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Vision, Financial Excellence, Operational Excellence

January 24, 2006

Vision

Rich Kinder

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Forward Looking Statements

This presentation contains forward looking statements, including these, within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Exchange Act of 1934, as amended. Forward looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and securities values of Kinder Morgan Inc., Kinder Morgan Energy Partners, L.P. and Kinder Morgan Management, LLC (collectively known as "Kinder Morgan") may differ materially from those expressed in the forward-looking statements contained throughout this presentation and in documents filed with the SEC. 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; environmental 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; terrorism; and other uncertainties. You are cautioned not to put undue reliance on any forward-looking statement.

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Agenda

- **Vision – Rich Kinder**
  - What we have accomplished
  - Where we are going
- **Financial Excellence – Park Shaper**
- **Operational Excellence – Steve Kean**

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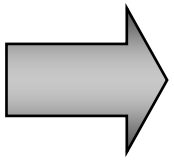
Presentation assumes a USC/CAD exchange rate of 0.86.

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What We've Accomplished

KM enterprise value has grown from roughly $300 million 9 years ago to more than $35 billion today

- **$6 billion in asset acquisitions**
  Tejas, GATX, Shell CO_2, TGS
  - Terminals – achieved national footprint
  - CO_2 – purchase of Shell CO_2, SACROC, Yates
  - Natural Gas – doubled Texas intrastate position
- **$14 billion in corporate transactions**
  SFPP, KN Energy, Terasen
  - Products Pipelines – purchased pipelines in fastest growing demographic markets
  - Natural Gas – acquired significant natural gas pipes: KMIGT, TransColorado, KMTP, NGPL
  - Crude Pipelines – major takeaway capacity from Canadian oilsands
- **$3 billion in expansion capital expenditures**
  - Gulf Coast and East Coast terminals
  - SACROC and Yates
  - Natural gas storage: Sayre, North Lansing
  - Greenfield pipelines: Horizon, North Texas, Monterrey, Rancho
  - Natural gas pipelines: North Line, TransColorado, Trailblazer

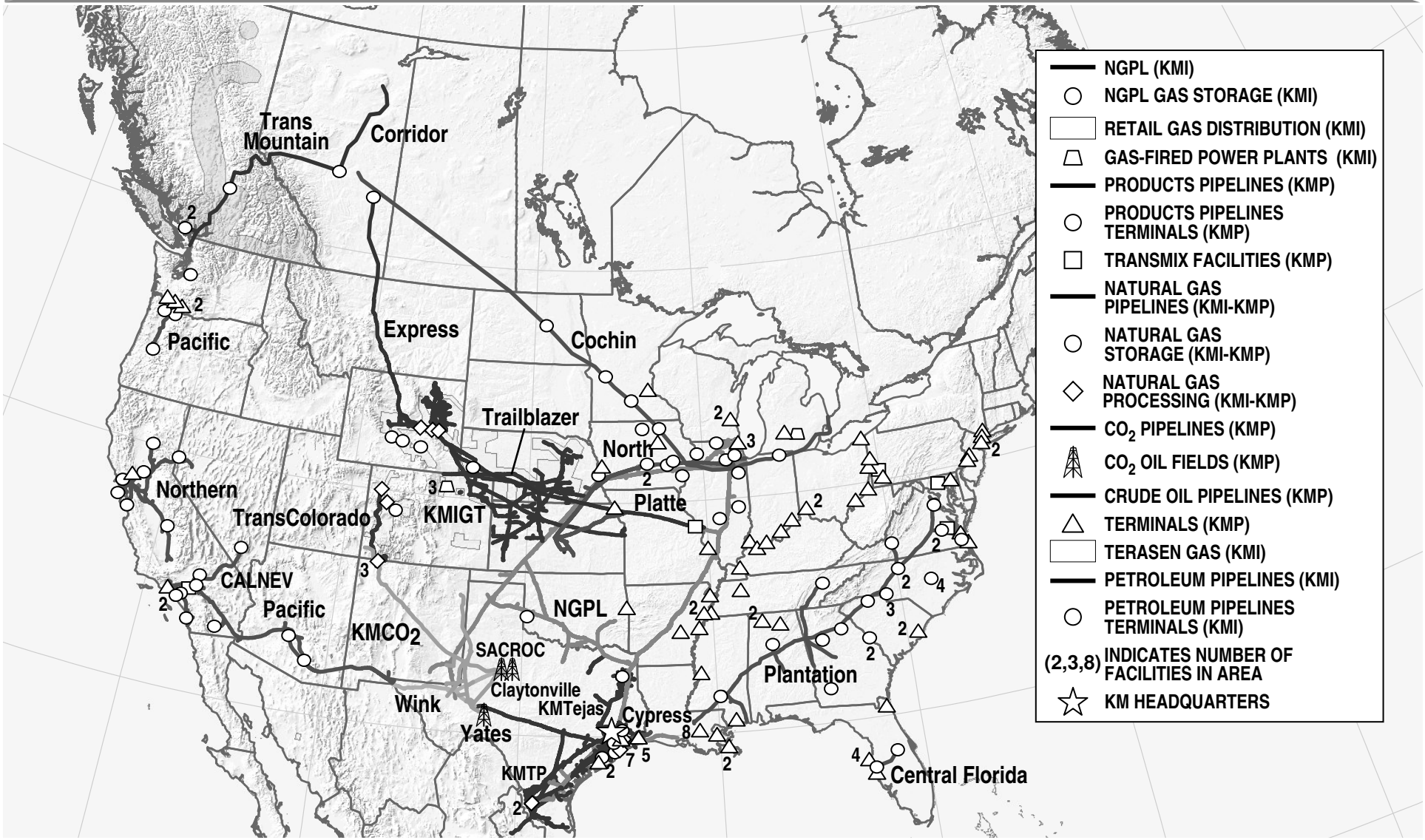


- **Largest independent transporter of petroleum products in the U.S.**
  - transport more than 2 million barrels per day (Bbl/d)
- **2nd largest transporter of crude oil and petroleum products in Canada**
  - transport more than 950,000 Bbl/d of crude oil and petroleum products
- **2nd largest transporter of natural gas in U.S.**
  - approximately 24,000 miles of interstate / intrastate pipeline
- **Largest transporter of CO_2 in the U.S.**
  - transport more than 1 Bcf/d of CO_2
- **Largest independent terminal operator in U.S.**
  - ~96 million barrels of liquids capacity
  - handle over 80 million tons of dry bulk products
- **3rd largest LDC in Canada (largest in B.C.)**
  - 892,000 customers

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

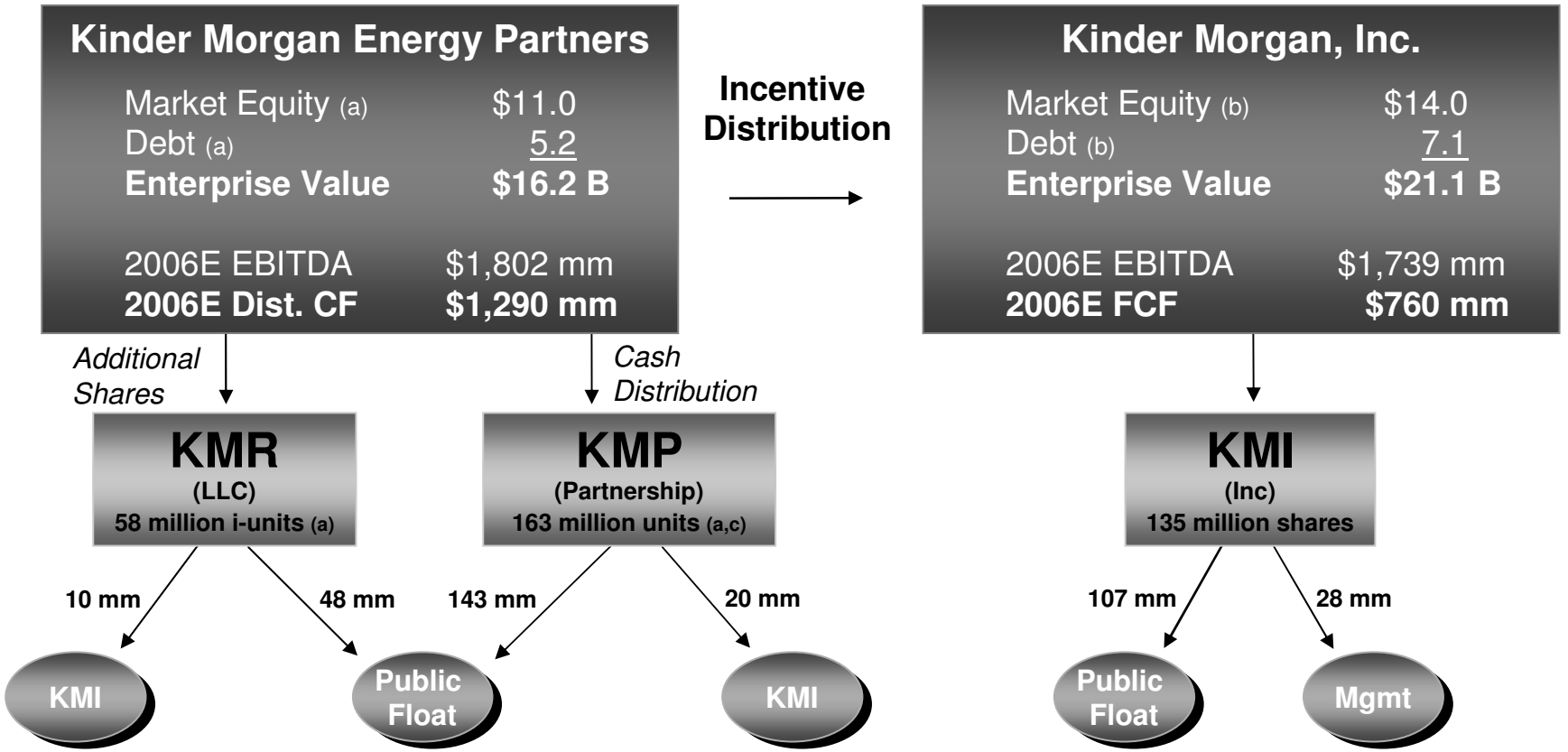
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Kinder Morgan Assets



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Kinder Morgan: Three Securities



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

(a) KMP market cap based on 163 million common units at a price of $50.79 and 58 million KMR i-units at a price of $46.62 as of January 20, 2005. Debt balance as of December 31, 2005, excludes the fair value of interest rate swaps, net of cash.

(b) KMI market cap based on 135 million shares at a price of $100.98 as of January 20, 2005. Market equity also includes $391 million of preferred securities. Debt balance as of December 31, 2005, excludes the fair value of interest rate swaps and preferred securities, net of cash.

