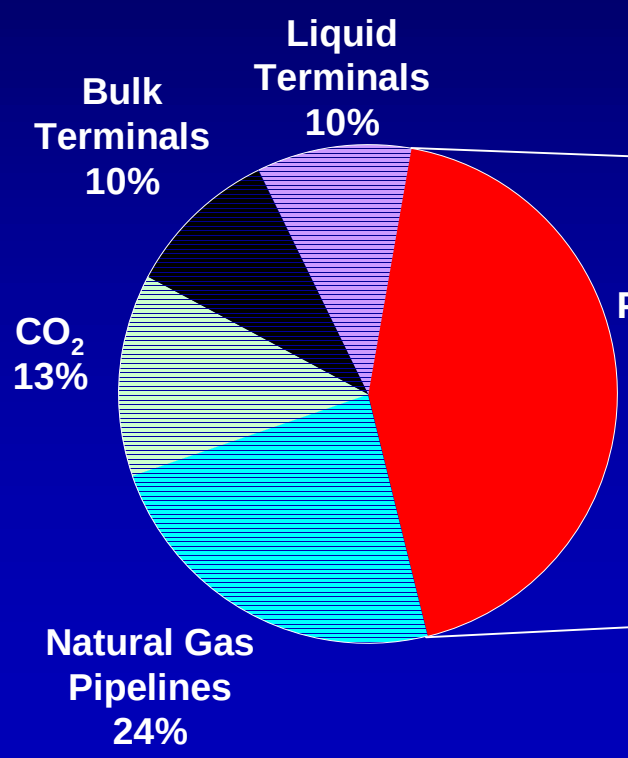
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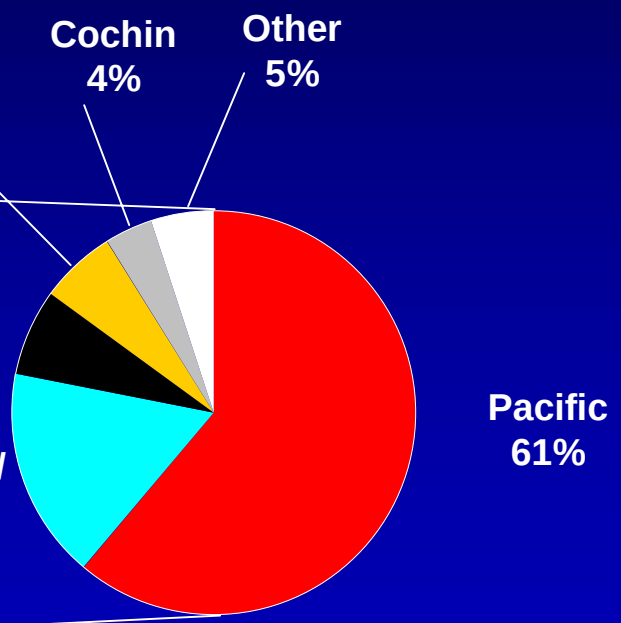
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2001 Estimated Earnings Contribution

Product Pipeline Contribution to 2001 Earnings



Estimated Breakout of Product Pipeline Earnings



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Pacific Operations

- 3,900 mile refined products pipeline system and 22 terminals
- Predominant market share, transporting bulk of refined products used in CA, AZ and NV
- Transports over 1 million barrels per day
- Rapid population growth driving consumption of refined petroleum products in region
- Refinery hub to population center strategy
- Approximately 500 employees



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Plantation Pipe Line/CFPL

- **Asset Overview**
  - 3,300 mile refined products pipeline system; transports over 680,000 bbls/day
  - Serves fast-growing Southeast and Florida markets (Atlanta, Charlotte, D.C., Orlando)
  - 51% ownership of Plantation; Exxon is remaining 49% partner
  - MLP has right of 1st refusal if Exxon sells Plantation
  - Approximately 300 employees
  - KMP assumed operations 12/00



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The North System

- 1,600 mile NGL and refined products pipeline system with significant storage in Kansas and Chicago
- Major transporter of products between central Kansas and Chicago refineries
- Includes 8 company owned truck loading propane terminals through-out Midwest
- Expanded Heartland to ship refined products into Iowa / Nebraska region
- New transportation/storage contracts with BPAmoco, Aux Sable
- Approximately 110 employees



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Cochin Pipe Line

- 1,938 mile NGL pipeline system from Alberta, CN through 7 US states and terminates in Ontario, CN
- Transports 90,000 bbls/day
- 32.5% ownership in Cochin:
  - BP 32.8%
  - NOVA 20.2%
  - Conoco 10.0%
  - Shell 4.5%
- KMP has right of 1st refusal
- Purchased for approximately 7x trailing 12 months EBITDA



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Stable Platform

- **Refinery hub to population center strategy**
- **Focus on assets core to physical logistics in U.S.**
- **Serve all major refinery hubs in the U.S.**
  - Los Angeles (Pacific, GATX)
  - San Francisco Bay area (Pacific)
  - Seattle area (Pacific, GATX)
  - Houston (GATX)
  - Gulf Coast
    - Louisiana (Plantation)
    - Mississippi (Plantation)
  - Chicago (North System, GATX)
  - Philly / New York (GATX)

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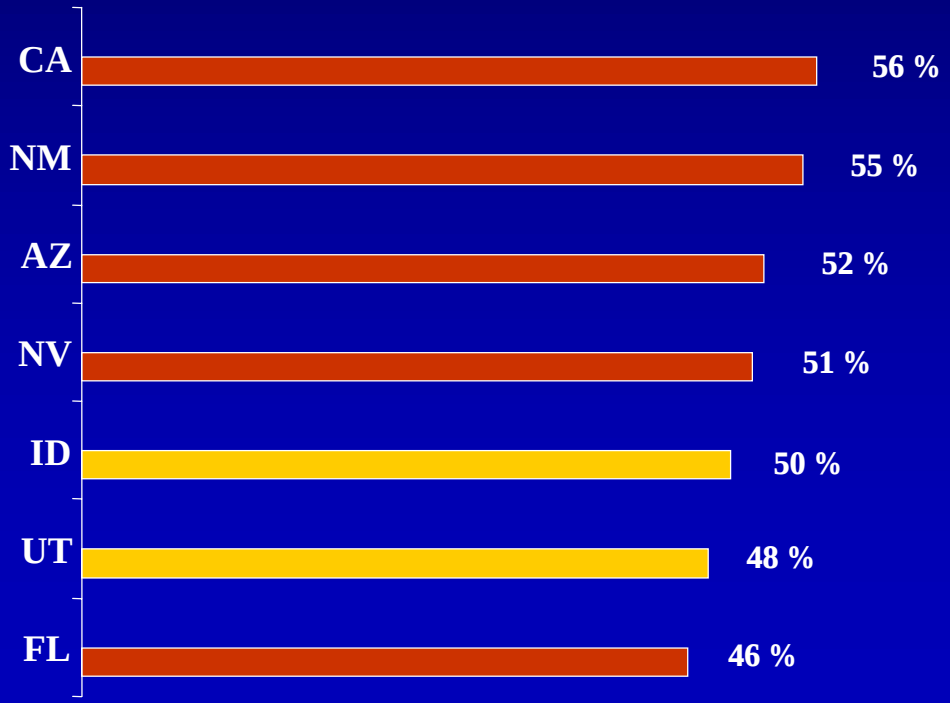
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Growing Demand

- Predominant market share in West / high barriers to entry
- Serving highest demographic growth markets in U.S.

Fastest Growing States 1995 - 2025 (1)



Approximately 1 automobile is added to a given market for every 1.6 people

(1) Fastest growing of the 48 contiguous states based on U.S. Census Bureau's May 1997 estimate of the populations of states as of July 1, 1995 and July 1, 2025

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Favorable Regulatory Environment

- **Energy Policy Act of 1992**
  - "Grandfathered" rates for liquid pipelines
  - Established indexing for grandfathered rates
    - PPI-FG minus 1%
  - Provide flexibility for alternative methods
    - Negotiated Rates
    - Market-Based Rates
    - Cost of service

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Unregulated Fee-Based Business

Unregulated, fee based businesses are attractive extensions of Kinder Morgan's service

- **Liquid Terminals**
  - Refined products distribution terminals
    - multi-terminal contracts with customers
    - acquisition opportunities
  - NGL distribution terminals
  - Market Hub Services (e.g. GATX Houston)
    - long-term contracts
    - focus on physical logistics
- **Transmix Processing**
- **Telecommunications**

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Internal Growth Strategy

- **Have significant underutilized capacity to capture demand growth**
  - Southern California expansions
  - Northern California debottlenecking
  - Plantation HP-5 expansion
- **Upside of fixed cost economics**
  - Incremental throughput grows with the population
  - Fuel is primary variable cost
    - Mgmt. goal is to offset fuel increases with productivity improvements
    - All top line to bottom line

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Cost Reduction Strategies

- Plantation Operating Agreement
- Superior regulatory compliance
- Reduced pipeline releases through focus on pipeline and tank integrity programs
- Enhanced safety and efficiency through employee training

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2000 Performance

- EBITDA increased over $16 million
- Plantation volumes up 5.5%
- Pacific volumes up 3.9%
- Increased market share in terminals

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2001 Goals

- **Plantation volumes up over 4%**
- **Pacific volumes up 3%**
- **Segment earnings up over $75 million**
- **Expansion Projects**
  - Phase 2 and 3 of Plantation HP5
  - Plantation Knoxville pipeline expansion
  - Terminal expansions to increase market share
- **Transmix marketing agreements to further reduce commodity risk**
- **Conclude rate case litigation**

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Long Term Growth Outlook

- **Stay ahead of demographic growth in major markets**
  - Continue to develop attractive expansion projects
  - Improve customer service to increase market share
- **Expand fee-based services to existing and new markets**
  - Leverage increasing product diversity
  - “One stop” logistics service
  - Nationwide account management
- **Significant acquisition opportunities**

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Tim Bradley

President - Kinder Morgan CO_2 Company, L.P.

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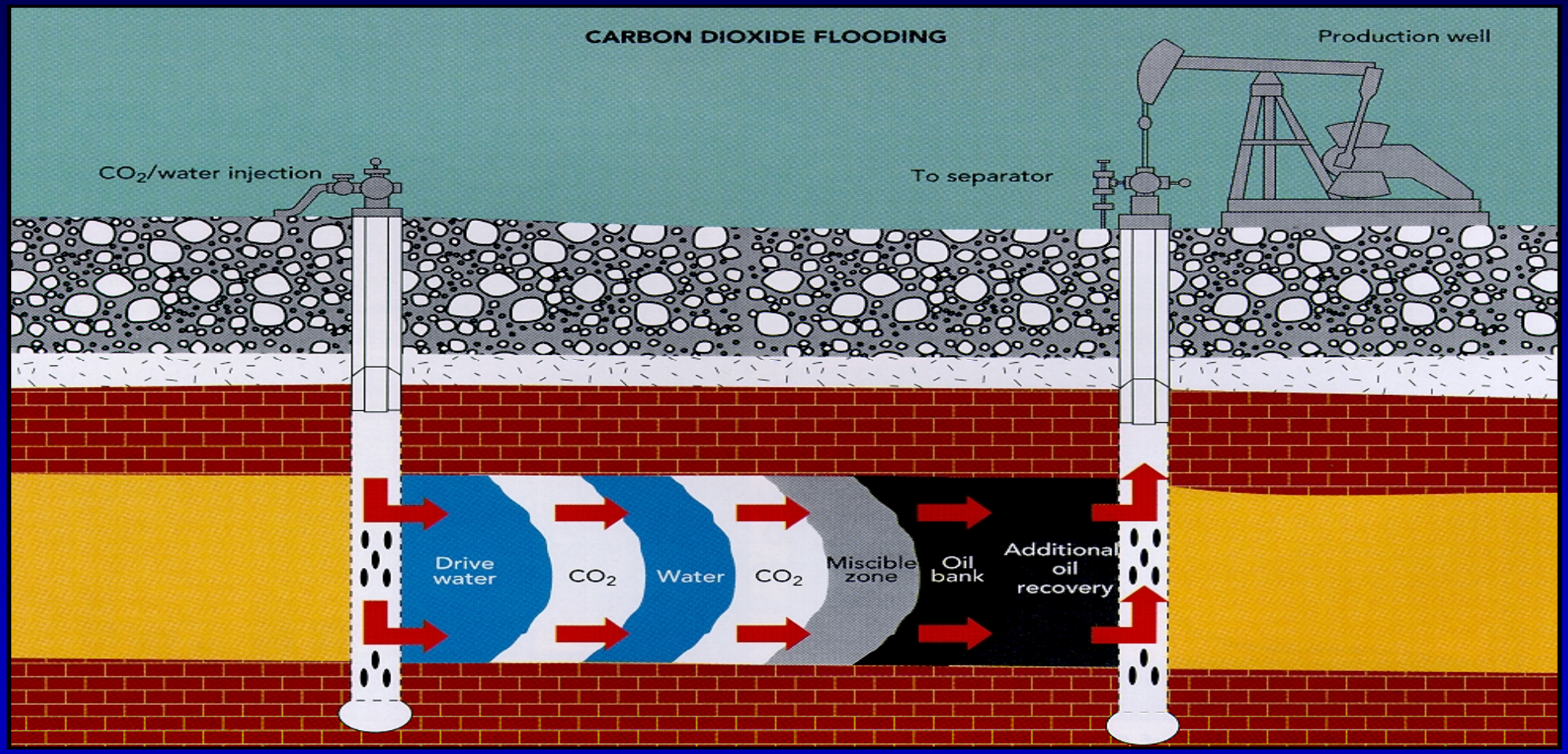
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What is CO_2 Flooding ?

CO_2 is injected into mature oil fields to increase production and reserves



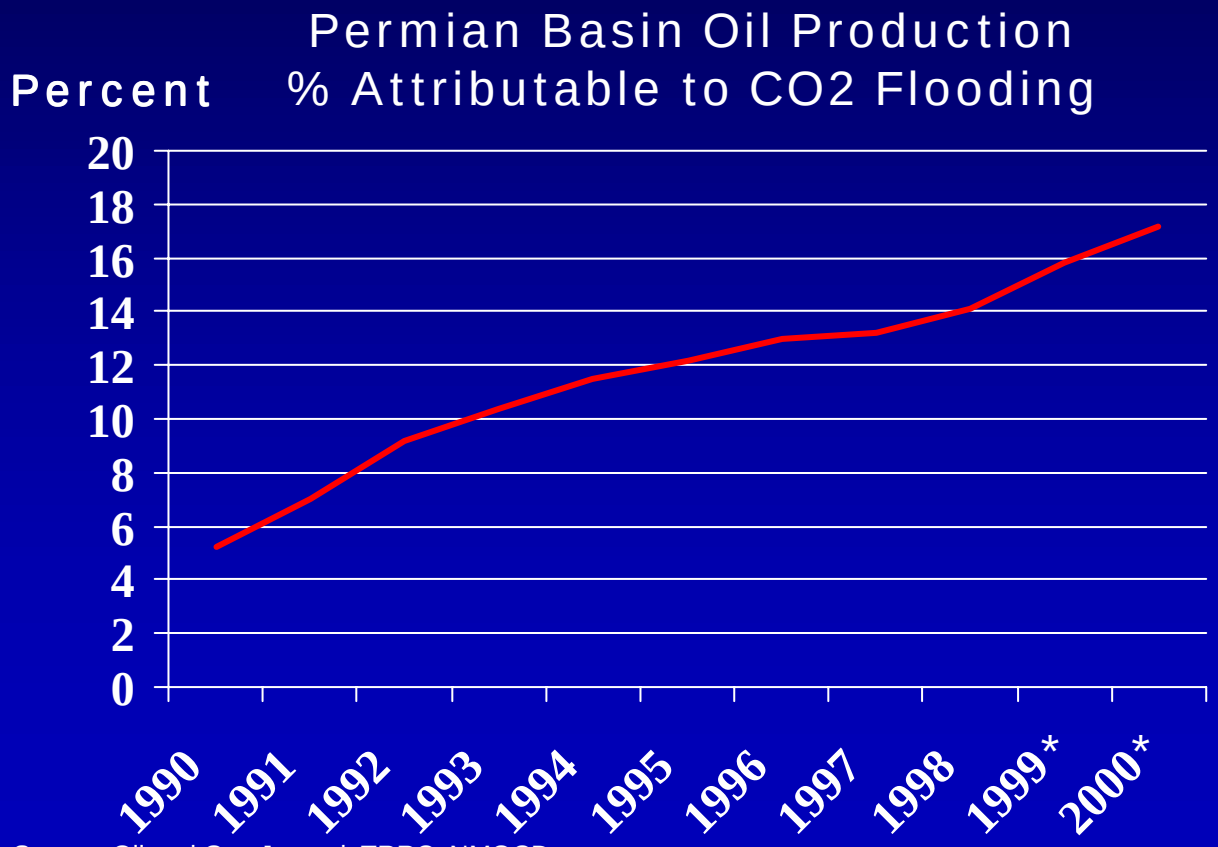
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History of the Industry

CO_2 emerged as a large scale proven technology in the early 80's with construction of the Cortez Pipeline into the Permian Basin



Source: Oil and Gas Journal, TRRC, NMOCD

- **The Basin produced 18% of 2000 U.S. production (excluding Alaska)**
- **Floods account for 150,000 BOPD, or 17%, of Permian total**
- **650 million barrels of EOR**

