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# *NESA 2006 Energy Forum*

**October 5, 2006**

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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.

In connection with the proposed Merger involving Kinder Morgan, Inc. (the "Company"), the Company has filed a preliminary proxy statement with the Securities and Exchange Commission (the "SEC"). INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE DEFINITIVE PROXY STATEMENT WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION ABOUT THE MERGER AND THE PARTIES TO THE MERGER. Investors and security holders may obtain a free copy of the definitive proxy statement (when available) and other relevant documents filed with the SEC from the SEC's website at http://www.sec.gov. The Company's security holders and other interested parties will also be able to obtain, without charge, a copy of the definitive proxy statement and other relevant documents (when available) by directing a request by mail or telephone to Investor Relations, Kinder Morgan, Inc., 500 Dallas Street, Suite 1000, Houston, Texas 77002, telephone (713) 369-9490, or from the Company's website, www.kindermorgan.com.

The Company and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from the Company's shareholders with respect to the Merger. Information about the Company's directors and executive officers and their ownership of the Company's common stock is set forth in the proxy statement for the Company's 2006 Annual Meeting of Shareholders, which was filed with the SEC on April 3, 2006. Shareholders and investors may obtain additional information regarding the interests of the Company and its directors and executive officers in the Merger, which may be different than those of the Company's shareholders generally, by reading the definitive proxy statement and other relevant documents regarding the Merger, which will be filed with the SEC.

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# MLP Overview

- **MLP unit similar to a "normal" stock but several key differences:**
  - MLP not subject to U.S. corporate income taxes
  - Pay out all available cash
  - Tax-deferred distribution
- **Only certain assets qualify**
  - Exploration, marketing, mining, processing, production, refining, storage or transportation of any mineral or natural resource
- **MLP universe has grown dramatically…**
  - 1996: ~10 energy MLPs, $6 billion market capitalization
  - 2006: ~40 energy MLPs, $70 billion market capitalization
  - Public GPs have emerged
- **…but still represents a relatively small portion of overall energy infrastructure landscape**
  - Estimated $300 billion in U.S. midstream assets currently in non-MLP structures
  - well over $100 billion in incremental infrastructure necessary in next 10 years

Source: Alerian Capital Management

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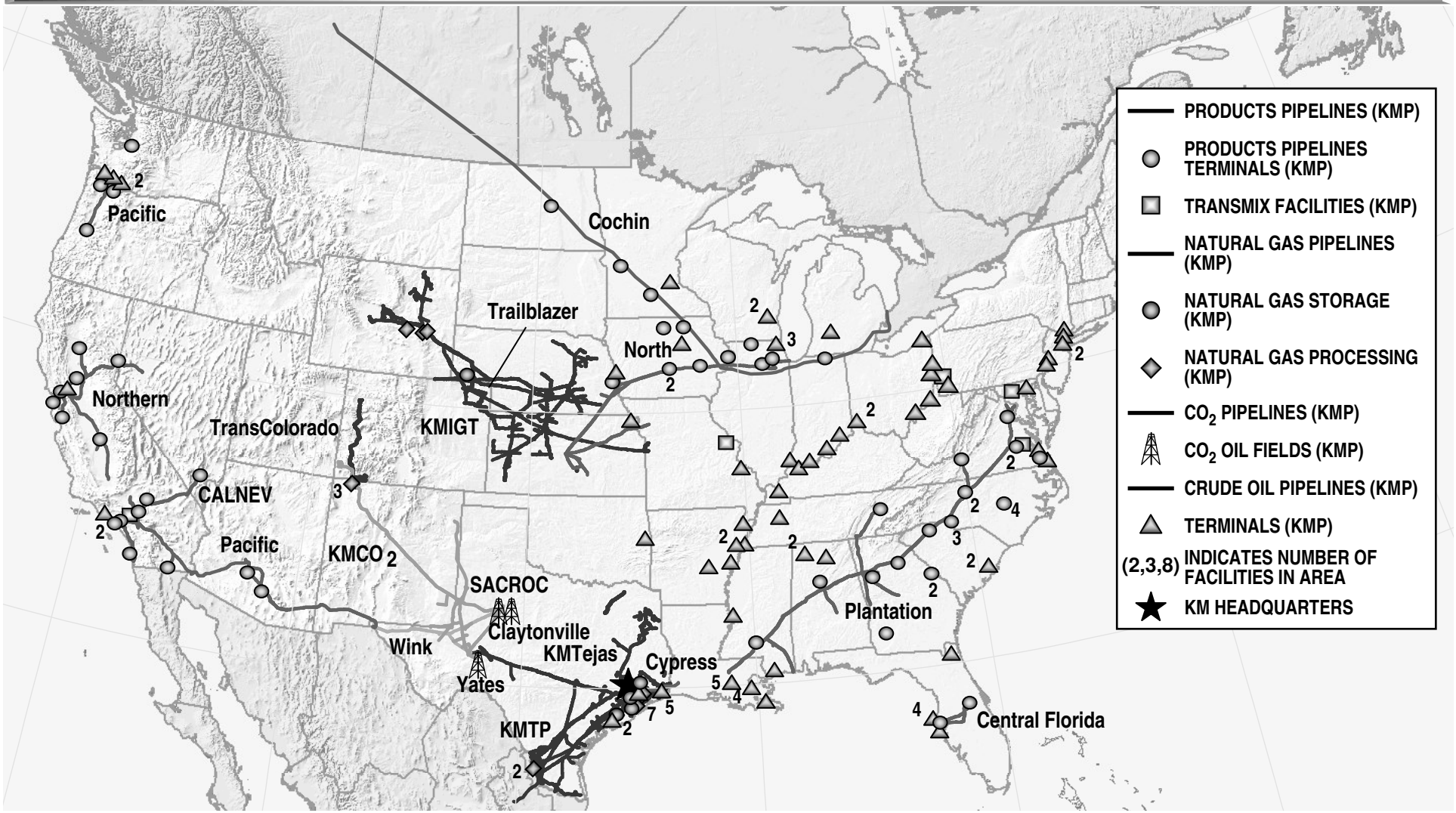
# KMP System Map