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

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Promises Made, Promises Kept

Promises Made	Promises Kept
KMP/KMR	**KMP/KMR**
Distribution per unit:	**Distribution per unit:**
2000: $1.60	2000: $1.71
2001: $1.95	2001: $2.15
2002: $2.40	2002: $2.435
2003: $2.63	2003: $2.63
2004: $2.84	2004: $2.87
2005: $3.13	2005: $3.13
KMI	**KMI**
Earnings Per Share (a):	**Earnings Per Share (a):**
2000: $1.10	2000: $1.28
2001: $1.66 - $1.79	2001: $1.96
2002: $2.55 - $2.65	2002: $2.84
2003: $3.18	2003: $3.33
2004: $3.71	2004: $3.81
2005: $4.22	2005: $4.31

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

(a) Excludes certain items and loss on early extinguishment of debt. KMI 2005 EPS excludes the impact of Terasen.

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2006 Financial Goals

KMP/KMR

- **Distribution Target (a)**
  - $3.28 per unit (5% growth)
  - Excess coverage of ~ $9 million
- **Stable to Improving Balance Sheet**
  - Expansions / acquisitions financed 60% equity, 40% debt

KMI

- **EPS Target (a)**
  - $5.00 per share (16% growth (b))
- **Stable to Improving Balance Sheet**

Note: All amounts in U.S. dollars unless otherwise noted. Targets do not include any impact from resolution of SFPP rate case.

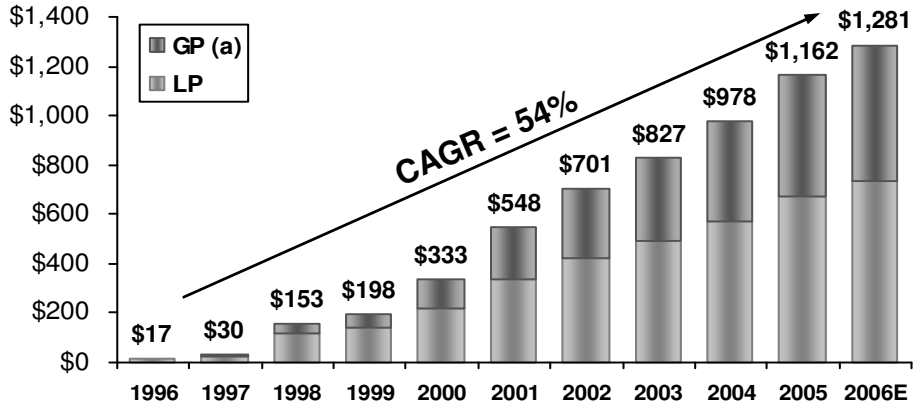
(a) Without unidentified acquisitions.

(b) Numerator in growth calculation (KMI 2005 EPS) excludes the December 2005 impact of Terasen.

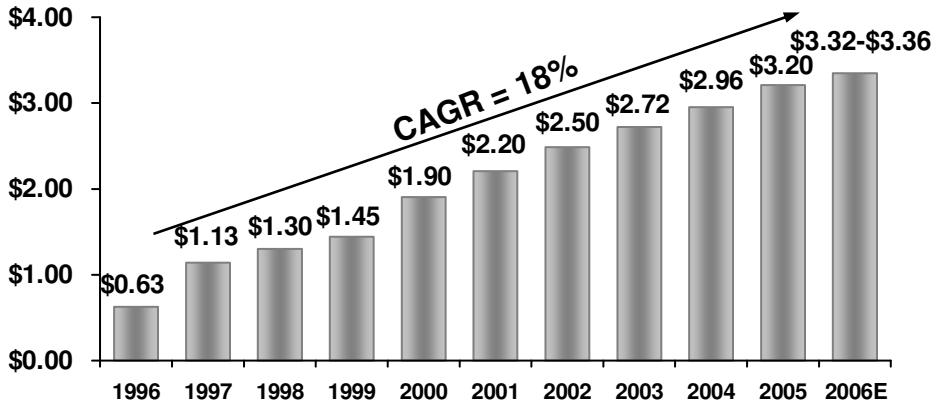
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Consistent Track Record

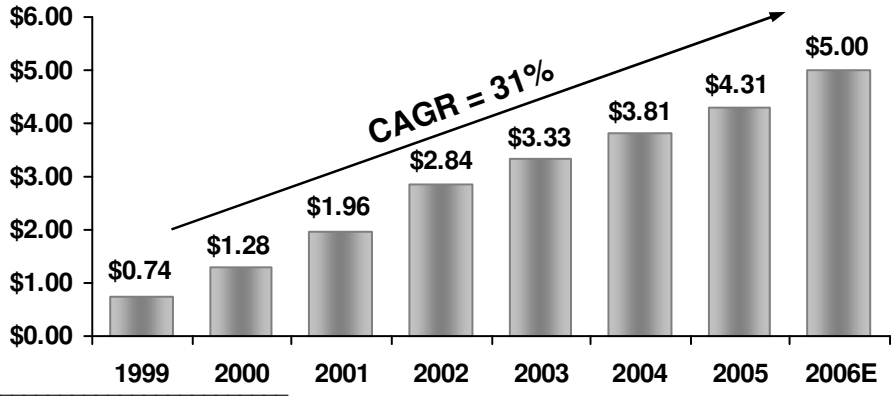
Total Distributions (GP + LP) ($mm)



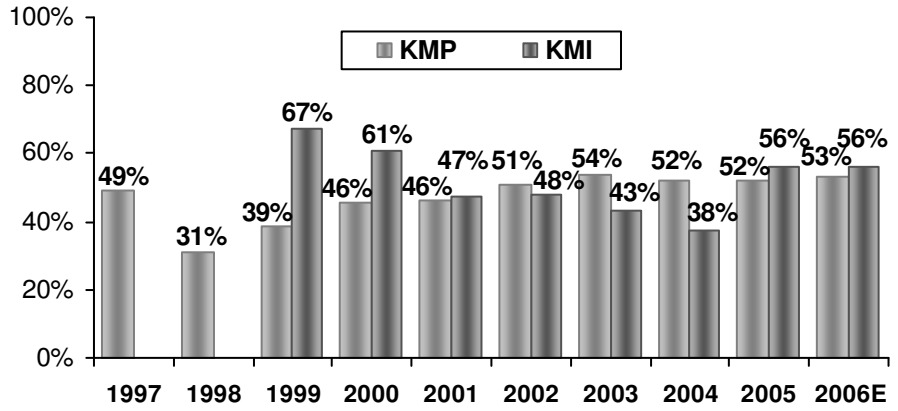
KMP Distribution Per Unit (b)



KMI Earnings Per Share (c)



Net Debt to Total Capital (d)



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

(a) Includes 2% GP interest.

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

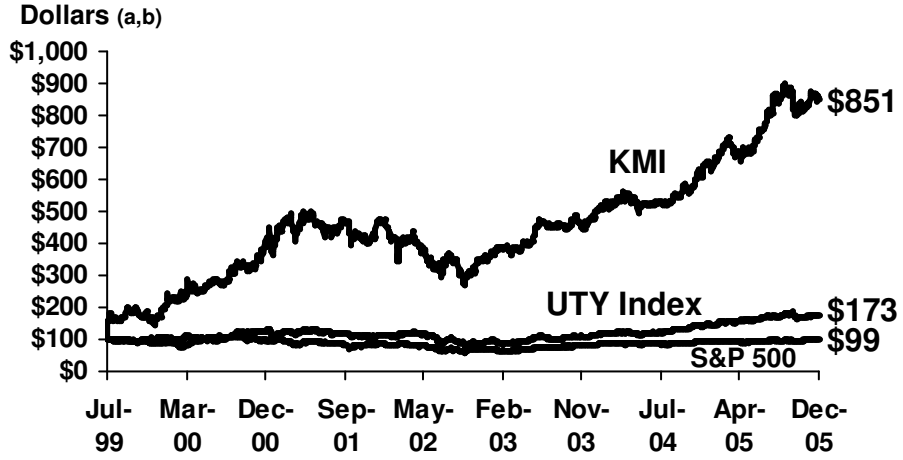
(c) Excludes certain items and loss on early extinguishment of debt. KMI 2005 EPS excludes the December 2005 impact of Terasen.

(d) Excludes loss/gains in Other Comprehensive Income related to hedges; debt excludes preferred securities (KMI).

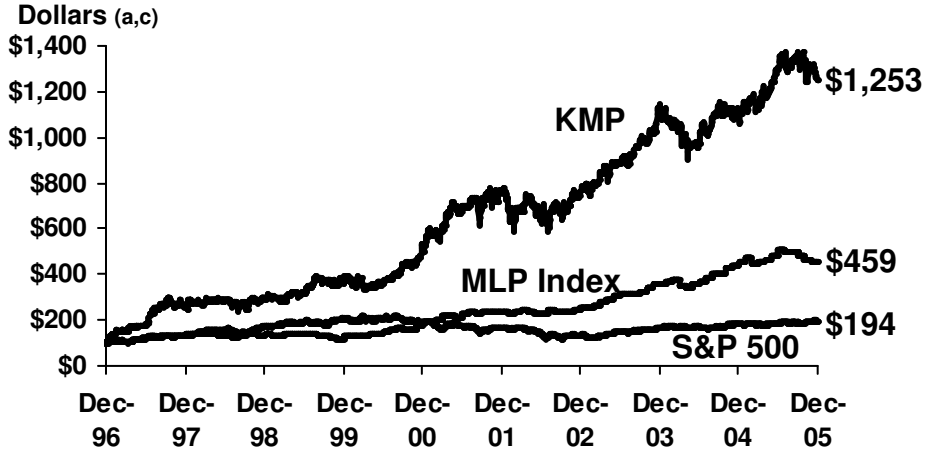
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Significant Historical Returns, thru 12-31-05

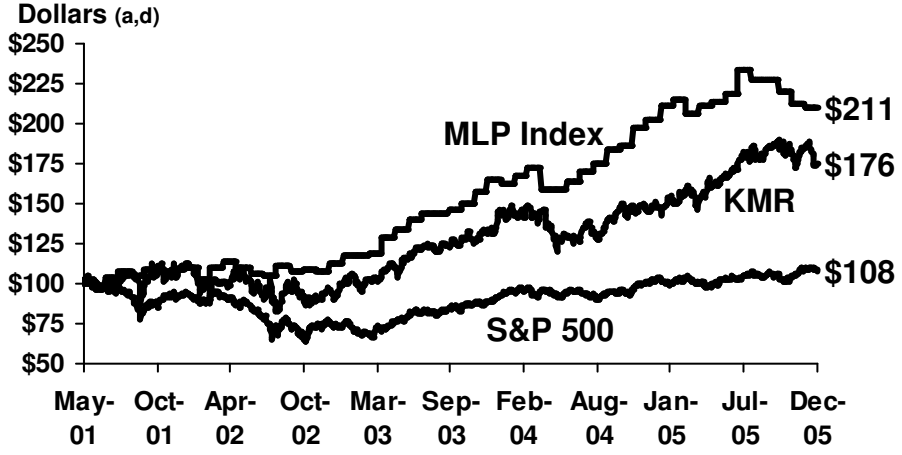
KMI: 39% annual return



KMP: 32% annual return



KMR: 13% annual return



Note: All amounts in U.S. dollars unless otherwise noted.
Sources: Bloomberg, Citigroup Smith Barney

