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Overview of KMI & KMP
November 2000

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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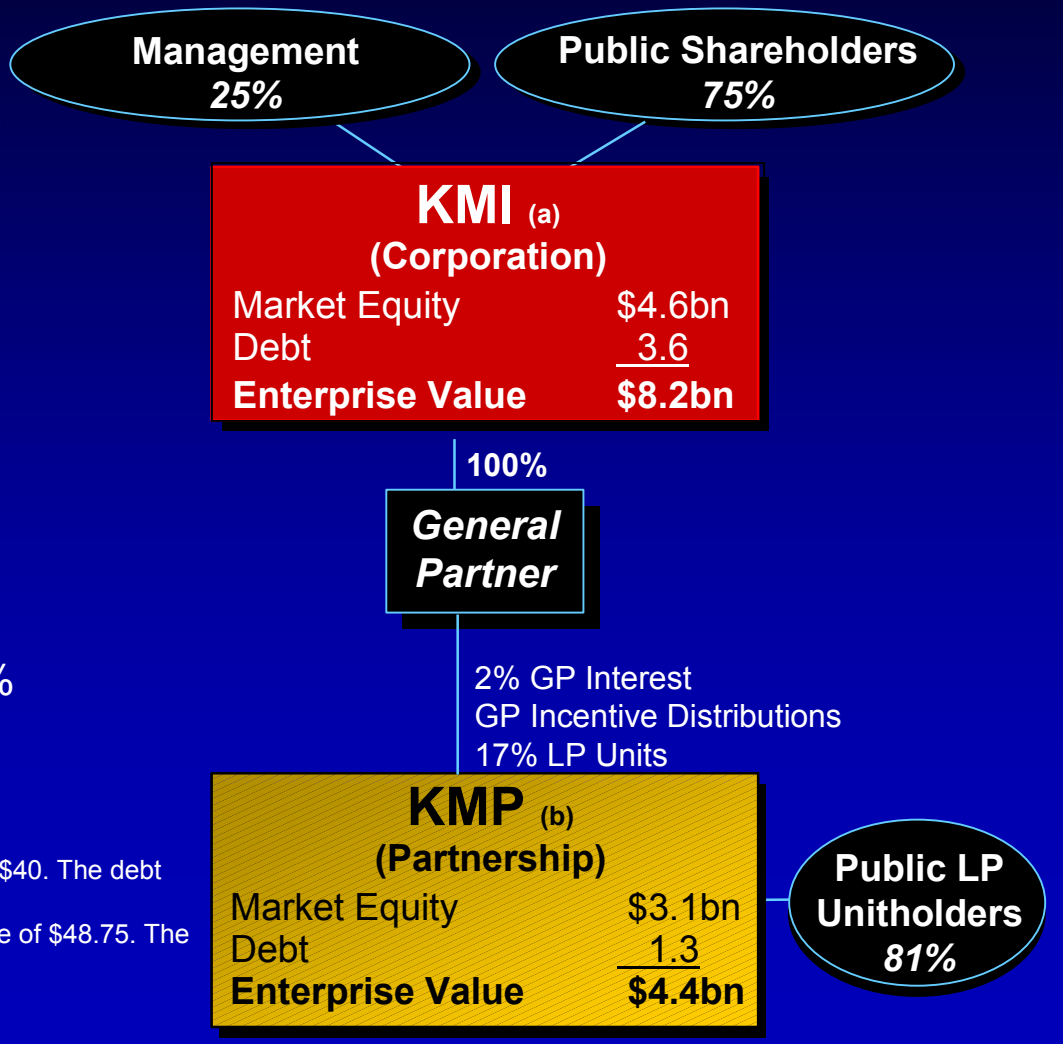
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I. Overview

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Unique Financial Structure

- **Rich Kinder and Bill Morgan have largest equity stake in energy industry**
  - $1/yr in salary
  - no bonus, no options
- **KMI targets 20-30% EPS Growth**
  - half internal growth
  - half from acquisitions at KMP
- **KMP generates growth and income**
  - approximately 7% tax deferred yield
  - increased per unit distributions at over 30% CAGR (c)



(a) Market equity and enterprise values assume 116M shares o/s and a price of $40. The debt balance is as of 6/30 per form 10Q
(b) Market equity and enterprise values assume 64.2M shares o/s and a unit price of $48.75. The debt balance is as of 6/30 per form 10Q
(c) Calculated since 2/97 when current management assumed control