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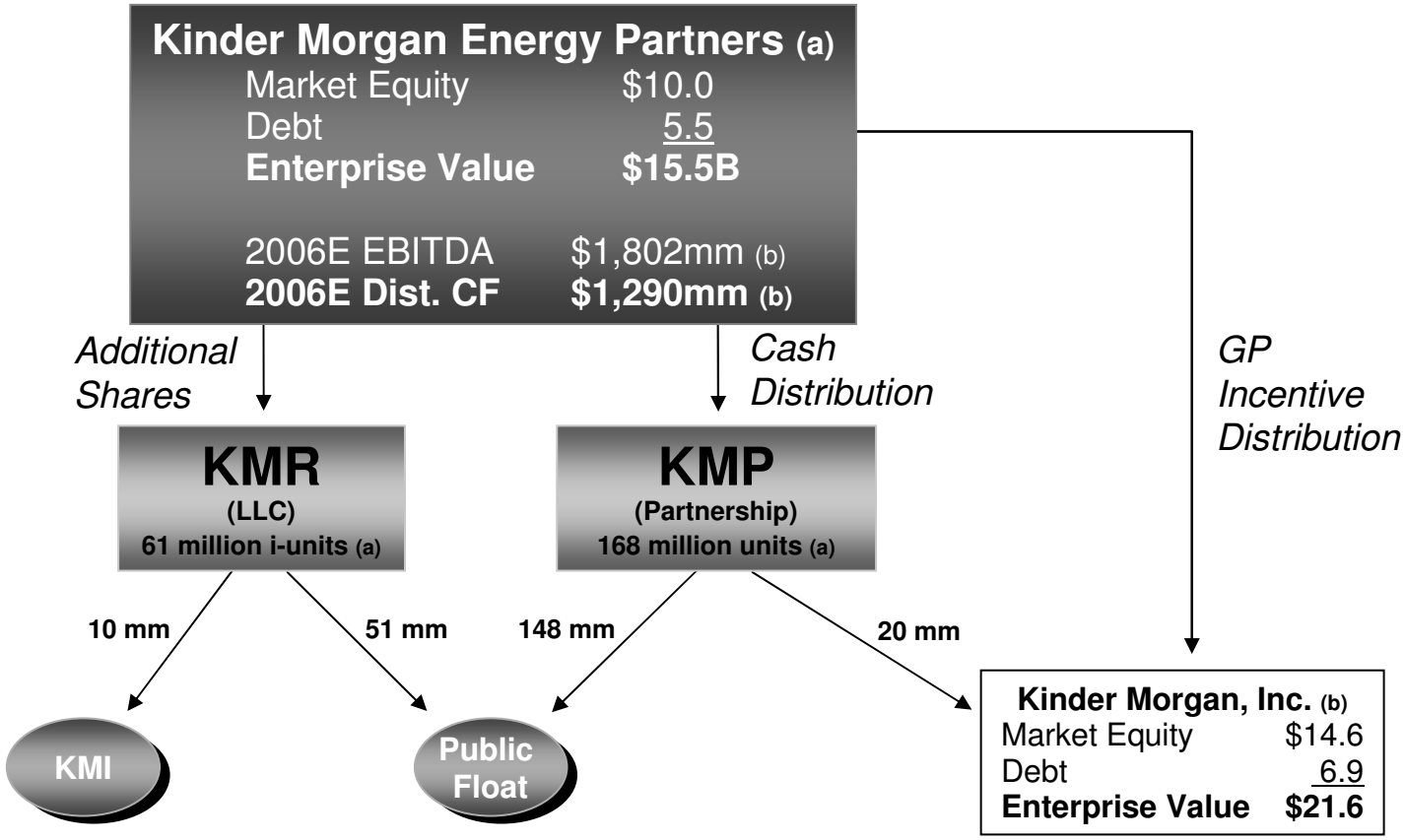
# Kinder Morgan Structure




(a) Pro forma for the recent 5.75 million common unit offering. KMP market cap based on 168 million common units (includes 5.3 million Class B units owned by KMI. Class B units are unlisted KMP common units) at a price of $43.88 and 61 million KMR i-units at a price of $42.22 as of September 29, 2006. Debt balance as of June 30, 2006, excludes the fair value of interest rate swaps, net of cash.

(b) Original 2006 budget.

(c) Figures are represented excluding the consolidation of KMP. KMI market cap based on 136 million shares at a price of $104.85 as of September 29, 2006. Market equity also includes $396 million of preferred securities. Debt balance as of June 30, 2006, excludes the fair value of interest rate swaps and preferred securities, net of cash.