(a) Returns calculated on a daily basis through December 30, 2005 assuming dividends/distributions reinvested in index/stock/unit, except MLP Index calculated on a monthly basis.
(b) Start date 7/8/1999; KN Energy merger announced
(c) Start date 12/31/1996
(d) Start date 5/14/2001; KMR Initial public offering

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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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KMP: Solid Asset Base Generates Stable Fee Income

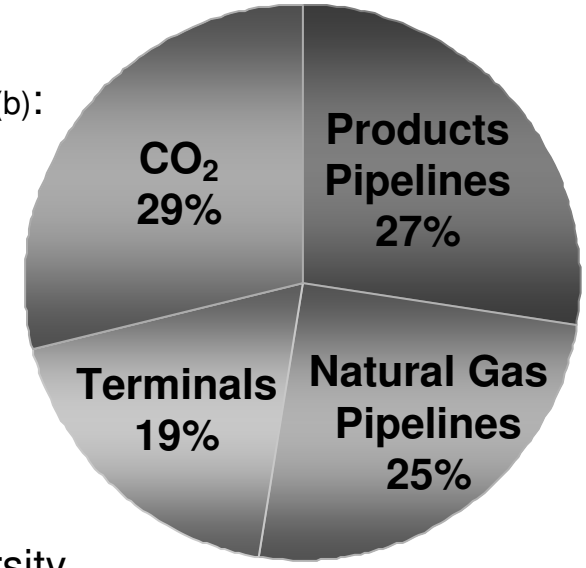
CO_2

- 30% CO_2 transport and sales
- 70% oil production related
- Expected production hedged (b):
  - 2006=88%
  - 2007=75%
  - 2008=54%

Terminals

- 47% Liquids, 53% Bulk
- Geographic and product diversity
- 3-4 year average contract life

KMP
2006 DCF (a)



Products Pipelines

- Refinery hub to population center strategy
- 68% Pipelines
- 27% Associated Terminals (c)
- 5% Transmix
- No commodity price risk

Natural Gas Pipelines

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

(a) Budgeted 2006 distributable cash flow before G&A and interest
(b) Net equity production, approved plus identified potential projects. Includes heavier NGL components (C4+).
(c) Terminals are not FERC regulated except portion of CalNev.

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KMI: Solid Asset Base Generates Stable Fee Income

Investment in KMP (b)

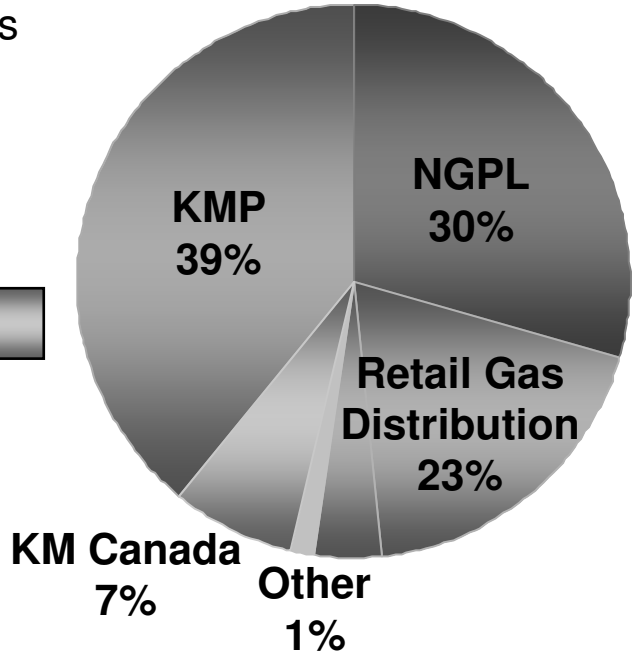
- General partner interest earns incentive distributions
- Owns 13% of total limited partner units

KM Canada

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

KMI

2006 Segment Income (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 ~ 890,000 customers in British Columbia
- Serve ~ 245,000 customers in Colorado, Wyoming and Nebraska

(a) Budgeted 2006 segment earnings before G&A and interest.
(b) Includes: (i) general partner interest, (ii) earnings from ~ 20 million KMP units and (iii) earnings from ~ 10 million KMR shares.

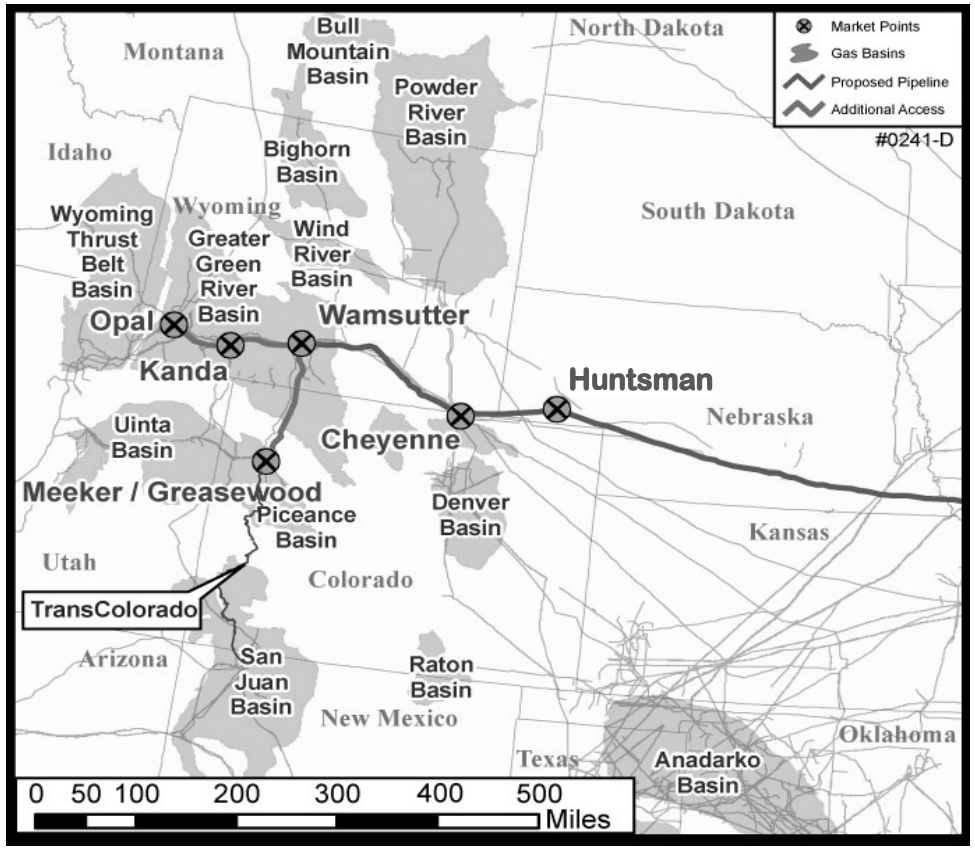
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Vision: Where We're Going

Trend	KM Opportunity
Growing Rockies Natural Gas Production	*Rockies Express, Entrega*
Increased Supply of LNG on Gulf Coast	*Kinder Morgan Louisiana Pipeline*
Canadian Oilsands	*Trans Mountain, Corridor expansions* *Spirit condensate line, Edmonton terminal*
Increased Use of Heavy Crude	*Petcoke handling – Gulf Coast, Canada*
Growing Coal Imports	*Pier 9, Shipyard River terminal expansions*
High Oil Prices – Leading to Demand for Enhanced Oil Recovery	*McElmo Dome, Cortez expansion*
Natural Gas Price Volatility	*Sayre, North Lansing, Dayton storage expansions*
Demographic Growth in West and Southeast U.S.	*East Line, CALNEV expansions*
Increased Petroleum Products Imports	*New York, Houston terminal expansions*
Increased Ethanol Demand	*Storage expansions at Houston, Philadelphia* *Natural gas supply to ethanol plants thru KMIGT, NGPL, Retail*

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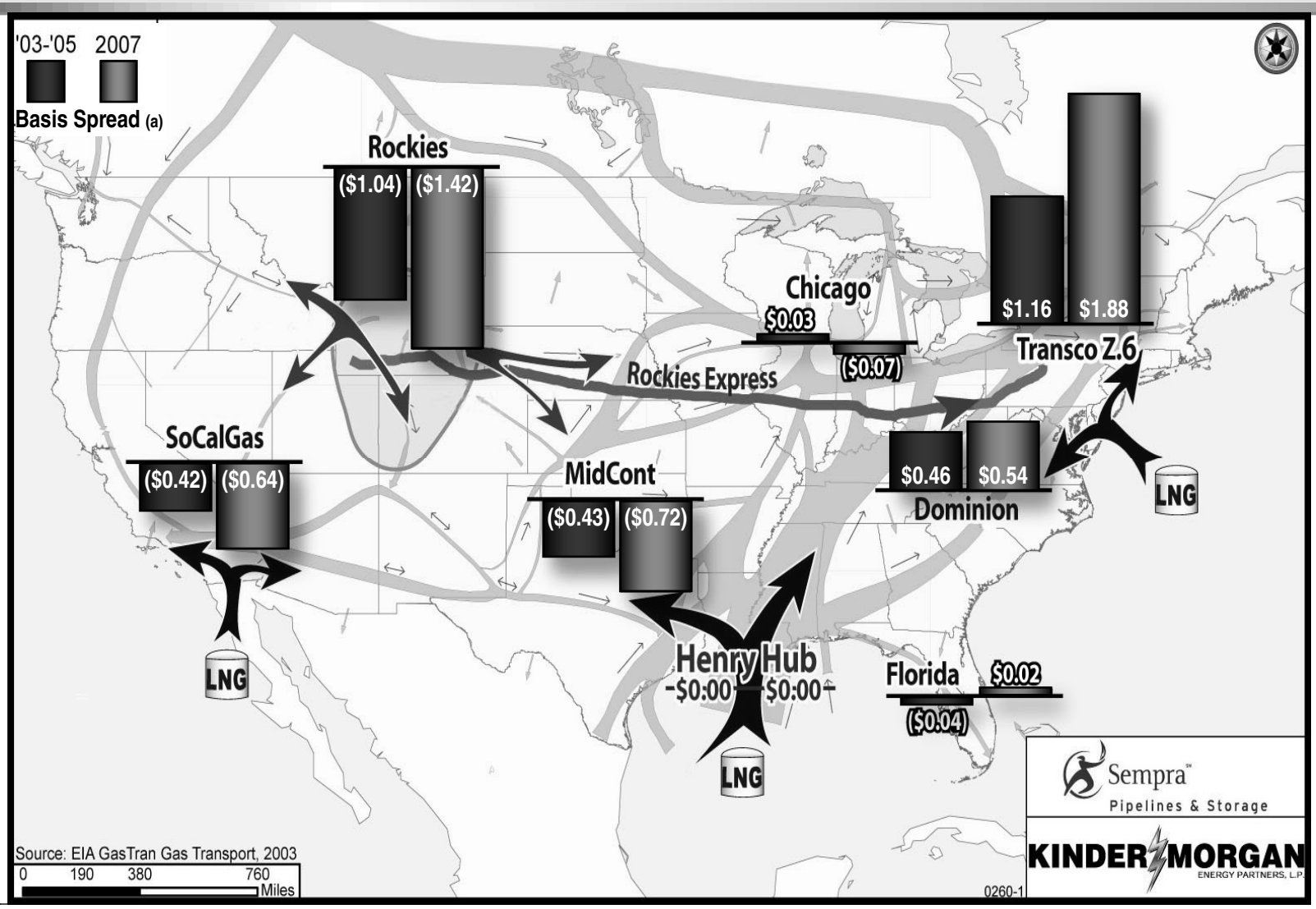
Rocky Mountain Natural Gas:
Reserve Base Supports Need for New Infrastructure