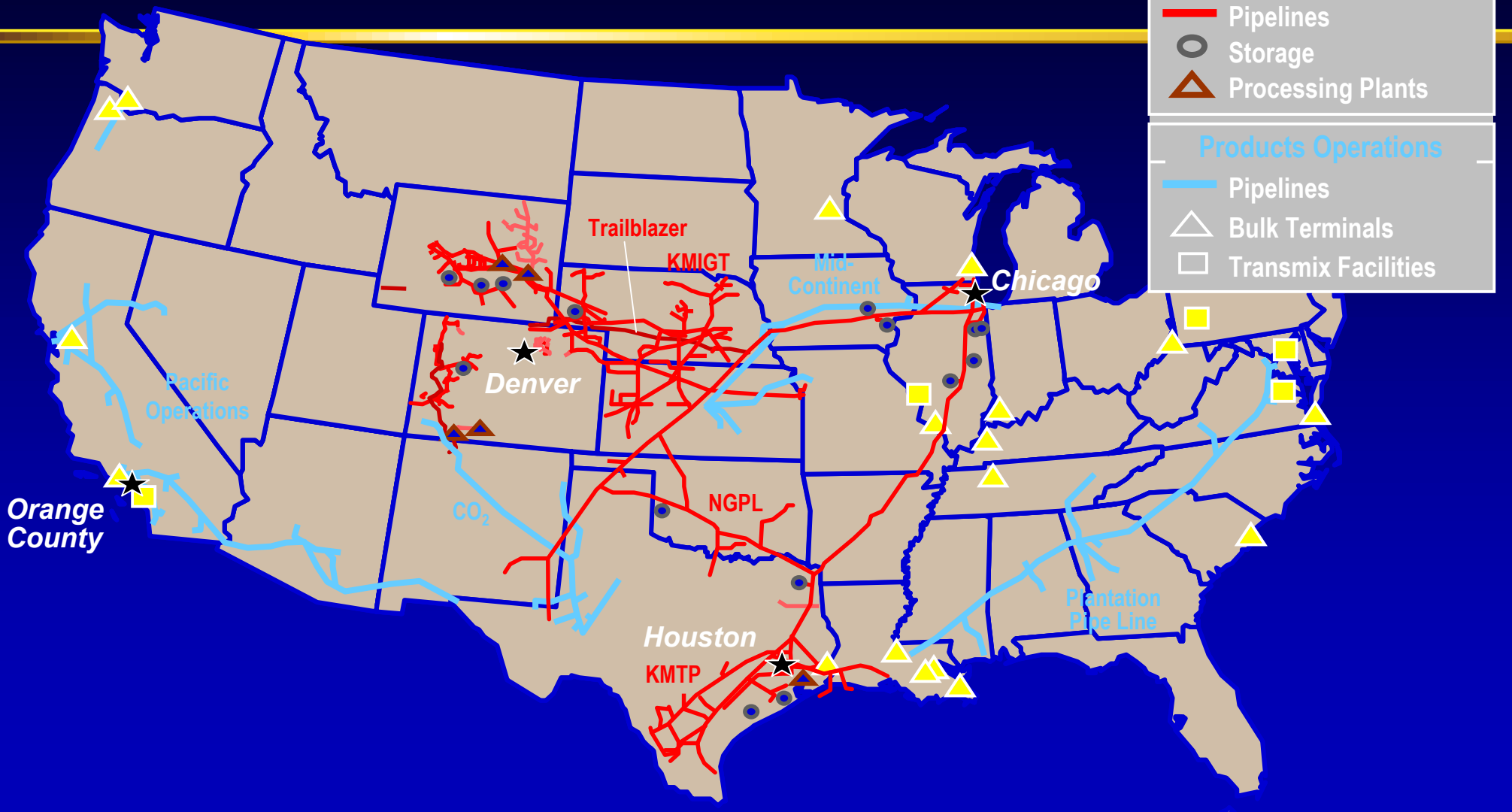
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II. System Map

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System Map



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III. How KMP's Growth Affects KMI

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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 (a) *

	LP Distribution/Unit	LP%	GP%	LP Share	GP Share
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	103.3	103.3
Total Distribution to Partners @ $3.40 / Unit				$229.6	$117.5
Percent of Total				66%	34%

A $0.10 Increase in KMP's Distribution Per Unit Produces $8.2mm of Pre Tax Cash Flow for KMI (a)