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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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# Solid Asset Base Generates Stable Fee Income

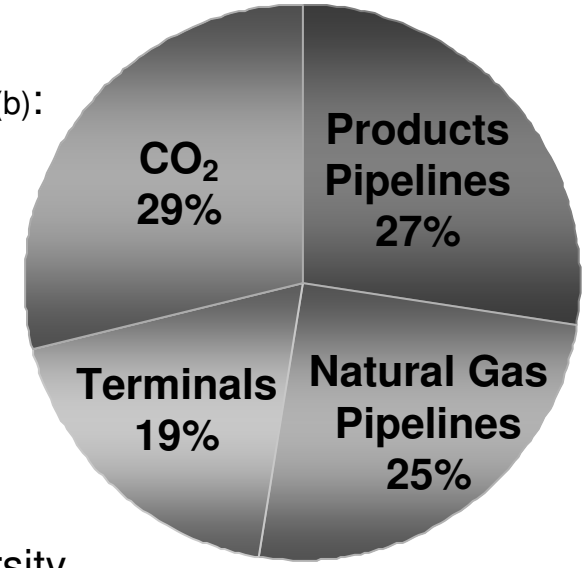
## $CO_2$

- 30% $CO_2$ transport and sales
- 70% oil production related
- Expected production hedged (b):
  - 2007=96%
  - 2008=87%
  - 2009=74%
  - 2010=70%

## Terminals

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

**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) Original 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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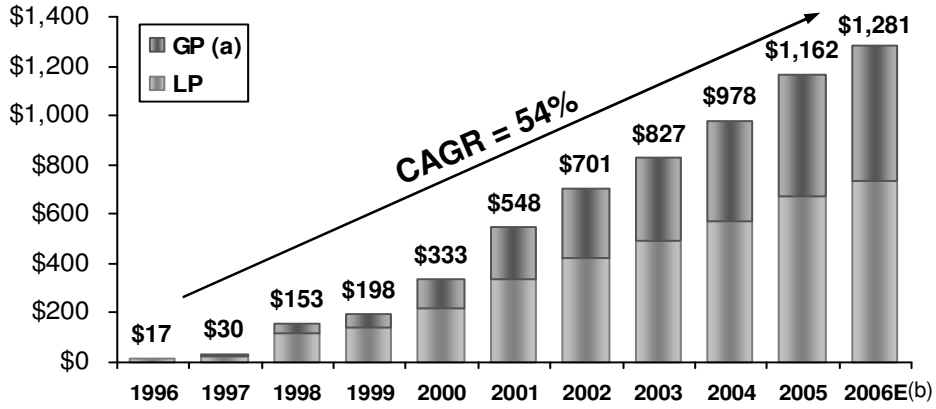
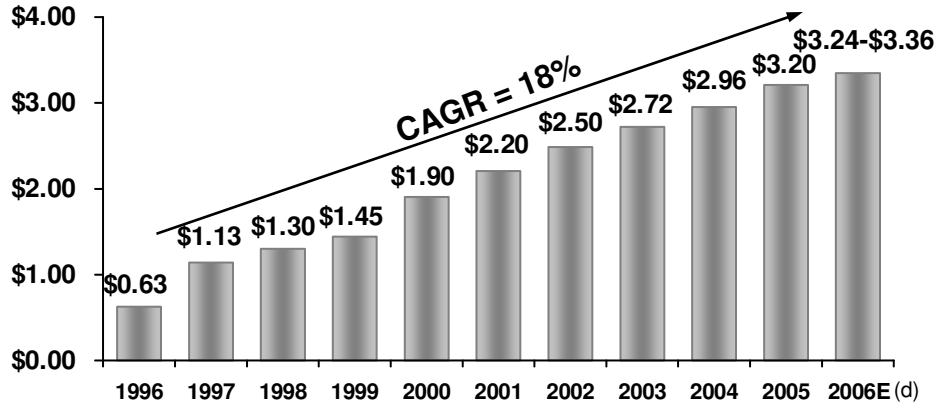
# Consistent Track Record

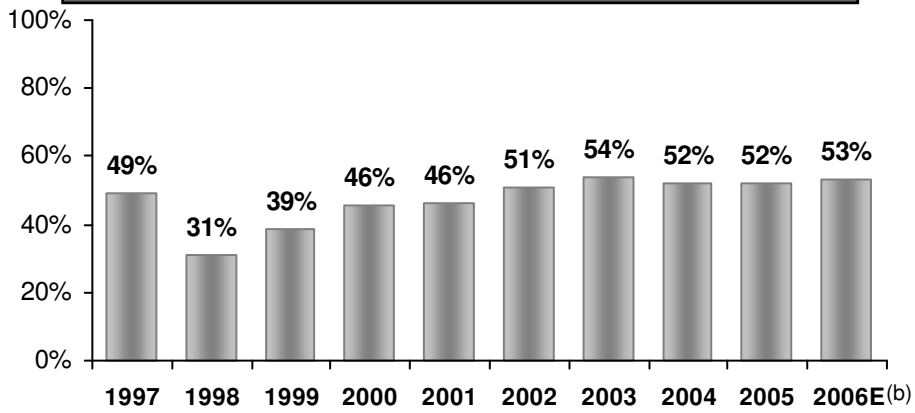
## Total Distributions (GP + LP) ($mm)




## KMP Distribution Per Unit (c)




## Net Debt to Total Capital (d)




(a) Includes 2% GP interest.
(b) Original 2006 budget.
(c) Declared 4Q distribution annualized (i.e. multiplied by four).
(d) Updated guidance.
(e) Excludes loss/gains in Other Comprehensive Income related to hedges.