Reserve Estimates: (PGC)	
Proved	26
Probable	37
Potential	61
P1 + P2 + P3	**124 Tcf**

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Rocky Mountain Natural Gas:
Basis Spreads Support Need for New Infrastructure



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

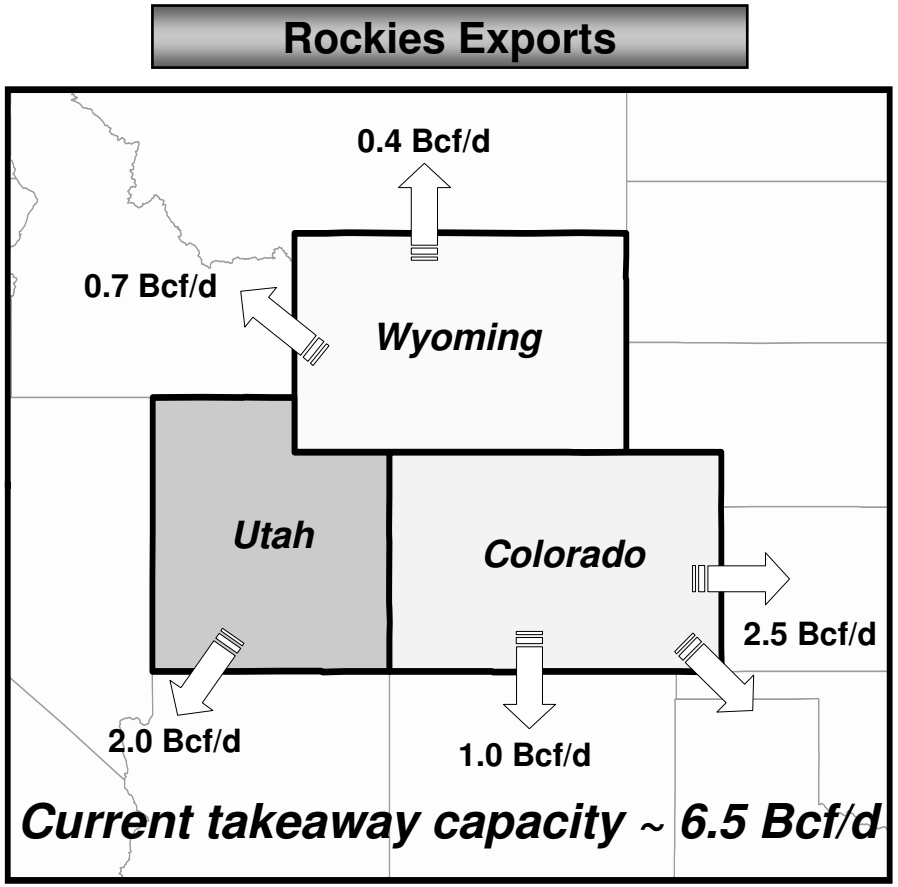
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Rocky Mountain Natural Gas: Expected Production Growth Supports Need for New Infrastructure

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

Rockies Production Growth (a)

	Production (Bcf/d)
2004	5.8
2007	7.0
2009	7.6
2012	8.3



(a) Source: CERA Wet Gas Capacity Outlook

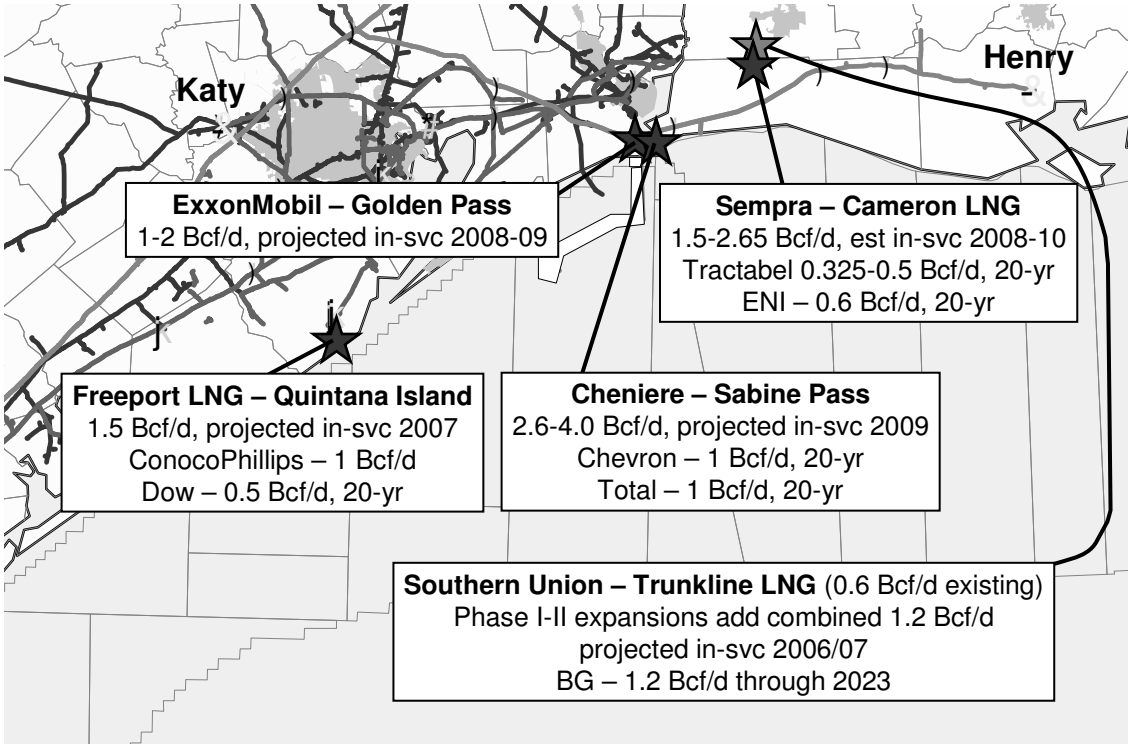
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Increased Supply of LNG on Gulf Coast

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

- **Louisiana Pipeline to serve 2.6 Bcf/d at Cheniere – Sabine Pass**

Gulf Coast LNG Projects Under Construction

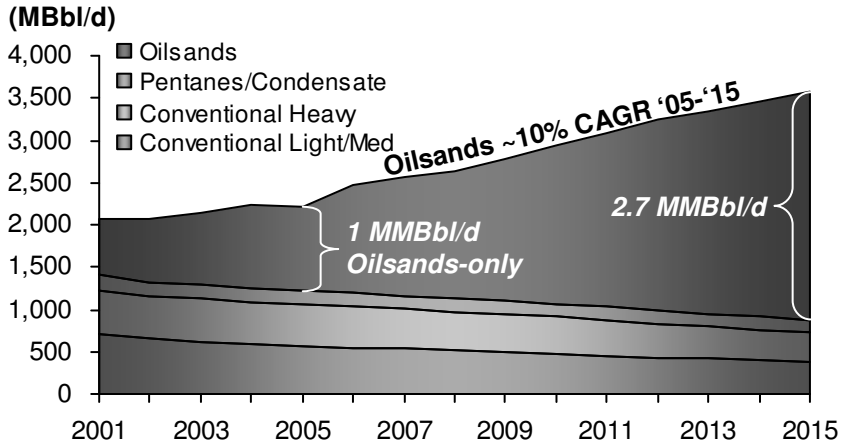


Source: company websites

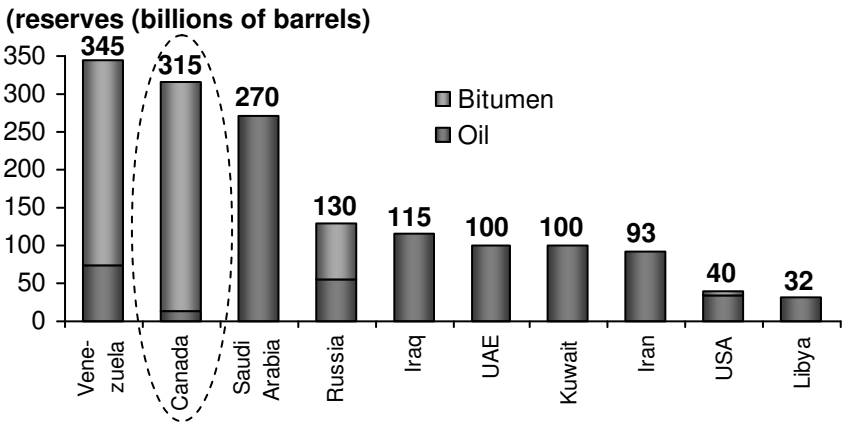
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Canadian Oilsands: Supply

Canadian Crude Production by Type (a)



World Oil & Bitumen Reserves – Top 10 (b)



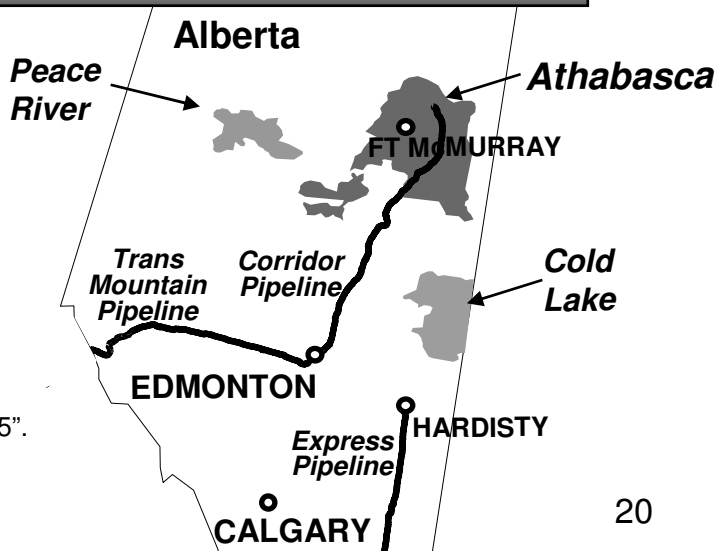
Production Costs: Mining (c)

Mining ⇒ Upgrading ⇒ Refining

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

Price = 30-40% below WTI

Oilsands Production Areas (c)



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

(a) Source: CAAP Moderate Case, July 2005 Crude Production and Supply Forecast 2005-2015.

