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Morgan Stanley
'Questions in Energy' Conference

December 15, 2005

Forward Looking Statements

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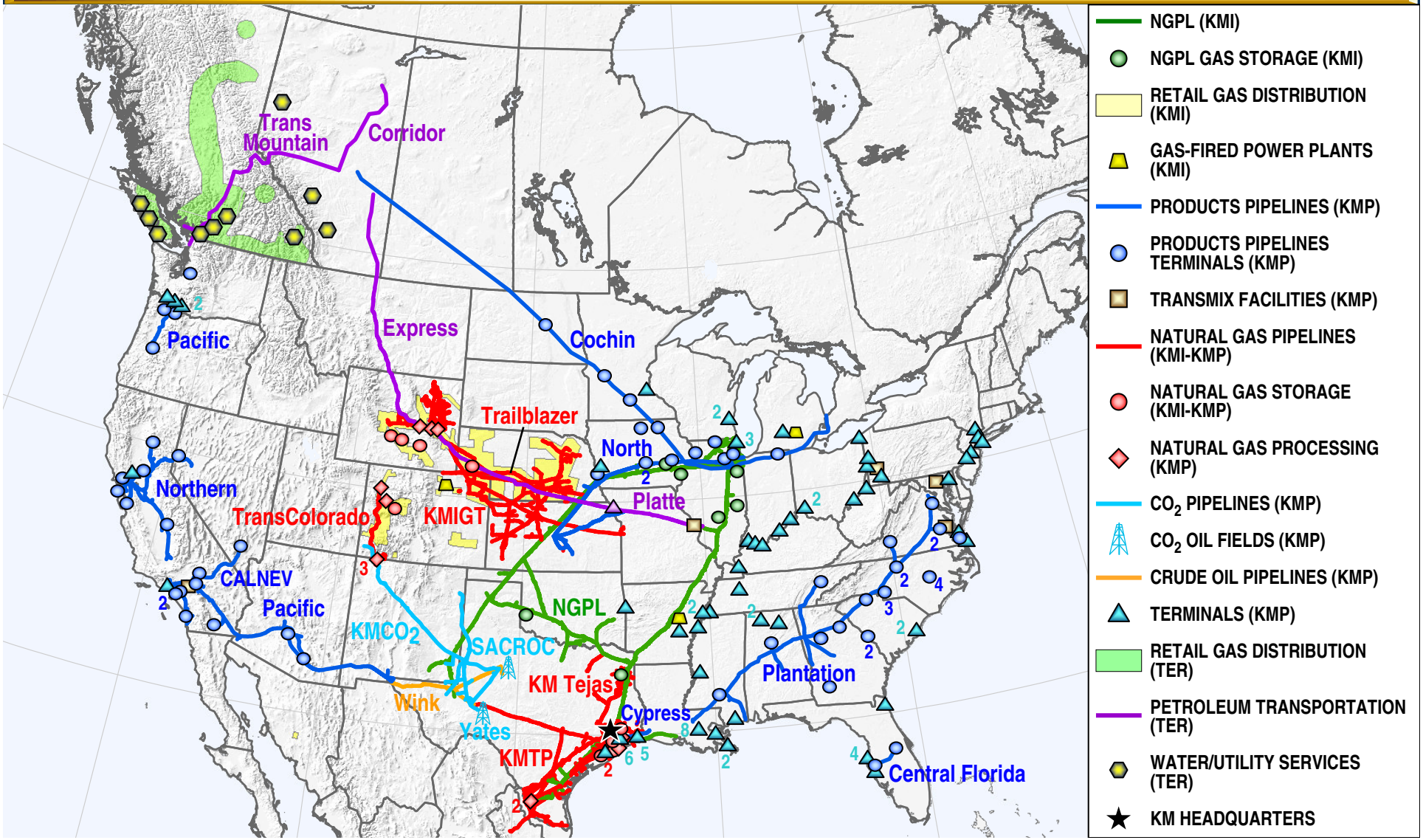
Kinder Morgan Assets



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KMI-TER Transaction Overview

- **Transaction closed on November 30, 2005**
- **$5.9 billion total purchase price** (a)
  - $3.3 billion in equity
  - $2.6 billion in assumed debt (a)
- **Equity consideration financed ~ 65% in cash and ~ 35% in stock**
  - $2.1 billion cash consideration
  - 12.5 million KMI shares

Note: All amounts in U.S. dollars unless otherwise noted.
(a) Includes approximately $108 million in preferred securities.