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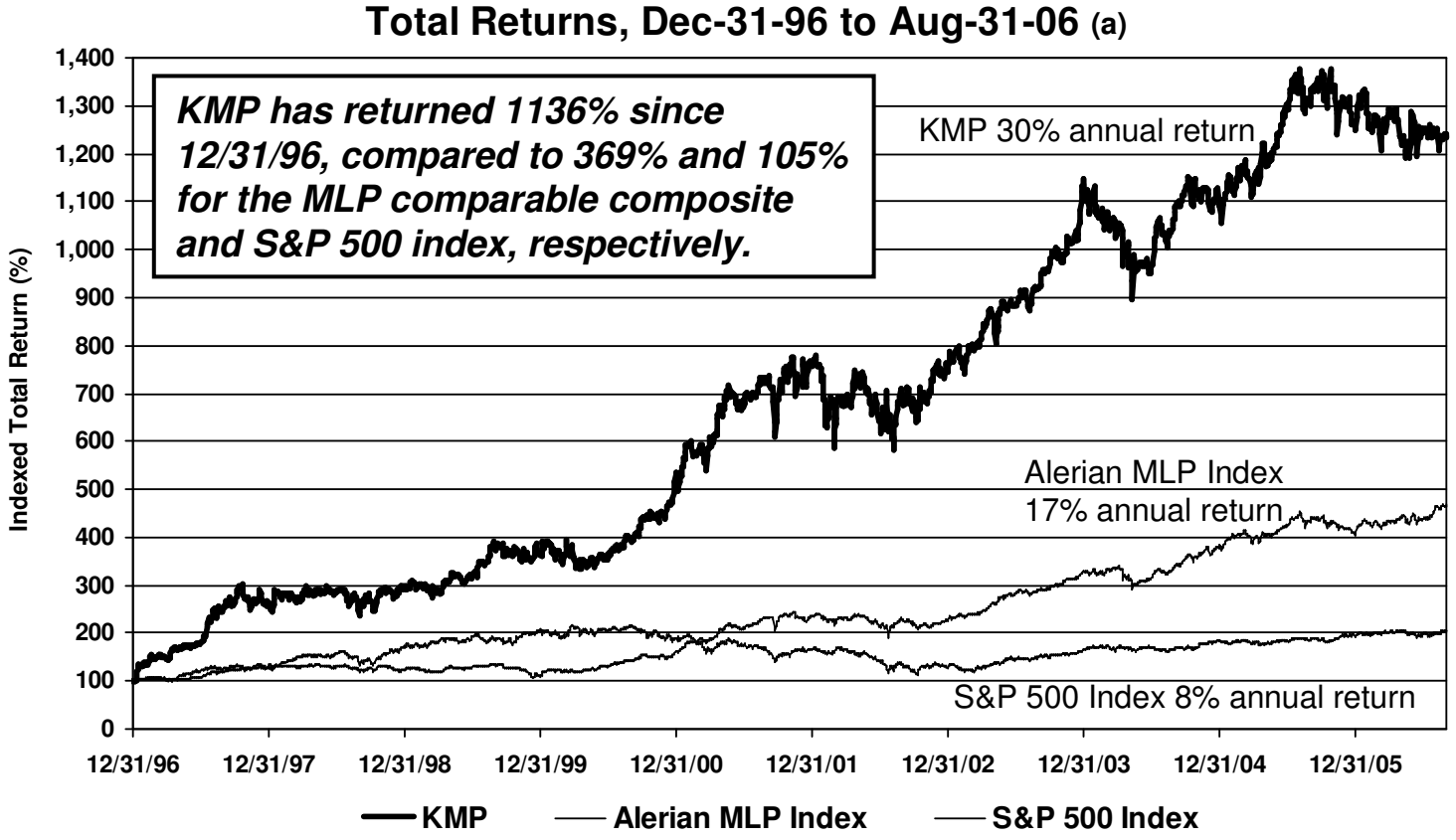
# Attractive Historical Returns




Sources: Bloomberg
(a) Includes distributions/dividends.

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# Vision: Where We're Going

| Trend | KM Opportunity |
|---|---|
| **Growing Rockies Natural Gas Production** | *Rockies Express* |
| **Increased Supply of LNG on Gulf Coast** | *Kinder Morgan Louisiana Pipeline* |
| **Canadian Oilsands** | *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, Doe Canyon $CO_2$ source field expansions, Cortez $CO_2$ pipeline expansion* |
| **Natural Gas Price Volatility** | *Dayton storage expansion* |
| **Demographic Growth in West & Southeast U.S.** | *East Line, CALNEV expansions* |
| **Increased Petroleum Products Imports** | *New York, Houston terminal expansions* |
| **Increased Ethanol Demand** | *Storage expansions at Houston, Philadelphia* |