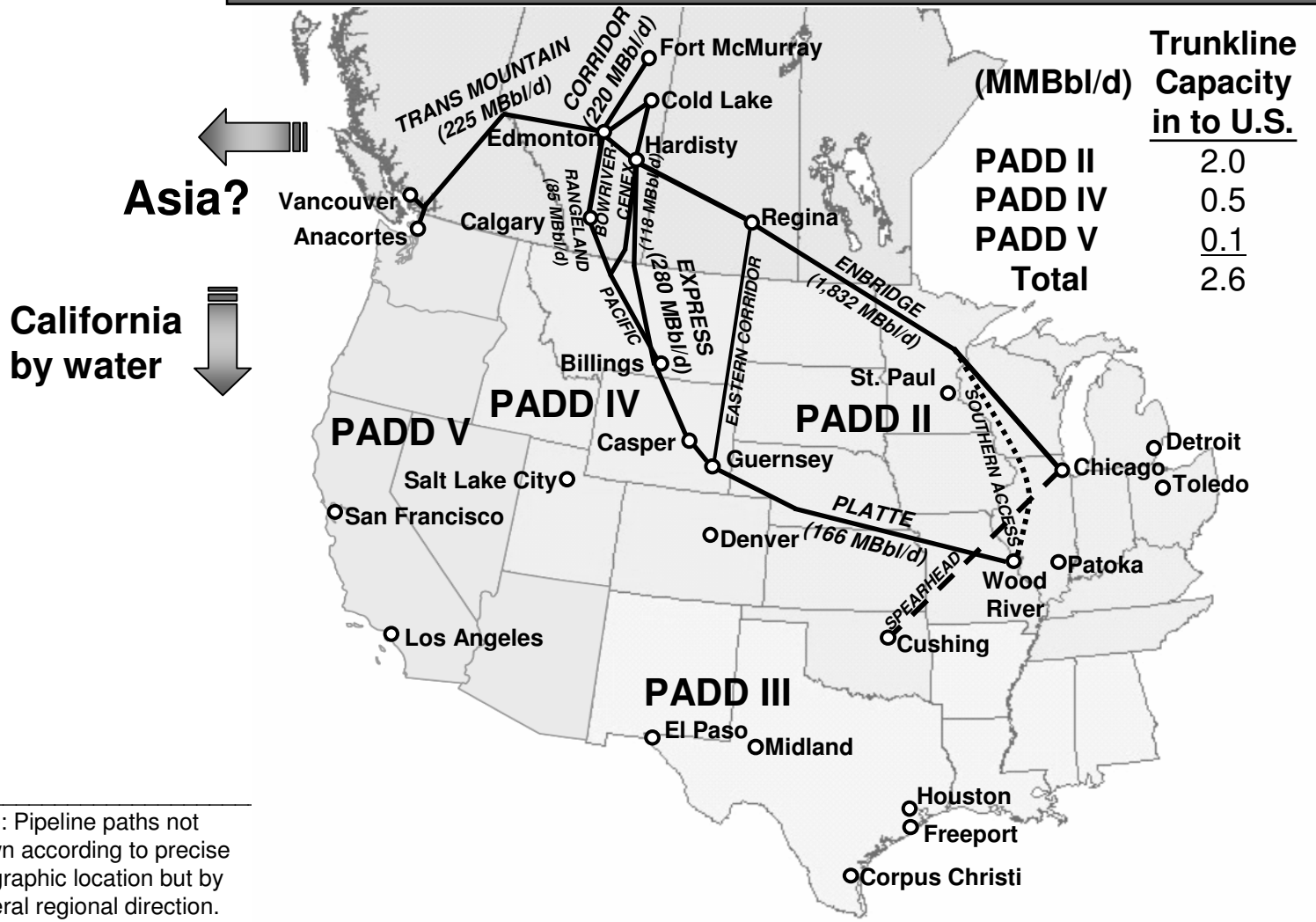
(b) Source: NEB 2003 study "Canada's Energy Future, Scenarios for Supply and Demand to 2025". Note: Total discovered recoverable reserves of crude and bitumen (Saudi values are proven reserves, implying higher degree of certainty).

(c) Source: DBRS October 2005 industry study "The Canadian Oil Sands"

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Canadian Oilsands: PADDs II and IV Have the Most Access to Canada

Major Canadian Oilsands Takeaway into the U.S.



(MMBbl/d)	Trunkline Capacity in to U.S.
PADD II	2.0
PADD IV	0.5
PADD V	0.1
Total	2.6

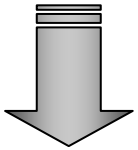
Note: Pipeline paths not drawn according to precise geographic location but by general regional direction.

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Canadian Oilsands: U.S. a Significant Importer of Crude

U.S. Crude Refinery Inputs by PADD – 2004

(MBbl/d)	Total Refinery Inputs	% Imports	Canadian Imports as % of Total Imports
PADD I (East Coast)	1,597	97%	13%
PADD II (Midwest)	3,288	89%	36%
PADD III (Gulf Coast)	7,438	59%	---
PADD IV (Rockies)	556	46%	100%
PADD V (West Coast)	2,596	36%	9%
Total	15,475	65%	16%



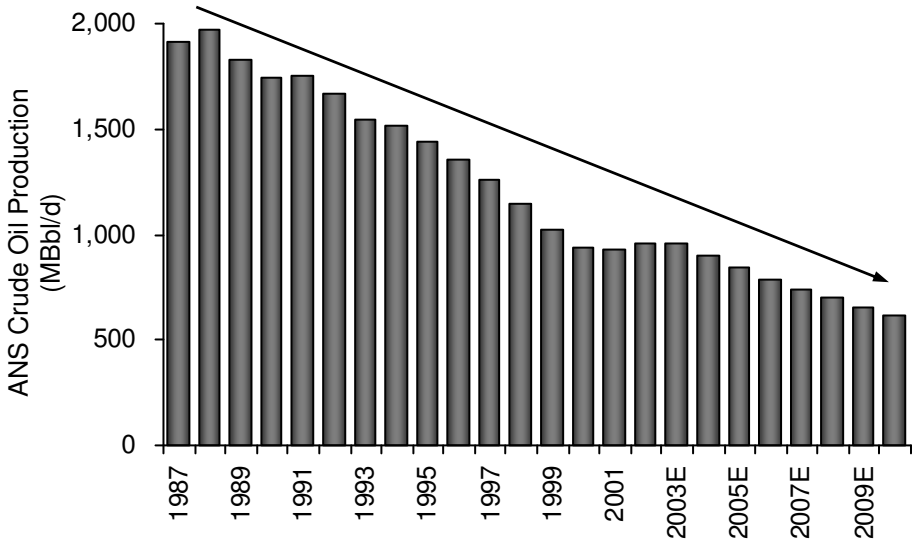
Every PADD uses significant imports:
PADD IV uses a very high percentage of Canadian
PADD II and V are opportunities

Source: EIA "Petroleum Supply Annual 2004".

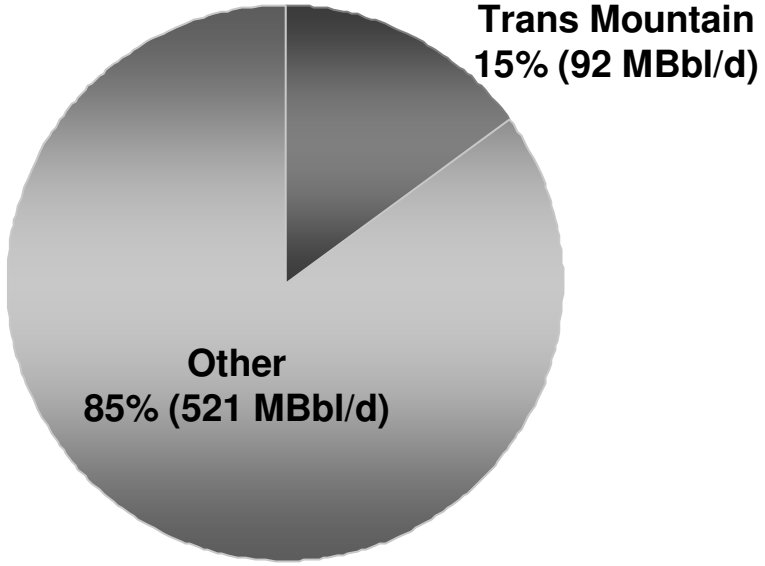
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ANS Production is Declining

Alaskan North Slope Production (a)



Washington State Refinery Capacity (b)



(a) Source: CIBC Jan-2006 industry report "Oil Pipeline Expansion: Refiners in Traditional Markets Girding for Expanded Diet of Canadian Heavy".
(b) Washington state crude oil refinery capacity. Sources: DBRS Oct-2005 industry report "The Canadian Oilsands", Company reports.

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Canadian Oilsands: Pipeline Expansions Possible as Refineries Upgraded/Expanded

Refinery Processing Capacity by U.S. PADD

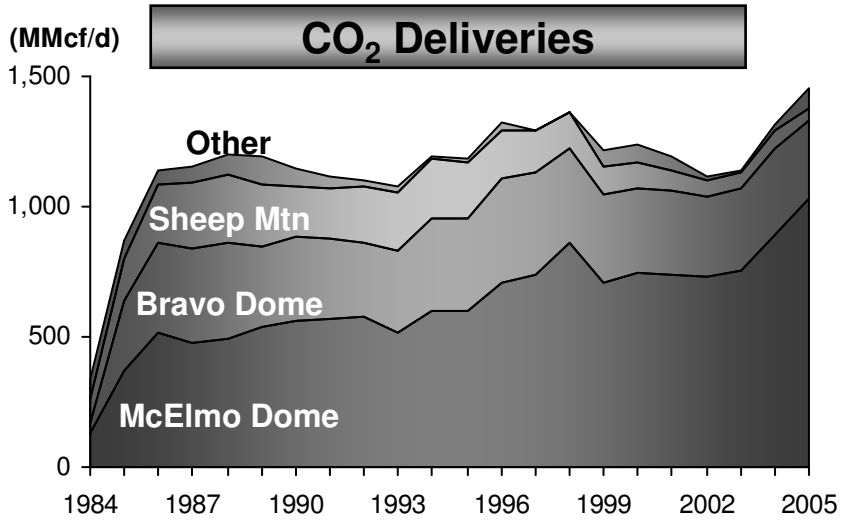
(MMBbl/d)	Refining Capacity	% Capacity w/ Ability to Process Heavy Crude (a)	Heavy Crude Processing Capability (a)	Canadian Imports	Difference
PADD I (East Coast)	1.6	51%	0.8	0.2	0.6
PADD II (Midwest)	3.6	47%	1.7	1.1	0.6
PADD III (Gulf Coast)	8.1	60%	4.9	---	4.9
PADD IV (Rockies)	0.6	41%	0.2	0.3	---
PADD V (West Coast)	3.1	62%	2.0	0.1	1.9
Total	**17.0**	**56%**	**9.6**	**1.6**	

