

KINDER MORGAN INC  
Form DEF 14A  
April 05, 2004  
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**SCHEDULE 14A**

**(Rule 14a-101) Information Required in Proxy Statement**

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. \_\_ )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

Kinder Morgan, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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500 Dallas, Suite 1000

Houston, Texas 77002

April 5, 2004

*To our stockholders:*

You are cordially invited to attend the annual meeting of our stockholders to be held at the Doubletree Hotel at Allen Center, 400 Dallas Street, Houston, Texas on Tuesday, May 11, 2004 at 10:00 a.m. local time. The meeting has been called by our Board of Directors.

The accompanying proxy statement describes the matters to be presented for approval at the annual meeting. In summary, the agenda of the meeting will include the election of three Class II Directors, the ratification and approval of the selection of our independent auditors, the amendment and restatement of our Kinder Morgan, Inc. Amended and Restated 1999 Stock Option Plan and stockholder proposals relating to the preparation of a sustainability report and expensing stock options.

Representation of your shares at the meeting is very important. We urge each stockholder, whether or not you plan to attend the meeting, to promptly vote by proxy. If you attend the meeting, you may, if you wish, revoke your proxy and vote in person.

Thank you for your continued support. We look forward to seeing you on May 11.

Sincerely,

Richard D. Kinder

Chairman and Chief Executive Officer

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500 Dallas, Suite 1000

Houston, Texas 77002

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 11, 2004

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*To our stockholders:*

We, the Board of Directors of Kinder Morgan, Inc., give notice that the annual meeting of our stockholders will be held at the Doubletree Hotel at Allen Center, 400 Dallas Street, Houston, Texas, on Tuesday, May 11, 2004, beginning at 10:00 a.m. local time. At the meeting, the holders of our common stock will act on the following matters:

- (1) the election of three Class II Directors to hold office for a three-year term in accordance with our Restated Articles of Incorporation and By-Laws;
- (2) the proposal to ratify and approve the selection of PricewaterhouseCoopers LLP as our independent auditors for 2004;
- (3) the proposal to amend and restate our Kinder Morgan, Inc. Amended and Restated 1999 Stock Option Plan;
- (4) the stockholder proposal relating to the preparation of a sustainability report;
- (5) the stockholder proposal relating to expensing stock options; and
- (6) any and all other business that may properly come before the meeting or any postponement or adjournment thereof.

We have set the close of business on March 12, 2004 as the record date for determining stockholders entitled to receive notice of and to vote at the meeting. A list of all stockholders entitled to vote is on file at our principal offices at 500 Dallas, Suite 1000, Houston, Texas, and will be available for inspection by any stockholder during the meeting.

If you cannot attend the meeting, you may vote by proxy over the telephone or the Internet as instructed on the enclosed proxy card or by mailing the proxy card in the enclosed postage-prepaid envelope. Any stockholder attending the meeting may vote in person, even though he or she has already voted by proxy.

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IF YOU PLAN TO ATTEND:

Please note that space limitations make it necessary to limit attendance to stockholders, though each stockholder may be accompanied by one guest. Admission to the meeting will be on a first-come, first-served basis. Registration will begin at 9:00 a.m. and seating will begin at 9:30 a.m. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

By order of the Board of Directors,

Richard D. Kinder

Chairman and Chief Executive Officer

April 5, 2004

Houston, Texas

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500 Dallas, Suite 1000

Houston, Texas 77002

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**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS ON MAY 11, 2004**

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This proxy statement contains information related to the annual meeting of our stockholders to be held on Tuesday, May 11, 2004, beginning at 10:00 a.m. local time, at the Doubletree Hotel at Allen Center, 400 Dallas Street, Houston, Texas, and to any postponements or adjournments thereof. The date on which this proxy statement and the attached form of proxy will be first sent to our stockholders is April 5, 2004.

**ABOUT THE MEETING**

***Who sent me this proxy statement?***

Our Board of Directors sent you this proxy statement and proxy card. We will pay for the solicitation. In addition to this solicitation by mail, proxies may be solicited by our directors, officers and other employees by telephone, Internet, telegraph, telefax and telex, in person or otherwise. These individuals will not receive any additional compensation for assisting in the solicitation. We may also request that brokerage firms, nominees, custodians and fiduciaries forward proxy materials to the beneficial owners of our shares. We will reimburse those people and our transfer agent for their reasonable out-of-pocket expenses in forwarding such material. ADP Investor Communication Services will perform the broker nominee search and distribute proxy materials to banks, brokers, nominees and intermediaries. We will pay to third parties approximately \$9,000, plus out-of-pocket expenses, for these services.