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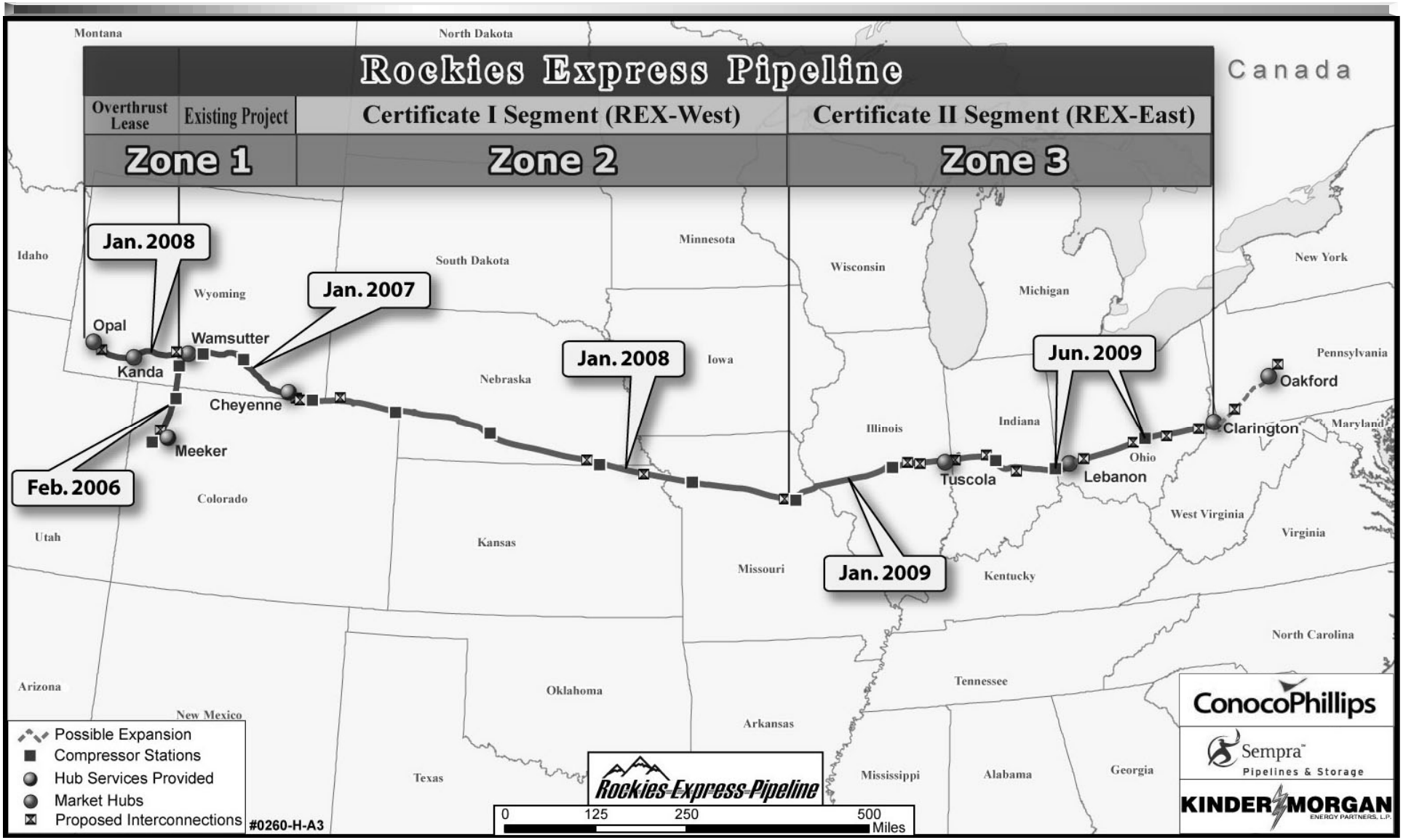
# Growing Rocky Mountain Natural Gas Production: Rockies Express Pipeline



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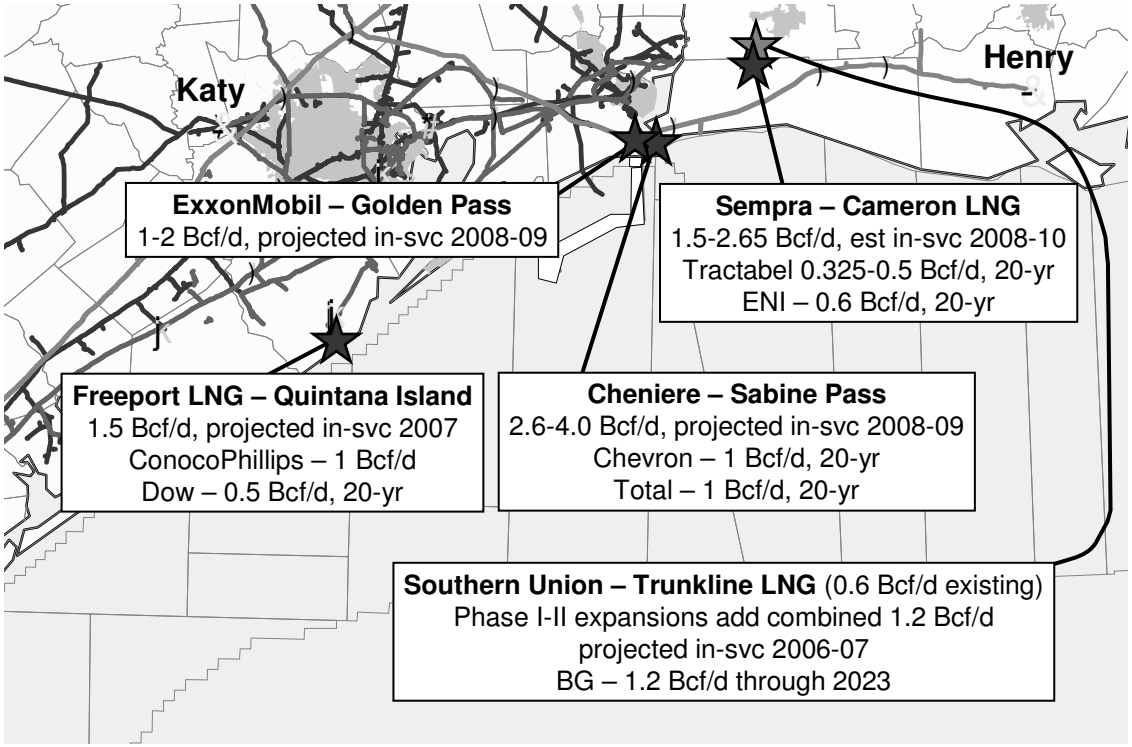
# Increased LNG Supply on Gulf Coast