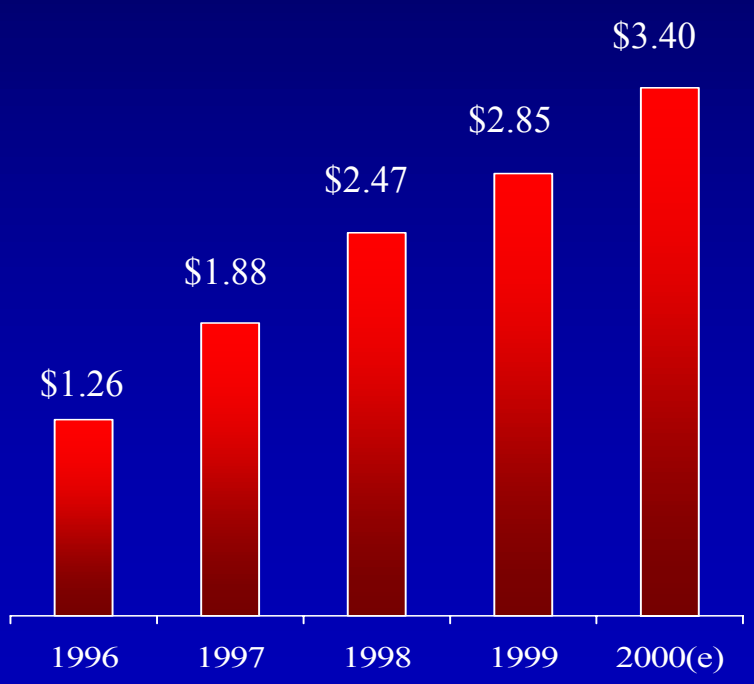
(a) Based on $3.40 annual LP distribution per unit. Assumes completion of the previously announced transfer of approximately $300M of assets from KMI to KMP in 4Q 2000, after which KMI will own 14M units of a total of 67.5M - transfer expected to take place in 4Q 2000

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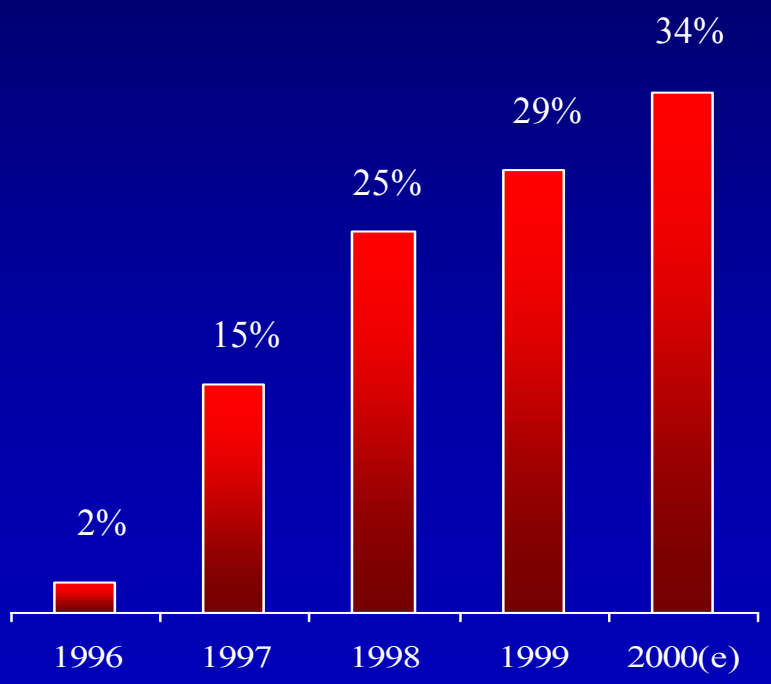
How KMP Impacts KMI

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)



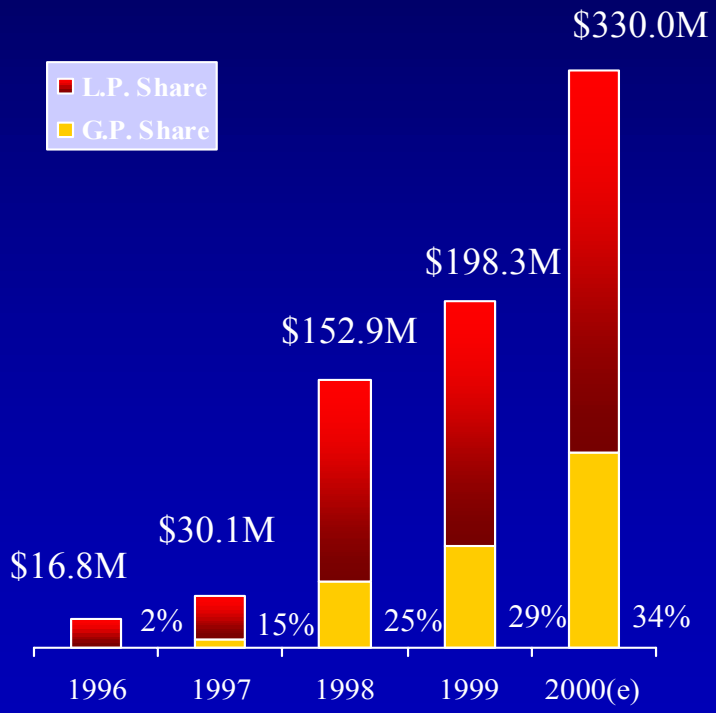
(a) Includes only the 2% GP Interest - does not include L.P. units owned by the G.P. (KMI)