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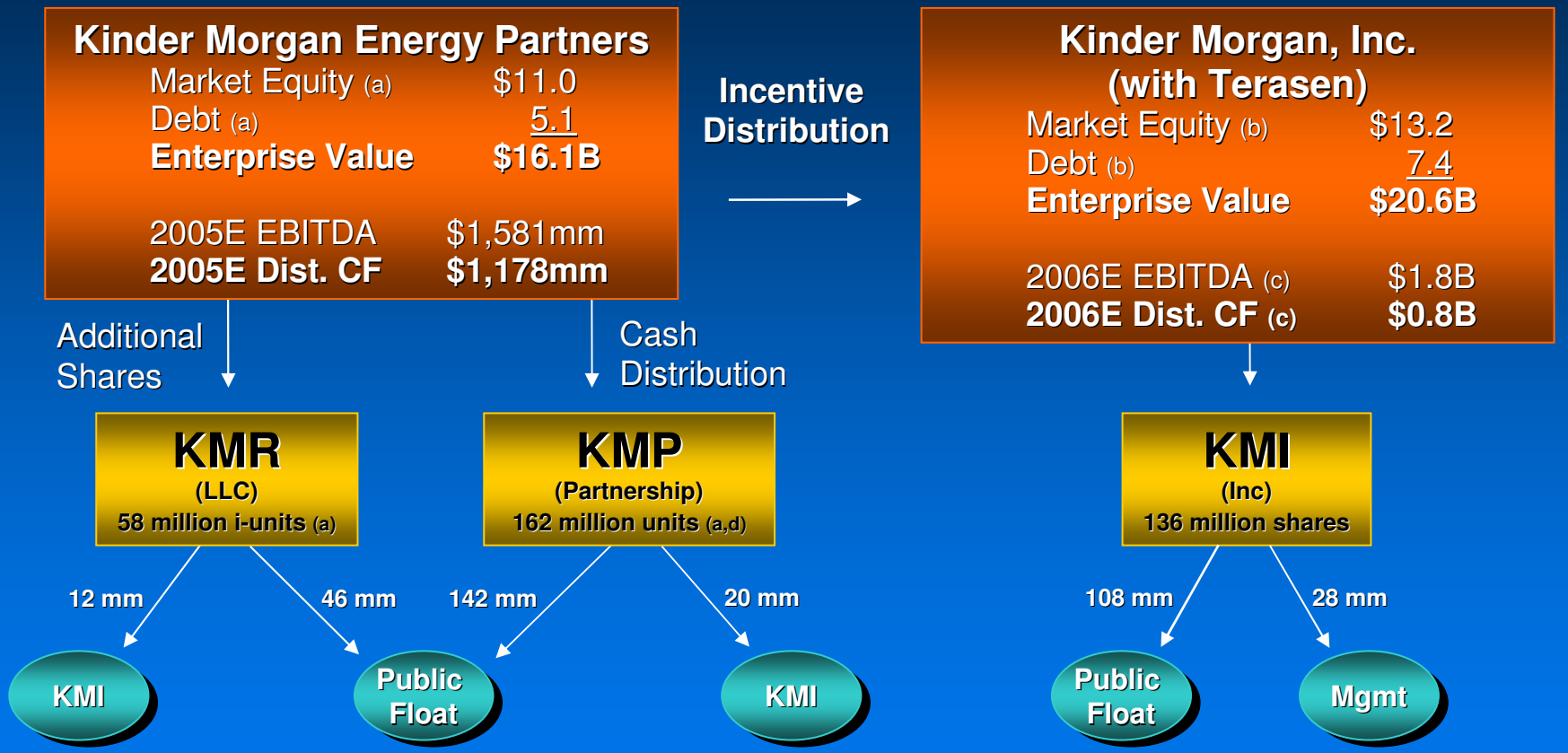
Strategic Rationale for Terasen Acquisition

- **Stable, regulated, low risk assets**
- **Solid earnings accretion**
  - ~ $5.00/share KMI pro-forma 2006E earnings
  - ~ 6-8% accretion to KMI 2006E stand alone EPS
- **Strong cash flow generation**
  - $775 million in 2006E cash flow (a)
  - $3.50/share 2006 expected dividend
    - Represents 58% increase in TER dividend, 17% increase in KMI
- **Substantial expansion opportunities from Canadian oilsands**
  - Production expected to double in next 5-7 years
  - Pipeline, Terminals and CO2
  - EPS and Dividend growth rate expected to be 10%
- **Solid Credit**
    - BBB/Baa2
    - 57% debt to total cap at close, declining thereafter

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

(a) Cash flow is defined as pre-tax income before depletion, depreciation, and amortization, less cash paid for income taxes and sustaining capital expenditures.

Kinder Morgan: Three Securities



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

(a) Adjusted for recent KMP equity offering and KMR share dividend. KMP market cap based on 162 million common units at a price of $50.34 and 58 million KMR i-units at a price of $48.91 as of December 13, 2005. Debt balance as of September 30, 2005, excludes the fair value of interest rate swaps, net of cash.

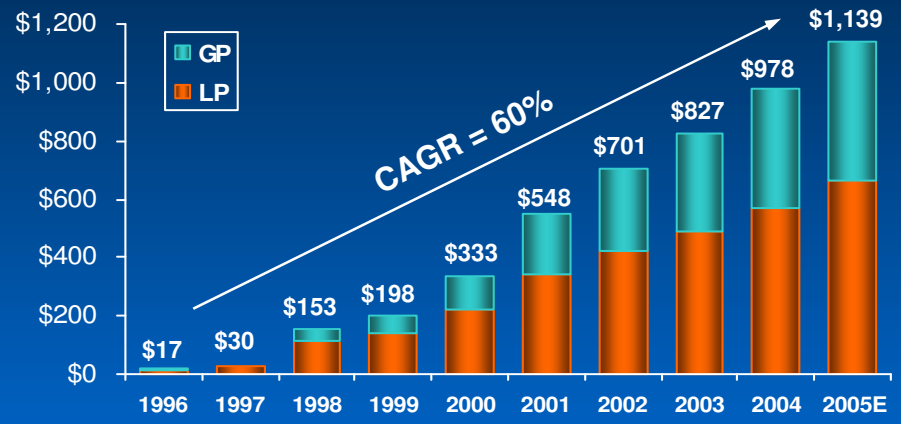
(b) KMI pro forma for the acquisition of Terasen. KMI market cap based on 136 million shares at a price of $93.88 as of December 13, 2005. Market equity also includes $391 million of preferred securities. Debt balance as of September 30, 2005, excluding fair value of interest rate swaps, preferred securities, net of cash.