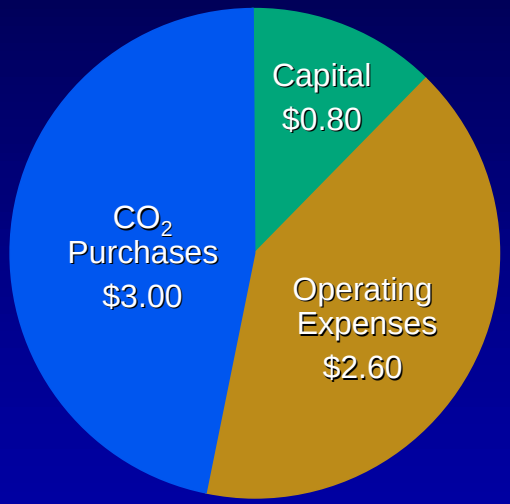
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Typical CO2 Flood Economics

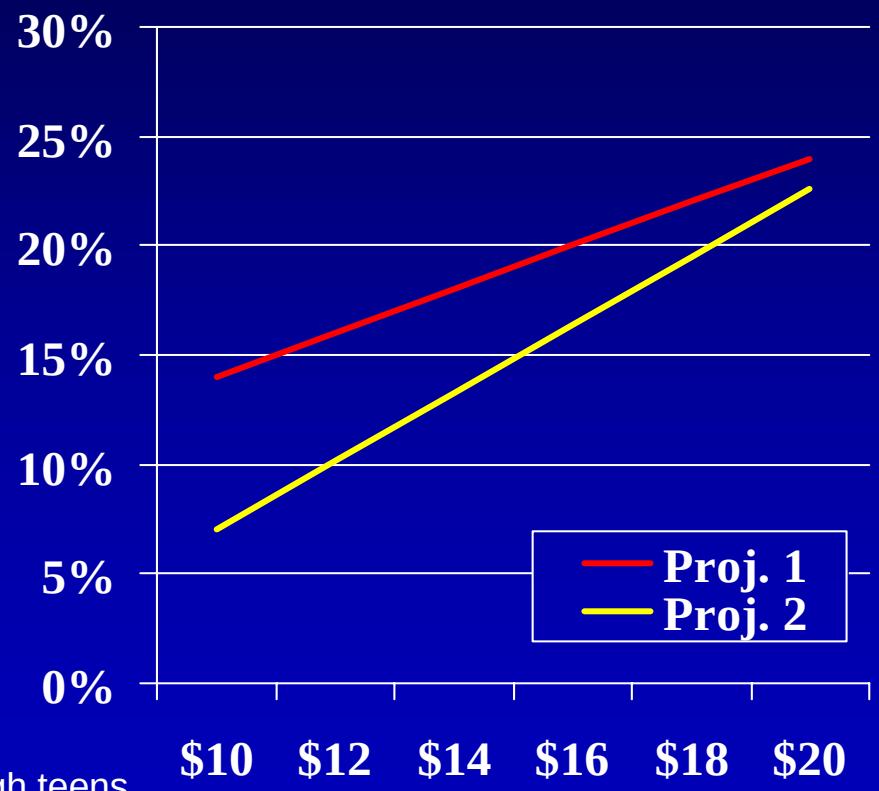
Cost/Bbl.



Subtotal:	$6.40
EOR Tax Credit:	(0.38)
Total:	$6.02

Projected IRRs

(CO_2 Cost 60 cents Mcf)



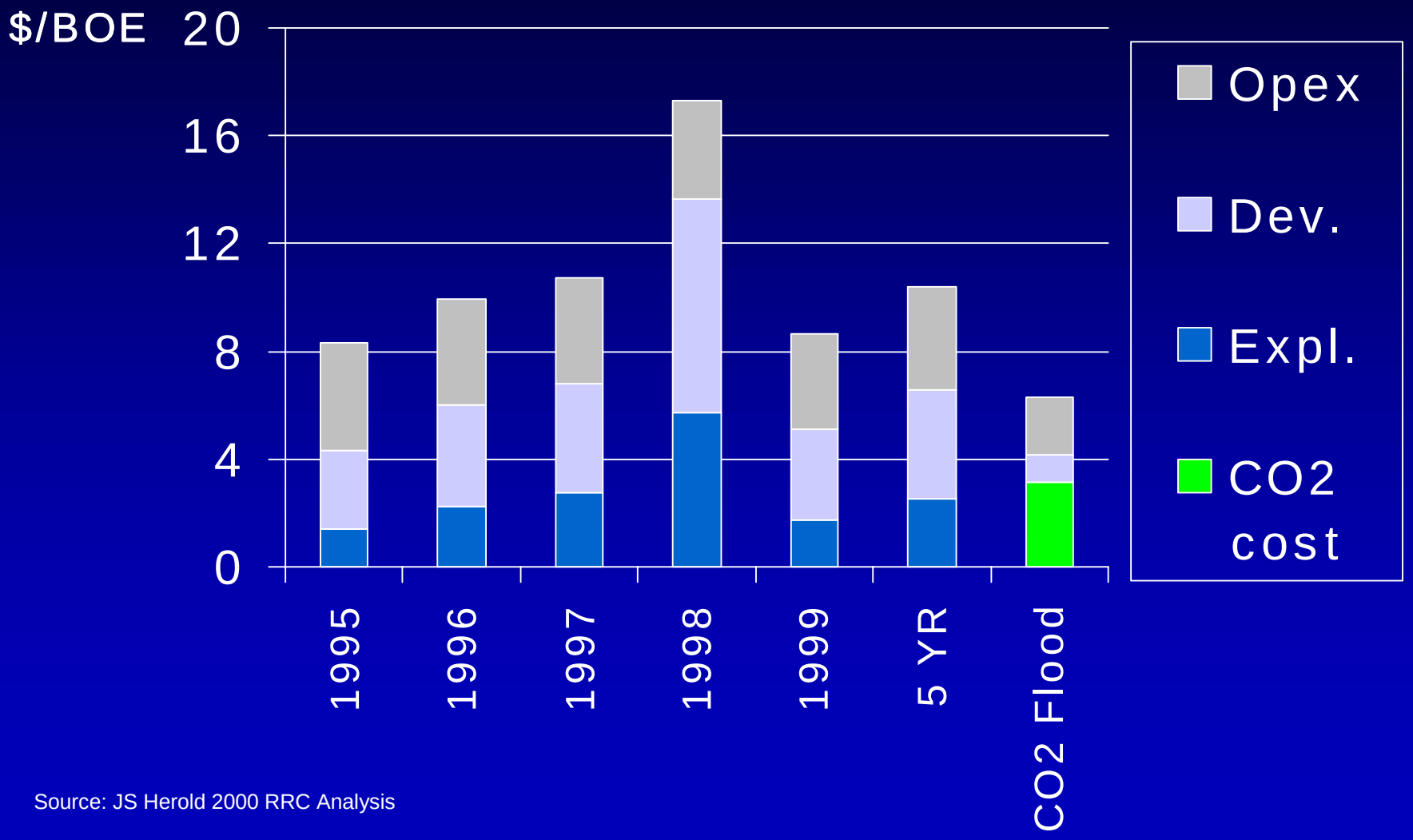
- Projects typically have attractive IRRs with oil in the mid to high teens
- Projects typically have 10-15 year life
- Marginal cost to produce incremental barrel of oil is extremely low

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Historical Finding, Developing, and Producing Costs 1995 - 1999



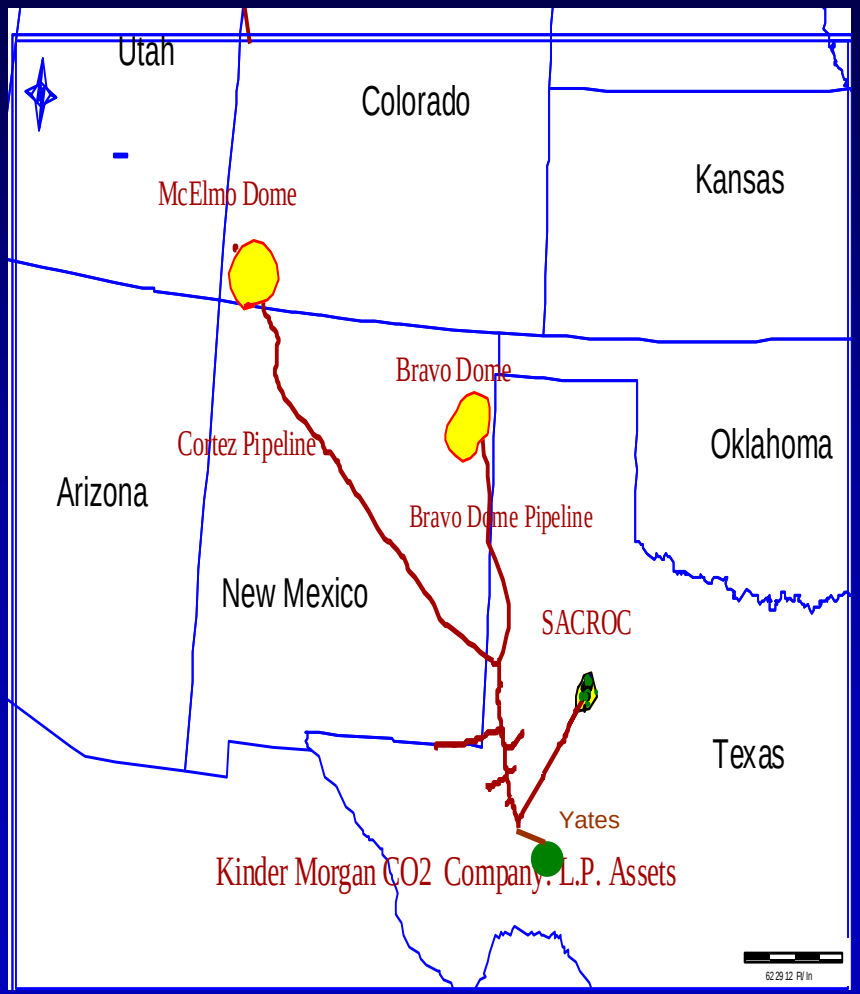
Source: JS Herold 2000 RRC Analysis

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Kinder Morgan CO_2 Operations



CO_2 Reserves	Company Ownership	Location	Remaining Deliverability	Operator
McElmo Dome	45%	SW Colorado	40+ years	Kinder Morgan
Bravo Dome	11%	NE New Mexico	14 years	Oxy

Pipelines	Company Ownership	Location	Deliverability (MMcf/d)	Operator
Cortez Pipeline	50%	McElmo Dome to Denver City	1,050	Kinder Morgan
Bravo Pipeline	13%	Bravo Dome to Denver City	375	BP Amoco
Central Basin Pipeline	100%	Denver City to McCamey	600	Kinder Morgan
Canyon Reef Carriers	73%	McCamey to Snyder	200	Kinder Morgan

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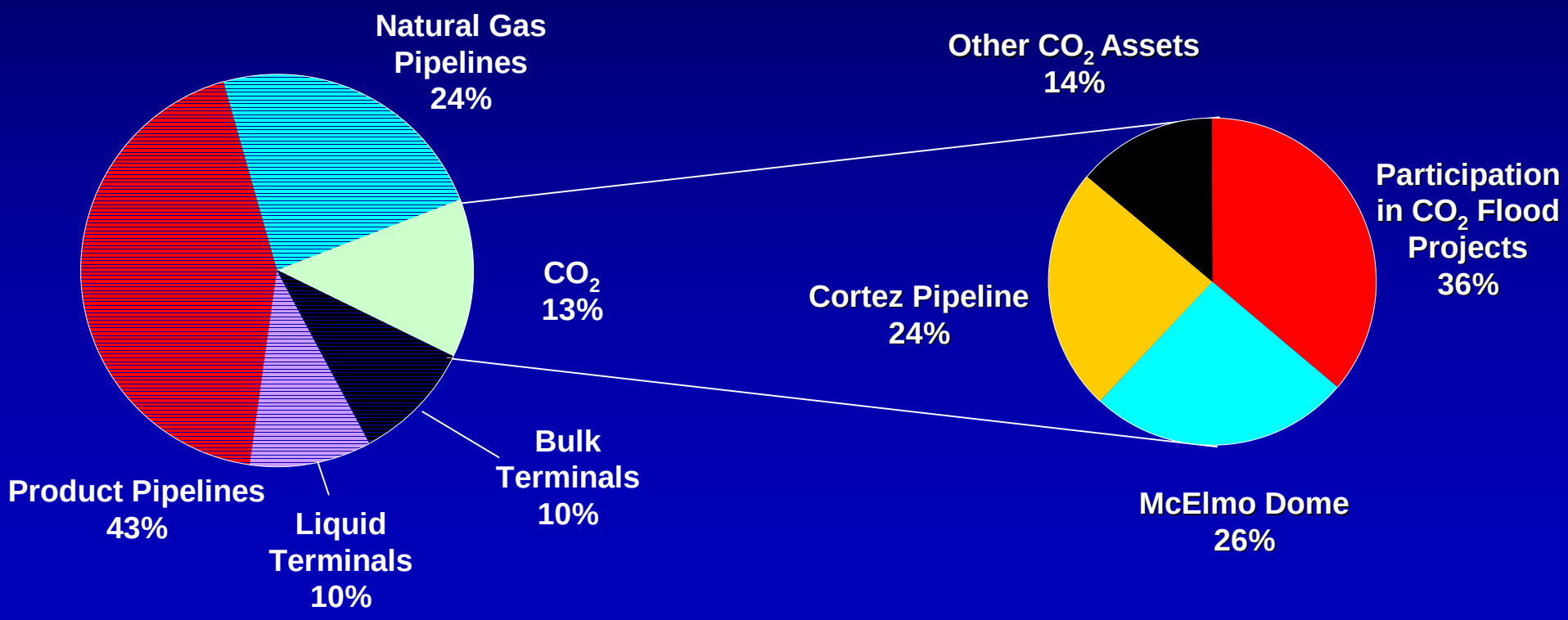
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2001 Estimated Earnings Contribution

CO_2 Contribution to 2001 KMP Segment Earnings

Estimated breakout of CO_2 earnings



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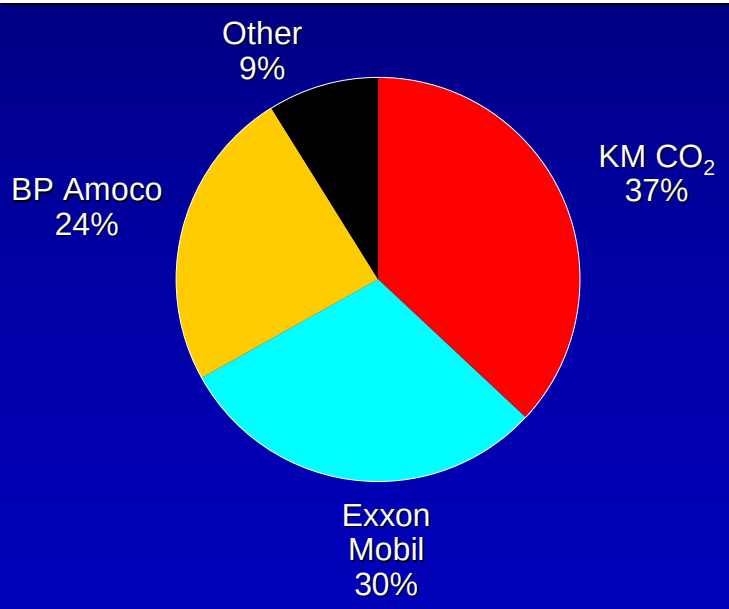
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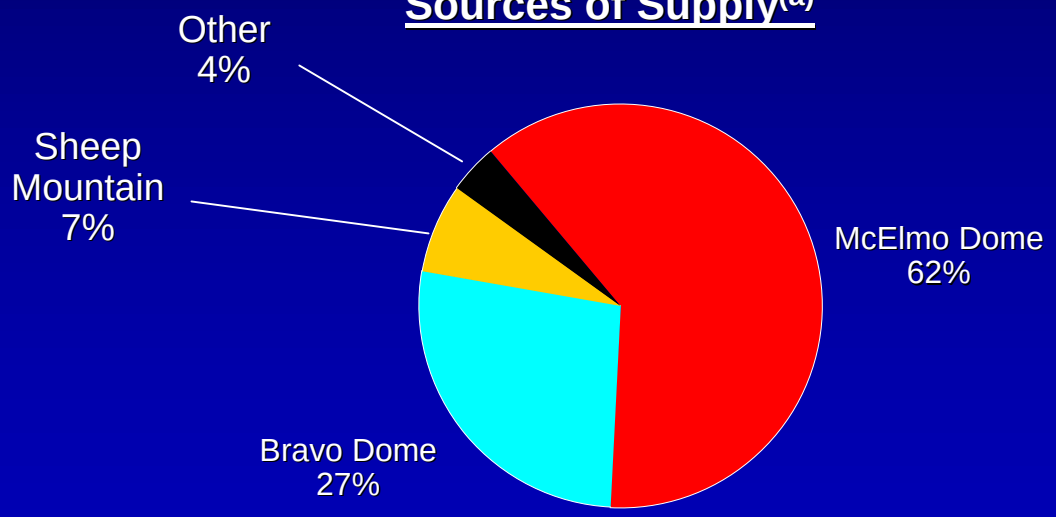
Kinder Morgan Market Share

- Kinder Morgan CO_2 is the leading supplier
- McElmo Dome is the premier source

2000 Market Share in Permian Basin



Sources of Supply[(a)]



