

WHAT THIS NOTICE CONTAINS

Why Did I Get This Notice?	PAGE 2
How Do I Know If I Am Part Of This Settlement?	PAGE 2
What Recovery Does The Settlement Provide?	PAGE 2
Why Is There A Settlement?	PAGE 3
What Might Happen If There Were No Settlement?	PAGE 3
What Payments Are The Attorneys For The Class Seeking?	PAGE 3
What Is This Case About? What Has Happened So Far?	PAGE 3
What Led Up To The Settlement?	PAGE 4
Why Have The Defendants Agreed To The Settlement?	PAGE 4
What Are The Reasons For The Settlement?	PAGE 4
How Much Will My Payment Be?	PAGE 4
What Rights Am I Giving Up By Agreeing To The Settlement?	PAGE 6
How Will The Lawyers Be Paid?	PAGE 6
How Do I Participate In The Settlement? What Do I Need To Do?	PAGE 6
What If I Do Not Want To Be A Part Of The Settlement? How Do I Exclude Myself?	PAGE 7
When And Where Will The Court Decide Whether To Approve The Settlement? Do I Have To Come To The Hearing? May I Speak At The Hearing If I Don't Like The Settlement?	PAGE 7
What If I Bought or Acquired Shares On Someone Else's Behalf?	PAGE 8
Can I See The Court File? Whom Should I Contact If I Have Questions?	PAGE 8

WHY DID I GET THIS NOTICE?

1. You or someone in your family may have purchased or acquired KNE common stock from October 30, 1997 through June 21, 1999, inclusive. The Court sent you this Notice because, as a potential Class Member, you have a right to know about a proposed Settlement of certain claims in a class action lawsuit and your options before the Court decides whether to approve the Settlement. The terms of the Settlement are set forth in a Stipulation and Agreement of Settlement ("Stipulation") that has been filed with the Court. If the Court approves the Settlement, after objections and appeals are resolved, a claims administrator will make payments pursuant to the Settlement.

2. The Court in charge of this case is the United States District Court for the District of Colorado, and the case is known as *Lamb, et al. v. Kinder Morgan, Inc., et al.*, Civ. A. No. 00-N-516 (PAC). The people who filed this lawsuit are the Lead Plaintiffs, and the entities and people who have been sued are the Defendants.

3. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of the terms of the proposed Settlement and to inform you of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement and to consider the application for attorneys' fees and reimbursement of litigation expenses (the "Final Approval Hearing").

4. The Final Approval Hearing will be held at 2:45 pm on May 20, 2005, before the Honorable Edward W. Nottingham at the United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, Room A1041/Courtroom A1001, 901 19th Street, Denver, Colorado 80294-3589, to determine:

- whether the proposed Settlement is fair, reasonable and adequate and should be approved by the Court;
- whether the claims against the Defendants should be dismissed with prejudice as set forth in the Stipulation;
- whether the proposed Plan of Allocation is fair and reasonable and should be approved; and
- whether the application by Plaintiffs' Lead Counsel for an award of attorneys' fees and reimbursement of litigation expenses incurred should be approved.

5. The issuance of this Notice is not an expression of the Court's opinion on the merits of any claim in the lawsuit, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments will be made after appeals, if any, are resolved and after the completion of all claims processing. Please be patient.

HOW DO I KNOW IF I AM PART OF THIS SETTLEMENT?

6. The Class covered by this Settlement consists of all persons and entities who purchased or acquired KNE common stock from October 30, 1997 through June 21, 1999, inclusive (the "Class"). Excluded from the Class are: (i) the Defendants; (ii) Officers and directors of the Company from October 30, 1997 to the present; (iii) members of the immediate family of each excluded individual; (iv) any entity in which during the Class Period the Company had a controlling interest or which was a parent or subsidiary of the Company; and (v) the personal representatives, heirs, successors and predecessors in interest and/or assigns of any such excluded individual. Also excluded from the Class are any Persons who exclude themselves by filing a Request for Exclusion in accordance with the requirements set forth in this Notice (see "What If I Do Not Want To Participate In The Settlement? How Do I Exclude Myself," below).

