KINDER MORGAN

Financial Review
Park Shaper

Agenda

- Cash Flow
- 2003 Budget
- Balance Sheet
- Customer Credit
- Summary

KINDER MORGAN

KMP Distributable Cash Per Unit

	2001	2002	2003E	Growth Rate 02-03
Net Income	$442,343	$608,377	$681,129	
DD&A	151,088	177,616	216,203	
Sustaining Capex	(56,122)	(76,969)	(94,890)	
Total Distributable Cash Flow	537,309	709,024	802,442	13%
General Partner's Interest	(202,095)	(270,816)	(320,065)	
Distributable Cash Flow	**$335,214**	**$438,208**	**$482,377**	**10%**
Net Income - $/unit	$1.56	$1.96	$1.98	1%
DD&A - $/unit	0.98	1.03	1.18	
Sustaining capex - $/unit	(0.36)	(0.45)	(0.52)	
Distributable cashflow - $/unit	$2.18	$2.54	$2.64	4%
Total distribution - $/unit	**$2.15**	**$2.44**	**$2.63**	**8%**

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KMI Cash Per Share

	2001	2002	2003E	Growth Rate 02-03
Recurring Earnings	$237,129	$351,085	$387,662	
Diluted EPS	*$1.96*	*$2.85*	*$3.18*	*12%*
Add: DD&A	105,680	106,496	114,313	
Less: Sustaining Capital	(79,000)	(86,164)	(86,968)	
Add: Book –Cash Taxes	117,798	116,052	53,602	
Free Cash Flow	$381,607	$487,469	$468,609	
Average Shares Outstanding	121,326	123,393	121,807	
Free Cash Flow Per Share	**$3.15**	**$3.95**	**$3.85**	**-3%**

KMP 2003 Budget

	2003E		2002		Change 02 – 03	% Change
Segment Earnings before DD&A						
Products Pipelines	$448,665	36.7%	$427,304	39.2%	$21,361	5.0%
Natural Gas Pipelines	364,833	29.9%	325,454	29.8%	39,379	12.1%
CO2 Pipelines	174,522	14.3%	132,196	12.1%	42,326	32.0%
Terminals	232,956	19.1%	205,615	18.9%	27,341	13.3%
Total Segment Earnings Before DD&A	1,220,976	100.0%	1,090,569	100.0%	130,407	12.0%
DD&A	(216,203)		(177,616)		(38,587)	21.7%
G&A	(129,568)		(118,857)		(10,711)	9.0%
Interest	(183,461)		(176,460)		(7,001)	4.0%
Other	-		300		(300)	-100.0%
Minority Interest	(10,615)		(9,559)		(1,056)	11.0%
Net Income	681,129		608,377		72,752	12.0%
GP Share	(320,065)		(270,816)		(49,249)	18.2%
Limited Partner's Net Income	**$361,064**		**$337,561**		**$23,503**	**7.0%**

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KMP 2003 Budget Per Unit

	2003E	2002	Change 02 – 03	% Change
Limited Partners' Net Income	$361,064	$337,561	$23,503	7.0%
Units Outstanding (avg)	182,708	172,186	10,522	6.1%
Income Per Unit	$1.98	$1.96	$0.02	0.8%
DD&A per unit	$1.18	$1.03	$0.15	14.7%
Sustaining Capex per unit	$(0.52)	$(0.45)	$(0.07)	16.2%
Distributable Cash Flow	$2.64	$2.54	$0.10	3.7%
Total Distributions	**$2.63**	**$2.44**	**$0.19**	**7.8%**