Total 2000 Supply:
1,210 MMcf/d

(a) IHS Energy Group Production Information

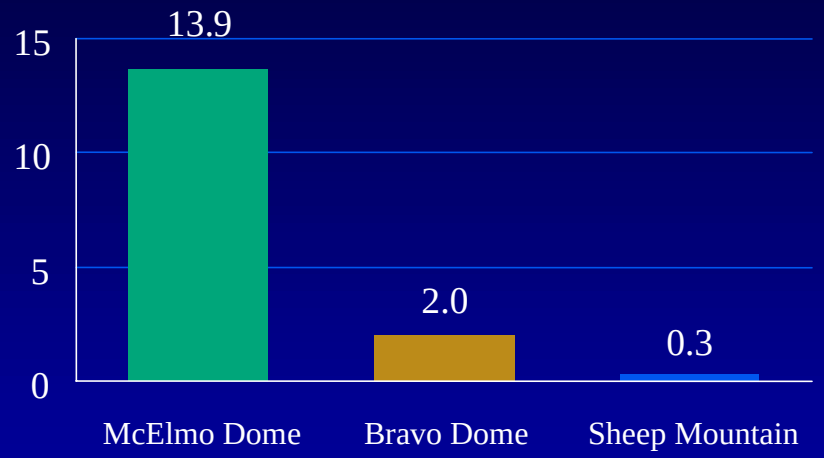
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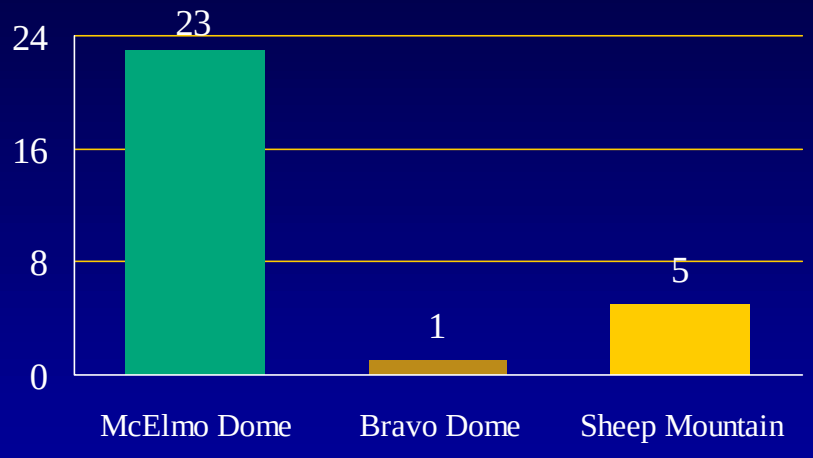
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CO2 Source Fields

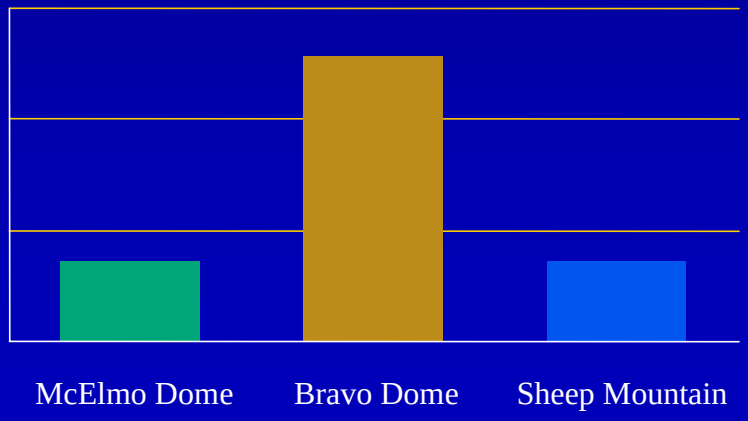
"Recoverable" Reserves (Tcf)



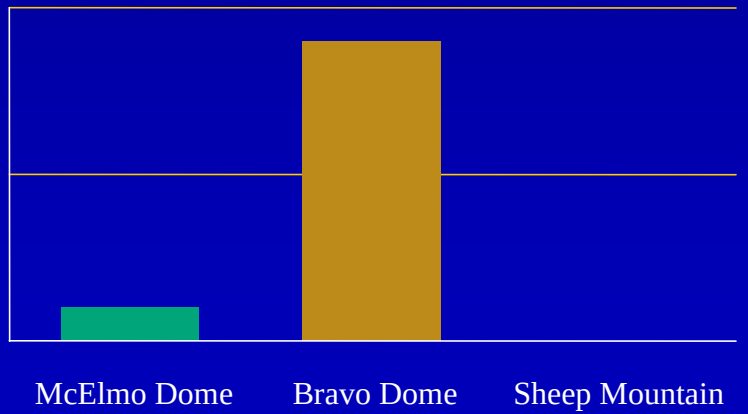
Average Well Rate (MMcf/d)



Operating Costs



Unit Development Costs

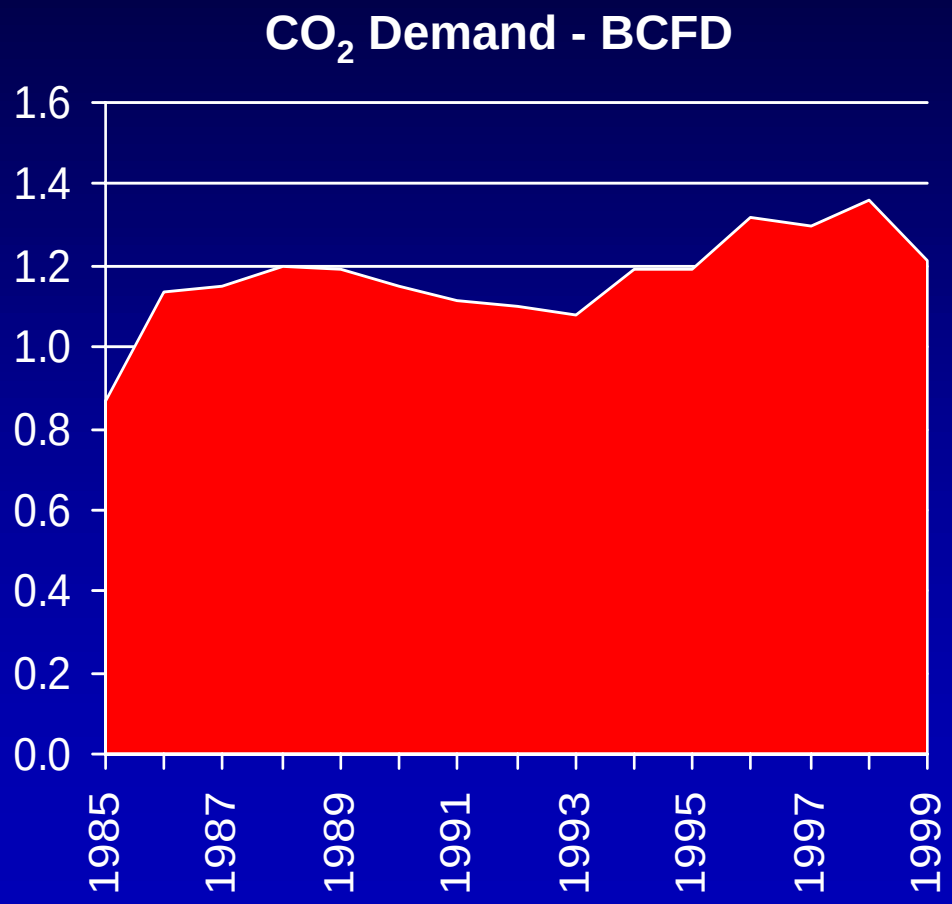


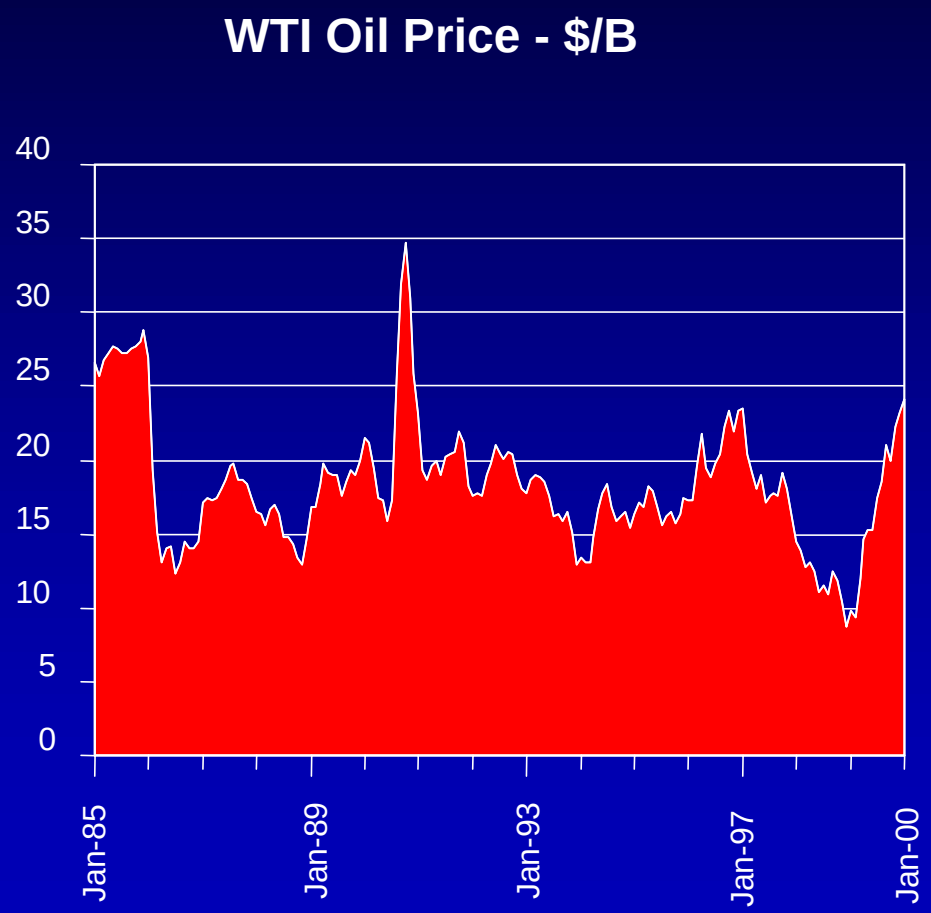
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Historical CO2 Demand and WTI Prices





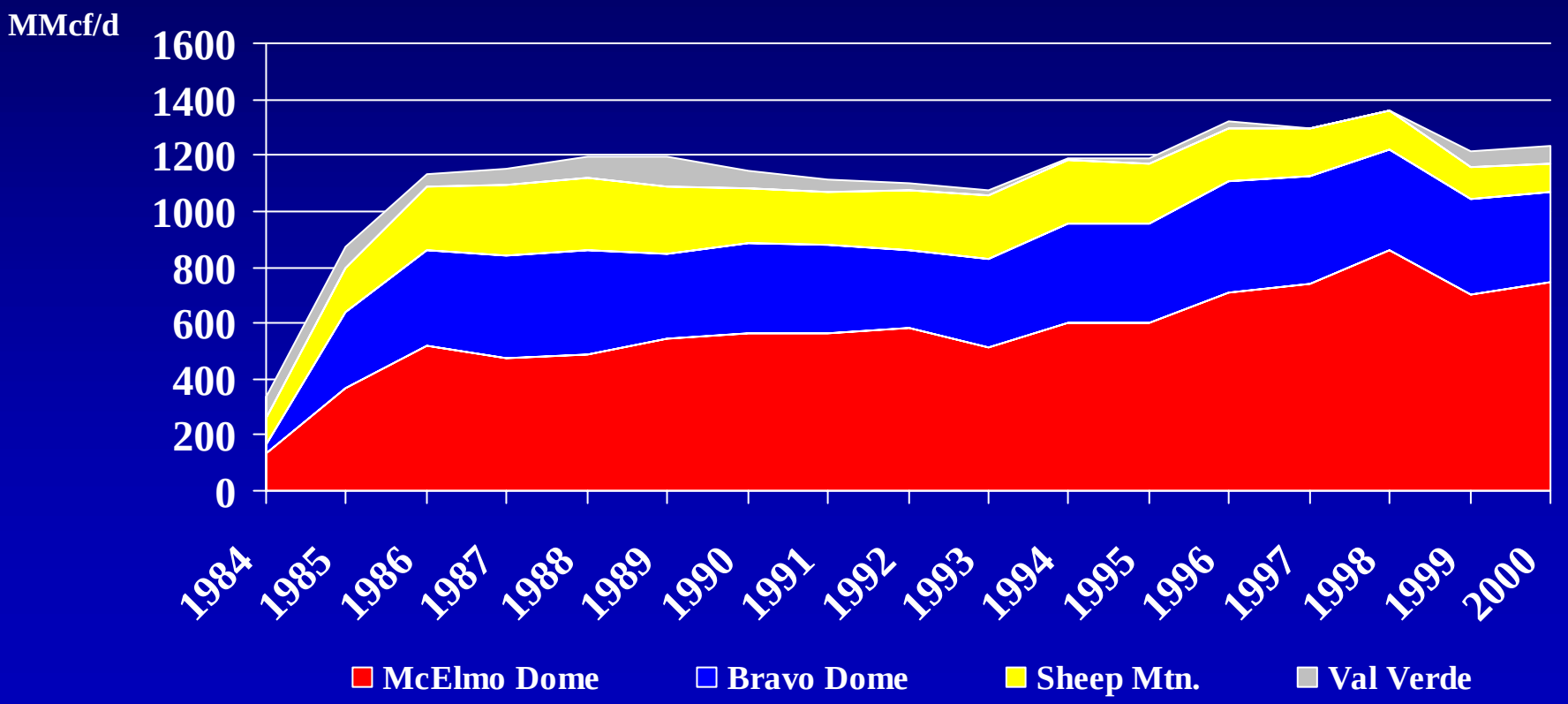
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Historical Permian Basin Supply

- McElmo Dome market share has steadily increased over the long term



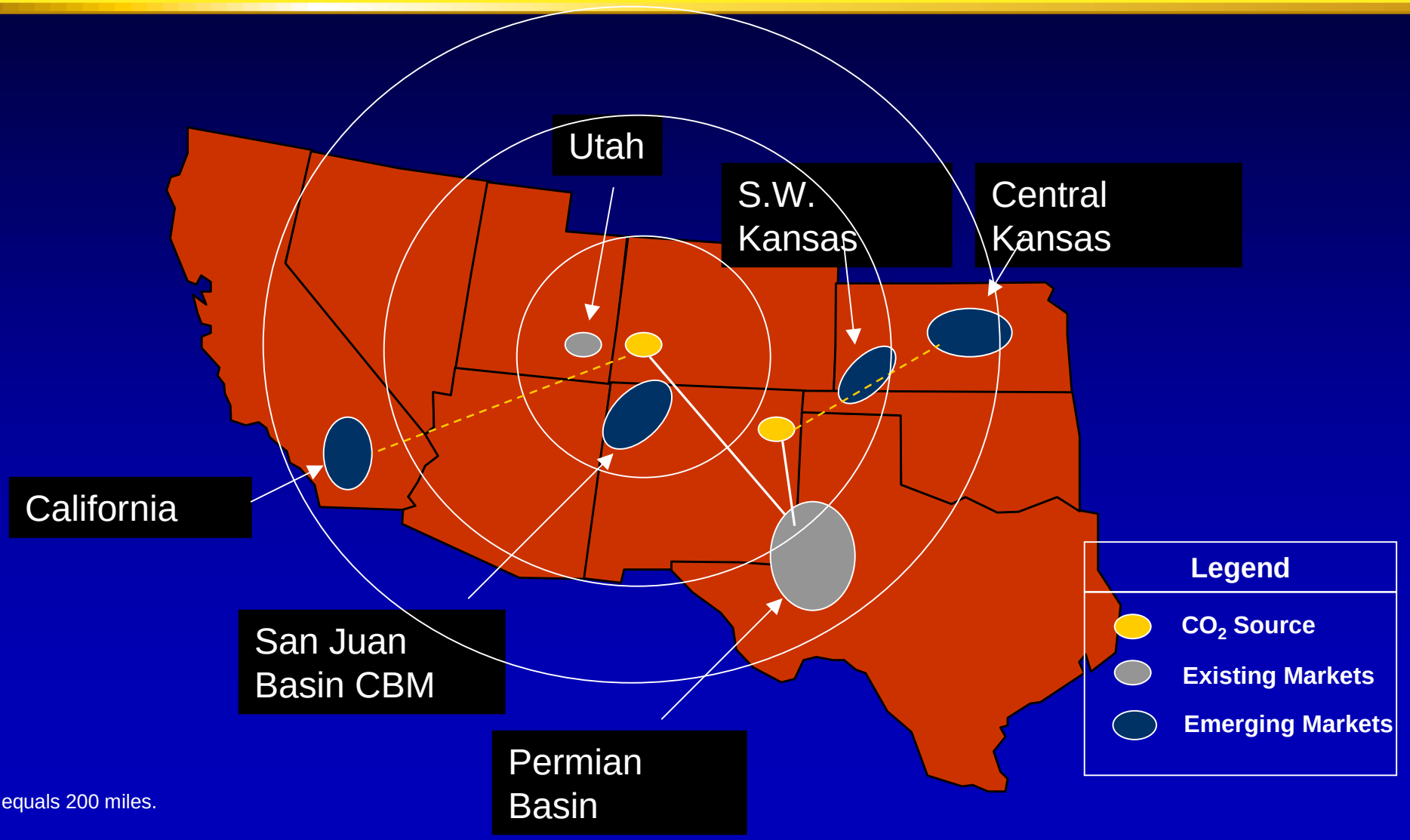
Source: IHS Energy Group Production Information