***Why did I receive this proxy statement and proxy card?***

You received this proxy statement and proxy card from us because you owned our common stock as of the close of business on March 12, 2004. We refer to this date as the record date. This proxy statement contains important information for you to consider when deciding whether to vote for or against the election of directors, the ratification and approval of the selection of our independent auditors, the proposal to amend and restate our Kinder Morgan, Inc. Amended and Restated 1999 Stock Option Plan and the stockholder proposals relating to the preparation of a

sustainability report and expensing stock options. Please read this proxy statement carefully.

***What does it mean if I receive more than one proxy card?***

It means that you have multiple accounts at the transfer agent and/or with stockbrokers. Please sign and return all proxy cards to ensure that all your shares are voted.

***What is the purpose of the annual meeting?***

At the annual meeting, our stockholders will act upon the matters outlined in the notice of annual meeting included with this proxy statement, including the election of directors, the ratification and approval of the selection of our independent auditors, the proposal to amend and restate our Kinder Morgan, Inc. Amended and Restated 1999 Stock Option Plan and the stockholder proposals relating to the preparation of a sustainability

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report and expensing stock options. In addition, our management will report on our performance during fiscal 2003 and respond to questions from stockholders.

### ***Who is entitled to vote at the annual meeting?***

All stockholders who owned our common stock at the close of business on the record date, March 12, 2004, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held at the close of business on that date at the meeting or any postponements or adjournments of the meeting.

### ***What are the voting rights of stockholders?***

Each outstanding share of our common stock will be entitled to one vote on each matter to be considered.

### ***Who can attend the annual meeting?***

All stockholders as of the close of business on the record date, or their duly appointed proxies, may attend the meeting, and each may be accompanied by one guest. Seating, however, is limited. Admission to the meeting will be on a first-come, first-served basis. Registration will begin at 9:00 a.m. and seating will begin at 9:30 a.m. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Please note that if you hold your shares in street name, that is, through a broker or other nominee, you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the close of business on the record date and check in at the registration desk at the meeting.

### ***What constitutes a quorum?***

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our common stock outstanding on the record date will constitute a quorum. The presence of a quorum will permit us to conduct the proposed business at the annual meeting. As of March 12, 2004, the record date, approximately 123,950,352 shares of our common stock were issued and outstanding. This number excludes 8,927,884 shares held in treasury.

Your common stock will be counted as present at the meeting if you:

are present at the meeting; or

have properly submitted a proxy card or voted over the telephone or the Internet.

Proxies received but marked as abstentions and broker non-votes will be included in the number of shares considered present at the meeting.

***How do I vote?***

If you complete and properly sign the accompanying proxy card and return it to us, it will be voted as you direct. If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person. Street name stockholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares. Even if you plan to attend the annual meeting, your plans may change, so it is a good idea to complete, sign and return your proxy card or vote over the telephone or the Internet in advance of the meeting.

If you sign and return the accompanying proxy card and no direction is given for any item on the proxy card, it will be voted for the election of the nominated slate directors, for the proposal to ratify and approve the selection of PricewaterhouseCoopers LLP as our independent auditors for 2004, for the proposal to amend and restate our Kinder Morgan, Inc. Amended and Restated 1999 Stock Option Plan and against the two stockholder proposals.

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***Can I vote by telephone or electronically?***

If you are a registered stockholder, that is, if you hold your stock in certificate form, you may vote by telephone or over the Internet by following the instructions included with your proxy card.

If your shares are held in street name, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or over the Internet.

If you are a registered stockholder, the deadline for voting by telephone or over the Internet is 11:59 p.m. Eastern Daylight Savings Time on May 10, 2004.

***Can I change my vote after I return my proxy card?***

Yes. Even after you have submitted your proxy card, you may change your vote at any time before the proxy is exercised by filing with our Secretary either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you so request in person at the annual meeting, although attendance at the meeting will not by itself revoke a previously granted proxy.

***What are the recommendations of our Board of Directors?***

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our Board of Directors. Each recommendation of our Board of Directors is set forth below and with the description of each item in this proxy statement. In summary, our Board of Directors recommends a vote:

**for** the election of the nominated slate of directors;

**for** the proposal to ratify and approve the selection of PricewaterhouseCoopers LLP as our independent auditors for 2004;

**for** the proposal to amend and restate our Kinder Morgan, Inc. Amended and Restated 1999 Stock Option Plan;

**against** the stockholder proposal relating to the preparation of a sustainability report; and

**against** the stockholder proposal relating to expensing stock options.

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With respect to any other matter that properly comes before the meeting, the proxy holders will vote on such matters in their own discretion.