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KMI 2003 Budget

	2003		2002		Change 02 – 03	% Change
KMP	$456,291	48.9%	$392,135	45.3%	$64,156	16.4%
NGPL	376,639	40.3%	359,911	41.6%	16,728	4.6%
Transcolorado	16,008	1.7%	12,648	1.5%	3,360	26.6%
Retail	65,320	7.0%	64,056	7.4%	1,264	2.0%
Power	19,354	2.1%	36,673	4.2%	(17,319)	-47.2%
Total Segment Income	933,612	100.0%	865,423	100.0%	68,189	7.9%
Equity Income	(200)		(180)		(20)	11.1%
G&A	(68,159)		(73,496)		5,337	-7.3%
Interest	(161,058)		(161.935)		877	-0.5%
Minority Interest	(62,851)		(55,306)		(7,545)	13.6%
Other	438		6,895		(6,457)	-93.6%
Pre-tax Income	641,782		581,401		60,381	10.4%
Income Tax	(254,120)		(230,316)		(23,804)	10.3%
Net Income	$387,662		$351,085		$36,577	10.4%
Shares Outstanding (avg)	121,807		123,393		(1,586)	-1.3%
Per Unit	**$3.18**		**$2.85**		**$0.34**	**11.9%**

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Quarterly Earnings and Distributions

	Q1	Q2	Q3	Q4	Total
KMI Earnings					
2003	>25%	<25%	<25%	>25%	$3.18
2002 (a)	26%	21%	24%	29%	$2.85 (b)
KMP Earnings					
2003	~ 25%	~ 25%	~ 25%	~ 25%	$1.98
2002	24%	24%	26%	26%	$1.96

(a) Quarterly numbers were adjusted for tax rate change which occurred in 4Q.
(b) Excluding special items.

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KMP Preliminary Balance Sheet

	December 31, 2002	December 31, 2001
Cash and cash equivalents	$ 41,088	$ 62,802
Other Current Assets	597,472	505,241
Property, Plant and Equipment, net	6,244,242	5,082,612
Investments	451,374	440,518
Other Assets	1,012,175	641,493
Total Assets	$ 8,346,351	$ 6,732,666
Accounts and notes payable	$ 448,365	$ 121,088
Current portion of long-term debt	-	560,219
Other Current Liabilities	321,515	281,397
	769,880	962,704
Long-term debt	3,659,533	2,237,015
Market value of interest rate swaps	166,956	(5,441)
Other Long-term Liabilities	292,020	314,118
Minority Interest	42,033	65,236
Partners' Capital	3,415,929	3,159,034
Total Liabilities and Partners' Capital	$ 8,346,351	$ 6,732,666

KMI Preliminary Balance Sheet

	12/31/2002	12/31/2001
Cash and Cash Equivalents	$ 35,653	$ 16,134
Other Current Assets	369,413	388,614
Property, Plant and Equipment, Net	6,034,133	5,703,952
Investment in Kinder Morgan Energy Partners	3,003,390	2,806,146
Other Assets	673,208	622,983
Total Assets	$ 10,115,797	$ 9,537,829
Current Maturities of Long-term Debt	$ 501,267	$ 206,267
Notes Payable	-	423,785
Other Current Liabilities	368,532	480,203
Total Current Liabilities	869,799	1,110,255
Deferred Income taxes	2,429,821	2,427,089
Other Deferred Credits	211,255	243,008
Minority Interests in Equity of Subsidiaries	965,515	817,513
Long-term Debt:		
Outstanding	2,852,181	2,409,798
Market Value of Interest Rate Swaps	139,589	(4,831)
	2,991,770	2,404,967
Trust Preferred Securities	275,000	275,000
Common Stockholders' Equity	2,372,637	2,259,997
	2,647,637	2,534,997
Total Liabilities and Equity	$ 10,115,797	$ 9,537,829

KMP Debt Outstanding

Description	Maturity	Amount	Swapped Amount
KMP 8.00% Senior Note	3/15/2005	$200,000	$200,000
KMP 5.35% Senior Note	8/15/2007	250,000	200,000
KMP 6.30% Senior Note	2/1/2009	250,000	250,000
KMP 7.50% Senior Note	11/1/2010	250,000	
KMP 6.75% Senior Note	3/15/2011	700,000	
KMP 7.125% Senior Note	3/15/2012	450,000	200,000
KMP 7.40% Senior Note	3/15/2031	300,000	300,000
KMP 7.75% Senior Note	3/15/2032	300,000	200,000
KMP 7.30% Senior Note	8/15/2033	500,000	400,000
Total Senior Notes		$3,200,000	$1,750,000