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National Growth Opportunities



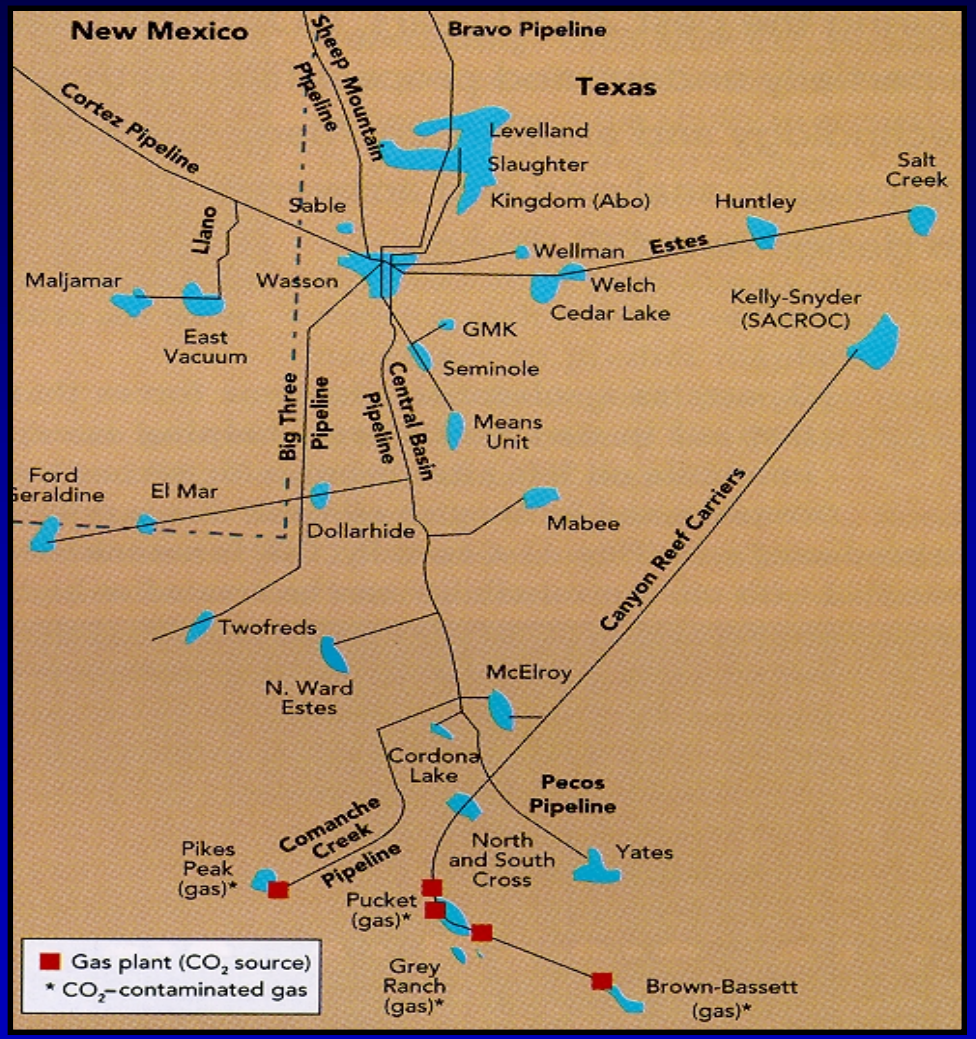
Each O equals 200 miles.

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Growth Opportunities in Permian Basin



- About 40 CO_2 Floods
- Production of 150,000 B/D
- Estimated 50 more economic fields - 0.5-1.0 Billion Barrels of Oil
- Remaining CO_2 supply and demand extends 25+ years

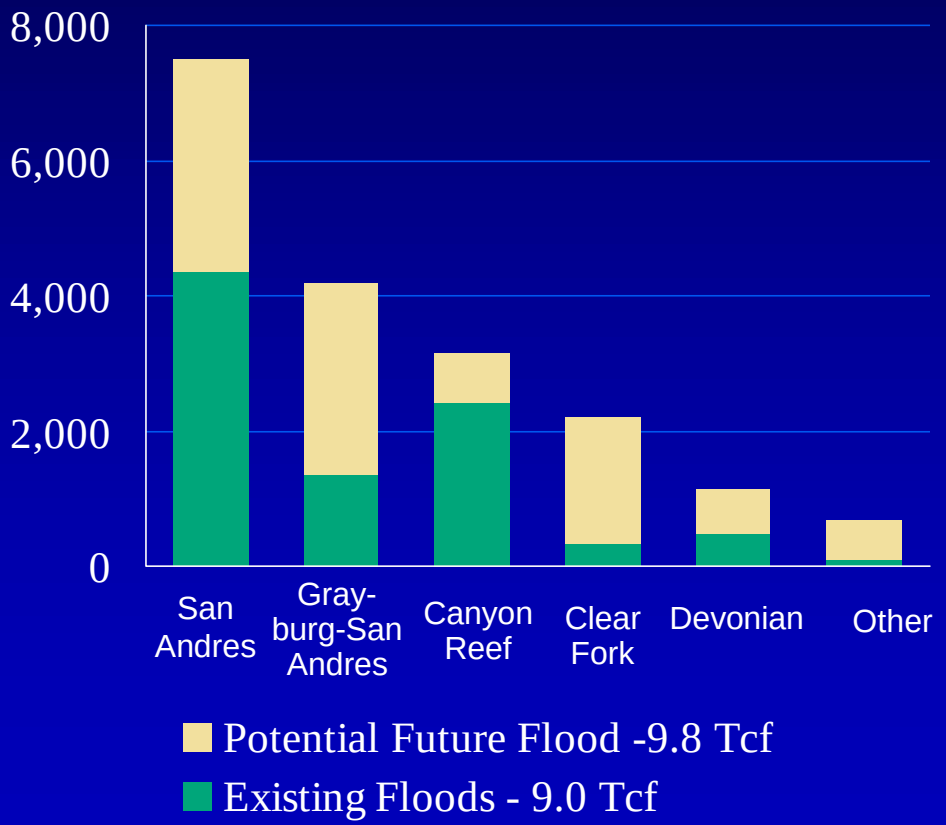
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Potential Demand by Reservoir

Purchase CO_2 Demand – Bcf



- Total potential demand: 18.8 Tcf
- DOE Model: 17 Tcf
- Existing Projects – 9.0 Tcf
  - 6.5 Tcf injected to date
  - 2.5 Tcf remaining
- New projects
  - 9.8 Tcf
- Remaining Demand
  - Existing 2.5 Tcf
  - New 9.8 Tcf
  - Total 12.3 Tcf

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2000 Achievements

- **80% of Shell CO_2**
  - Significantly exceeded acquisition plan
  - Successfully integrated into Kinder Morgan
- **Secured significant cost improvements**
  - McElmo Dome unit costs down 18%
  - Assumed Cortez Pipeline operations
  - Overhead Down 36%
- **SACROC Acquisition - Devon, Texaco**
  - Significantly exceeded acquisition plan
  - Expanded CO_2 flood development
- **Marathon Yates Joint Venture**

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Marathon Yates Acquisition

- **Joint Venture - Marathon 85% / Kinder Morgan 15%**
  - 49.9% Yates
  - 12.75% SACROC
- **Kinder Morgan Consideration**
  - Cash
  - 12.75% SACROC
  - 30 Bcf of CO_2
- **Economics**
  - KMP 5 year average cash accretion - $.04 / unit
  - KMI 5 year average earnings accretion - $.02 / share

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2001 Goals

- **20% + Growth in segment EBITDA**
- **New CO_2 Sales**
  - Cogdell, HT Boyd - 80 Bcf
  - Goldsmith, Hobbs
- **SACROC expansion**
  - Expand CO_2 project
  - Lower costs

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Long-Term Outlook / Goals

- **Domestic oil reserve replacement costs are increasing**
  - CO_2 flooding provides an attractive cost structure and a proven track record to add new reserves
- **Kinder Morgan will leverage infrastructure in Permian Basin**
  - Lowest cost supply
  - Largest reserves
  - Innovative deals for producers
  - Use CO_2 to sell, trade, acquire, and maintain leadership in emerging U.S. CO_2 market

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Deborah Macdonald

President - NGPL

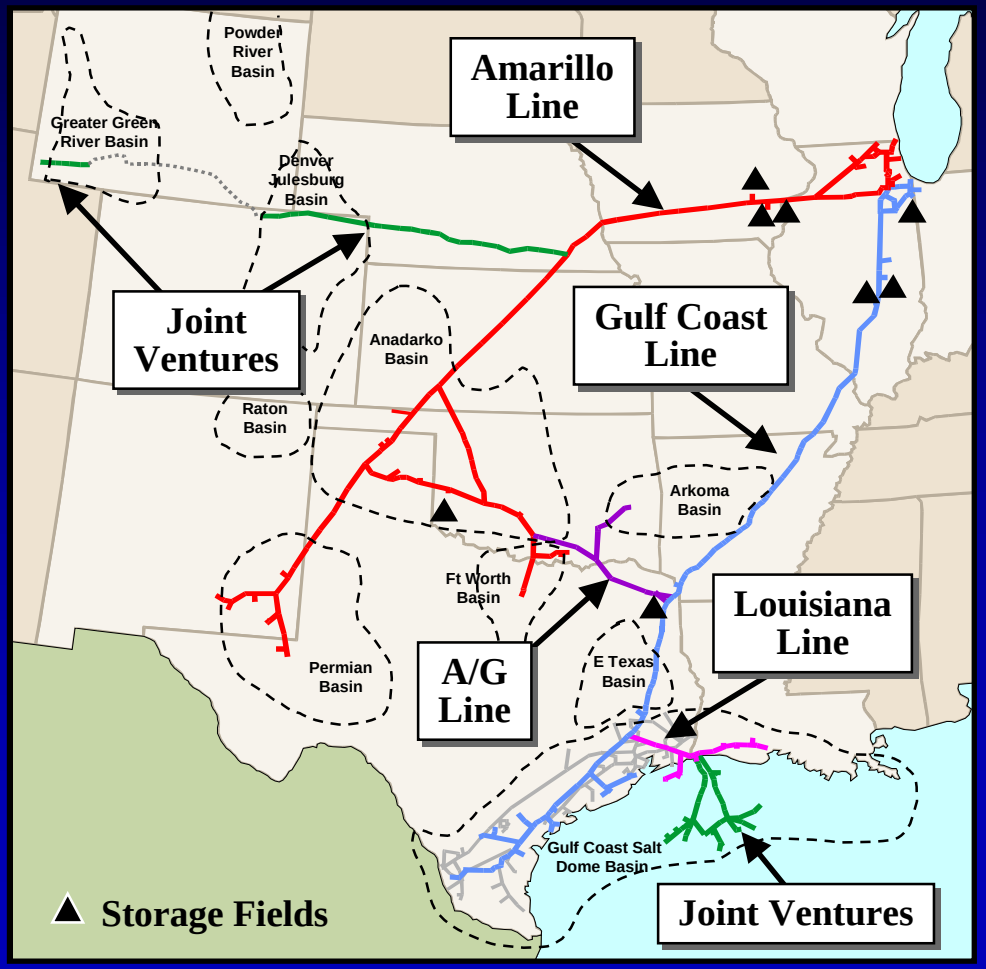
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NGPL - Asset Overview



NGPL System

- **Over 10,000 Miles of Pipe**
- **61 Compressor Units with 1.0 Million HP**

	Bcf/d
Peak Day Deliverability - Market	
Amarillo Line	1.6
Gulf Coast Line	1.6
Market Storage (delivered)	2.4
Total	**5.6**
Louisiana Line	**1.2**
A/G Line	**0.6**
Field Storage	
Lansing	**1.1**
Sayre	**0.4**

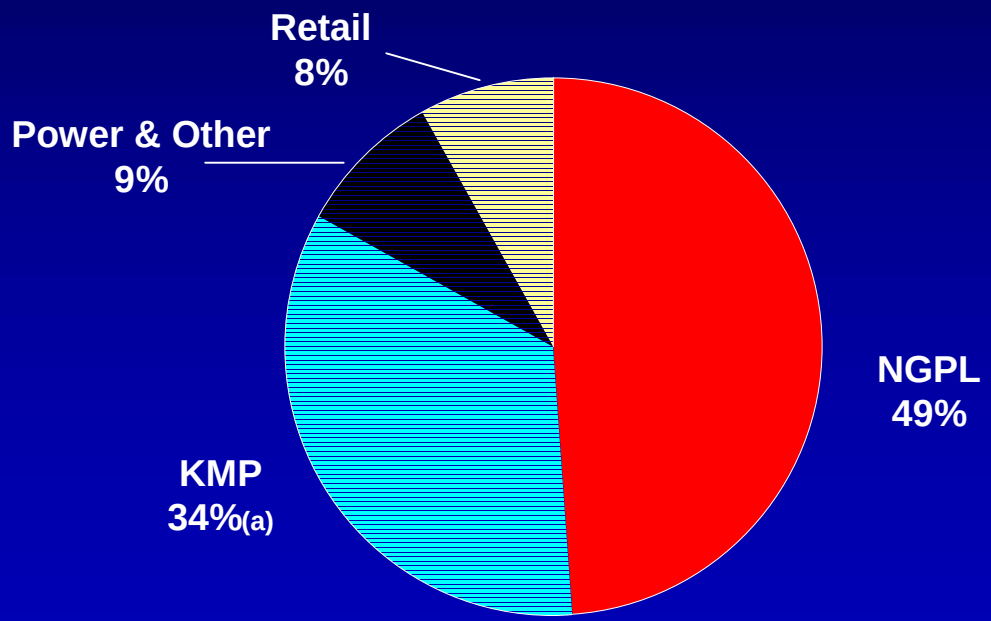
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2001 Estimated Earnings Contribution

NGPL Contribution to 2001 KMI Segment Earnings



(a) Does not include amortization of excess investment of approximately $28M

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Competitive Advantages

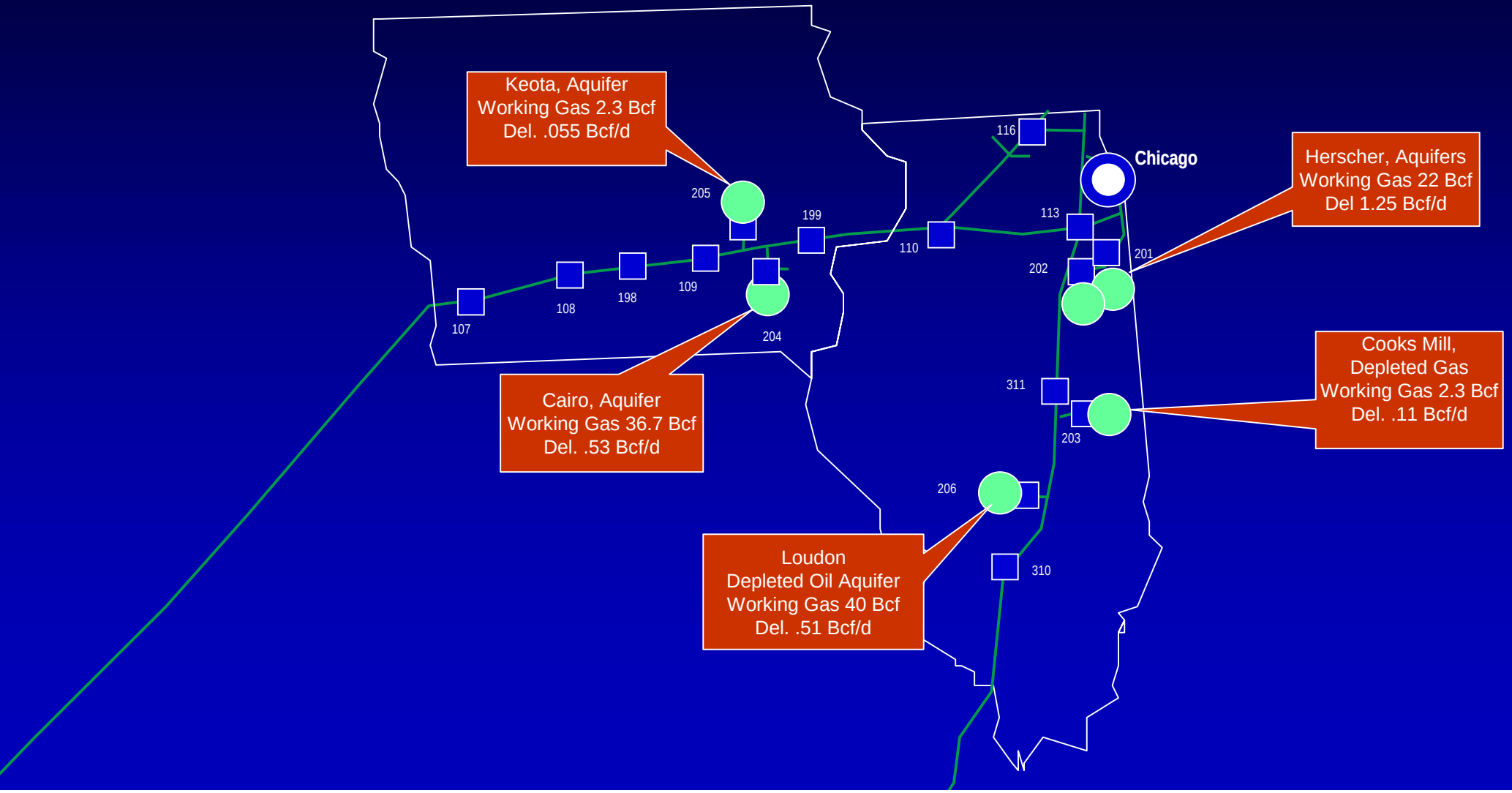
- Largest Transporter to Chicago Market
- Premier Storage Assets
- Scope of Delivery Infrastructure to LDC's
- Supply Diversity
- Operational Flexibility
- New Services Portfolio