### *What vote is required to approve each item?*

*Election of Directors.* The affirmative vote of a plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy marked **WITHHELD** with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

*Other Items.* For each other item, the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval. A properly executed proxy marked **ABSTAIN** with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

If you hold your shares in street name, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee

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specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum.

*Do I have any dissenters' rights?*

No. Under the laws of the State of Kansas, dissenters' rights are not available to our stockholders with respect to matters to be voted on at the annual meeting.

*Where can I find the voting results of the meeting?*

The preliminary voting results will be announced at the meeting. The final results will be published in our quarterly report on Form 10-Q for the second quarter of fiscal 2004.

*How can I find more information about Kinder Morgan?*

We file annual, quarterly and special reports and other information with the Securities and Exchange Commission. You may read and copy any of these documents at the Commission's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. Copies of the material may be obtained by mail at prescribed rates from the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. We are listed on the New York Stock Exchange. Reports and other information concerning us may be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. We trade under the ticker symbol KML. Our filings also are available to the public at the Commission's web site at [www.sec.gov](http://www.sec.gov). You may also request a copy of our filings by contacting our Secretary, c/o Kinder Morgan, Inc., 500 Dallas, Suite 1000, Houston, Texas 77002.

**COMMON STOCK OWNERSHIP**

*Who are the largest owners of our common stock?*

Except as set forth below, we know of no single person or group that was the beneficial owner of more than 5% of our common stock as of March 12, 2004. The percentage listed in the column entitled "Percentage of Class" is calculated based on 123,950,352 shares of our common stock outstanding on March 12, 2004. This number excludes 8,927,884 shares held in treasury.

<u>BENEFICIAL OWNER</u>	SHARES BENEFICIALLY	PERCENTAGE OF CLASS
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**OWNED**

Richard D. Kinder	23,995,415(1)	19.36%
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- (1) Includes 5,173 shares held by Mr. Kinder's wife and 250 shares held by Mr. Kinder in a custodial account for his nephew. Mr. Kinder disclaims any and all beneficial or pecuniary interest in these shares. The address for Mr. Kinder is 500 Dallas, Suite 1000, Houston, Texas 77002.



**Table of Contents****How much common stock do our directors and executive officers own?**

The following table shows the amount of our common stock beneficially owned by our directors, our executive officers named in the Summary Compensation Table, and our directors and our executive officers as a group. The address of each beneficial owner is c/o Kinder Morgan, Inc., 500 Dallas, Suite 1000, Houston, Texas 77002. Except as otherwise indicated, all information is as of March 12, 2004.

<u>BENEFICIAL OWNER</u>	<u>SHARES BENEFICIALLY OWNED</u>	<u>PERCENTAGE OF CLASS</u>
Richard D. Kinder (1)	23,995,415	19.36%
Michael C. Morgan (2)	427,503	*
C. Park Shaper (3)	301,002	*
Edward H. Austin (4)	276,405	*
William J. Hybl (5)	83,954	*
Charles W. Battey (6)	78,470	*
H. A. True, III (7)	66,500	*
Stewart A. Bliss (8)	61,675	*
Edward Randall, III (9)	194,300	*
Fayez Sarofim (10)	2,259,352	1.82%
Ted A. Gardner (11)	260,000	*
Joseph Listengart (12)	169,300	*
Deborah A. Macdonald (13)	145,568	*
All current directors and executive officers as a group (16 persons) (14)	28,566,399	22.85%

\* Less than 1%

- (1) Includes 5,173 shares held by Mr. Kinder's wife and 250 shares held by Mr. Kinder in a custodial account for his nephew. Mr. Kinder disclaims any and all beneficial or pecuniary interest in these shares.
- (2) Includes options to purchase 197,500 shares currently exercisable or exercisable within 60 days of March 12, 2004, and includes 107,500 restricted shares.
- (3) Includes options to purchase 170,000 shares currently exercisable or exercisable within 60 days of March 12, 2004, and includes 117,500 restricted shares.
- (4) Mr. Austin may be deemed to be the beneficial owner of 276,405 shares of our common stock. Of these shares, Mr. Austin has sole voting and investment power with respect to 91,507 shares which are owned directly of record and beneficially by him and may be deemed to have shared voting and investment power as to 144,898 shares of our common stock. Of the shares which are not subject to sole voting and investment power, 115,873 shares are held in a family limited partnership of which Mr. Austin is a general and limited partner and 29,025 shares are held in investment advisory accounts managed and/or monitored by Mr. Austin. Includes options to purchase 40,000 shares currently exercisable or exercisable within 60 days of March 12, 2004.
- (5) Includes options to purchase 70,500 shares currently exercisable or exercisable within 60 days of March 12, 2004. Includes 600 shares owned by Mr. Hybl's spouse.