(c) Based on acquisition model 2006 estimates. EBITDA excludes corporate G&A. Cash flow is defined as pre-tax income before depletion, depreciation and amortization, less cash paid for income taxes and sustaining capital expenditures.

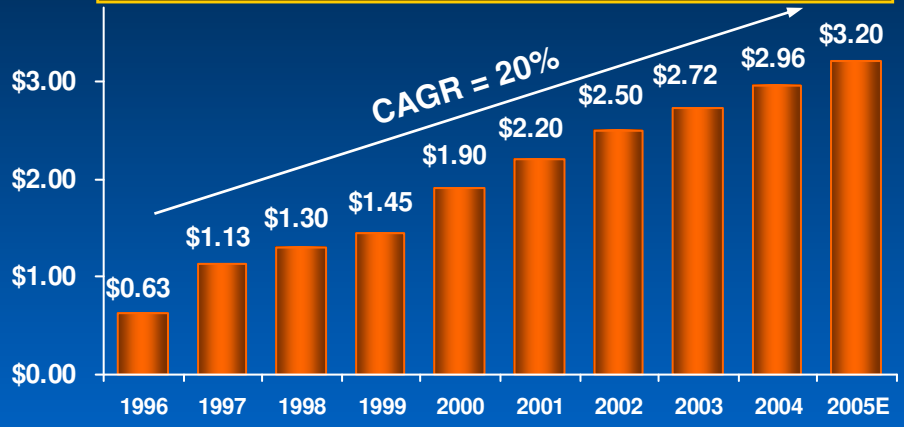
(d) Includes 5.3 million Class B units owned by KMI. Class B units are unlisted KMP common units.

Consistent Track Record

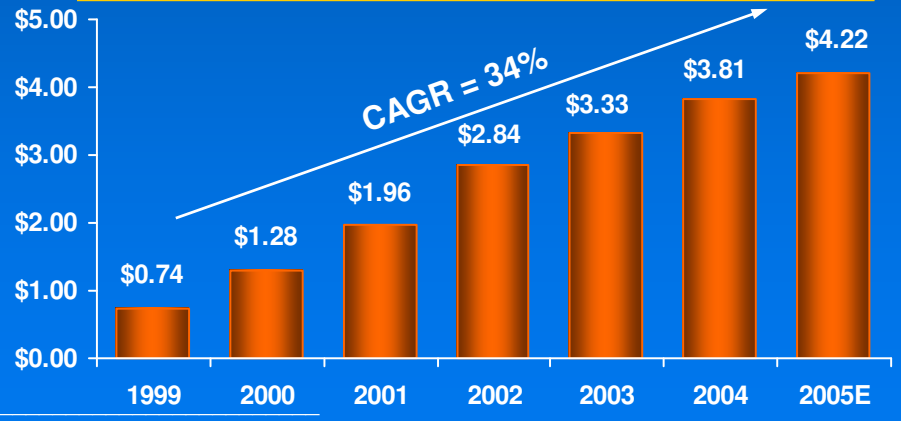
Total Distributions (GP + LP) ($mm)



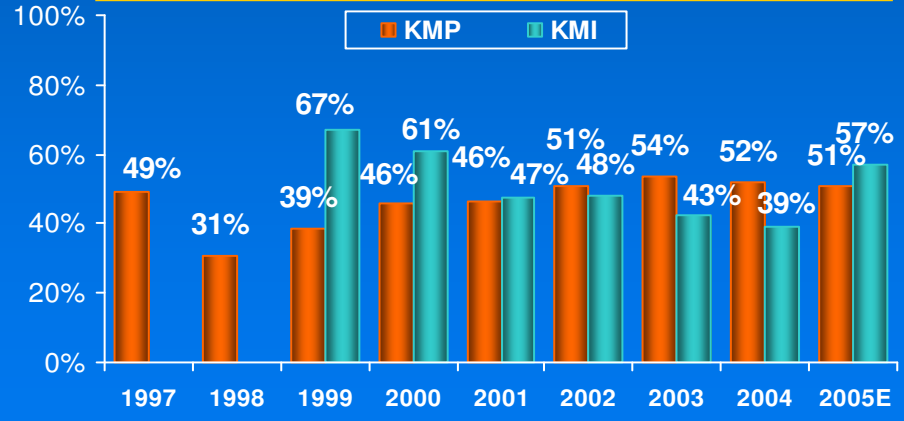
KMP Distribution / Unit (a)



KMI Earnings Per Share (b)



Debt to Total Capital (c)



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

(a) Declared 4Q distribution annualized (i.e. multiplied by four)

(b) 2005 estimated EPS for KMI reflects the original standalone budget (does not include any contribution from TER).

(c) Excludes loss/gains in Other Comprehensive Income related to hedges; KMI 2004 excludes cash on hand from TransColorado sale; KMI 2005E as of September 30, 2005 pro forma for the Terasen acquisition.