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NGPL Market Storage

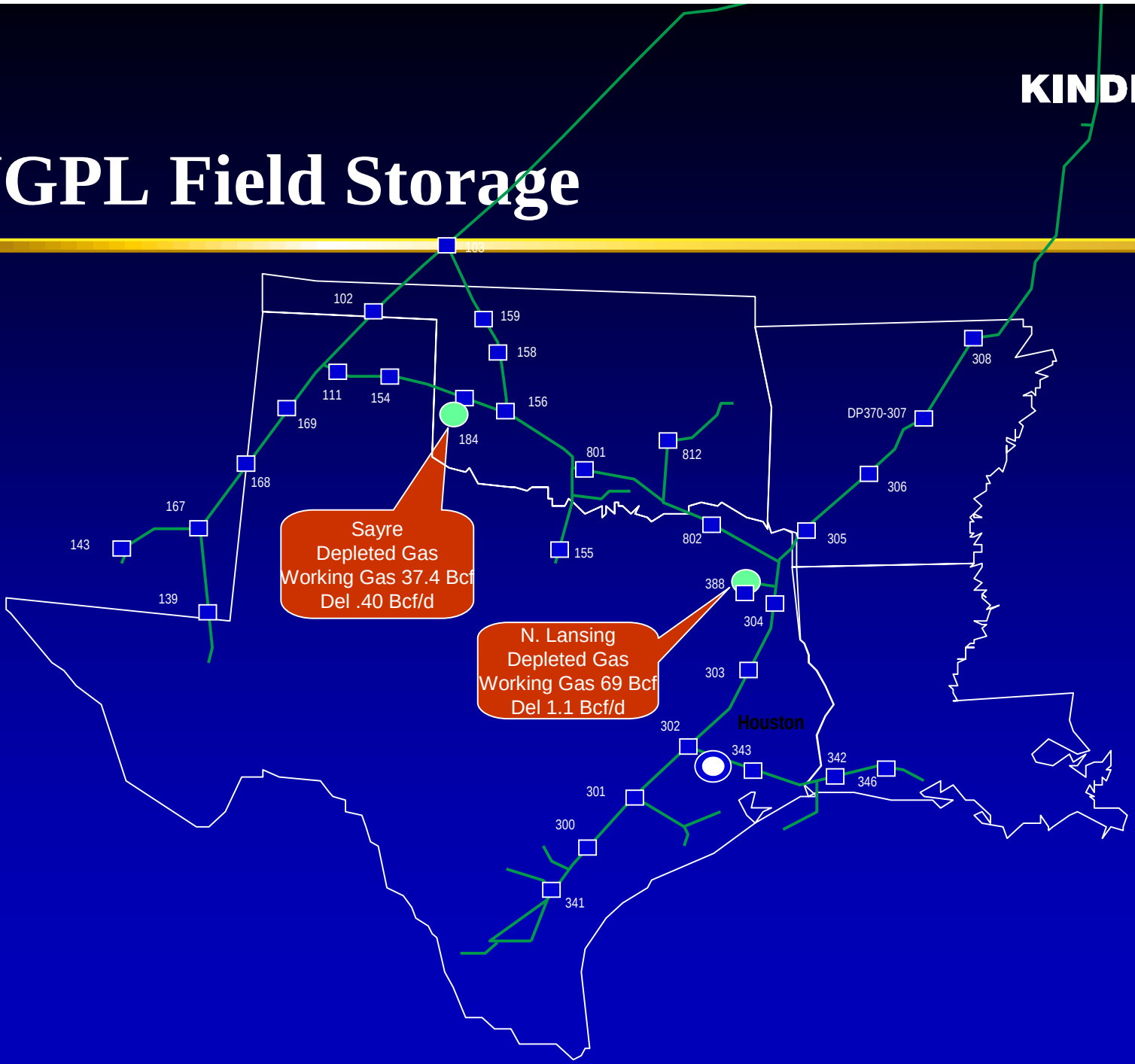


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NGPL Field Storage



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Stable Earnings Platform

- Transportation and Storage Contract Rollover Success
- Strong Counterparties
- SFV Rate Design/Negotiated Rate Option
- No Requirement for Periodic Rate Review

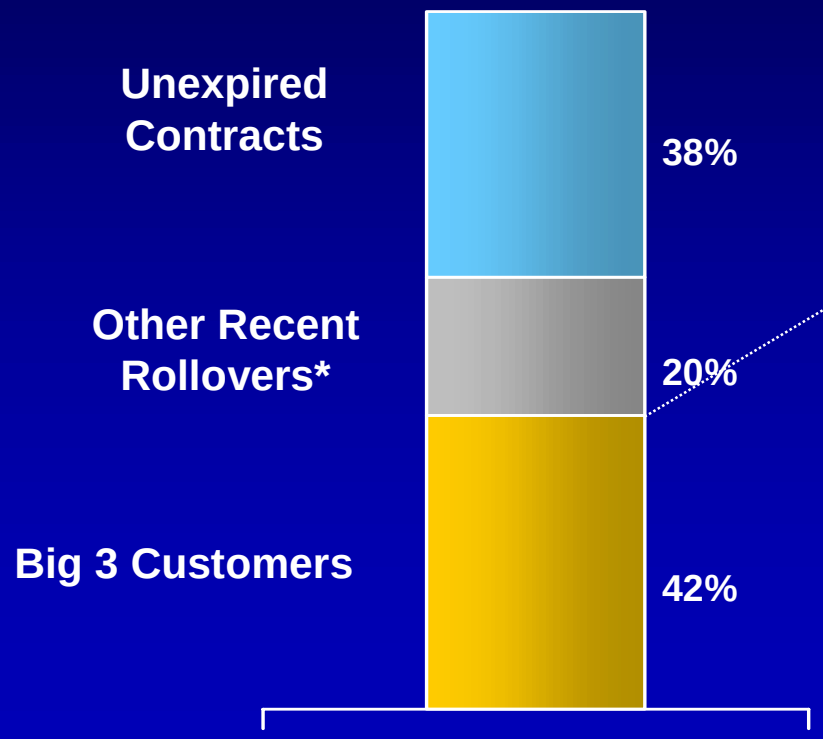
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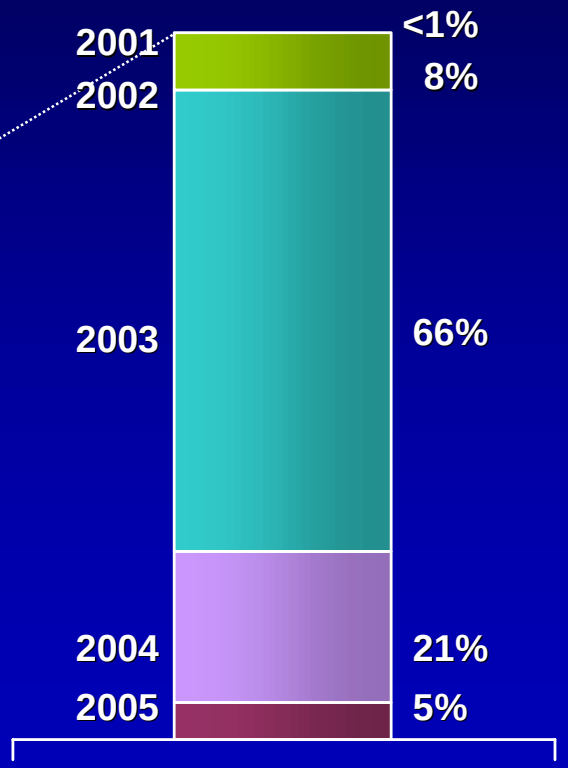
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NGPL: Contract Rollover Success

2001 Firm Service Revenue



Big 3 Rollover By Year



*Non-Big 3 Contracts started or renewed in past 12 months.

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Market Response to Alliance Pipeline

- Alliance deliveries averaged 1.5 Btu (wet) per day in December
- NGPL still experienced record withdrawals from storage
- Gulf Coast line ran at near capacity through December
- Amarillo line throughput down slightly-line pack available for peaking
- Between December 12 through 28, NGPL sold out all winter-only capacity at near maximum rates
- ANR and Midwestern receipts into NGPL

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Exceptional Platform for Internal Growth

- Gas-Fired Generation
- Market and Supply Pipeline Expansions
- Hub America & New Services

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Gas Fired Power Generation

Natural continues to see strong interest in Gas Fired Generation...

- **Accomplishments to date…**
  - Entered into contracts to connect eleven power plants, capable of generating approximately 5,500 megawatts
  - Five of the eleven plants are in service, generating 1,900 megawatts
    - Remaining 6 are projected to be in service by summer of 2001
  - Executed long-term binding service contracts in conjunction with the above plants which
    - Will deliver in excess of $11 million in annual firm-service revenue to Natural beginning in 2001
  - Significant revenue upside exists from interruptible transportation and balancing services
    - Potential sale of additional firm services as plants come on line and/or expand

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Gas Fired Power Generation

Plants Connected in 2000...

Plant	State	Plant Type	In-Service	NGPL Tie
Ameren Gibson City	IL	270 MW peaker	July '00	direct
Ameren Pinckneyville	IL	430 MW peaker	July '00	direct
SWEPCO	IL	40 MW peaker	June '00	direct
Lamar Power Partners	TX	1,000 MW peaker	June '00	direct*
LS Power Kendall	IL	1,100 MW base	Spring '01	direct*
IL Power	IL	160 MW peaker	May '00	indirect
	Total=	3,000 MW		

* = plant can be served by multiple gas pipelines

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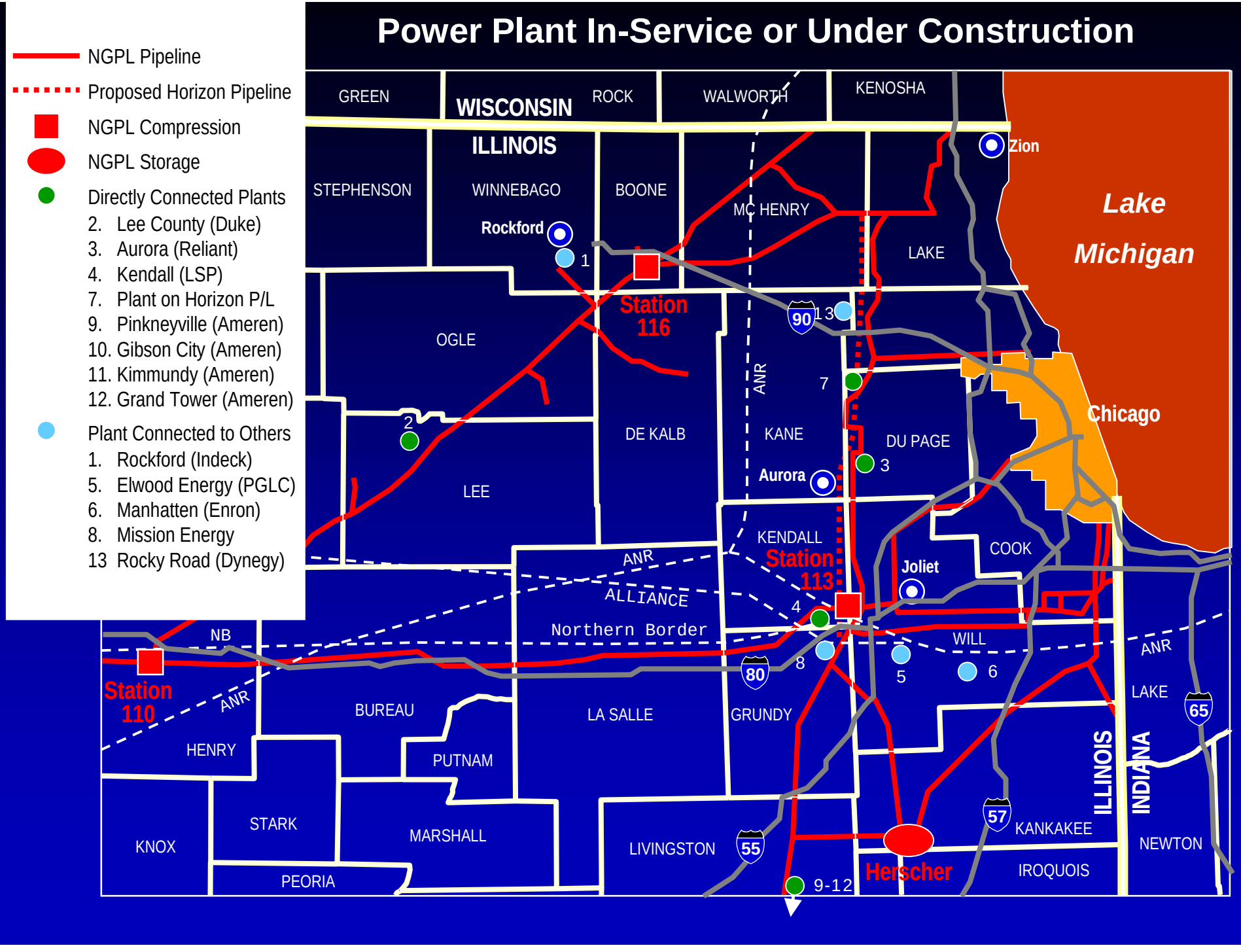
Gas Fired Power Generation

Plants under construction for connection in 2001...

Plant	State	Plant Type	In-Service	NGPL Tie
Ameren Kinundy	IL	270 MW peaker	April '01	direct
Ameren Grand Tower	IL	520 MW baseload	April '01	direct
Duke Lee	IL	640 MW peaker	June '01	direct
Arkansas Elec Coop	AR	175 MW peaker	April '01	direct
Reliant Aurora	IL	870 MW peaker	June '01	direct
	Total=	2,475 MW		

Note: Natural is negotiating agreements to connect additional plants totaling approximately 1,300 Megawatts in 2001.

Power Plant In-Service or Under Construction



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Gas Fired Power Generation

Future connections... NGPL is pursuing discussions with multiple power plant developers and tollers across the pipeline system for approximately 3,000 megawatts per year in 2002 and 2003… A few examples are...