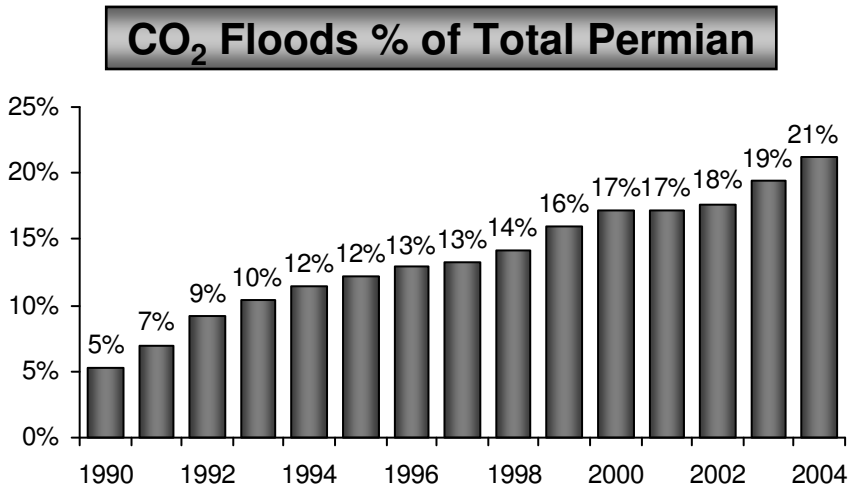
PADD V provides a ready-made market for Canadian bitumen
Asia Remains Potential Longer-term Market

Note: Numbers may not sum due to rounding.
Source: EIA "Petroleum Supply Annual 2004".
(a) Facilities that have Cokers, Catalytic Crackers and Hydrocrackers.

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CO_2: High Oil Prices Leading to Demand for Enhanced Oil Recovery





- ***Opportunities to expand supply and pipeline capacity***
- ***McElmo Dome…***
  - …is one of the cheapest sources of CO_2
  - …has ~35 years of remaining reserves
- ***Cortez is near capacity***

Pipeline Capacity

	Avg. '05 Volumes (Bcf/d)	Capacity Utilization
Cortez	946	90%
Bravo	330	89%
Central Basin	425	71%
CRC	163	60%
CLPL	147	49%

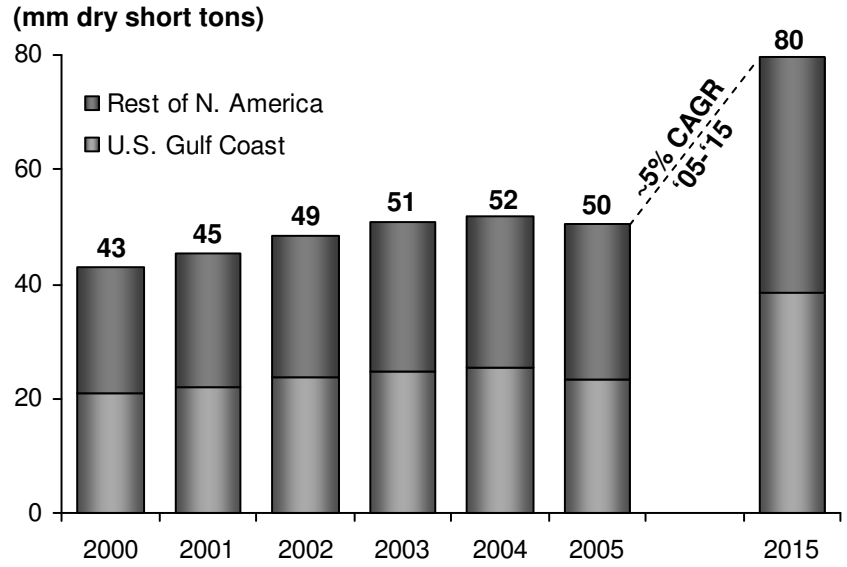
Sources: KM estimates, Oil and Gas Journal, EIA

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Higher Petcoke Production

- Crude supply increasingly heavy
- Heavy crude refiners have wider margins
- Heavy Crude ⇒ MORE PETCOKE
- Approximately 56% of U.S. refiners have the ability to handle heavy crude

U.S. Petcoke Production (a)



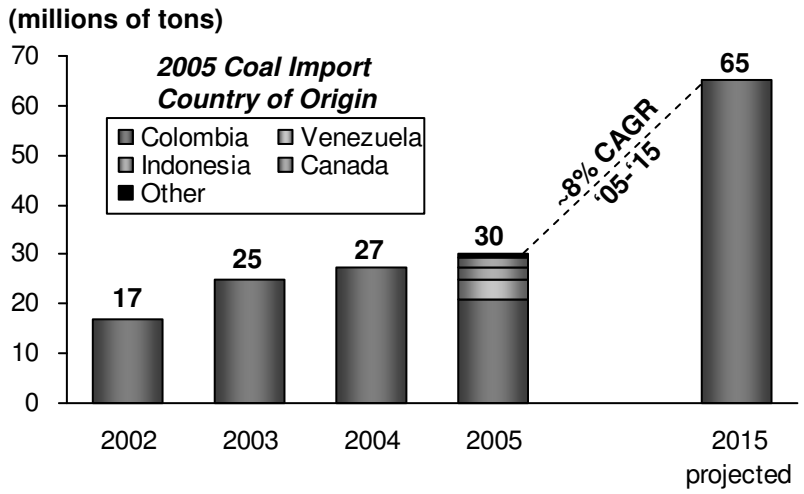
— ***KM handled 12 million dry short tons (dst) in 2005 (partial year)***

— ***Expect to handle 17 million (dst) in 2006***

(a) Sources: EIA, Jacobs Consultancy, Kinder Morgan

Growing Coal Imports

U.S. Coal Imports (a)



Rationale for Imports

- **High BTU, low sulfur, competitive price**

Major Sources	BTU Content	Sulfur	Avg. Delivery Price ($/Ton)	$/MMBtu
PRB	~8,800	0.4-0.5%	$40-55	$2.72-3.12
Appalachia	~12,500	1.0%	$75-90	$3.00-3.60
Colombia	~11,500	0.6-0.8%	$60-90(b)	$2.60-3.91(b)

- **Railroad constraints**
- **Declining basins – Eastern U.S.**
- **Increasing demand due to natural gas prices**
- **Environmental regulation**

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

(a) Sources: EIA 2002-2005 (annualized EIA 9-month data for 2005), Hill & Associates 2015 projection

(b) Lower end of range closer to coast/direct-water access. Lower NO_X production provides compliance benefits for end-user.

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Identified Future Growth Opportunities

Approximately $8 billion in identified growth opportunities over next 5 years

Entity	Project	Estimated Total Project Cost ($B)	Expected Completion
KMP	Louisiana Pipeline (LNG)	$0.5	2009
KMP	Entrega	0.5 (a)	2006-2007
KMP	Rockies Express	2.3 (a)	2008-2009
KMP	CO_2	1.1 (b)	2006-2010
KMP	East Line expansion	0.3 (c)	2006-2007
KMP	Spirit	0.4 (d)	2008-2009
KMI	Trans Mountain expansion	1.3	2007-2008
KMI	Corridor expansion	0.9	2009
KMP	Other identified expansions (e)	0.7	2006-2010
	Total	**$8.0**	

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

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

(b) 2006-2010

(c) Phase I and phase II.

(d) Assumes 50% Kinder Morgan ownership.

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

Financial Excellence

Park Shaper

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Financial Excellence

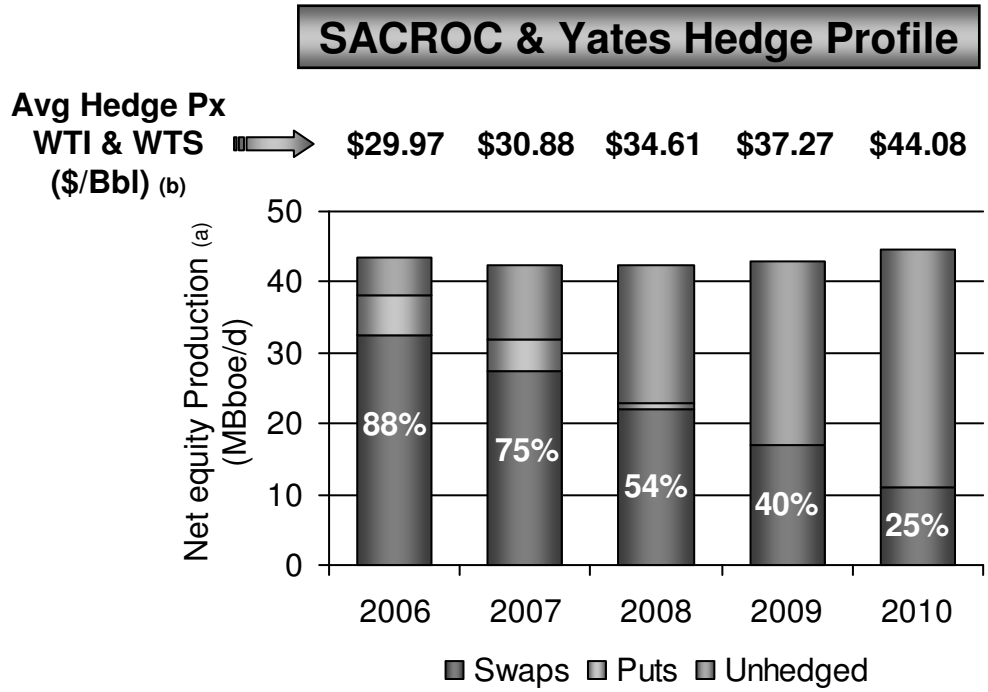
- **Internal Accountability**
  - Extensive, top-down and bottom-up budget process
  - Weekly operations and financial assessment
  - Monthly and quarterly earnings
- **Risk Management**
  - Avoid businesses with direct commodity price exposure where possible
  - Hedge commodity price risk
- **Disciplined Capital Allocation**
  - Realistic cash flow forecast ⇒ become budget targets
  - Consistent risk-adjusted return hurdles
- **Commitment to Conservative Capital Structure**
- **Return Cash to Investors**
  - Collect the cash ⇒ monthly accounts receivable meetings
  - Return cash to investors; let investor make reinvestment decision
- **External Accountability and Transparency**
  - Publish budget, compare to actual quarterly results on conference calls
  - Publish detailed information for analyst conference

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Risk Management

- **Avoid Businesses with Direct Commodity Exposure**
- **Hedge CO_2 BOE Production**
  - — CO_2 hedging policy: (swaps and/or options)

Months	% of Production Hedged
1-12	80-100%
13-24	60-80%
25-36	25-60%
37-48	0-50%
49-60	0-40%