Overview

- **Vision**
  - Find tsunamis
  - Create opportunities
- **Operational Excellence**
  - Safety
  - Environmental
  - Efficiency
- **Financial Excellence**
  - Cost control
  - Disciplined capital allocation
  - Bottom line performance
  - Transparency

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The Kinder Morgan Strategy

Same Strategy Since Inception

- **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

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Management Philosophy

- Low Cost Asset Operator
- Attention to Detail
- Disciplined Capital Allocation
- Risk Management
- Transparency
- Cash is King
- Alignment of Incentives
- Business Unit Autonomy

Kinder Morgan Energy Partners (KMP and KMR)

Solid Asset Base Generates Stable Fee Income

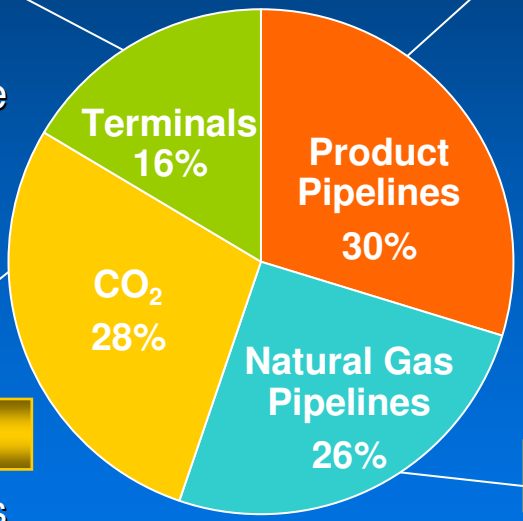
Terminals

- 55% Liquids, 45% Bulk
- Geographic and product diversity
- 3-4 year average contract life

CO_2

- 25% CO_2 transport and sales
- 75% oil production related
- Expected production hedged: 2005=100%; 2006=90%; 2007=77%

KMP
2005 DCF (a)



Products Pipelines

- Refinery hub to population center strategy
- 64% Pipelines
- 31% Associated Terminals (b)
- 5% Transmix
- No commodity price risk

Natural Gas Pipelines

- 51% Texas Intrastate
- 49% Rockies
- Little incidental commodity risk

(a) Budgeted 2005 distributable cash flow before G&A and interest
(b) Terminals are not FERC regulated except portion of CALNEV

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Long-Term Growth Drivers

Products Pipelines

- Gasoline demand tracks demographic growth
- Serve 8 of 10 fastest growing metropolitan areas
- Price escalator = PPI
- Advantage to existing assets

Natural Gas Pipelines

- US is infrastructure constrained
- LNG requires new infrastructure
- Rocky Mountain production requires new infrastructure
- Advantage to existing assets

CO_2

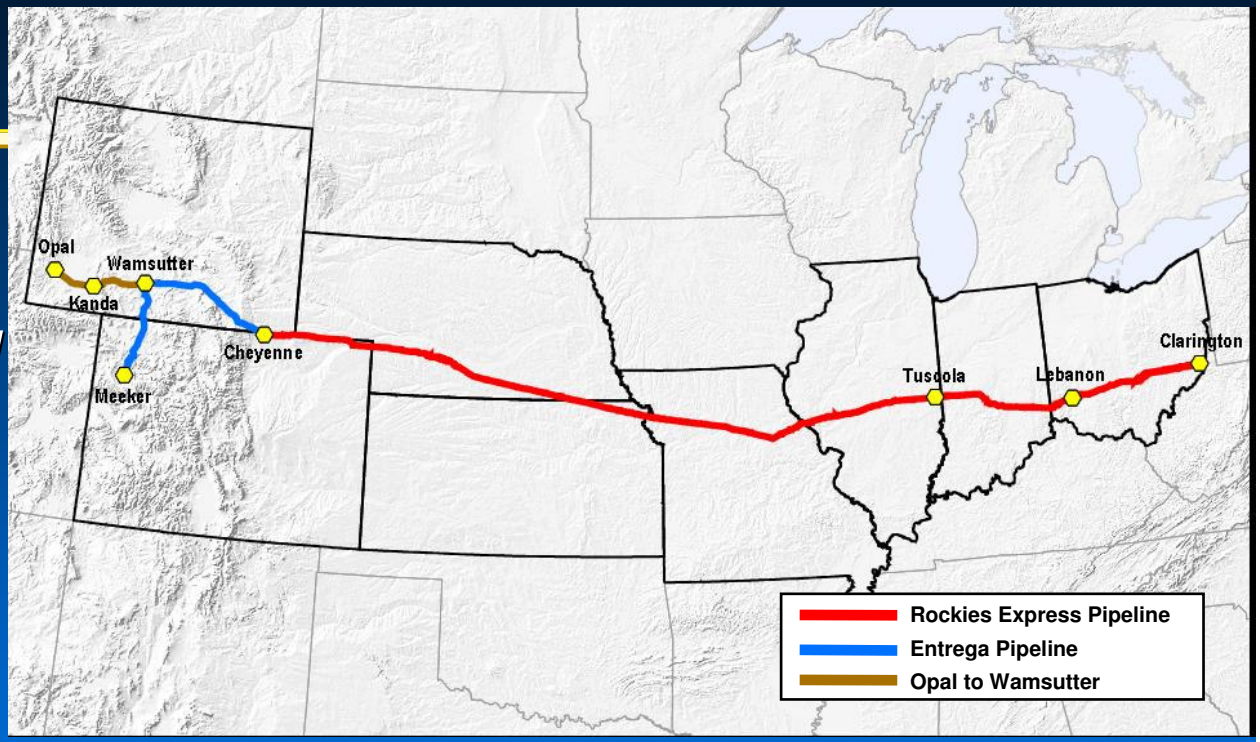
- Production at SACROC and Yates
- Additional Permian Basin Opportunities
- Opportunities in new basins
- CO_2 Expertise