Plant	State	Plant Type	In-Service	NGPL Tie
Tractebel	TX	800 MW baseload	June ‘03	direct
KMP Arkansas	AR	500 MW baseload	June ‘02	direct

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St. Louis Pipeline Extension

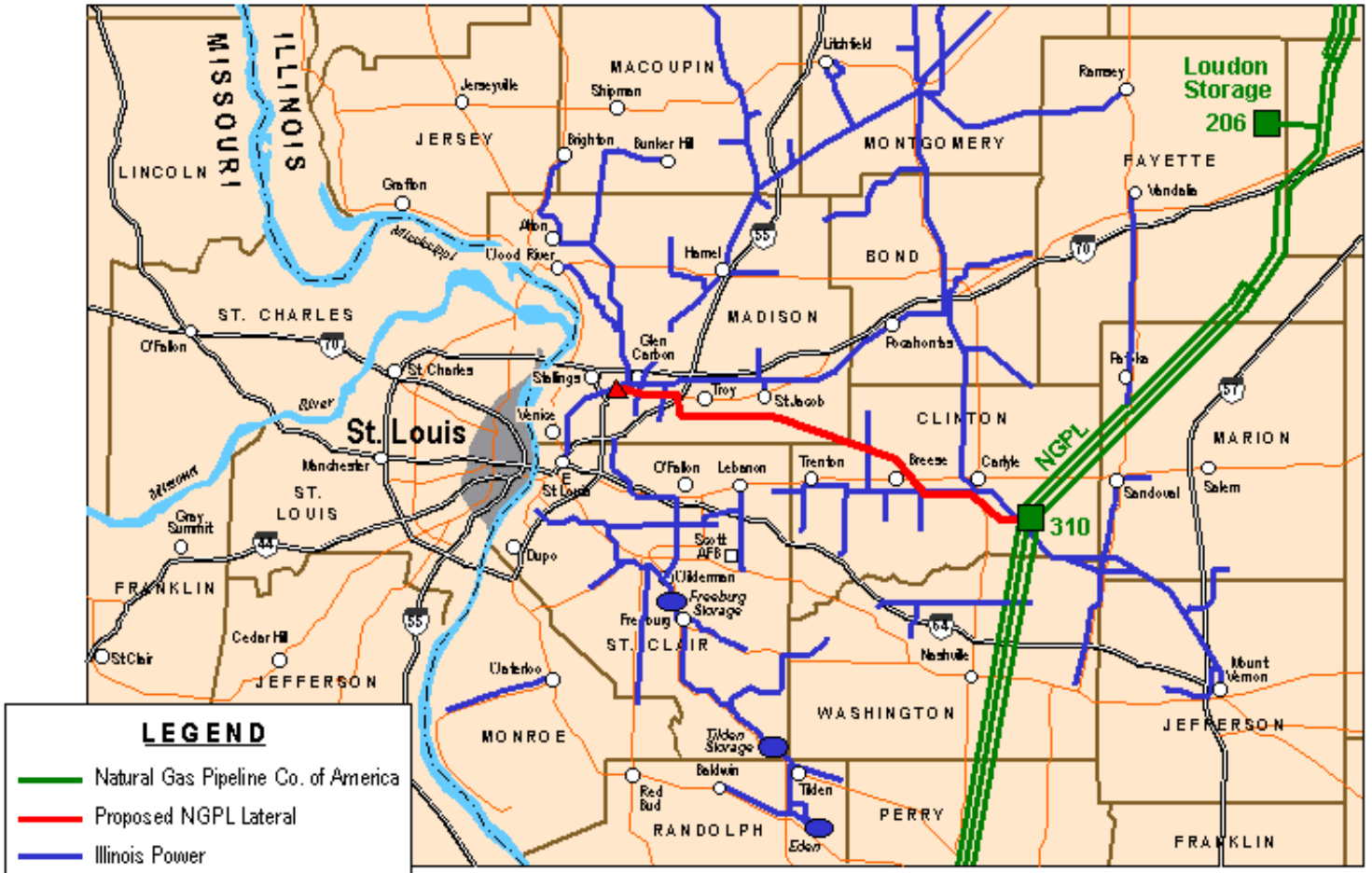
- **A new extension of Natural's existing Gulf Coast pipeline that will originate near Centrailia, Illinois, and extend to a new interconnect with Illinois Power Company in the east St. Louis market.**
  - 24-inch, 47-mile pipeline
  - 1000 MAOP pipeline
- **Initial design capacity of 300,000 MMBtu/day (economically expandable via compression)**
- **Estimated KMI project cost: $35 million**
- **Projected in-service June 2002**
- **Regulatory Authority…**
  - Proposing to construct under FERC 311 Authority
  - Rolled-in Natural FERC Tariff Rates

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NATURAL GAS PIPELINE COMPANY OF AMERICA
Lateral Project



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St. Louis Pipeline Extension

- **Shipper Commitments…**
  - Dynegy has entered into several long-term firm contracts
    - Ten year firm transport agreement, effective 6/01/02, for 90,000 Dth per day
    - Ten year firm storage agreement, effective 6/01/02, for 10,000 Dth per day
    - Various five year firm transport agreements totaling an additional 100,000 Dth sourced long haul from Natural's Amarillo and Gulf Coast pipelines beginning as early as December 1st, 2000
- **Current Status…**
  - Marketing
    - Dynegy contracts provide a solid anchor and investment return to the project
    - Discussing additional transportation with St. Louis shippers including LDC's, Power Plant Developers and Industrial / Retail customers
  - Engineering / Construction
    - Project design, right-of-way acquisition, and environmental plan proceeding on schedule

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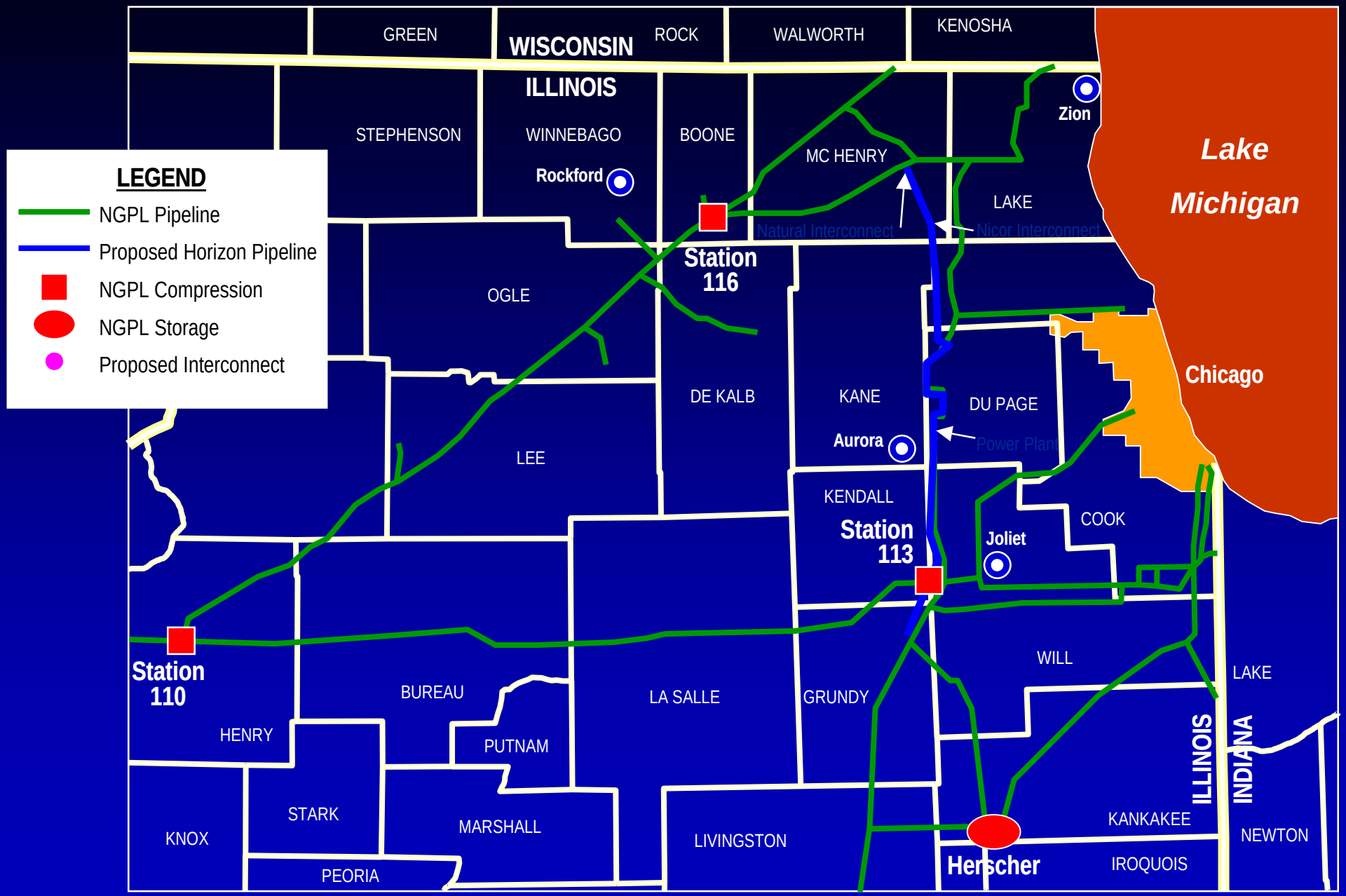
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Horizon Pipeline

- **A new natural gas pipeline that will originate at the Chicago supply hub near Joliet, Ill. and extend to Northern Illinois**
  - 36-inch, 70-mile pipeline (including leased portion)
  - 46 miles of capacity lease from Natural Gas Pipeline Company
  - New 9,000 horsepower at existing compressor station 113
  - NGPL and Nicor - 50 / 50 Joint Venture
- **Initial design capacity of 380,000 MMBtu/day (economically expandable to over 1,000,000 MMBtu/day)**
- **Estimated capital cost: $75 million**
- **Projected in-service Spring 2002**
- **36% of project utilizes existing pipeline facilities (reducing new construction)**
- **90% of project right-of-way utilizes fee owned right-of-way and/or transportation corridors**
- **Stand alone Interstate pipeline company**
  - FERC pipeline tariff

Horizon Pipeline and Natural's Chicago Market Pipelines



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Horizon Pipeline

- **Status**
  - FERC Preliminary Determination Received, Final Approval expected in Spring 2001
  - In-service Spring 2002
  - Shippers
    - Nicor Gas binding contract for 300,000 per day (Nicor has received Illinois Commerce Commission approval for the contract)
    - Finalizing negotiations with multiple shippers for remaining 80,000 per day capacity
  - Currently reviewing potential 100,000 - 300,000 Dth per day of expansion opportunities to Northeastern Illinois and South Eastern Wisconsin to serve gas fired power generation market

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Hub America and New Services

- **Hub America**
  - Leverages supply diversity on NGPL
  - Firm backhaul services from Alliance
  - Interruptible day trading of capacity
  - 2000 success into California market
  - 2000 success in connecting gas-fired generation

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New Services Aimed at Gas-fired Generation

- **IBS**
  - Interruptible balancing service to manage swings
  - 3-day payback period
  - Pay on nominations
  - Ancillary to Firm and Interruptible transportation
- **FRSS**
  - Firm Storage Service
  - 10 or 20 day service
  - No-notice delivery
  - “Insurance Policy” for supply loss
  - Protection from summer price spikes
- **Flexible Firm Transportation**
  - Shipper may not require firm service every day
  - NGPL and Shipper can define the service
  - Allows portfolio approach to transportation needs

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2001 Goals

- **Further expansion of Horizon**
  - Waukegan area
  - Zion area/Northern Indiana
  - Wisconsin
- **Northern Texas**
  - Wise County
  - North Dallas
- **Arkansas – potential for power development**
- **Increase commitments to St. Louis expansion**
- **Additional new services for gas-fired generation**
  - 2nd generation Park and Loan
  - Storage-only option under FRSS
- **Connect at least another 4,000 megawatts of generation**
- **Successful rollover/resubscription of storage & transport contracts**

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Long-Term Outlook

- Goal to connect in excess of 3,000 megawatts generation per year
- Increased generation creates increased demand for storage, balancing and transportation services
- LDC unbundling offset by gas-fired generation
- Construction of pipeline infrastructure to move Canadian gas further East tightens market balance in Chicago
- Impact of 2000-2001 winter has favorable impact on recontracting efforts

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Anthony Lannie
President - Kinder Morgan Power

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Industry Overview



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What is Kinder Morgan Power Company?

- **Power project developer with a focus on:**
  - Optimization of Kinder Morgan pipeline assets
  - Exploitation of Kinder Morgan advantages
    - Technological - unique Orion configuration
    - Contractual - favorable GE turbine contracts
- **Independent Power Producer (IPP)**
  - Fee - based operator
  - Limited commodity exposure
  - Colorado, Arkansas, and Michigan

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Who are Our Prospective Customers?

- **Power marketers…**
  - Enron, Williams, Duke, Coral (Shell), etc.
- **Genco's…**
  - Southern* (now Mirant Corp.), NRG, Calpine, etc.
- **Utilities…**
  - Public Service Company of Colorado (Xcel)*, Cinergy, AEP, FPL, etc.

(*) Denotes current customer

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Who are Our Competitors?

- **Other developers…**
  - Tenaska
  - Panda
  - AES
  - Skygen (Calpine)
  - Sithe (PECO)

Announced Non-Regulated Generation Plans

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Company	Current Generation*	Targeted Generation
Mirant (Southern)	14,000 MW	30,000 MW
Williams	8,900	40,000
NRG	15,000	35,000
FPL-Entergy	4,800	30,000
Calpine	23,000	50,900
Total	65,700	185,900

* Current U.S. generation includes operating plants and plants under construction.

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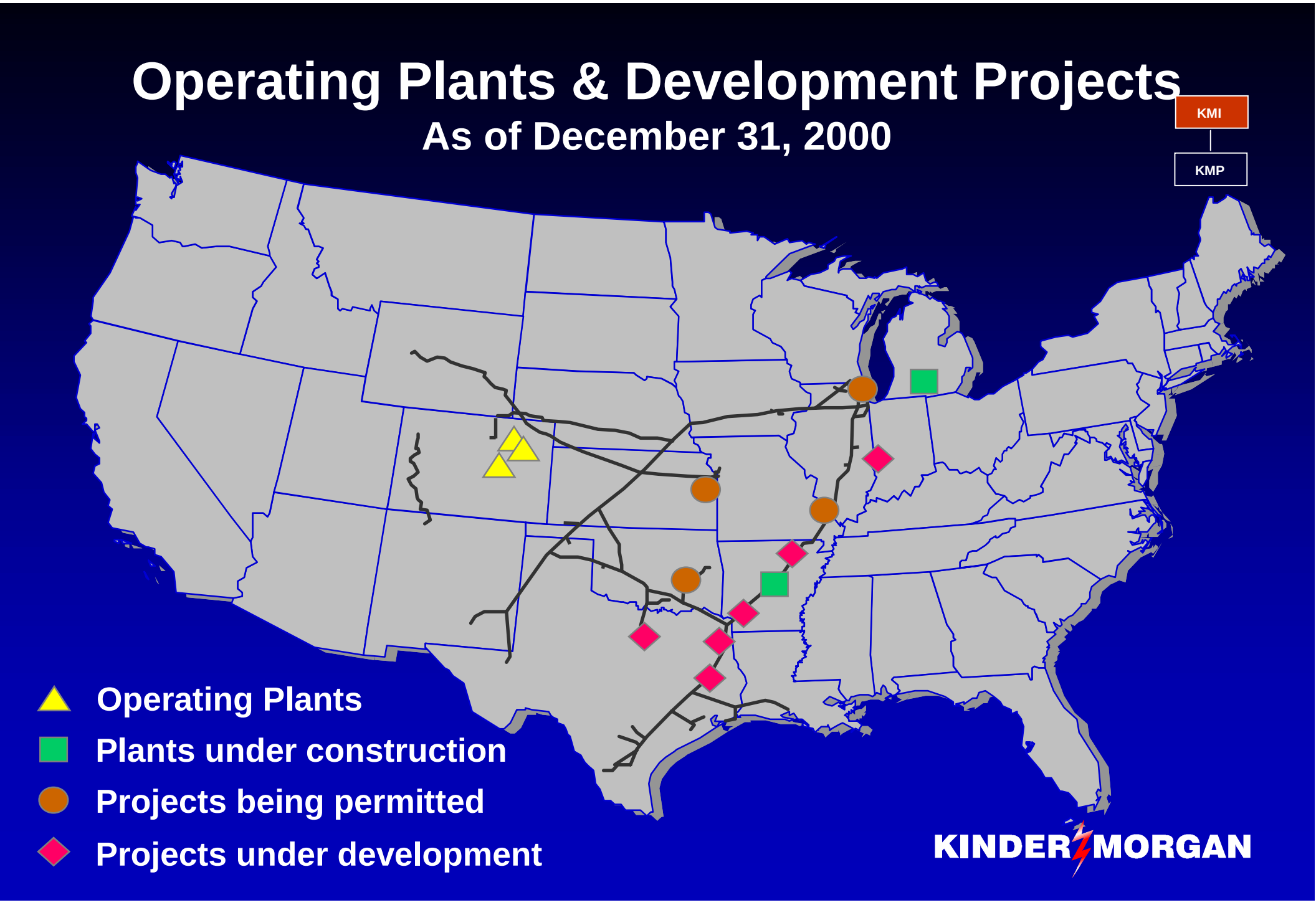
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Asset Overview

Plant Description	Gross	Net
Ft. Lupton, CO	272 MW	136 MW
Greeley, CO	32	32
University of Northern Colorado	76	25
Wrightsville, AR	550	270
Jackson, MI	539	539
Total Megawatts	1,469	1,002

Operating Plants & Development Projects

As of December 31, 2000



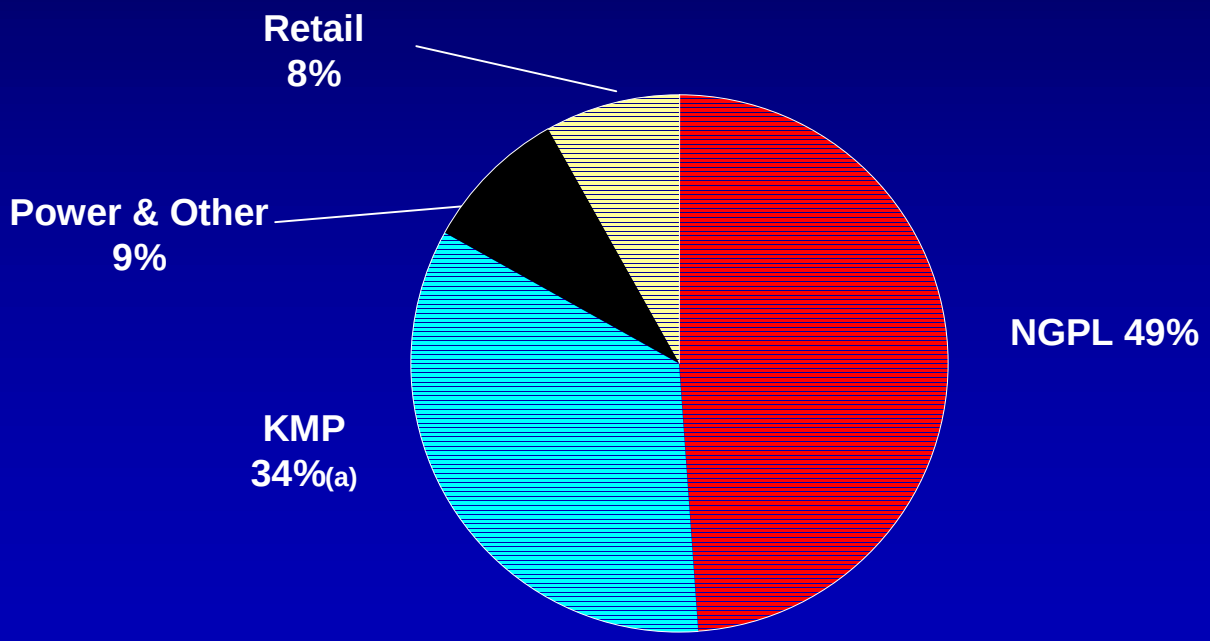
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2001 Estimated Earnings Contribution