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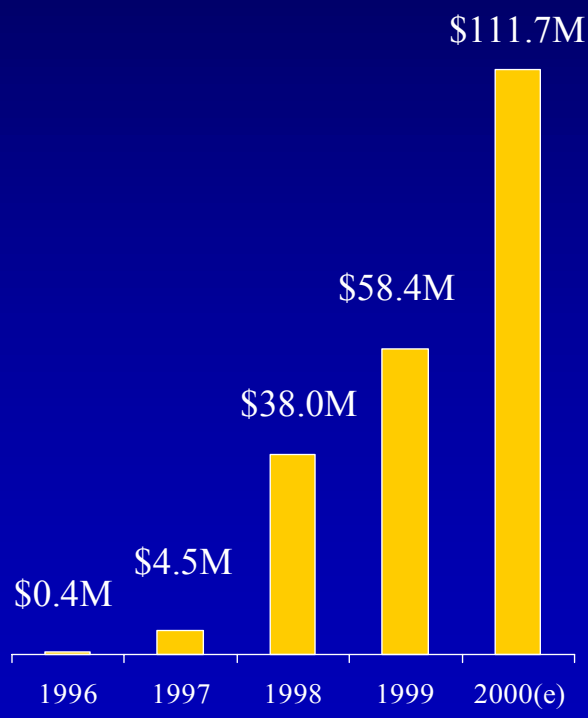
How KMP Impacts KMI

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 Flow



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



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

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IV. KMP - Overview & Strategy

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Kinder Morgan Energy Partners

Segment Overview

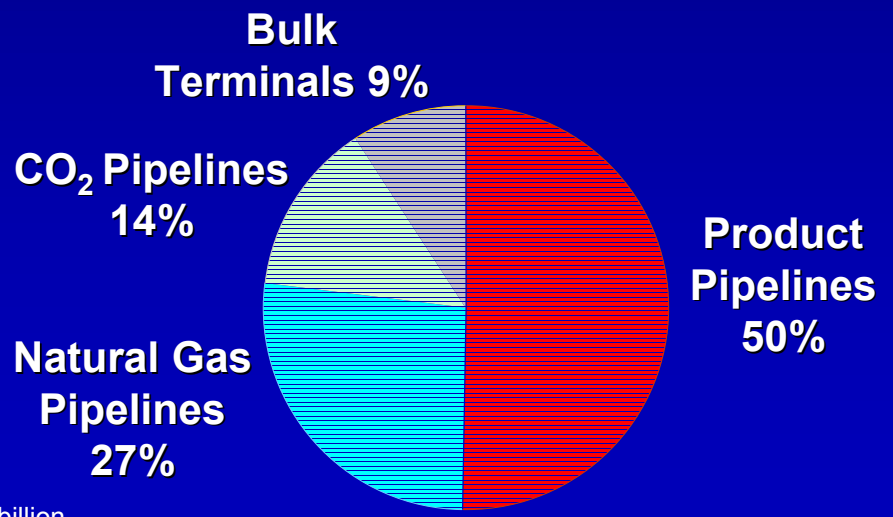
Market Position (a)

- Largest pipeline MLP
- Largest independent refined products pipeline system

Financial Profile (b)

- Market Cap: $3.1bn
- Enterprise Value: $4.4bn
- Cash Distribution: $3.40
- Distribution Yield: 7.0%

Segment Earnings for the First 9 Months of 2000



(a) Based on an enterprise value of approximately $4.4 billion
(b) Based on $48.75 unit price and 64.2M units o/s

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Product Pipelines
KMP Segment Profile

- **8,100 mile multiple product and JV pipeline systems**
- **Predominant market share in West, transporting bulk of refined products used in CA, AZ and NV**
- **Rapid population growth driving consumption of refined petroleum products in Western and Southeast region of U.S.**
  - 9 mos YTD - Pacific over 4% volume growth
  - 9 mos YTD - Plantation over 2% volume growth
- **Refinery hub to population center strategy**
- **Favorable regulatory environment**



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Natural Gas Pipelines
KMP Segment Profile