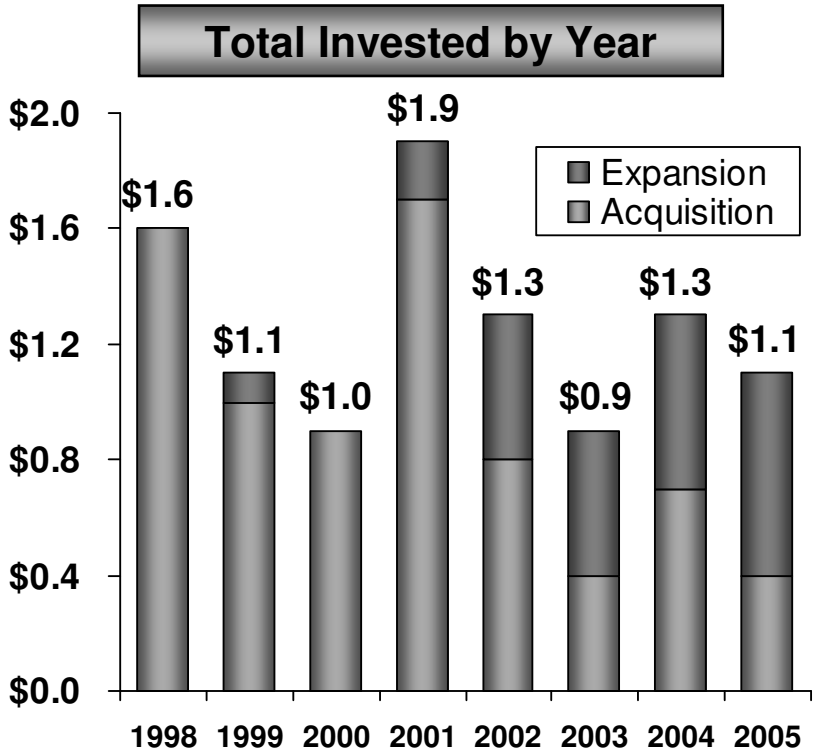


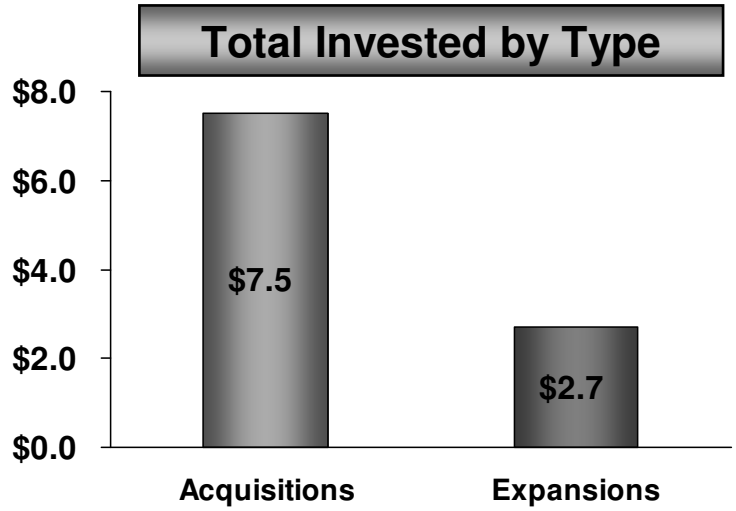
Note: All amounts in U.S. dollars unless otherwise noted.
(a) Net equity production, approved plus identified potential projects. Includes heavier NGL components (C4+).
(b) Incorporates swaps and puts at strike price net of premium, WTI/WTS spread @ $5.00/Bbl.

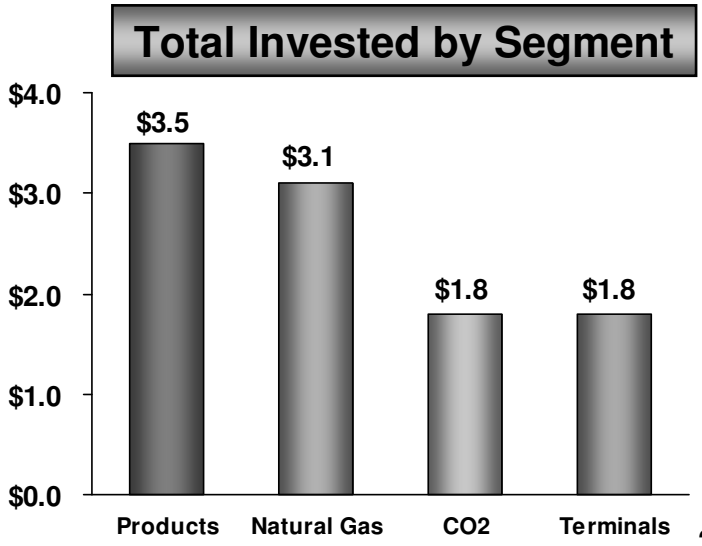
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$10 Billion in Capital Invested at KMP

($ billions)







Note: All amounts in U.S. dollars unless otherwise noted.
See Appendix for details on calculations.

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$13 Billion in Acquisitions at KMI

Acquisition	Close Date	Price ($B)	Opportunity
KN Energy	Oct 1999	$7.0	Major natural gas pipelines
Terasen	Nov 2005	5.9	Canadian oilsands
Total		**$12.9**	

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

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2006 Expansion Capital Budgets

KMP

	2006 Budget ($mm)	Major Projects
Product Pipelines	$141	East Line, Las Vegas, Greensboro
Natural Gas Pipelines	29	Rancho, Louisiana Pipeline
CO_2	353	SACROC and Yates
Terminals	150	Pasadena, Perth Amboy, Shipyard River
Total	**$673**	

KMI

	2006 Budget ($mm)	Major Projects
NGPL	$77	North Lansing
Retail	38	Roaring Fork, new meters
KM Canada	204	Trans Mountain – pump station expansion
Terasen Gas	36	New meters
Total	**$355**	

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

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Attractive Return on Capital

KMP

Return on Investment (a):	2000	2001	2002	2003	2004	2005
Products Pipelines	11.9%	11.8%	12.8%	12.9%	12.4%	11.3%
Natural Gas Pipelines	13.3	15.5	12.9	13.5	14.0	15.5
CO_2	27.5	24.6	22.0	21.9	23.8	25.7
Terminals	19.1	18.2	17.7	18.4	17.8	16.9
KMP Return on Investment	12.3%	12.7%	12.6%	13.1%	13.6%	14.2%
KMP Return on Equity	17.4%	19.0%	21.9%	23.2%	25.2%	26.6%

Note: Please see Appendix for details on calculations.

(a) G&A is deducted in calculating the return on investment for KMP, but is not allocated to the segments and therefore not deducted in calculating the segment information.

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Attractive Return on Capital

	KMI					
Return on Investment (a,b,c):	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Investment in KMP	**11.2%**	**16.9%**	**21.4%**	**25.0%**	**29.6%**	**37.9%**
NGPL	**11.4**	**11.1**	**10.9**	**11.4**	**12.1**	**12.6**
Retail	**13.0**	**11.7**	**15.0**	**14.5**	**13.1**	**10.6**
Power	**14.3**	**20.2**	**9.7**	**5.6**	**4.7**	**5.8**
KMI Return on Investment	**10.5%**	**11.7%**	**12.4%**	**13.3%**	**14.8%**	**17.0%**
KMI Return on Equity	**16.6%**	**19.0%**	**18.5%**	**21.3%**	**23.2%**	**22.3%**

Note: Please see Appendix for details on calculations.

(a) G&A is deducted in calculating return on investment, but is not allocated to the segments and therefore not deducted in calculating the segment information.

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

(c) 2005 excludes impact of Terasen.

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KMP Has Consistently Raised Equity to Fund Projects

($ millions)

Year	Capital Invested	Equity Raised	Percent Equity
1998	1,618	1,278	79%
1999	1,065	421	40%
2000	1,020	358	35%
2001	1,893	1,096	58%
2002	1,261	437	35%
2003	873	307	35%
2004	1,343	809	60%
2005	1,143	656	57%
Total	10,216	5,362	53%

Note: All amounts in U.S. dollars unless otherwise noted. KMR added beginning in 2001.

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KMI & KMP Have Solid Balance Sheets

($ millions)

Credit Summary

	KMP (a)	KMI
L-T Debt Rating	Baa1/BBB+	Baa2/BBB
Net Debt / Total Capital (b,c)	52%	56%
2006 Budget Estimates:		
Debt / EBITDA	3.1x	4.2x
EBITDA / Interest	5.6x	4.0x

CP Capacity (c)

	KMP	KMI
Total Bank Credit	$1,600	$1,811
Outstanding CP	539	611
TGVI Drawn	---	180
Letters of Credit	599	182
Excess Capacity	$462	$838

Long-term Debt Maturities (c)

	KMP	KMI
2006	$45	$346
2007	$255	$220
2008	$5	$639
2009	$250	$85
2010	$250	$129

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

(a) Without additional/potential expansions outlined in Financial Review. For impact with potential expansions, see Financial Review.

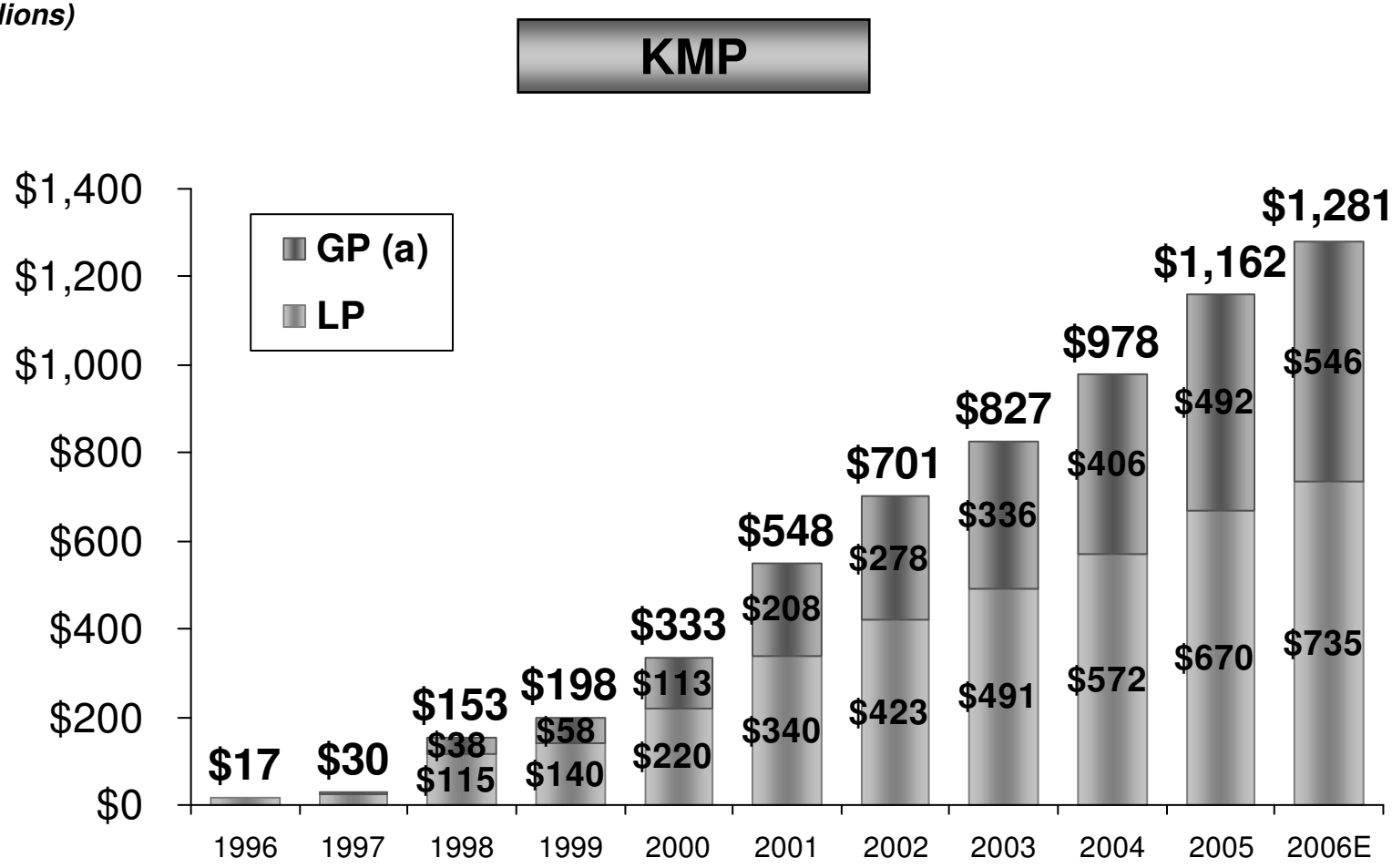
(b) Debt excludes preferred securities (KMI) and fair value of interest rate swaps and is net of cash. Capital includes preferred securities (KMI) and excludes loss/gain from other comprehensive income.