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A CLASS MEMBER OR ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MUST SUBMIT THE ENCLOSED PROOF OF CLAIM AND RELEASE FORM POSTMARKED NO LATER THAN THAN JUNE 18, 2005.

WHAT RECOVERY DOES THE SETTLEMENT PROVIDE?

7. The Company's Insurer has agreed to pay \$5,250,000 (\$5.25 million). Attorneys' fees, litigation expenses, notification costs, and administration costs will be deducted from these Settlement proceeds, and the balance will be distributed to the Class.

8. Approximately 79,057,013 shares of the Company's common stock may be affected by this Settlement. Assuming that the owners of all affected shares elect to participate, the average payment from the Settlement Fund would be approximately \$.07 per share.

9. Your share, if any, of the Settlement will depend on a number of factors, including, when and for what price Class Members purchased, acquired, and/or sold their shares of the Company, and the total number of shares for which timely and valid Proof of Claim and Release Forms are submitted by Class Members (“Authorized Claimants”). See “How Much Will My Payment Be,” below.

10. **Timing of Payment:** Within ten (10) business days after entry of the Court’s Preliminary Approval Order, the Company’s Insurer has agreed to pay \$5,250,000 into an interest-bearing escrow account at Citizen’s Bank of Massachusetts, Boston, Massachusetts (the “Escrow Account”).

WHY IS THERE A SETTLEMENT?

11. The Court did not decide in favor of either the Plaintiffs or the Defendants. By agreeing to a Settlement, both the Plaintiffs and the Defendants avoid the costs and risk of a trial, and the Class Members are compensated.

12. In light of the amount of the Settlement and the immediacy of payment to the Class, Lead Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of Class Members. Lead Plaintiffs believe that the Settlement provides a substantial benefit, namely \$5,250,000 (\$5.25 million) in cash, less the various deductions described in this Notice, as compared to the risk that all or some of the claims in the Action could have been dismissed in response to Defendants’ pending motion for summary judgment or other motions that the Defendants might have filed in the absence of a Settlement, that the Court may have denied Lead Plaintiffs’ pending motion for class certification, or a similar, smaller, or no recovery would be achieved after a trial and appeals, possibly years in the future, in which the Defendants would have the opportunity to assert substantial defenses to the claims asserted against them.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

13. If there were no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of their claims, neither they nor the Class would recover anything from the Defendants. Also, if the Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

WHAT PAYMENTS ARE THE ATTORNEYS FOR THE CLASS SEEKING?

14. Plaintiffs’ Counsel has not received any payment for their services in pursuing claims against the Defendants on behalf of the Class, nor have they been reimbursed for their considerable out-of-pocket expenses. Plaintiffs’ Lead Counsel intends to apply to the Court for an award of attorneys’ fees not to exceed 25% of the Settlement Fund. In addition, Plaintiffs’ Lead Counsel intends to apply for reimbursement of litigation expenses in an amount not to exceed \$1.2 million. If the application for attorneys’ fees and reimbursement of litigation expenses is approved by the Court, the average cost per share would be approximately \$.03. THE COURT HAS NOT EXPRESSED ANY OPINION ON THE APPLICATION FOR ATTORNEYS’ FEES AND REIMBURSEMENT OF LITIGATION EXPENSES. See “How Will the Lawyers Be Paid,” below.

WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

15. On or about March 8, 2000, the Action was commenced in the United States District Court for the District of Colorado alleging that the Company and certain of its officers had violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) by making, or causing to be made, certain allegedly false and misleading public statements (the “Action”).

16. The Court appointed James Adams, Stanley Lamb and Anthony Vartuli as Lead Plaintiffs in the Action, and approved their choice of Berman DeValerio Pease Tabacco Burt & Pucillo and The Law Offices of Curtis V. Trinko as Plaintiffs’ Lead Counsel for the Class (“Plaintiffs’ Lead Counsel”) by Order dated November 15, 2000. James Adams withdrew as a Lead Plaintiff on June 7, 2004.