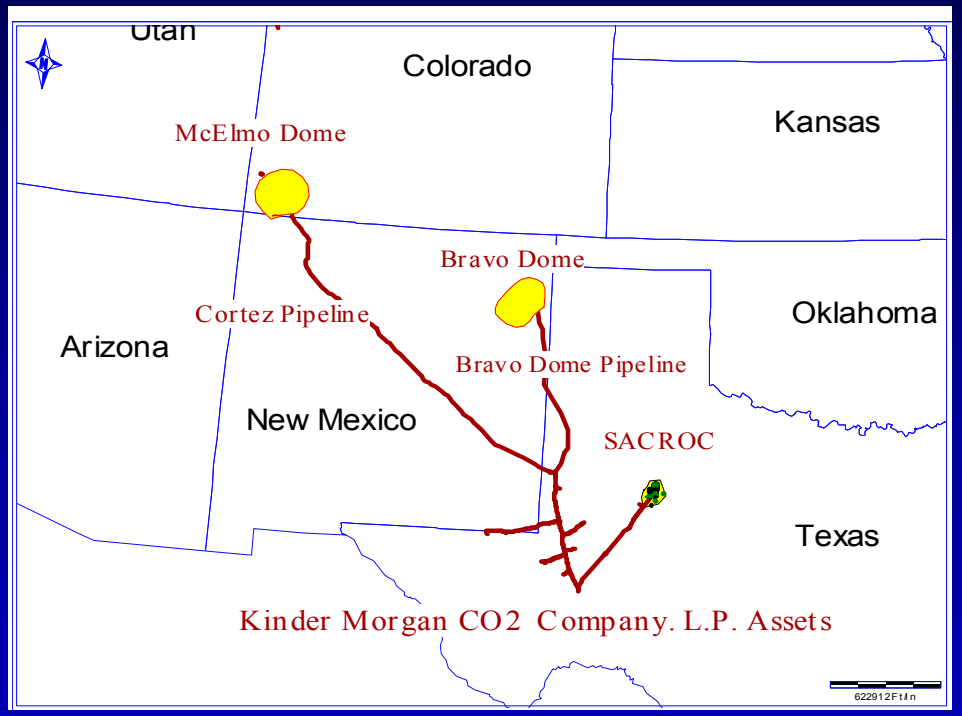
- **KMIGT (formerly KN Interstate)**
  - Transports gas from Rockies and mid-continent to end users
  - Pony Express connects to Kansas City and pipes moving east
- **Red Cedar**
  - 650mmcf/day gathering in North San Juan basin
  - 49% partner with Southern Utes
- **Trailblazer**
  - KMP owns 67%; Enron owns 33%
  - Moves Rockies gas east
  - Completed open season for approx. 300mmcf/day expansion



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CO_2 Pipelines
KMP Segment Profile

- **Premier integrated CO_2 transporter and marketer in North America**
- **Most revenues from long-term contracts with minimum delivery guarantees**
- **New acquisitions at under 5x cash flow**
  - Approx. $200M for remaining 80% of Shell CO2
  - Approx. $55mm for CRC pipeline / SACROC unit
- **Future growth driven by maturation of domestic oil basins**



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Bulk Terminals
KMP Segment Profile

- **25 owned or operated bulk terminals**
  - Coal
  - Petroleum Coke
  - Cement and other
- **Long-term contracts and geographic diversity lead to stable cash flows**
- **Growth from:**
  - Low sulfur western coal
  - Increased coking of heavy crude
  - Inadequate domestic cement capacity



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KMP Internal Growth Strategy

- **Enhance utilization of existing assets to capture upside of fixed cost economics**
  - Southern California expansions
  - Plantation mainline expansion
- **Continue to reduce costs**
  - Plantation operations
  - Enhanced productivity in field operations
- **Stay focused on midstream asset operation to reduce risk**
  - Pipelines and terminals
  - Fee-based
  - Limit exposure to commodity price risk

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KMP - Historical Growth

KMP existing operations should provide a platform for growth *

Business	Earnings Before DD&A Last 12 months	Growth Outlook
Products Pipelines	$255M (a)	7% growth for 9 months ended 9/30/00 - expect growth to continue at or above that level - fueled by population growth in the west
Natural Gas Pipelines	117M (b)	Segment composed of assets acquired 12/31/99 growth expected to be 1-3%annually
CO_2 Pipelines	95M (c)	Growth of 3-5% expected as additional CO_2 projects are developed
Bulk Terminals	46M (a)	9% growth for 9 months ended 9/30/00 - expect greater growth in 2001

Target $27-36M of annual internal growth

a) Amount refers to segment earnings before DD&A for the 9 months ended 9/30/00 + 3 months ended 12/31/99
b) Amount refers to annualized segment earnings before DD&A based on the 9 months ended 9/30/00 (segment earnings before DD&A multiplied by 1.33)
c) Amount refers to annualized segment earnings before DD&A based on the 6 months ended 9/30/00 (segment earnings before DD&A multiplied by 2)

* 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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KMP Annual Internal Growth Potential

Business Segment (Growth Driver)	Growth Potential ($mm)
Total Internal Cash Flow Growth Potential	$27 – 36
KMP / Distribution Per Unit (a)	**$0.20-$0.27**
KMI / After Tax Earnings Per Share (b)	**$0.08-$0.11**