Power Contribution to 2001 KMI Segment Earnings



(a) Does not include amortization of excess investment of approximately $28M

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Stable Platform



- **Limited commodity risk**
  - Gas tolling contracts with strong credits
  - Preferential revenue streams
  - Limited merchant risk and upside
- **Classic fee based business (operating plants)**
  - Profits and fees from development and construction
  - Profits from operation, ownership, and tolling

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Exceptional Internal Growth

- **In-the-money turbine contracts (early mover)**
  - Contract priced June of 1998
  - Turbine prices have continued to escalate
- **Efficient development team**
  - 7 developers
  - 22 support and operations personnel

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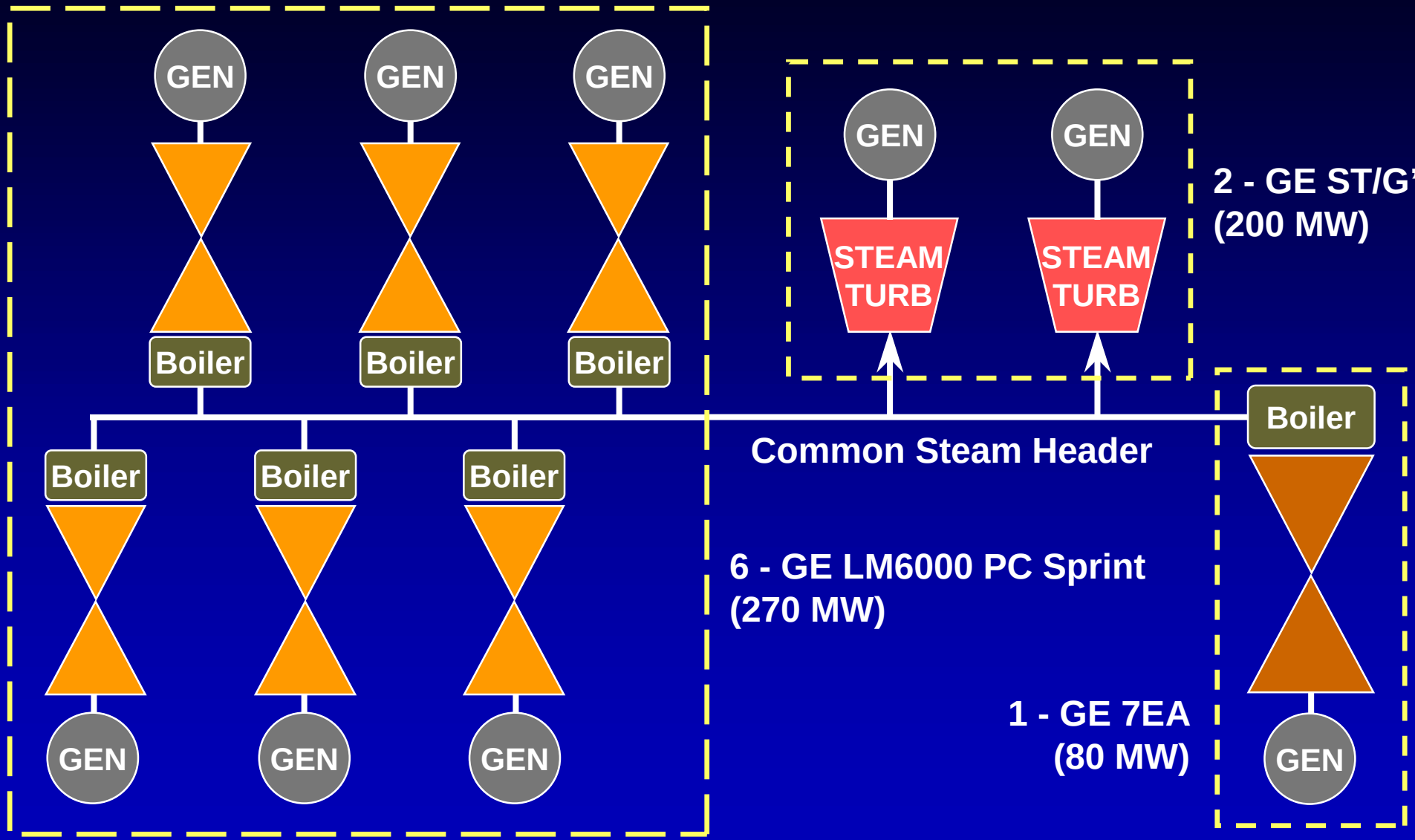
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Exceptional Internal Growth

- **Orion technology**
  - Patent pending
  - Standardized plant design
  - Mid-merit hybrid plant using peaking turbines in combined cycle
  - Multiple turbines increase responsiveness and reliability

ORION POWER PLANT CONFIGURATION – 550 MW



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Achievements in 2000

- **Early mover advantages**
  - 1,100 MW under construction
  - 2,200 MW under development
- **Increased throughput on NGPL pipelines**

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Goals for 2001

- Sell output from Jackson, MI plant
- Sell output from 2 additional plants
- Complete construction of plants on time and on budget
- Double year 2000 earnings

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Long Term Outlook

- **Develop additional sites utilizing Orion technology**
- **Develop sites for other power generating technologies**
  - Baseload plants utilizing frame technology
  - Distributed generation projects/technology
- **Optimize power generation portfolio**

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Mike Morgan

V.P. Strategy & Investor Relations

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Acquisition Strategy

Acquisitions are key to the success of KMI/KMP

- **Acquire fee-based pipelines and terminals in high growth markets**
- **Make decisions based on conservative assumptions**
- **Must be immediately accretive to both KMP and KMI**
- **KMP is very competitive in the acquisition arena**
  - KMP values assets on a pre-tax basis
    - 10% pre-tax cost of equity
    - compares to 15% after-tax cost for typical C Corp.
  - KMP has the lowest cash cost of equity in the MLP universe
    - KMP tracks a 150-200 bpt premium to the pipeline MLP average
    - KMP tracks a 50-100 bpt premium to the closest competitors
  - Focus on asset operation makes us a preferred partner
  - Low-cost discipline maximizes cash flow

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Acquisition Track Record

Acquisition		Approximate Value $mm
5 Deals in 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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GATX Case Study - Overview

On November 30, 2000, KMP agreed to acquire the domestic pipelines and terminals of GATX Corp.

- **Purchase price was approximately $1.15 bn in cash and assumed debt:**
  - CALNEV Pipeline
  - Central Florida Pipeline
  - 12 Petroleum products and chemical terminals
- **Transaction is immediately accretive**
  - 7.6x expected 2001 EBITDA
  - 8.6x expected 2001 cash flow
- **2001 projections incorporate conservative assumptions**
  - Revenue growth rates consistent with near-term demographics
  - Great majority of terminal revenues are under contract
  - Overhead cost cuts consistent with bottom-up analysis and track record in previous transactions
- **Expect good long-term growth due to favorable demographics in Nevada and Florida and opportunities for incremental terminal expansions**

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GATX Case Study (a)

Purchase Price	$1,150.0M
Implied Debt @ 7.5%	$ 460.0M
Implied Equity @ $58	11.9M
Pretax Cash Flow	**$ 133.0M**
Less:	
Interest	($ 34.5)M
$3.80 Dist on New Units	($ 45.2)M
GP Dist on New Units	($ 25.5)M
Excess Cash Flow	$ 27.8 M
Less:	
GP Share of Excess	($ 13.9)M
Cash Accretion	$ 13.9 M
Cash Accretion / Unit	**$ 0.18**

GP Dist. on New Units	$ 25.5M
GP Share of Excess	$ 13.9M
GP Accretion on Units Owned (a)	$ 2.5M
Less:	
Cost of Capital on 2% Contribution	($ 1.0M)
Pre Tax Earnings Benefit	$ 40.9M
Tax @ 40%	($ 16.4M)
After tax earnings benefit	$ 24.5M
Avg Shares Outstanding	120M
Net EPS Effect / Share	**$ 0.20**

(a) Pre-transaction average outstanding units at KMP: 67.5M, after acquisition: 79.4M

(a) 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 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	$ 0.84	$ 0.48	$ 0.26	$ 0.11
$1000M	$ 0.70	$ 0.40	$ 0.22	$ 0.09
$750M	$ 0.54	$ 0.31	$ 0.17	$ 0.07
$500M	$ 0.37	$ 0.21	$ 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 $58, and outstanding units of 67.5 million.

* 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 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	$ 0.55	$ 0.37	$ 0.26	$ 0.19
$1000M	$ 0.44	$ 0.30	$ 0.21	$ 0.16
$750M	$ 0.33	$ 0.23	$ 0.16	$ 0.11
$500M	$ 0.22	$ 0.15	$ 0.11	$ 0.08



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 $58, and outstanding units of 67.5 million.

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Acquisition Strategy - Petroleum Pipelines

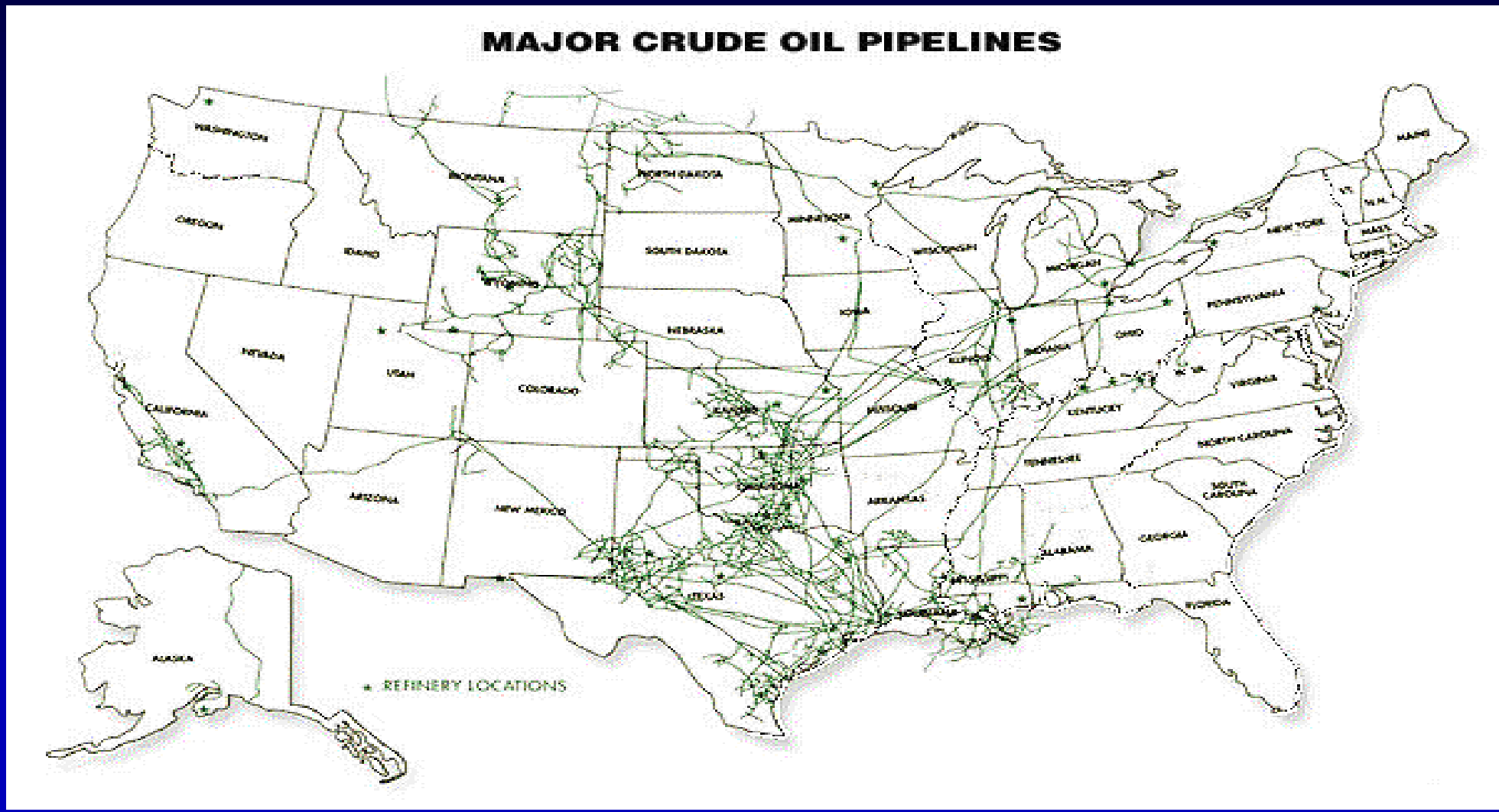
Petroleum pipelines represent a huge market opportunity for KMP

	Industry	KMP	KMP %
Miles of pipeline (thousands)	154.4	10.2	7%
Annual Bbls delivered (billions)	13.3	0.75	6%
Annual revenues ($ billions)	7.0	0.55	8%

* Source: Association of Oil Pipelines and FERC data compiled by Oil & Gas Journal

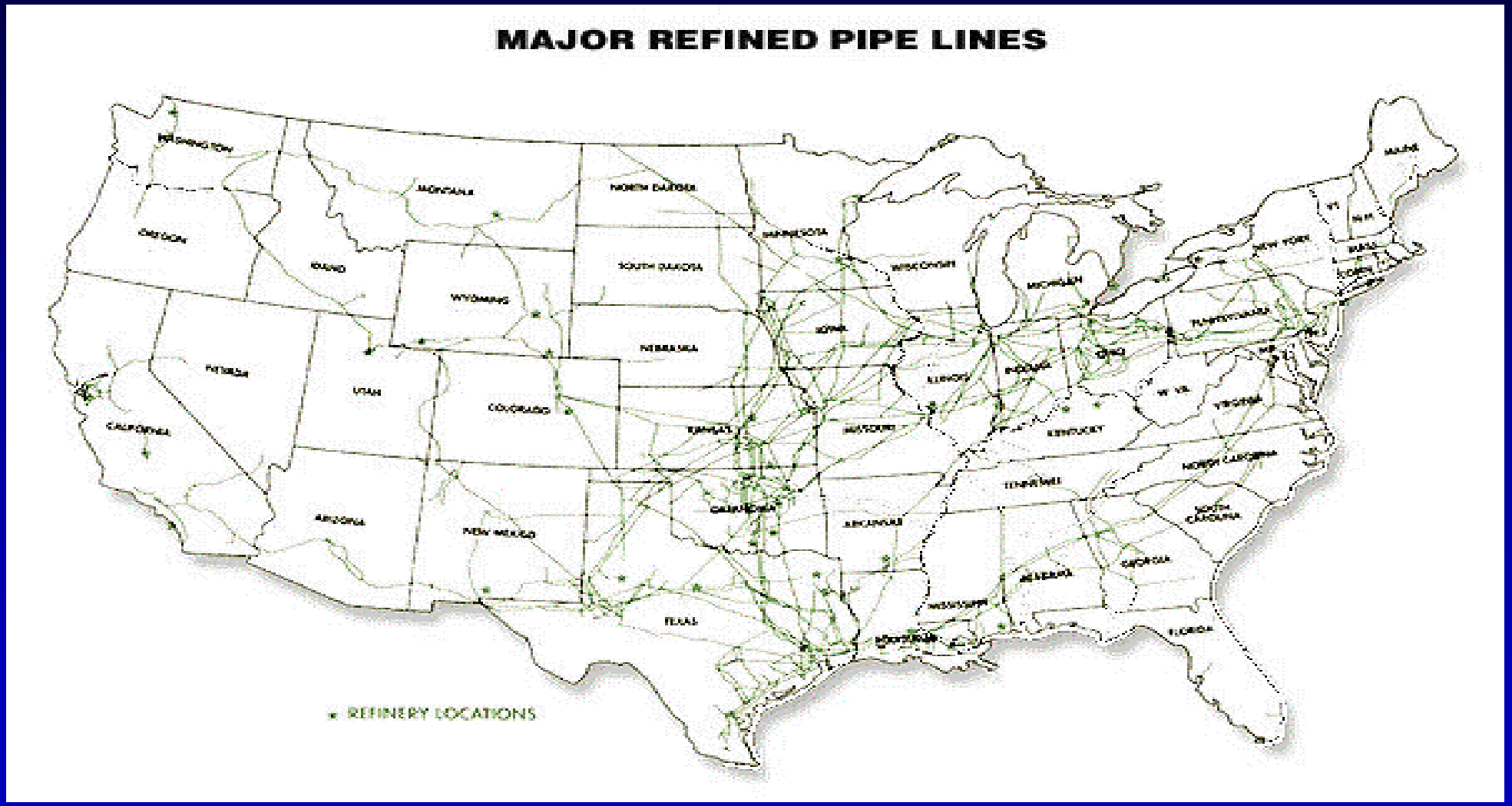
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U.S. Crude Oil Pipelines



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U.S. Product Pipelines



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Acquisition Strategy - Product Pipelines