***~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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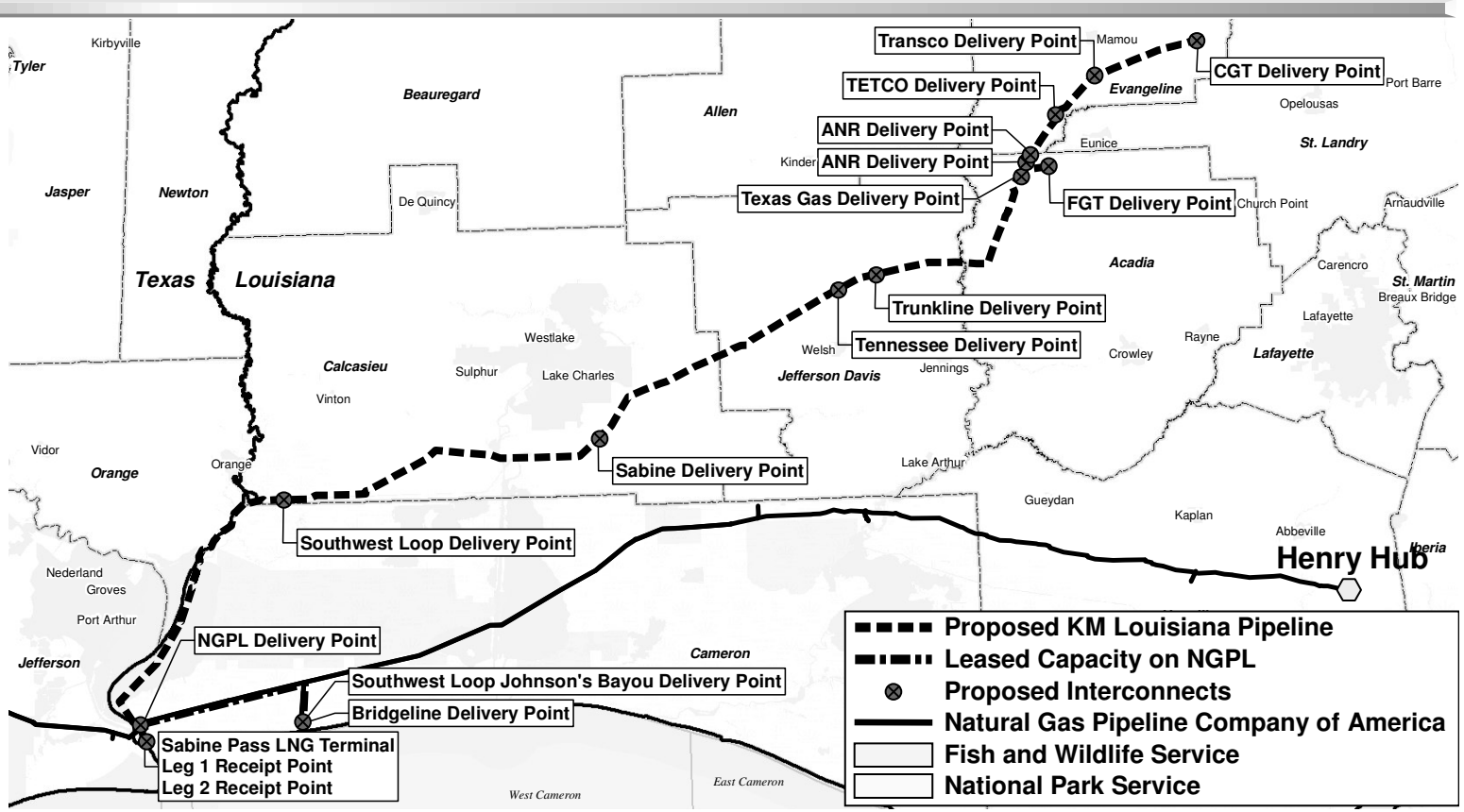
# Increased LNG Supply on Gulf Coast: Kinder Morgan Louisiana Pipeline

***Provides key link from Sabine Pass LNG Terminal and interstate pipeline grid***




- **Capital $484 million**
- **20-year, fixed rate contracts with Chevron and Total**
- **In-service April 1, 2009**
- **137 miles 42”**