Terminals

- Increasing product specifications
- Changing regulations
- Advantage to existing assets

Rockies Express

Provides a long-term solution for addressing capacity constraints out of the Rockies



- **EnCana & Entrega Support**
  - 500,000 Dth/d firm long haul commitment
- **Kinder & Sempra Joint Development**
  - Kinder 2/3 equity, Sempra 1/3 equity
  - Sempra Affiliate committing to 200,000 Dth/d of FT
- **Wyoming Natural Gas Pipeline Authority**
  - up to 200,000 Dth/d of FT
- **Overthrust Pipeline Company**
  - OPC binding MOU for up to 1,500,000 Dth/d of capacity
  - Direct link to Opal

Kinder Morgan Louisiana Pipeline LLC

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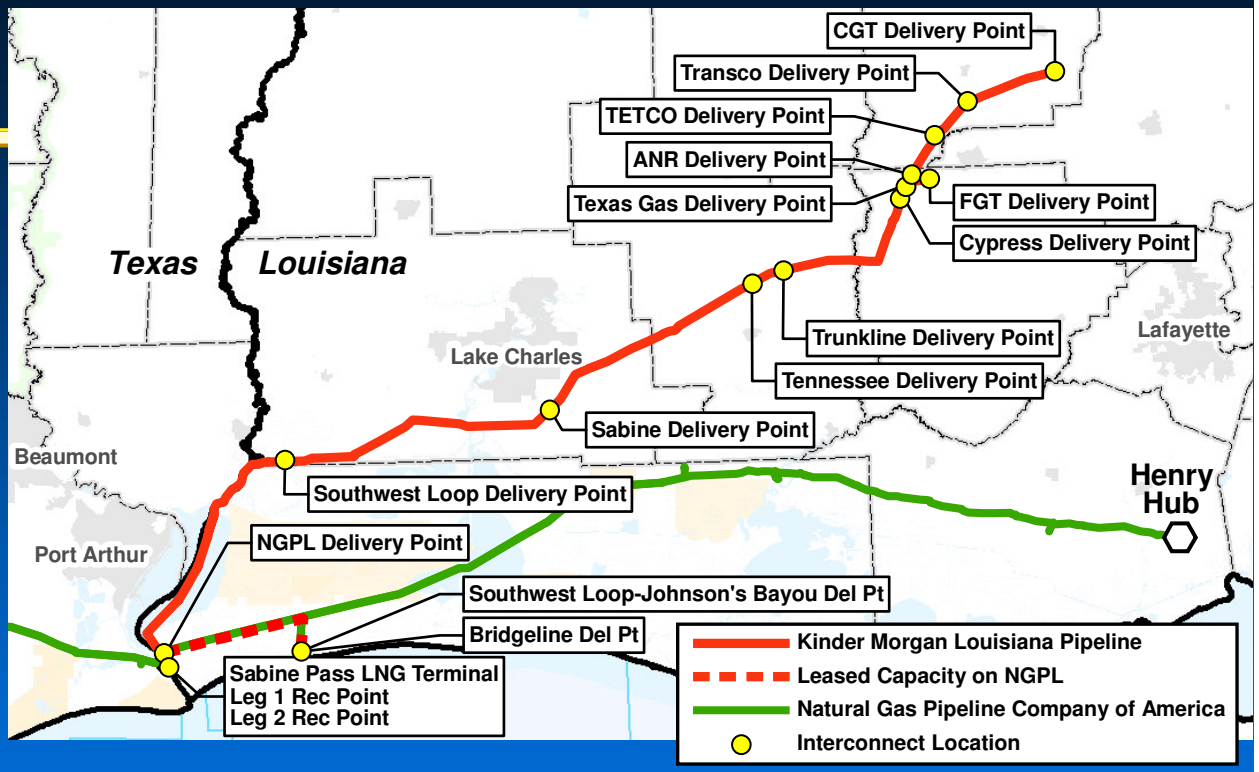
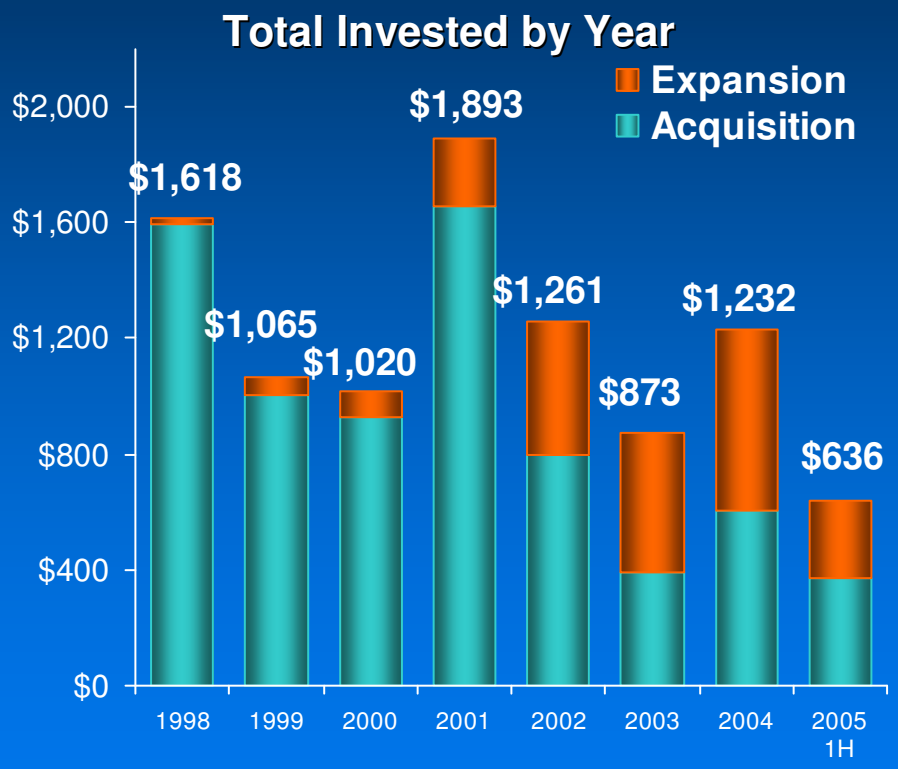
Provides key link between Sabine Pass LNG Terminal to interstate pipeline grid