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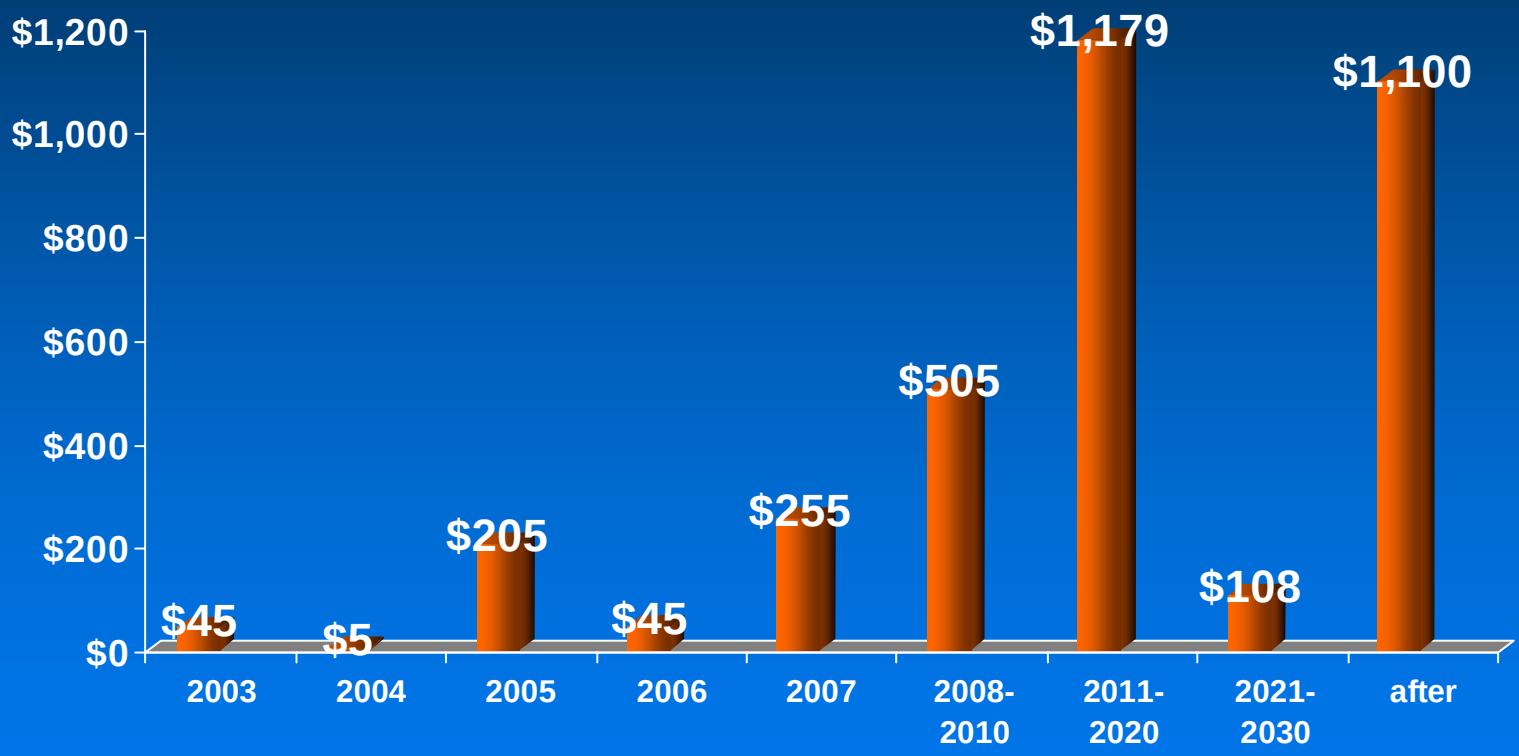
KMP Debt Outstanding (Con't.)