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(a) Based on 67.5M units outstanding
(b) Assumes 14M units owned by the GP, 40% tax rate, and 116M shares outstanding

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KMP Acquisition Strategy

- **Rationalization by major oil companies**
  - FTC requirements
  - Internal restructuring
  - Other oil companies following suit
- **Liquids pipelines and terminals consolidation opportunities**
- **Bulk terminals acquisition opportunities**
- **Continued restructuring in the natural gas industry**

KMP: 16 Transactions for Approximately $3.4 Bn in Last 3.5 Years

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Acquisitions Provide Cash Accretion

Cash accretion to KMP unitholders for acquisitions based on various multiples of distributable cash flow (a)

	5.0X	6.5X	8.0X	9.5X
Purchase Price	$1,000.0M	$1,000.0M	$1,000.0M	$1,000.0M
Debt Issued @ 7.4%	$ 400.0M	$ 400.0M	$ 400.0M	$ 400.0M
Units Issued @ $48.75	12.3M	12.3M	12.3M	12.3M
Pretax Cash Flow	**$ 200.0M**	**$ 153.8M**	**$ 125.0M**	**$ 105.3M**
Less:				
Interest	($ 29.6)M	($ 29.6)M	($ 29.6)M	($ 29.6)M
$3.40 Dist on New Units	($ 41.8)M	($ 41.8)M	($ 41.8)M	($ 41.8)M
GP Dist on New Units	($ 21.4)M	($ 21.4)M	($ 21.4)M	($ 21.4)M
Excess Cash Flow	$ 107.2M	$ 61.0M	$ 32.2M	$ 12.5M
Less:				
GP Share of Excess	($ 53.6)M	($ 30.5)M	($ 16.1)M	($ 6.3)M
Cash Accretion	$ 53.6M	$ 30.5M	$ 16.1M	$ 6.3M
Cash Accretion / Unit	**$ 0.67**	**$ 0.38**	**$ 0.20**	**$ 0.08**

(a) Assumes acquisition financed 60% equity / 40% debt, pre-tax debt cost of 7.4%, a $3.40 annual distribution, a unit price of $48.75, and outstanding units of 79,812,000 (67,512,000 + 12,300,000 for the acquisitions)

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Acquisition Matrix

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
$1000M	$ 0.67	$ 0.38	$ 0.20	$ 0.08
$750M	$ 0.52	$ 0.30	$ 0.16	$ 0.06
$500M	$ 0.36	$ 0.21	$ 0.11	$ 0.04

Target $0.20 - 0.30

(a) Assumes acquisition financed 60% equity / 40% debt, pre-tax debt cost of 7.4%, a $3.40 annual distribution, a unit price of $48.75, and outstanding units of 79,812,000 (67,512,000 + 12,300,000 for the acquisitions)

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V. KMI - Overview & Strategy

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Kinder Morgan, Inc.
Segment Overview

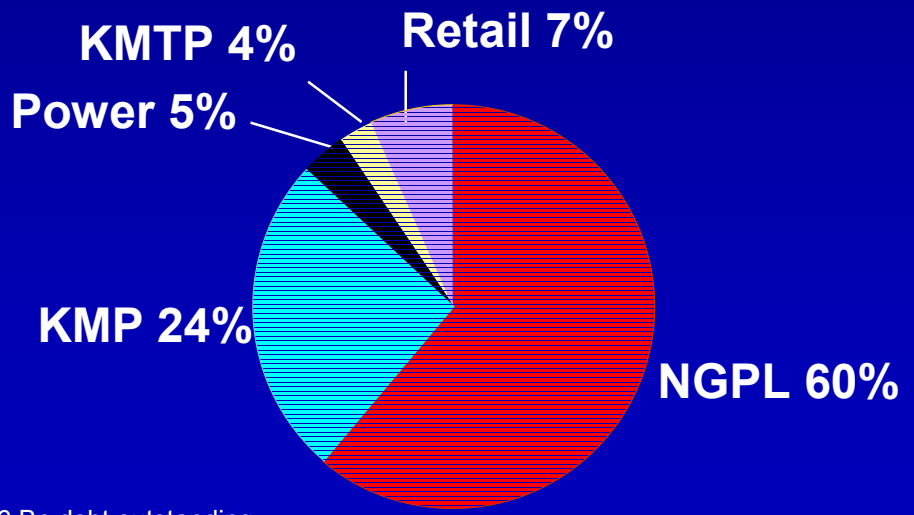
Market Position

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

Financial Profile (a)

- Market Cap: $4.6bn
- Enterprise Value: $8.2bn

Segment Earnings for the First 9 Months of 2000 (b)