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- (6) Includes options to purchase 61,500 shares currently exercisable or exercisable within 60 days of March 12, 2004.
- (7) Includes options to purchase 61,500 shares currently exercisable or exercisable within 60 days of March 12, 2004. Includes 225 shares held by Mr. True in a nominee account.
- (8) Includes options to purchase 57,000 shares currently exercisable or exercisable within 60 days of March 12, 2004.

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- (9) Mr. Randall may be deemed to be the beneficial owner of 194,300 shares of our common stock. Of these shares, Mr. Randall has sole voting and investment power with respect to 110,000 shares which are owned directly of record and beneficially by him and 27,300 shares are held in trusts of which Mr. Randall is trustee and to which he shares voting and investment power but has no beneficial interest. Includes options to purchase 57,000 shares currently exercisable or exercisable within 60 days of March 12, 2004.
- (10) Mr. Sarofim may be deemed to be the beneficial owner of 2,259,352 shares of our common stock. Of these shares, Mr. Sarofim has sole voting and investment power with respect to 1,506,600 shares, which are owned of record and beneficially by him, and may be deemed to have shared voting power as to 348,193 shares of our common stock and shared investment power as to 712,752 shares of our common stock. Of the securities which are not subject to sole voting and investment power, 497,530 shares are held in investment advisory accounts managed by Faye Sarofim & Co. for numerous clients, 160,251 shares are held by Sarofim International Management Company for its own account, 24,500 shares are held in investment advisory accounts managed by Sarofim International Management Company, and 4,500 shares are held in investment advisory accounts managed by Sarofim Trust Co. Faye Sarofim & Co. is an Investment Adviser registered under the Investment Advisers Act of 1940, of which Mr. Sarofim is Chairman of the Board, President, and, through a holding company, majority stockholder. Sarofim International Management Company and Sarofim Trust Co. are wholly-owned subsidiaries of Faye Sarofim & Co. Additionally, 25,971 shares are held in trusts of which Mr. Sarofim is trustee, as to which he shares voting and investment power but has no beneficial interest. Includes options to purchase 40,000 shares currently exercisable or exercisable within 60 days of March 12, 2004.
- (11) Includes options to purchase 40,000 shares currently exercisable or exercisable within 60 days of March 12, 2004.
- (12) Includes options to purchase 86,300 shares currently exercisable or exercisable within 60 days of March 12, 2004, and includes 77,500 restricted shares.
- (13) Includes options to purchase 25,000 shares currently exercisable or exercisable within 60 days of March 12, 2004, and includes 107,500 restricted shares.
- (14) Includes options to purchase 1,050,175 shares exercisable within 60 days of March 12, 2004, and includes 490,600 restricted shares.

Unless otherwise indicated, the directors and named executive officers have sole voting and investment power over the shares listed above, other than shared rights between the directors or named executive officers and their respective spouses.

The percentage listed in the column entitled *Percentage of Class* is calculated based on 123,950,352 shares of our common stock outstanding on March 12, 2004 (which excludes 8,927,884 shares held in treasury) and the respective options beneficially held by each director and/or officer, as appropriate.

***Section 16(a) Beneficial Ownership Reporting Compliance***

Section 16 of the Securities Exchange Act of 1934, as amended, requires our directors and officers, and persons who own more than 10% of a registered class of our equity securities to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission. Such persons are required by Commission regulation to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms furnished to us and written representations from our executive officers and directors, we believe that all Section 16(a) filing requirements were met during 2003, except that due to inadvertence, William J. Hybl failed to file timely one Form 5 reporting his gifts to family members of an aggregate amount of 470 shares of our common stock.