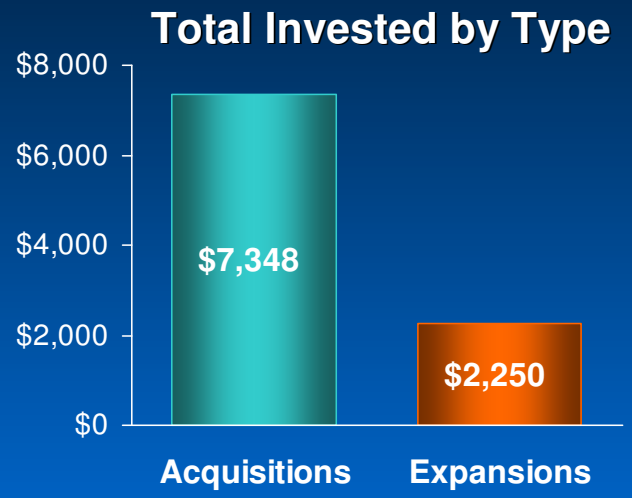


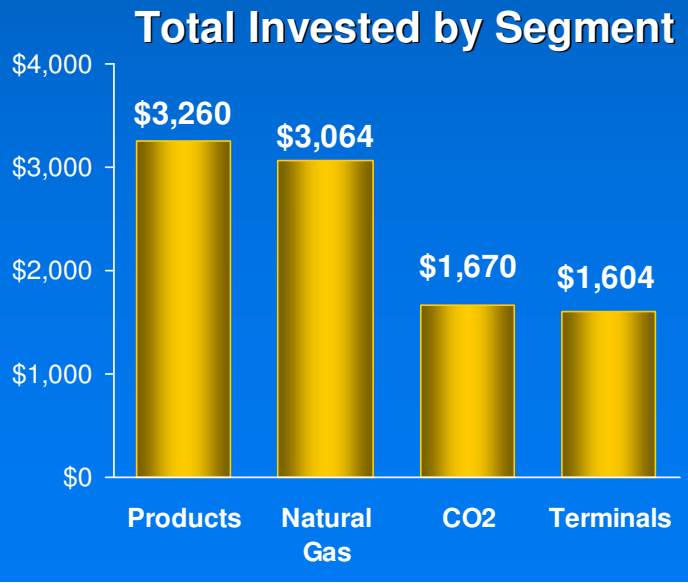
- 137 miles 42”
- 2,130,000 Dth/d
- Chevron and Total subscribed to 100% of capacity
- 20 year contracts
- In-service April 1, 2009

Over $9 Billion in Capital Invested at KMP

($ millions)







Notes:
All amounts in U.S. dollars unless otherwise noted.
Investment is defined as Gross PP&E plus Investments and Intangibles, less cumulative sustaining capex, minority interest (KMI), deferred taxes and assumed liabilities

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Leads to Attractive Return on Capital

Return on Investment:	2000	2001	2002	2003	2004
Products Pipelines	11.9%	11.8%	12.8%	12.9%	12.6%
Natural Gas Pipelines	13.3	15.5	12.9	13.5	14.0
CO_2	27.5	24.6	22.0	21.9	23.8
Terminals	19.1	18.2	17.7	18.4	18.0
KMP Return on Investment (a)	12.3%	12.7%	12.6%	13.1%	13.7%
KMP Return on Equity	17.4%	19.0%	21.9%	23.2%	25.2%

(a) G&A is deducted in calculating KMP's return on investment, but is not allocated to the segments and therefore not deducted in calculating the segment information. See Appendix from the 2005 Analyst Conference presentation, available at www.kindermorgan.com, for details on calculations.

KMP is Conservatively Capitalized

($ millions)

Credit Summary

Long-term Debt Rating	Baa1/BBB+
2005 Budget Estimates	
Debt / EBITDA (a)	3.0x
EBITDA / Interest Exp.	6.3x
Net Debt / Total Cap (a)	51%

CP Capacity (b)

Total Revolver	$1,600
Outstanding CP	539
Letters of Credit	667
Excess Capacity	$394

Long-term Debt Maturities

2005 (c)	---
2006	$5
2007	$255
2008	$5
2009	$250

Note: All amounts in U.S. dollars unless otherwise noted.
(a) Debt is net of cash and fair value of interest rate swaps. Capital excludes loss/gain from other comprehensive income.
(b) At September 30, 2005.
(c) Remaining in 2005.