(a) Based on $40.00 price per share and $3.6 Bn debt outstanding
(b) Excludes amortization of excess investment for KMP

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Natural Gas Pipeline of America

KMI Segment Profile

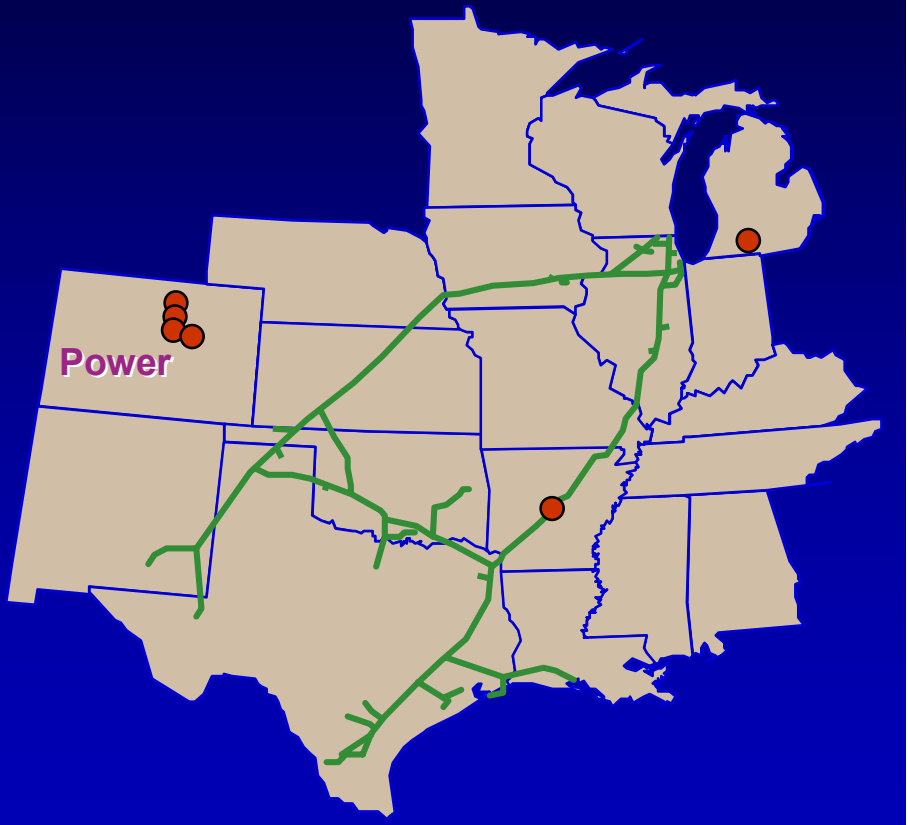
- Transport natural gas to Chicago and other Midwest markets
- Over 10,000 miles of pipe and 200 bcf of storage with peak deliverability of 5.7 bcf/day
- Recent 3-5 year contract extensions with largest LDC customers
- 3rd party construction of gas-fired power plants is expected to drive long-term growth
  - Over 3,000 MW attached in 2000
  - Expect 3,000-4,000 MW annually for '01-'03
- Hub America - Distribute Canadian gas throughout U.S. via backhaul
- Horizon Pipeline - JV with Nicor-Extension to N. Illinois
- Additional Market Area Extensions Expected