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### ***Certain Relationships and Related Transactions***

#### *Retention Agreement*

Effective January 17, 2002, we entered into a retention agreement with C. Park Shaper, an officer of us, Kinder Morgan G.P., Inc. and its delegate, Kinder Morgan Management, LLC. Pursuant to the terms of the agreement, Mr. Shaper obtained a \$5 million personal loan guaranteed by us and Kinder Morgan Energy Partners, L.P. Mr. Shaper was required to purchase and did purchase our common stock and Kinder Morgan Energy Partners, L.P. common units in the open market with the loan proceeds. The Sarbanes-Oxley Act of 2002 does not allow companies to issue or guarantee new loans to executives, but it grandfather's loans that were in existence prior to the act. Regardless, we and Mr. Shaper agreed that in today's business environment it would be prudent for him to repay the loan. In conjunction with this decision, Mr. Shaper sold 37,000 shares of our common stock in July 2003 and 82,000 Kinder Morgan Energy Partners, L.P. common units in July 2003. He used the proceeds to repay the \$5 million personal loan guaranteed by Kinder Morgan Energy Partners, L.P. and us, thereby eliminating Kinder Morgan Energy Partners, L.P.'s and our guarantee of this loan. Mr. Shaper instead participates in our restricted stock plan with other senior executives. The retention agreement terminated accordingly.

#### *Lines of Credit*

As of December 31, 2002, Kinder Morgan Energy Partners, L.P. had agreed to guarantee potential borrowings under lines of credit available from Wachovia Bank, National Association, formerly known as First Union National Bank, to Messrs. Listengart, Shaper, James Street and Ms. Macdonald. Each of these officers was primarily liable for any borrowing on his or her line of credit, and if Kinder Morgan Energy Partners, L.P. made any payment with respect to an outstanding loan, the officer on behalf of whom payment was made was required to surrender a percentage of his or her options to purchase our common stock. Kinder Morgan Energy Partners, L.P.'s obligations under the guaranties, on an individual basis, generally did not exceed \$1.0 million and those obligations, in the aggregate, did not exceed \$1.9 million. Kinder Morgan Energy Partners, L.P. never made any payments with respect to these lines of credit and each line of credit was either terminated or refinanced without a guarantee from Kinder Morgan Energy Partners, L.P. Kinder Morgan Energy Partners, L.P. has no further guaranteed obligations with respect to any borrowings by our officers.

**Table of Contents****EXECUTIVE COMPENSATION****Summary Compensation Table**

Certain of our executive officers, including all of the named officers below, also serve in the same capacities as executive officers of Kinder Morgan G.P., Inc., the general partner of Kinder Morgan Energy Partners, L.P., and Kinder Morgan Management, LLC. Kinder Morgan Management, LLC is the delegate of Kinder Morgan G.P., Inc. All information in this proxy statement with respect to compensation of executive officers describes the total compensation received by those persons in all capacities for us, Kinder Morgan G.P., Inc., Kinder Morgan Management, LLC, and their respective affiliates.

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation Awards		All Other Compensation(3)
		Salary	Bonus(1)	Restricted Stock Awards(2)	Shares Underlying Options	
Richard D. Kinder	2003	\$ 1	\$	\$		\$
Director, Chairman and Chief Executive Officer	2002	1				
	2001	1				
Michael C. Morgan	2003	200,000	875,000	5,380,000		9,815
Director, President	2002	200,000	950,000			9,584
	2001	200,000	350,000	569,900		7,835
C. Park Shaper	2003	200,000	875,000	5,918,000		8,378
Vice President and Chief Financial Officer	2002	200,000	950,000		100,000(4)	8,336
	2001	200,000	350,000	569,900		7,186
Deborah A. Macdonald	2003	200,000	875,000	5,380,000		8,966
President,	2002	200,000	950,000		50,000(5)	8,966
Natural Gas Pipelines	2001	200,000	350,000	569,900		32,816
Joseph Listengart	2003	200,000	825,000	3,766,000		8,378
Vice President,	2002	200,000	950,000			8,336
General Counsel and Secretary	2001	200,000	350,000	569,900		7,186

(1) Amounts paid the following year.

- (2) Represent shares of restricted stock awarded in 2003 and 2001. The 2003 and 2001 awards were issued under a stockholder-approved plan. For the 2003 awards, value is computed as the number of shares awarded times the closing price on the date of grant (\$53.80 at July 16, 2003). Twenty-five percent of the shares in each grant vest on the third anniversary after the date of grant and the remaining seventy-five percent of the shares in each grant vest on the fifth anniversary after the date of grant. To vest, we and/or Kinder Morgan Energy Partners, L.P. must also achieve one of the following performance hurdles during the vesting period: (i) we must earn \$3.70 per share in any fiscal year; (ii) Kinder Morgan Energy Partners, L.P. must distribute \$2.72 over four consecutive quarters; (iii) we or Kinder Morgan Energy Partners, L.P. must fund at least one year's annual incentive program; or (iv) our stock price must average over \$60.00 per