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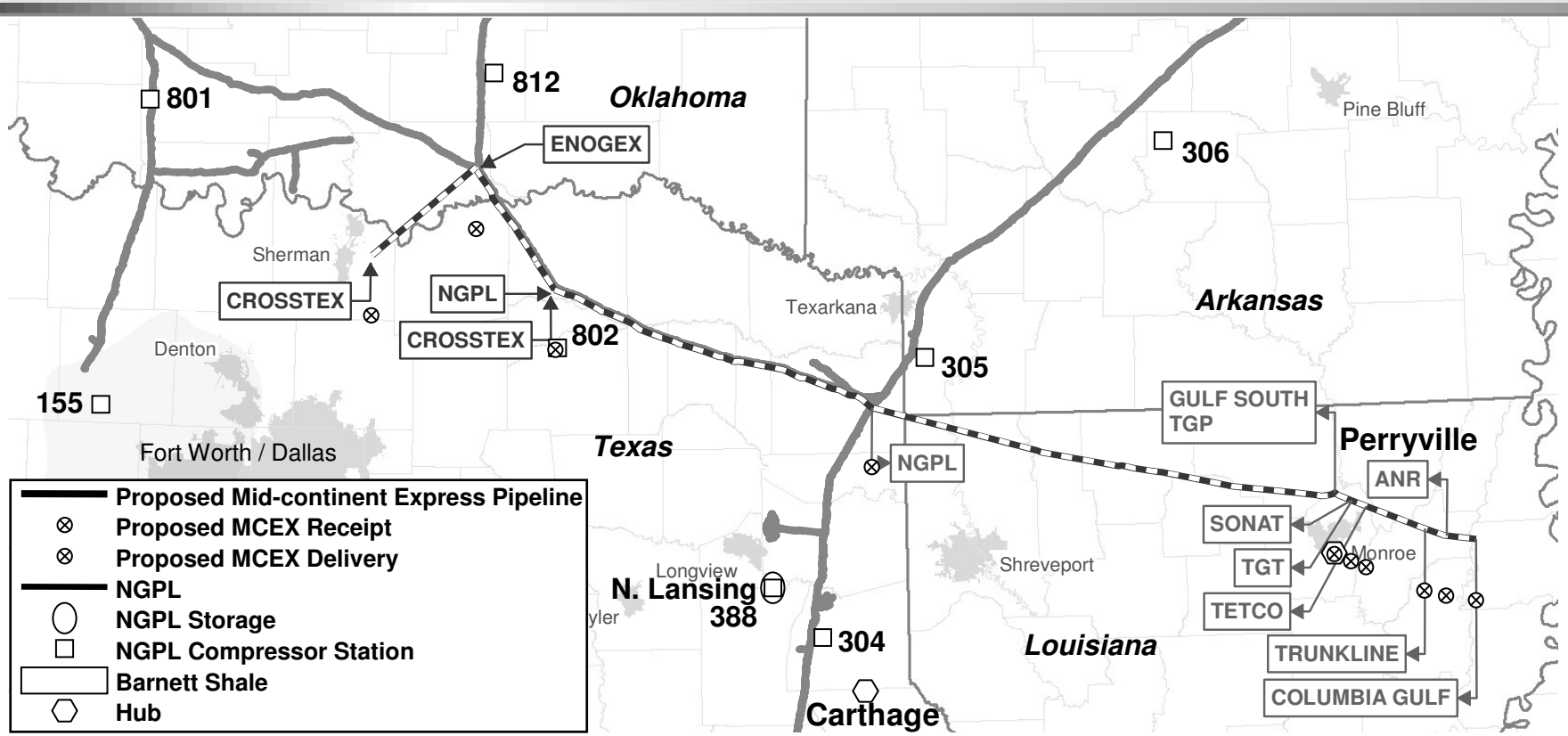
# Growing Midcontinent Production: Midcontinent Express Pipeline




- **Capacity: 1.1 Bcf/d**
- **343 Miles**
  - 39 miles of 36” pipe
  - 304 miles of 42” pipe
- **Contract Term: 10 years**

- **Timeline:**

  **Nov-2006: Open Season**

  **Jan 2009: Possible In-service 802 to NGPL Atlanta**

  **Mar-Aug 2009: Possible In-service for remaining capacity**

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# Identified Future Growth Opportunities

***Nearly $5 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 | Rockies Express | 2.2 (a) | 2007-2009 |
| KMP | $CO_2$ | 1.1 | 2007-2010 |
| KMP | East Line expansion | 0.4 (b) | 2006-2007 |
| KMP | Other identified expansions | 0.7 (c) | 2006-2010 |
| | **Total** | **$4.9** | |

(a) 51% Kinder Morgan ownership. Includes purchase of Entrega Phase I.
(b) Phase I and phase II.
(c) Shipyard River Terminal, Pier 9, Edmonton terminal, CALNEV and Dayton.