Description	Maturity	Amount	Swapped Amount
Promissory Note Southern Ute Indian Tribe	9/1/2003	$2,842	
SFPP 10.70% 1st Mtg Rev Bond	12/15/2003	37,052	
IMT Floating Rate Note	3/15/2006	40,000	
Cora Hamilton 6.00% Note	4/21/2006	266	
Central FL 7.84% Senior Notes	7/23/2008	30,000	
SFPP McRae Note 7.00%	8/6/2017	92	
Perth Amboy Floating Rate Note	1/15/2018	25,000	
Tax Exempt Revenue Bond	4/26/2024	23,700	
Industrial Revenue Bonds	Various	87,930	
KMBT RGZ 7.00%		1,547	
Subtotal		248,429	
Total Senior Notes (prior page)		3,200,000	
Total Long Term Debt		3,448,429	
Add: Commercial Paper		220,000	
Total Debt Outstanding (a)		**$3,668,429**	**$1,750,000**

(a) Difference between total debt outstanding as presented above and the 12/31/02 balance sheet is unamortized discount.

KMP Debt Maturity Schedule



- 2003 = $45 million
- Next five years = $555 million
- No year greater than $700 million ($700 million maturing in 2011)

KINDER MORGAN

KMI Debt Outstanding

Description	Maturity	Amount	Swapped Amount
KMI 6.45% Senior Note	3/1/2003	$500,000	
KMI 6.65% Senior Note	3/1/2005	500,000	500,000
KMI 6.80% Senior Note	3/1/2008	300,000	
KMI 6.50% Senior Note	9/1/2012	1,000,000	750,000
KMI 6.50% Debentures	9/1/2013	50,000	
KMI 8.75% Debentures	10/15/2024	75,000	
KMI 7.35% Debentures	8/1/2026	125,000	
KMI 6.67% Debentures	11/1/2027	150,000	
KMI 7.25% Debentures	3/1/2028	493,000	500,000
KMI 7.45% Debentures	3/1/2098	150,000	
Thermo Note Variable Rate	12/31/2006	11,083	
Total Long Term Debt		$3,354,083	$1,750,000

(a) Difference between total debt outstanding as presented above and the 12/31/02 balance sheet is unamortized discount.

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KMI Debt Maturity Schedule



- 2003 = $501 million
- Next five years = $1.0 billion total, no year greater than $501 million
- No year greater than $1.0 billion ($1.0 billion maturing in 2012)

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Balance Sheet Ratios

	2003E	2002	2001	2000	1999
KMI					
Debt to Capital	45%	48%	47%	61%	67%
Debt/EBITDA	3.4	3.8	4.1	5.3	8.1
EBITDA/Interest	5.8	5.4	3.5	2.5	1.9
KMP					
Debt to Capital	53%	51%	46%	46%	39%
Debt/EBITDA	3.6	3.7	3.5	4.0	4.0
EBITDA/Interest	6.0	5.5	4.6	4.8	5.3

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KMI Off Balance Sheet Debt and Contingent Liabilities

Asset	Ownership Interest	Debt (millions)	Our Share Contingent Liabilities (millions)	Comments
Ft. Lupton Power Plant	50%, AEP owns remainder	$133	-	Non-recourse to owners
Igasamex	21%, various other partners	$6	$1	Pro-rata guarantee
Horizon Pipeline	50%, Nicor owns remainder	$50	--	Non-recourse to owners
KMP	2% general partner	N/A	$523	Guarantee related to asset drop down – can only be called after creditors have exhausted all recourse against assets of KMP
Bushton Lease	N/A	N/A	$200	Secondarily contingent (behind Oneok) Oneok credit rating = A/Baa1

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KMP Off Balance Sheet and Contingent Liabilities

Asset	Ownership Interest	Debt (millions)	Our Share Contingent Liabilities (millions)	Comments
Cortez Pipeline	50%, Exxon and Cortez Vickers own remainder	$255	$128	Supported by T&D agreement, rated A1/P1; severally liable
Plantation Pipeline	51.17%, Exxon owns remainder	$178	$10	$10 MM jointly guaranteed by owners, rated A1/P2
Red Cedar	49%, Southern Utes own remainder	$55	$55	Jointly guaranteed
Nassau Terminal	100%	N/A	$29	Guarantee port revenue bonds

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Liquidity

	KMI	KMP
Commercial Paper capacity	775	975
Year-end CP balance	0	220
Remaining capacity	775	755
Current CP rates	1.45 – 1.55%	1.40-1.50%
03 Maturities / Other Financings		
March/December	501	45
October – 364 day credit facilities	430	530
New Shelf Registration	2,000	2,000 (a)
Spreads		
5-Yr	165	130
10-Yr	190	140
30-Yr	225	180