Kinder Morgan, Inc. (KMI)

Solid Asset Base Generates Stable Fee Income

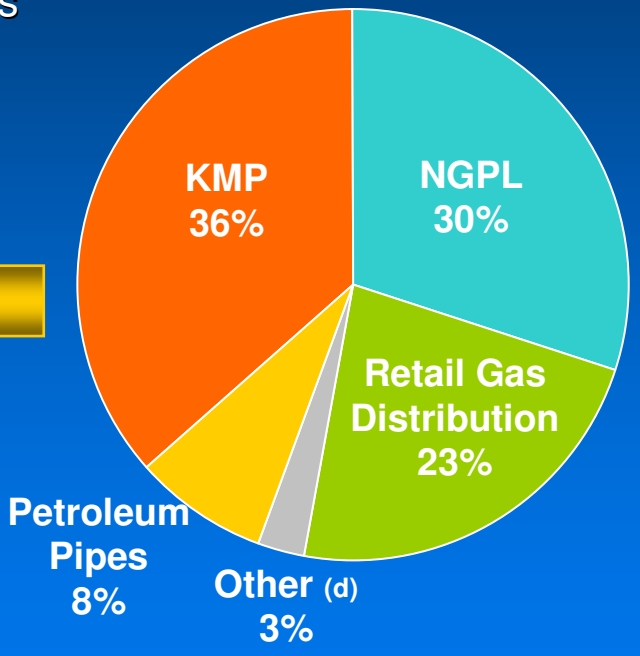
Investment in KMP (b)

- General partner interest earns incentive distributions
- Owns 15% of total limited partner units

Petroleum Pipelines (c)

- Three major systems connected to Canadian oilsands
- Existing capacity substantially committed under long-term contracts

KMI Pro Forma Business Profile (a)



NGPL

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

Retail

- Natural gas distribution service
- Serve 875,000 customers in British Columbia
- Serve 240,000 customers in Colorado, Wyoming and Nebraska

(a) Based on acquisition model 2006 estimate for EBITDA. Excludes corporate G&A.
(b) KMP equity income net of KMR minority interest. Includes: (i) general partner interest, (ii) earnings from 20 million KMP units and (iii) earnings from 12 million KMR shares.
(c) Petroleum pipelines includes equity income from Express pipeline.
(d) Other includes Power and Water/Utility Services.

KMI Pro Forma for Terasen Merger

($ millions)

Credit Summary

Long-term Debt Rating	Baa2/BBB
2005 Pro Forma Acquisition	
Debt / EBITDA (a,f)	4.3x
EBITDA / Interest Exp. (a)	4.5x
Net Debt / Total Cap (b)	57%

CP Capacity (c)

Total Bank Credit	$1,990
Outstanding CP	909 (d)
TGVI Drawn	180
Letters of Credit	151
Excess Capacity	$750

Long-term Debt Maturities (c)

2005 (e)	---
2006	$346
2007	$220
2008	$639
2009	$85

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

(a) Please refer to 8K/A Pro Forma filed December 5, 2005 for assumptions.

(b) September 30, 2005 pro forma at close of Terasen acquisition. Debt is net of cash and excludes preferred securities and fair value of interest rate swaps. **Capital** excludes loss/gain from other comprehensive income.

(c) At September 30, 2005, includes Terasen.

(d) Subsequent to Sep-30, approximately $126 million (C$150 million) of Terasen Gas CP was refinanced as long-term debt.

(e) Remaining in 2005.

(f) Annualized 9-month EBITDA assuming 4th quarter results would approximate 30% of overall full-year results.

Targeted KMI Internal Growth

Three Assumptions:

1.	Investment in KMP	15% growth results from 8% LP distribution growth
2.	NGPL, Retail, and KM Canada	3 - 5% segment earnings growth
3.	Kinder Morgan Canada Expansion Projects	Redeploy free cash flow into fee-based pipeline expansions

Consistent with 10% long-term earnings growth

4.	Use of Free Cash Flow	$3.00/share current dividend

Approximately 3.2% current yield

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

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KM Canada Growth Opportunities

- **Trans Mountain Expansions:**

  Phase I: Additional compression
  - Estimated cost: C$210mm
  - Incremental capacity: 35 MBbl/d
  - In-service: late-2006
  - Status: in discussion with shippers for expedited approval

  Phase II: Loop existing pipeline
  - Estimated cost: C$365mm
  - Incremental capacity: 40 MBbl/d
  - In-service: 2008
  - Status: ongoing discussions with shippers

  Potential competition from Enbridge's proposed Gateway project



- **Corridor expansion:**

  loop existing pipeline
  - Estimated cost: C$800mm
  - Incremental capacity: 400 MBbl/d
  - In-service: 2009

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Tremendous Historical Incremental Returns

Return on Investment:	2000	2001	2002	2003	2004
Investment in KMP	11.2%	16.9%	21.4%	25.0%	29.6%
NGPL	11.4	11.1	10.9	11.4	12.1
Retail	13.0	11.7	15.0	14.5	13.1
Power	14.3	20.2	9.7	5.6	4.7
KMI Return on Investment (a,b)	**10.5%**	**11.7%**	**12.4%**	**13.3%**	**14.8%**
KMI Return on Equity	**16.6%**	**19.0%**	**18.5%**	**21.3%**	**23.2%**

(a) G&A is deducted in calculating KMI's return on investment, but is not allocated to the segments and therefore not deducted in calculating the segment information. See Appendix from the 2005 Analyst Conference presentation, available at www.kindermorgan.com, for details on calculations.