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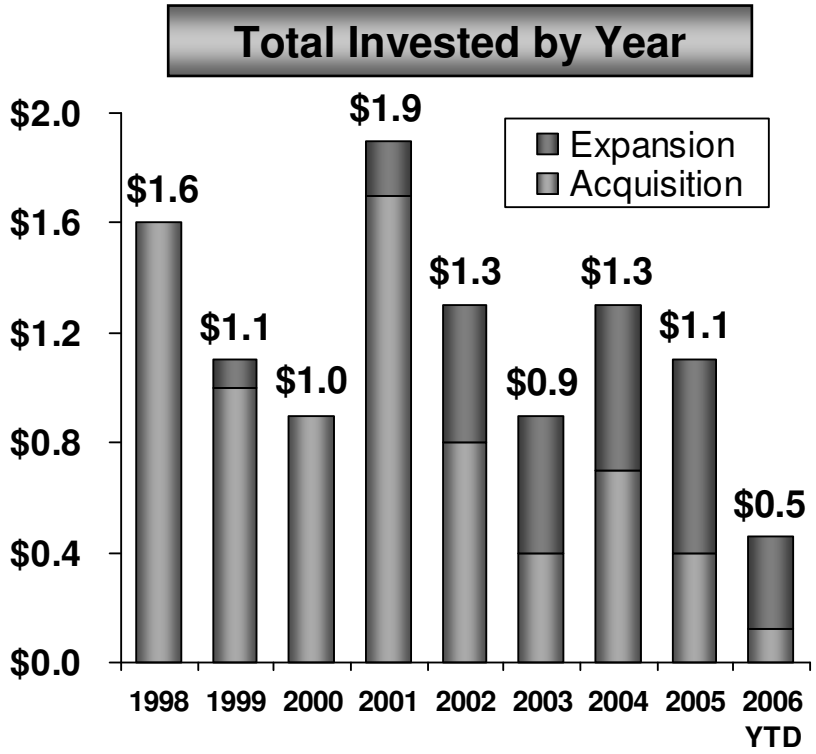
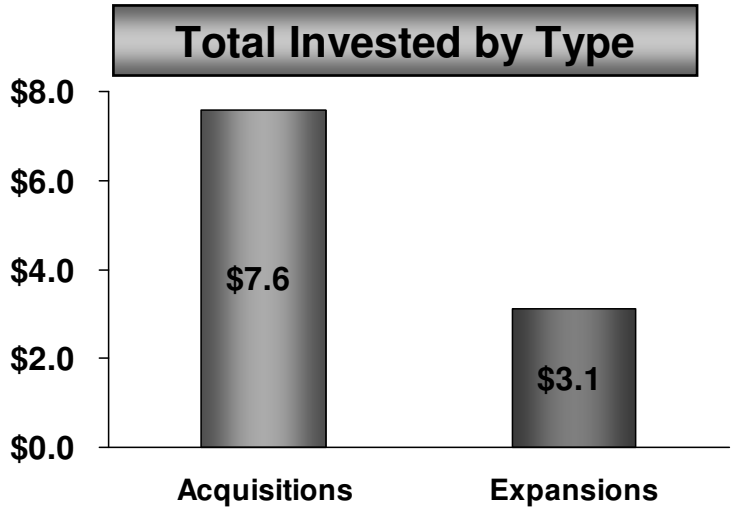
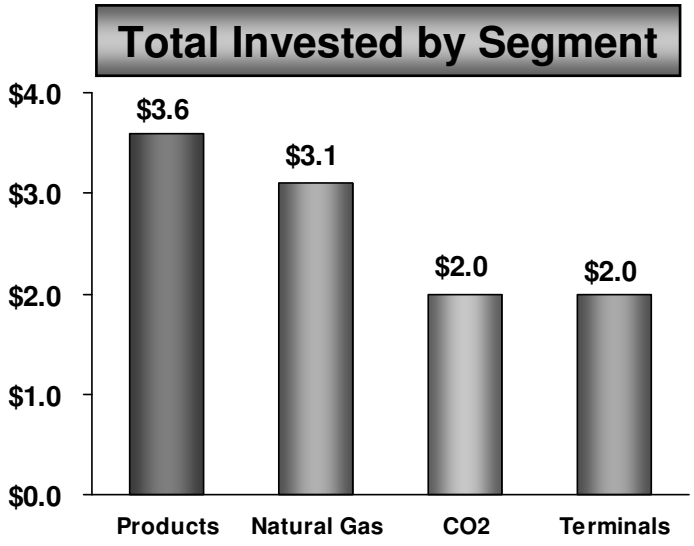
# Over $10 Billion in Capital Invested at KMP

*($ billions)*




Note: Please see Appendix to 2006 Analyst Conference presentation for details on calculations.

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# Attractive Return on Capital

| 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 to 2006 Analyst Conference presentation 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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# KMP is Conservatively Capitalized

*($ millions)*

## Credit Summary

| | KMP |
|---|---|
| L-T Debt Rating | Baa1/BBB+ |
| Net Debt / Total Capital (a,b,c) | 52.7% |
| 2006 Budget Estimates: | |
| Debt / EBITDA | 3.1x |
| EBITDA / Interest | 5.6x |

## CP Capacity (c)

| | KMP | |
|---|---|---|
| Total Bank Credit | $1,850 | (d) |
| Less: Outstanding CP | 877 | (b) |
| Less: Letters of Credit | 433 | |
| Excess Capacity | $540 | |

## Long-term Debt Maturities (c)

| | KMP |
|---|---|
| 2006 (e) | --- |
| 2007 | $255 |
| 2008 | $5 |
| 2009 | $250 |
| 2010 | $250 |

(a) Debt balance excludes fair value of interest rate swaps and is net of cash. Capital excludes loss/gain from other comprehensive income.
(b) Pro forma for recent 5.75 million common unit offering.
(c) At June 30, 2006.
(d) Total bank credit includes $250mm 9-month credit facility (undrawn) terminating Nov-2006.
(e) Remaining in 2006.

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# 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


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