(a) KMR will also file $2 billion

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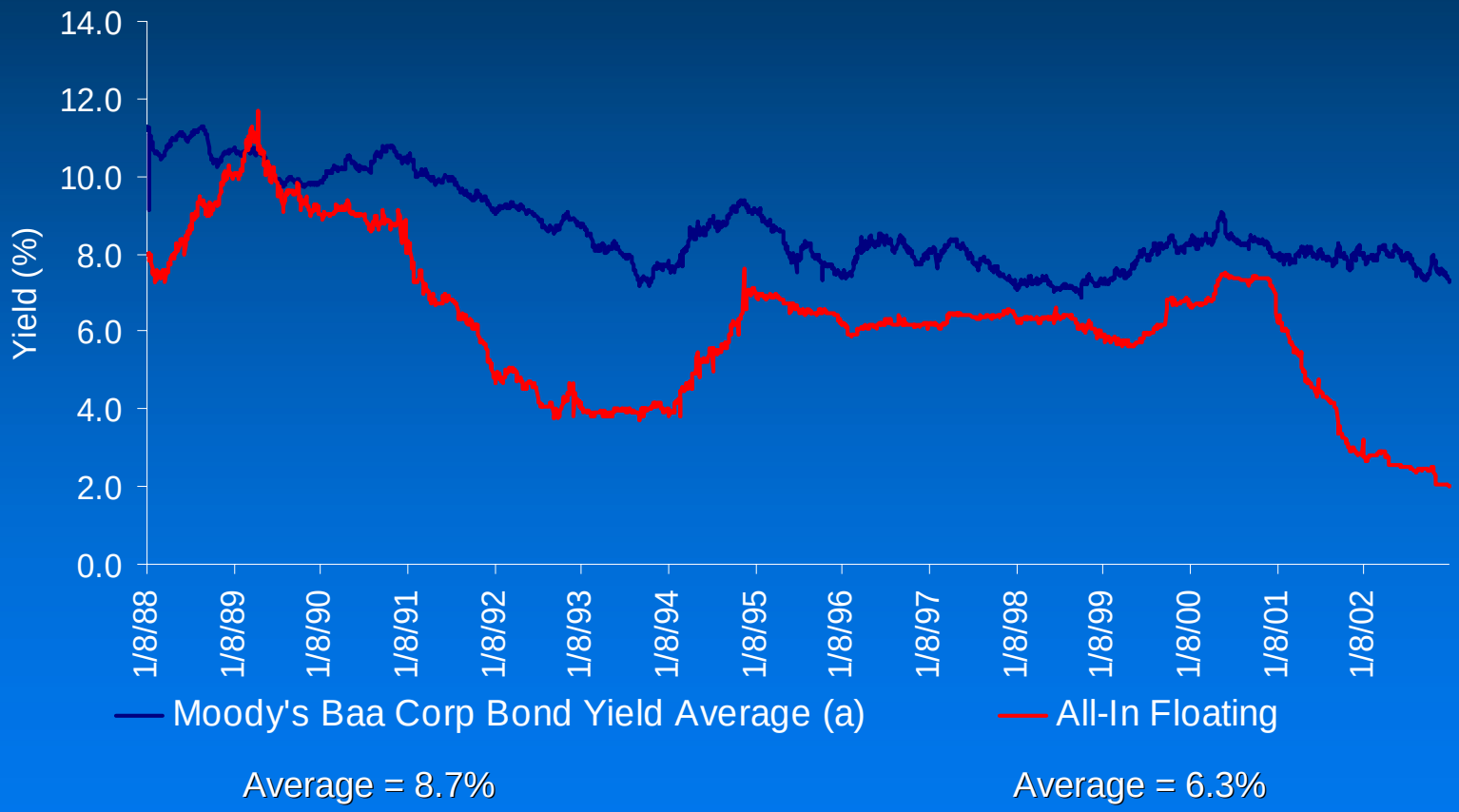
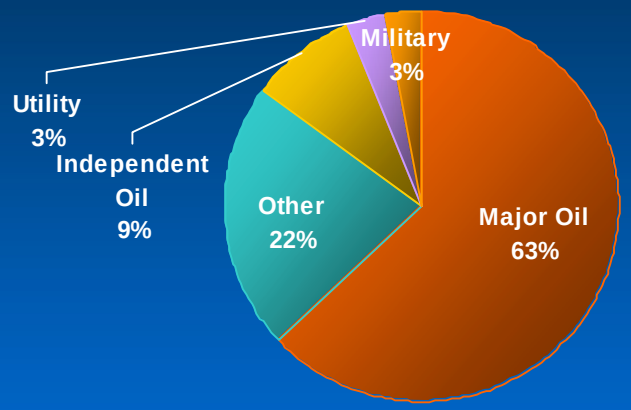
Fixed Rate vs. Floating Rate Debt