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Power
Segment Profile

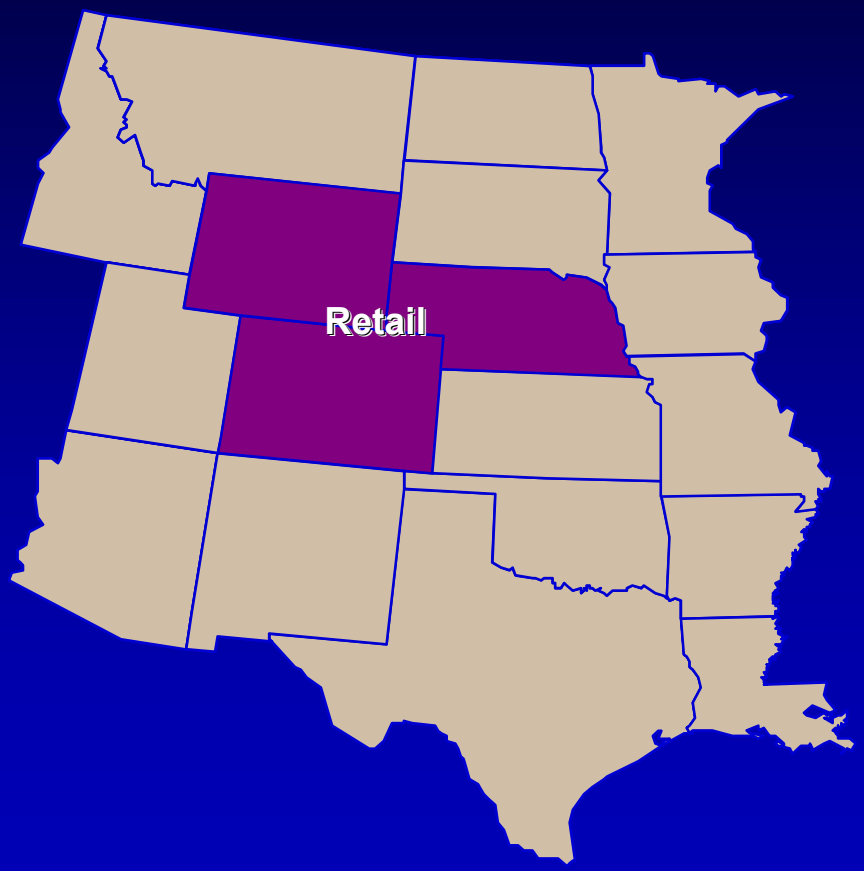
- **Plan to develop power generating plants along gas pipelines**
- **Orion configuration - Innovative plant design that can be ramped up or down quickly**
  - Little Rock, AK project with Southern Company (under construction)
  - Jackson, MI project to serve Detroit (under construction)
  - Additional sites in TX, CO, IL
- **Beneficial GE contract and impact of development fees**
- **Interests in four existing plants in Colorado**



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Retail
KMI Segment Profile

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



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Kinder Morgan Texas Pipeline

KMI Segment Profile

Expected to be contributed to KMP in 4Q 2000

- Processes, transports and sells natural gas within the Texas market
- More than 2,600 miles of pipe
- Primarily serves utilities and industrial customers in the Houston and southeast Texas area
- Provides 35% of all deliveries into Houston metropolitan area
- Positioned to benefit from tremendous growth in gas-fired generation; recenty agreed to provide Calpine 375,000 MMBtu/day for 10 years



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KMI Growth Overview

- **General Partner incentive structure will drive earnings growth in future**
  - Internal growth on KMP's pipes and terminals
  - Acquisition opportunities
- **Growth in gas-fired power generation**
  - Near-term opportunities for KMI Power earnings growth
  - Longer-term growth for NGPL

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KMI Internal Growth

KMI business segments provide growth going forward *

Business Segment	Comments
KMP Internal	KMI is expected to realize approximately 60% of KMP's internal growth ($27-$36M per Page 17)
Power & Other	Expect significant growth, primarily from development of Orion power plants
NGPL	Expect modest near-term growth as Alliance Pipeline comes online - long-term growth driven by new power generation
Retail	'01 growth of approximately 10% expected

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KMI Benefits from KMP Acquisitions

KMP Acquisition Economics *

	8.0X
Purchase Price	$1,000.0M
Debt Issued @ 7.4%	$ 400.0M
Units Issued @ $48.75	12.3M
Pretax Cash Flow	**$ 125.0M**
Less:	
Interest	($ 29.6)M
$3.40 Dist. on New Units	($ 41.8)M
GP Dist. on New Units	($ 21.4)M
Excess Cash Flow	$ 32.2M
Less:	
GP Share of Excess	($ 16.1)M
Cash Accretion	$ 16.1M
Cash Accretion / Unit	**$ 0.20**

KMI Impact*

GP Dist. on New Units	$ 21.4M
GP Share of Excess	$ 16.1M
GP Accretion on Units Owned (a)	$ 2.8M
Less:	
Cost of Capital on 2% Contribution	($ 1.0M)
Pre Tax Earnings Benefit	$ 39.3M
Tax @ 40%	($ 15.7M)
After tax earnings benefit	$ 23.6M
Avg Shares Outstanding - Q3	116M
Net EPS Effect / Share	**$ 0.20**

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

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KMI - Acquisition Matrix

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

Value of Acquisitions	5.0X	6.5X	8.0X	9.5X
$1000M	$ 0.43	$ 0.29	$ 0.20	$ 0.14
$750M	$ 0.33	$ 0.22	$ 0.15	$ 0.11
$500M	$ 0.22	$ 0.15	$ 0.10	$ 0.07

Target $0.20 - 0.30

(a) Assumes acquisition financed 60% equity / 40% debt, pre-tax debt cost of 7.4%, a $3.40 annual distribution, a unit price of $48.75, and outstanding units of 79,812,000 (67,512,000 + 12,300,000 for the acquisitions)

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KMI Going Forward *

- Comfortable with analyst consensus of approximately $1.25 EPS for 2000
- Now targeting higher end of previously announced 20 - 30% EPS growth for 2001

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