(b) Totals include all assets owned in given year, even if subsequently divested.

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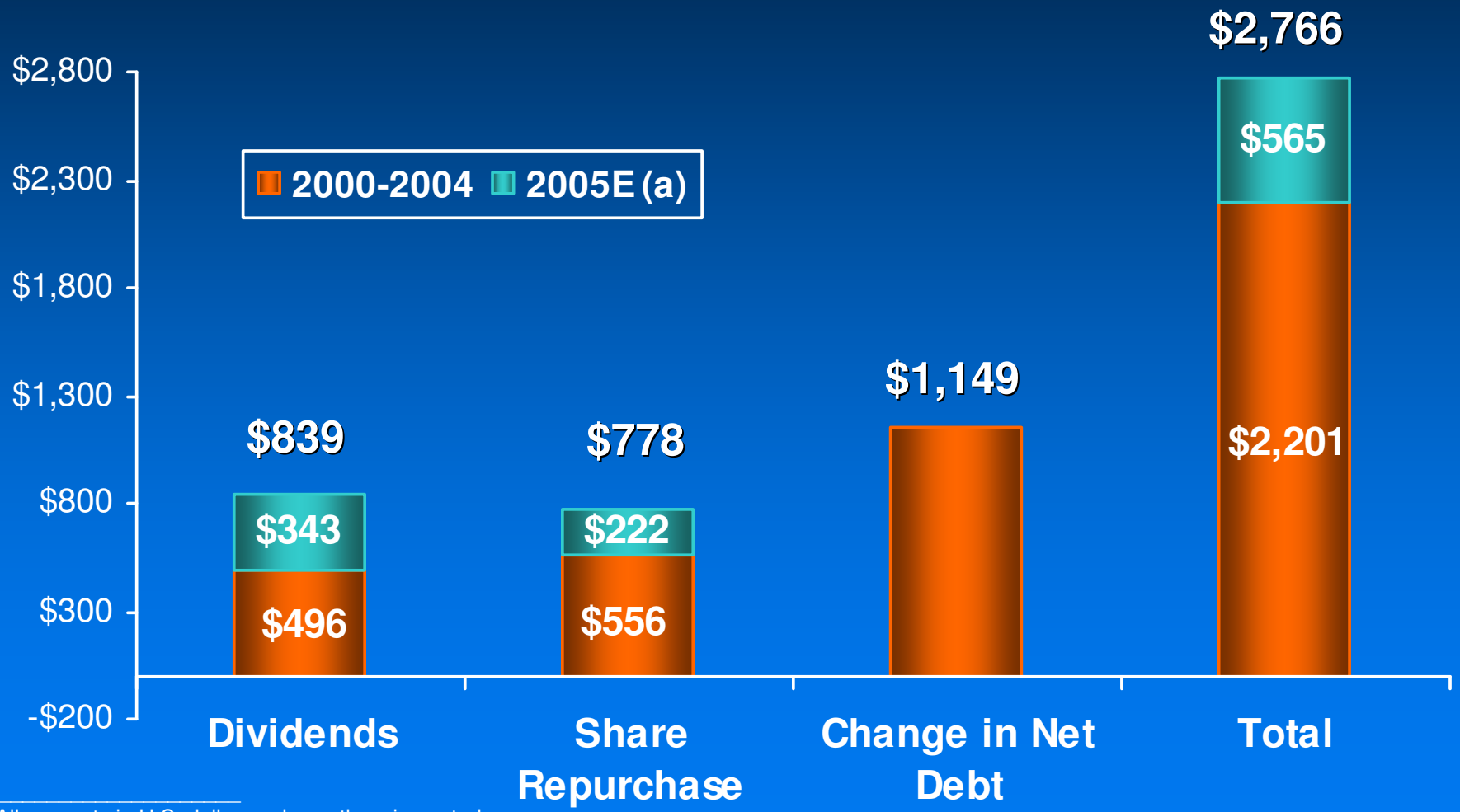
Over $2.7 billion returned to investors 2000-2005E



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

(a) 2005 estimates for KMI reflect the original standalone budget. Does not include any contribution from Terasen. Includes $118 million in share repurchase from TransColorado sale.

Risks

- **Regulatory**
  - Pacific Products Pipeline FERC/CPUC case
  - Periodic rate reviews
  - Unexpected FERC, NEB, BCUC policy changes
- **Environmental**
- **Terrorism**
- **Interest Rates**
  - 50% of debt is floating rate
  - Budget assumes approximately 100-bp increase in floating rates over the year
  - The full-year impact of a 100-bp increase in rates equates to an approximate $27 million increase in expense at KMP and $30 million at KMI

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

Summary

- **Stable Cash Flow**
  - Own assets core to energy infrastructure
- **Internal Growth Opportunities**
  - Critical Mass
  - Well-located assets/favorable demographics
- **Fixed Cost Business**
  - Drop growth to bottom line
- **Unique Structure**
  - Tax Efficient
  - Incentive Fee
- **Management Philosophy**
  - Low-Cost Operator
  - Focused on cash
  - Disciplined Investment

KMP/KMR:
6-7% Yield
and
8%
Long-Term
Growth

KMI:
3.2% Yield
and
10%
Long-Term
Growth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