(c) At December 31, 2005.

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KMP Has Returned Nearly $5 Billion in Cash to Partners, 1996-2005

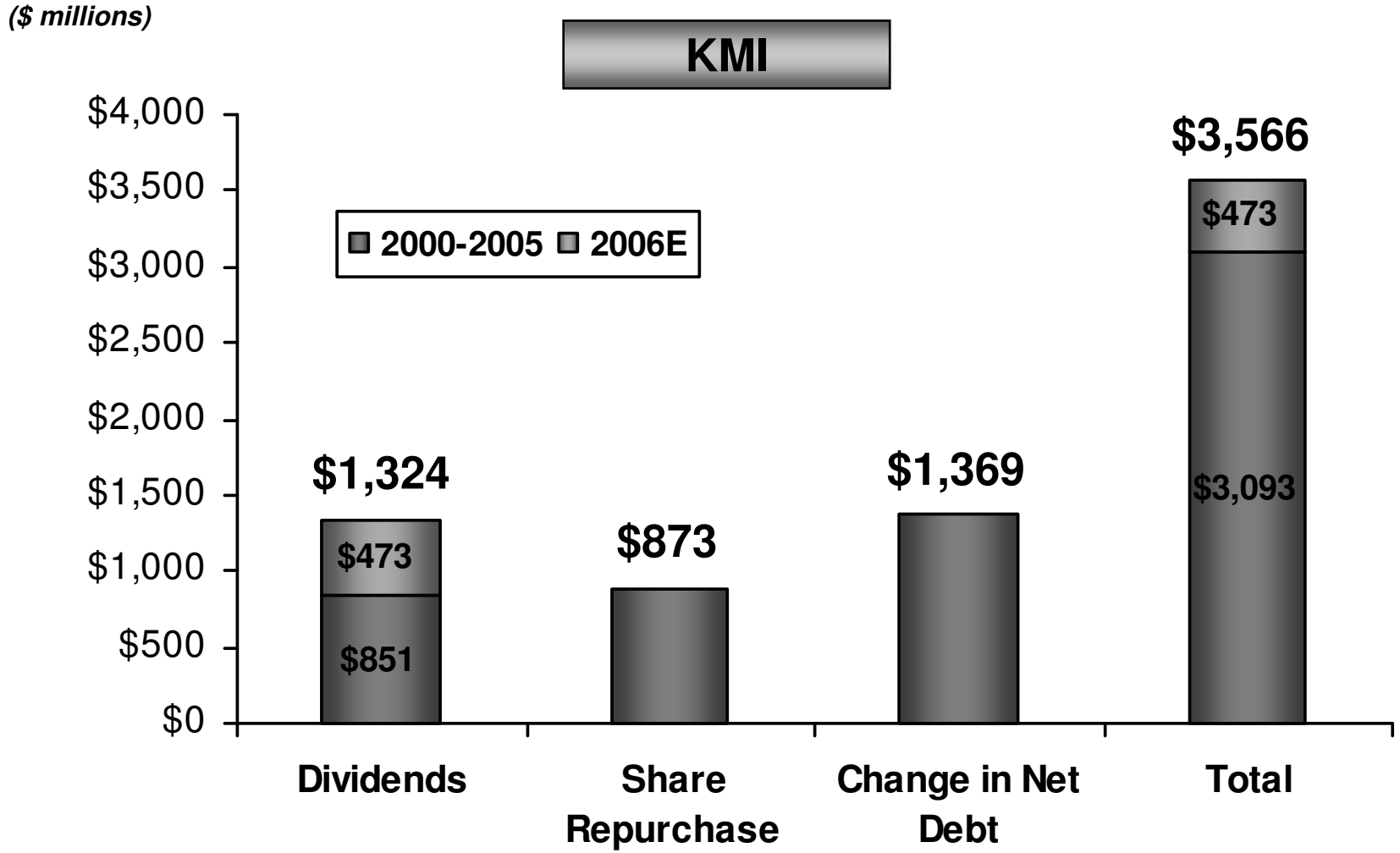
($ millions)



Note: All amounts in U.S. dollars unless otherwise noted.
(a) Includes 2% general partner interest.

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KMI Has Returned Over $3 Billion in Cash to Investors, 2000-2005



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

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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 an increase based on the forward curve
  - The full-year impact of a 100-bp increase in rates equates to an approximate $28 million increase in expense at KMP and $28 million at KMI

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

Operational Excellence

Steve Kean

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Operational Excellence

- Objectives
- Approach
- Progress to Date
- Next Steps

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Objectives

- Better than industry averages and improvement over 3-year KM averages, in each business unit.
- Zero significant incidents
- Compliance with all applicable rules and regulations
- Constructive relationships with regulatory authorities
- Improve operational efficiency

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Approach

- **Set objectives**
- **Develop measures**
- **Accountability for results**
- **Frequent updating and progress tracking**
- **Transparency**
  - In short, same as approach to financial excellence
    - using same management structure and systems
    - authority and accountability in the business units (where the information and resources are)
    - weekly, monthly, and quarterly reviews

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Approach – Measures

- **Gather data and compare each business unit to industry average and 3 year business unit average to determine:**
  1. how we are performing relative to peers
  2. whether we are improving on our own performance.
- **Reportable spills and releases.**
- **Addressing challenges in obtaining data and industry averages for some businesses (e.g. Terminals).**

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Approach – Accountability

- Portion of incentive compensation pool for each business unit is tied to performance against these measures and the elimination of significant incidents (e.g. fatalities or significant spills/releases).

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Approach – Progress Tracking

- **Weekly business unit meetings update progress on operational excellence**
  - — Incidents
  - — Efficiency (e.g. product loss in operations)
- **Monthly update of statistics**
- **Quarterly business reviews address progress on operational excellence.**
- **Regular interaction between operations VP's and EHS.**
  - — Embedding operational excellence in corporate culture in the same way financial excellence is embedded in the culture today.

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Approach – Transparency

- Posting safety statistics on KM external website.
- Expanding reporting in Q1

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Progress to Date

- **Organization changes**
- **Resolving key outstanding issues (constructively engaging with regulators)**
  - — Arizona
  - — OPS
- **KM-wide set of principles and standards established**
- **Each business unit has developed long-term plans for operational excellence – updating progress at QBR's.**

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Safety Performance (2005)

	Injury/Illness Rate		Avoidable Vehicle Accident Rate	
Business Unit	Vs. 3-yr	Vs. Industry	Vs. 3-yr	Vs. Industry
Products	+	+	+	+
Gas Pipeline	+	+	+	+
Terminals	-	+	N/A	N/A
Retail	+	+	+	+
CO_2	-	+	+	+
Power	+	+	+	+

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Kinder Morgan Safety Performance – 2005

As of 12/31/05

	Gas Transmission				Retail				CO_2/SACROC/Yates			
	YTD 2005 #	YE 2004 #	YTD 2005 Rate	3-yr KM Avg	YTD 2005 #	YE 2004 #	YTD 2005 Rate	3-yr KM Avg	YTD 2005 #	YE 2004 #	YTD 2005 Rate	3-yr KM Avg
OSHA Recordable Injures/Illnesses												
Kinder Morgan Entity	24	17	1.97	2.60	19	31	4.39	6.75	6	5	1.66	1.38
Industry Averages:												
AGA (2003)			2.11				6.99					
(CO_2) NAICS 211											1.80	
Avoidable Company Vehicle Accidents												
Kinder Morgan Entity	16	13	0.93	1.09	9	16	1.33	2.01	3	8	0.80	1.65
Industry Averages:												
AGA (2003)			1.48				3.65				1.48	

Notes: OSHA recordable: per 200,000 hours
Vehicle accidents: per 1,000,000 miles
3-Year KM Avg = 2002, 2003, 2004
YTD 2005 vehicle accident incident rate includes total miles driven in company vehicles, rental vehicles, and business miles driven in personal vehicles.

Kinder Morgan Safety Performance – 2005 (cont.)

As of 12/31/05

	Products Pipelines (a)				KM Terminals				KM Power			
	YTD 2005 #	YE 2004 #	YTD 2005 Rate	3-yr KM Avg	YTD 2005 #	YE 2004 #	YTD 2005 Rate	3-yr KM Avg	YTD 2005 #	YE 2004 #	YTD 2005 Rate	3-yr KM Avg
OSHA Recordable Injures/Illnesses												
Kinder Morgan Entity	9	9	1.09	1.17	203	123	6.36	4.28	2	1	3.05	5.17
Industry Averages:												
API (2004)			1.13									
(KMT) NAICS 49311 (LT) / 44883 (BT)							9.70					
(Power) NAICS 22111											5.00	
Avoidable Company Vehicle Accidents												
Kinder Morgan Entity	4	7	0.71	1.73	5	n/a	1.22	n/a	0	0	0	0
Industry Averages:							(b)				(b)	

(a) Includes West Coast Terminals, Transmix, Pacific, Southeast Liquids Pipelines, and KMST.
(b) No avoidable vehicle accident benchmark available for KM Terminals or KM Power.

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Next Steps

- Continued progress on long-term plans by each business unit.
- Extension of near miss reporting system (in use on Southeast Products assets today) to all KM business units – driving improvements and efficiency gains from the field.


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