- **Why are there asset sales?**
  - Rationalization by the majors
    - Pipeline operation is perceived to be a capital intensive, regulated business with modest growth
    - Majors will eventually reallocate midstream capital into core businesses that produce higher returns (e.g. E&P, branded operations)
  - FTC - mandated divestitures resulting from mergers
    - Chevron / Texaco (including Equilon/Motiva)
    - Exxon Mobil
    - BPAmoco / Arco
  - Elimination of inefficient joint-venture structures (e.g. Plantation)

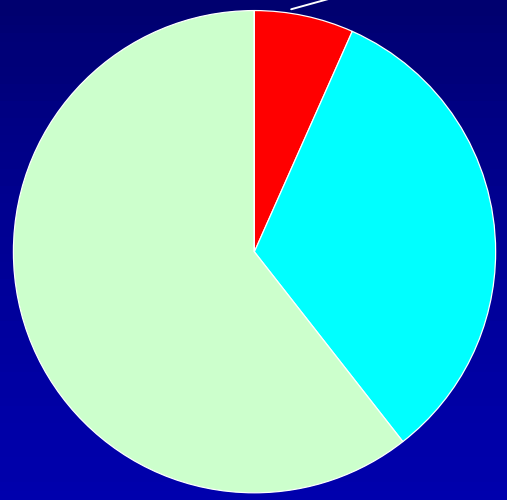
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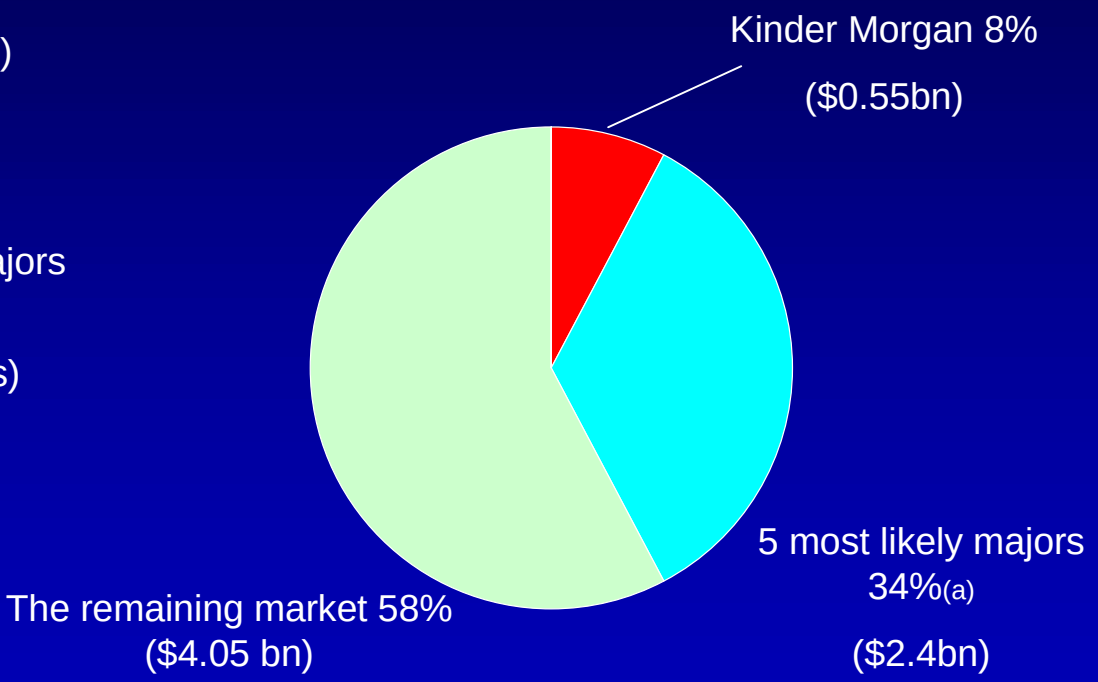
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Acquisition Strategy - Product Pipelines

Miles of Domestic Oil Pipelines



Domestic Oil Pipeline Revenue



(a) Includes Exxon Mobil, BPAmoco, Equilon, Chevron/Texaco,and Conoco

* Source: Association of Oil Pipelines and FERC data compiled by Oil & Gas Journal

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Acquisition Strategy - Bulk Terminals

- **Average cash flow multiples lower than pipelines**
- **Target approximately $200m / yr in acquisitions**
- **Coal represents largest opportunity**
  - KMP handled about 2% of 1.1bn ton domestic coal market in 2000
  - Likely sellers of assets
    - Utilities (81% of market)
    - Non-utility generators (14% of market)
    - Barge lines
    - Railroads
    - Mom & pops
- **Petcoke growing with increased use of heavy crudes in U.S. refineries**
- **Cement growing with increased infrastructure spending in U.S.**

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Acquisition Strategy - Liquids Terminals

- **Upon closing GATX, KM will be a major operator of terminals**
  - 2nd largest independent in U.S. petroleum storage
  - 2nd largest independent in U.S. chemicals storage
- **However, significant opportunities remain for acquisitions**
  - Major oil companies
  - Smaller independents
  - Kinder Morgan's market share of top 10 independent volume is less than 15%
- **Average multiples generally lower than pipelines**
- **Key is to focus on fee-based opportunities not subject to commodity futures markets**

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Acquisition Strategy - Gas Pipelines

- **Kinder Morgan assets transport approximately 2.6 Tcf of natural gas**
- **Industry has seen more consolidation than product pipelines**
- **However, there is a significant opportunity to expand our ownership as gas market grows to 30Tcf**
- **Transaction drivers in the future**
  - FTC orders (e.g. El Paso / Coastal)
  - Tuck-in acquisition opportunities
  - Continued restructuring away from asset-based businesses
  - New build projects to meet growing U.S. demand

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Acquisition Strategy - CO_2

- **Explore additional opportunities around U.S.**
  - Acquire and convert to CO_2 use
  - Partnering with major customers to develop new basins
- **Continue "Shooting fish in the Permian Basin barrel"**

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2001 Goals

- $0.20 - $0.30 growth in KMP distributions per unit for 2002
- $0.20 - $0.30 growth in KMI EPS for 2002

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Transforming Transaction - KMI

- **A transforming transaction at KMI must satisfy several stringent criteria**
  - Maintain focus on midstream energy assets
  - Generate near-term EPS and cash flow accretion per share
  - Improve KMI's long-term growth rate
    - overcome dilution of general partner
    - significant new assets to transfer to MLP
    - enhance prospects of existing KMI businesses
- **"Size doesn't matter"**
  - Management more interested in stock price than in cash compensation
  - Track record of selling and transferring assets to maximize shareholder value

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Park Shaper

Chief Financial Officer

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Financial Overview

- **KMI**
  - 75% growth in EPS in 2000 to $1.28
  - Expect 30-40% growth in 01 ($1.65 - $1.79)
  - Long-term growth rate of 20-30%
- **KMP**
  - Total distributions grew more than 20% in 2000
    - $3.425 distribution for 2000 vs. $2.85 for 99
  - Annual distribution rate now $3.80
  - Project year-end rate of $4.00 - $4.20
  - Earnings expected to be $2.83 - $2.93

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KMI Recurring Earnings

	1999	2000	Expected Growth Rate 2000 - 2001
Kinder Morgan Energy Partners:			
Equity in Earnings	15,733	140,913	60 - 80%
Amortization of Excess Investment	(7,335)	(28,317)	
Segment Earnings:			
NGPL	306,507	342,887	0 - 5%
KMIGT	53,924	-	
Retail	20,104	49,732	5 - 10%
KMTP	16,554	29,318	
Power and Other	32,158	34,962	60 - 80%
Total Segment Earnings	437,645	569,495	
General and Administrative Expenses	(85,591)	(58,087)	
Interest Expense	(251,920)	(243,155)	
Other, Net	(6,078)	(23,495)	
Recurring earnings before income taxes	94,056	244,758	
Income Taxes	(35,208)	(98,023)	
Recurring earnings	58,848	146,735	
Diluted earnings per share	$ 0.73	$ 1.28	30 - 40%
Average shares outstanding	80,358	115,030	
Systems Throughput (Trillion Btus):			
NGPL	1,449.9	1,459.3	
Retail	56.6	72.6	
KMTP	575.3	654.4	

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KMP Recurring Earnings

	1999	2000	Expected Growth 2000 - 2001
Segment Earnings Contribution:			
Product Pipelines	$ 212,248	$ 221,168	35 - 45%
Natural Gas Pipelines	2,714	112,917	25 - 35%
CO_2 Pipelines	15,215	67,970	15 - 25%
Bulk Terminals	35,767	37,629	40 - 50%
General and Administrative	(35,612)	(60,065)	
Net Debt Costs (Includes Interest Income)	(52,607)	(93,284)	
Less: Minority Interest	(2,891)	(7,987)	
Recurring Net Income before General Partner's interest	174,834	278,348	
General Partner's Interest	(56,273)	(109,470)	
Recurring Net Income available to Limited partners	$ 118,561	$ 168,878	
Net income - $/unit	$ 2.42	$ 2.67	
DD&A - $/unit	1.04	1.44	
Sustaining capex - $/unit	(0.48)	(0.56)	
Distributable cashflow - $/unit	$ 2.97	$ 3.56	
Total distribution - $/unit	$ 2.85	$ 3.43	

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KMP Volumes

Volume Information	1999	2000
Product Pipelines		
Pacific - Mainline Delivery Volumes (MBbl)	375,663	386,611
Other Delivery Volumes (MBbl)	10,025	14,243
Plantation - Delivery Volumes (MBbl)	214,900	226,795
North System/Cypress - Delivery Volumes (MBbl)	50,124	51,111
Natural Gas Pipelines		
Transport Volumes (Bcf)	424.3	449.2
CO_2 Pipelines		
Delivery Volumes (Bcf)	379.3	386.5
Bulk Terminals		
Transload Tonnage (Mtons)	39,190	41,529

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KMI Growth Drivers

- **KMP (34% of expected 01 segment earnings)**
  - Strong internal growth
  - Modest amount of acquisitions to get to 40% growth
  - Detail in KMP section

- **NGPL (49%)**
  - Contract renewals ensure stability
  - Little growth expected until 2nd half of 02
    - Power plant demand

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KMI Growth Drivers (Cont)

- **Retail (8%)**
  - Stability ensured through weather hedges
  - Stronger than normal growth in 01
    - Cost efficiencies
  - Longer term growth of 3-4%

- **Power and Other (9%)**
  - Power group should double earnings in 01
    - Wrightsville and Jackson plants
    - Opportunities to develop more plants
  - Other assets flat in 01
    - Constitute approximately 1/3 of segment
    - Decline in 02 to be offset by continued growth in Power

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KMI Growth Drivers (Cont)

- **G&A**
  - Expect to be up in 01
- **Interest Expense**
  - Lower short term debt balances reduce expense
  - Much of debt is long term, fixed at low rates
  - Declining rates could provide additional benefit
- **Other, Net**
  - Primarily TRUPS - $22mm
  - Interest income, other equity earnings make up rest
  - Expect approximately same amount in 01

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KMP Growth Drivers

- **Product Pipelines (43%)**
  - Pacific – 3% volume growth, 1.5% tariff increase (avg. for year)
    - All growth to bottom line
  - Plantation – strong growth in 01 due to assumption of operations
  - Transmix – growth from assets added in 00
  - Cochin – 2 months realized in 00, full year 01
  - GATX pipelines and west coast terminals – added to this segment

- **Natural Gas Pipelines (24%)**
  - KMIGT – strong 00, flat to modest growth in 01 – consistent with long term contracts
  - Trailblazer – strong 00, flat to modest growth in 01– consistent with long term contracts
  - Red Cedar – double digit growth in 01
  - Assets transferred from KMI in 12/00
    - KMTP – potential for high growth in 01 from expanded margins

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KMP Growth Drivers (Cont)

- **CO2 Pipelines (13%)**
  - Full year of acquisitions made in 00
  - Cost efficiencies, especially in assumption of Cortez operations
  - Seek additional tuck in opportunities

- **Bulk Terminals (10%)**
  - Delta acquisition
  - Nice volume growth in existing assets
  - Additional terminal acquisitions

- **Liquid Terminals (10%)**
  - GATX terminals

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KMP Growth Drivers (Cont)

- **Additional acquisitions**
  - Modest level to get 40% growth at KMI
  - Spread throughout year
  - Conservative assumptions around:
    - Cash flow multiple
    - Capital structure
    - Unit price
    - Cost of debt
  - Can’t determine effect on individual segments

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KMP Growth Drivers (Cont)

- **G&A**
  - Grows as function of acquisitions / not allocated to segments
  - Growth slower than growth in revenues and margins

- **Net Debt Cost**
  - Grows as function of acquisitions
  - Still target 40% debt to capital
  - Lower rates help to offset growth in total debt outstanding
    - Generally target 50% floating, 50% fixed

- **Minority Interest**
  - Trailblazer
  - KMGP interest function of earnings

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Expected Financings

- **KMI**
  - Reps will be refinanced in March ($400MM)
  - Peps will convert to equity in November ($460MM, 13MM shares)
  - No equity financings
  - End year at close to 50% debt to capital

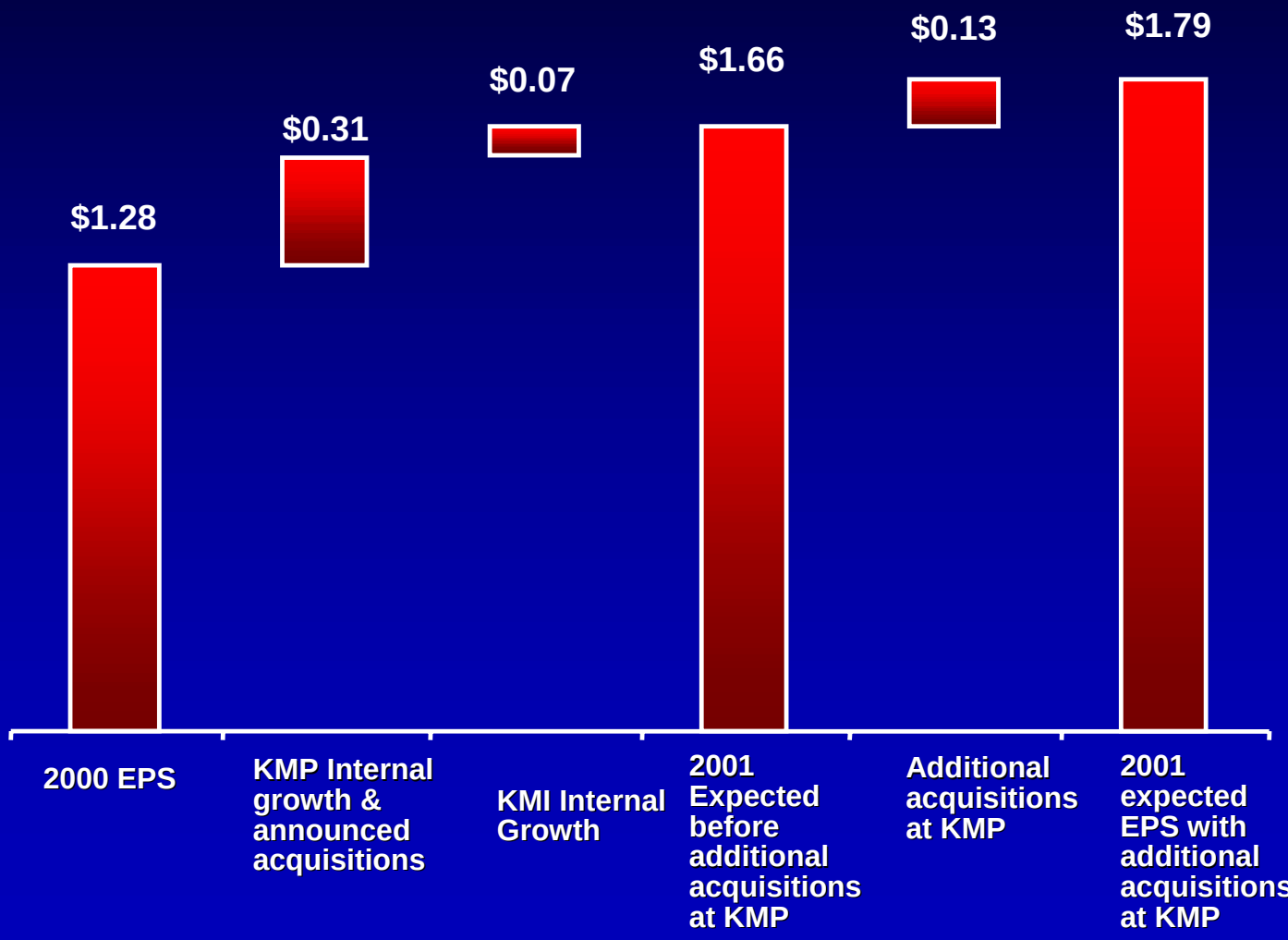
- **KMP**
  - Interim facility to fund GATX acquisition
  - Term up debt
  - Complete institutional equity offering
  - Finance new acquisitions

KINDER MORGAN

KMI

KMP

Sources of Expected EPS Growth at KMI



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

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KMI

KMP

Financial Summary

- **KMI**
  - 40% growth in EPS in 01 with modest acquisition at KMP
    - 30% growth without acquisitions
  - Less seasonality
    - Expected quarterly EPS distribution

Q1	Q2	Q3	Q4
25%	20%	25%	30%

  - Long term growth 20-30% annually

- **KMP**
  - Target growth in distribution to $4 - $4.20 annual run rate by end of 01