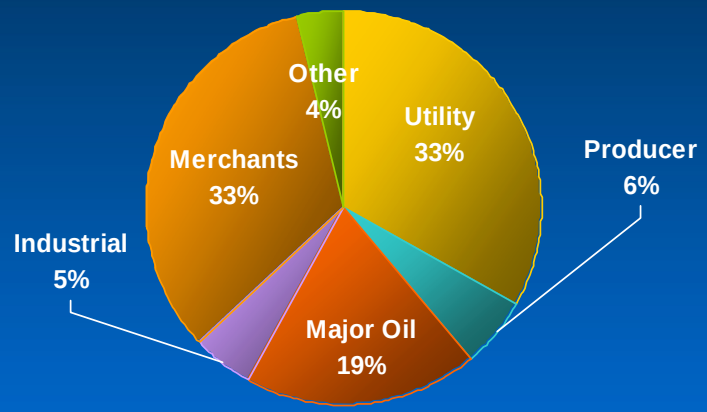
(a) Composed of Moody's Baa bonds with 20+ year maturities.
(b) All in floating is LIBOR + 65

KMP Customer Credit (a)

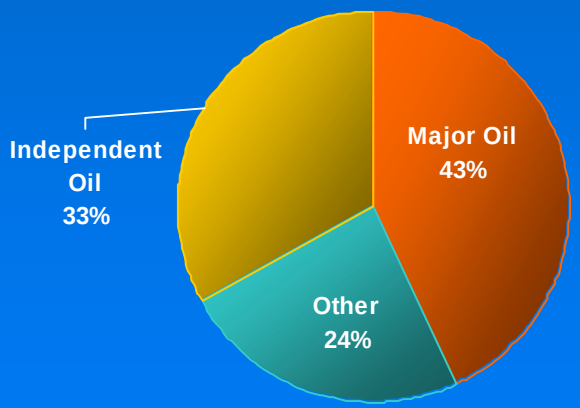
Products - 36%



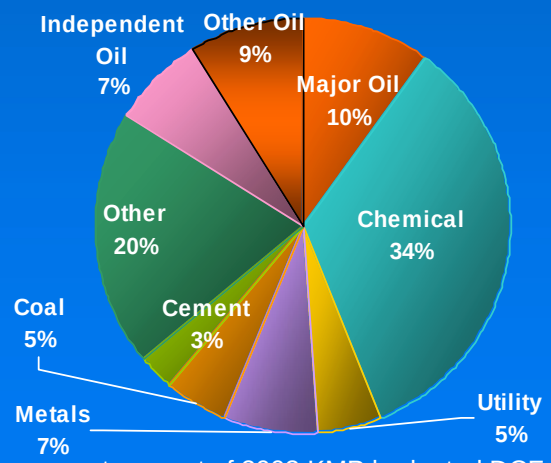
Natural Gas - 30%



CO_2 – 15%



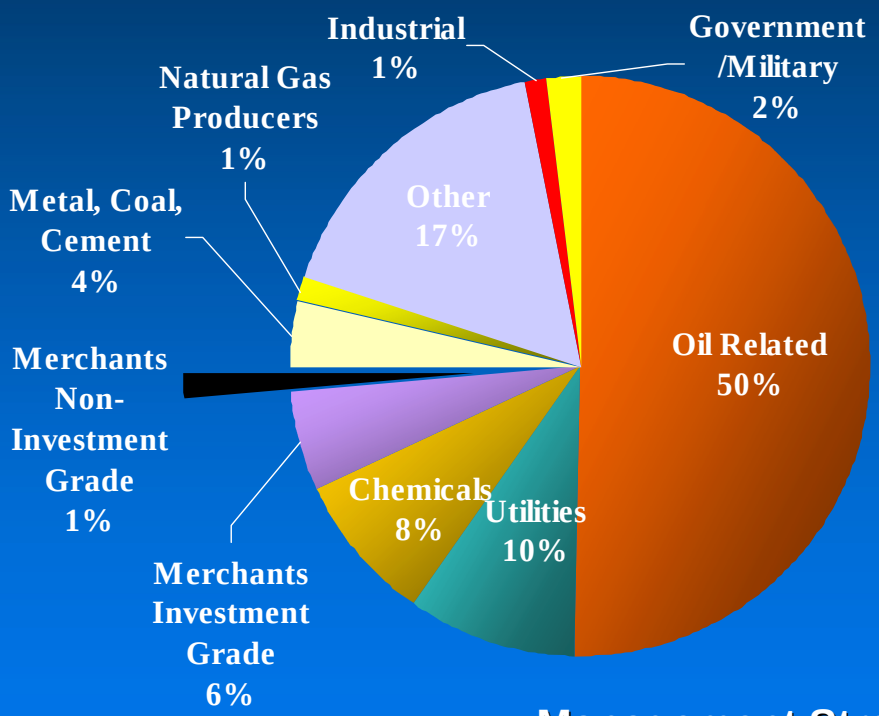
Terminals – 19%



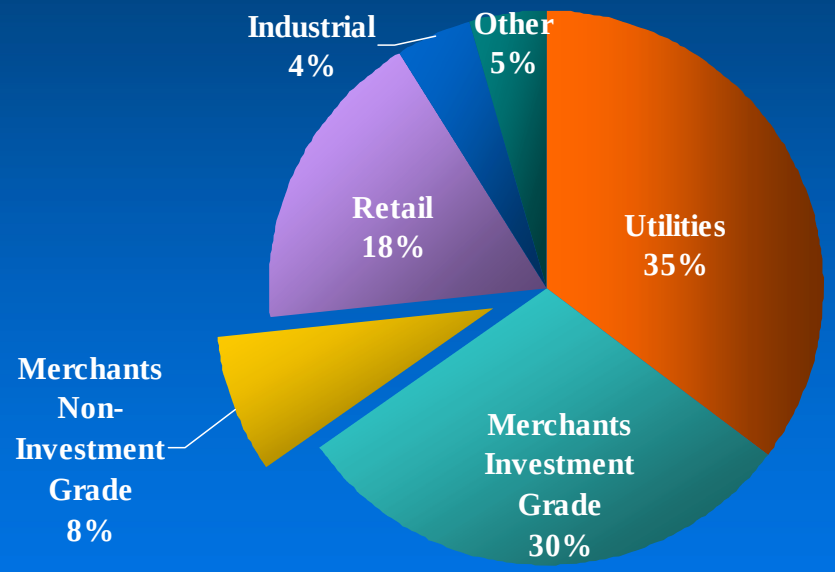
(a) Percentages in pie charts are based on gross margin. Percentages in segment heading represent percent of 2003 KMP budgeted DCF

Credit Management of Non-Investment Grade Merchants Exposure

KMP



KMI (b)



Management Strategy:

- Weekly review of exposure
- Prepay for non-investment grade customers
- Help resell capacity

(a) Percentages in pie charts are based on gross margin.
(b) KMI includes revenues from NGPL, retail, TransColorado, and power.

Financial Summary

KMP

- 8% growth in DCF/unit to $2.63/unit before acquisitions
- $2.72 year end run rate (no acquisitions)
- Move toward 40% debt to total capital with acquisitions
- Will distribute $800mm

KMI

- 12% growth in EPS to $3.18
- 50% debt to total capital
- Long term growth 15-20% annually
- Use free cash to return to equity (share repurchase and/or dividends) and pay down debt as necessary to maintain strong BBB rating