17. On March 21, 2000, the First Amended Class Action Complaint was filed with the Court. On February 23, 2001, the Court entered an Order dismissing the First Amended Class Action Complaint and granting leave to file a second amended complaint. On April 27, 2001, Lead Plaintiffs filed the Second Amended Class Action Complaint (the “Second Amended Complaint”) against the Defendants and Richard Kinder (“Kinder”), asserting violations of Sections 10(b) and 20(a) of the Exchange Act. On March 29, 2002, the Court dismissed the Second Amended Complaint. On May 2, 2002, Plaintiffs’ Lead Counsel filed a Notice of Appeal with the Tenth Circuit Court of Appeals (“Tenth Circuit”). On August 11, 2003, the Tenth Circuit upheld the dismissal of Kinder with prejudice and vacated in part the Court’s dismissal of the Defendants. Pursuant to the Tenth Circuit’s Mandate, the Court entered an Order on May 11, 2004, setting a schedule for class certification, fact and expert discovery and settlement mediation proceedings (“Scheduling Order”). Pursuant to the Scheduling Order, the Parties engaged in extensive class certification discovery, including document requests, interrogatories and the deposition of each Lead Plaintiff. The Parties then submitted lengthy briefs to the Court on the issue of class certification. Simultaneously, the Parties commenced fact discovery. On June 25, 2004, the Defendants moved to amend their answer to the Complaint to add additional defenses, as well as counterclaims against Lead Plaintiff Lamb. Lead Plaintiffs opposed Defendants’ motion to amend. On July 8, 2004, the Court granted Defendants’ motion for leave to file an amended answer and counterclaims. On July 28, 2004, Lead Plaintiffs filed a motion to dismiss both Defendants’ counterclaims against Lead Plaintiff Lamb and all defenses related thereto. Defendants filed an opposition to the motion on August 20, 2004. Lead Plaintiffs filed a reply brief on September 17, 2004. On August 2, 2004, the Parties participated in a Court-ordered settlement mediation conference, preceded by each side submitting a confidential mediation memorandum to the Court. The Parties were unable to reach a settlement at that time. For the next five (5) months, the Parties participated in further discovery, holding numerous Party and non-Party depositions, engaging in written discovery, preparing and exchanging preliminary, rebuttal and supplemental expert reports on the oil and gas industry, accounting and damages issues, and taking expert depositions. On September 15, 2004, Defendant moved for summary judgment based on the statute of limitations. Lead Plaintiffs filed their opposition to that motion on October 19, 2004. Defendants filed their reply brief on November 23, 2004. On December 10, 2004, the Court scheduled a hearing on Lead Plaintiffs’ motions for class certification and to dismiss Defendants’ counterclaims and defenses for January 14, 2005. All fact and expert discovery in the Action was to conclude by February 4, 2005.

18. Prior to the January 14th hearing, the Parties re-initiated Settlement negotiations. Lead Plaintiffs and the Defendants ultimately reached an agreement to settle the Parties’ claims, the terms of which are set forth in a Memorandum of Understanding filed with the Court and dated January 13, 2005 (the “MOU”). Before agreeing to the Settlement, however, Lead Plaintiffs, through counsel, engaged in extensive fact and expert discovery, including the production of over 400 boxes of documents plus extensive electronic files by Defendants as well as extensive document productions from third parties, which were reviewed by Plaintiffs’ Counsel and Defendants’ Counsel. Plaintiffs’ Lead Counsel also retained oil and gas industry, accounting and damages experts who prepared preliminary, rebuttal and supplemental expert reports, deposed more than ten (10) fact witnesses and researched the applicable law with respect to the claims asserted and Defendants’ potential defenses. Based thereon, Lead Plaintiffs determined that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class.

WHAT LED UP TO THE SETTLEMENT?

19. The Settlement resulted from extensive arm's-length negotiations among Counsel for Lead Plaintiffs and the Defendants. Prior to reaching this Settlement, the Parties attempted to resolve this Action on several occasions, including a settlement mediation conference with the Honorable Magistrate Judge Patricia A. Coan, United States District Court for the District of Colorado.

WHY HAVE THE DEFENDANTS AGREED TO THE SETTLEMENT?

20. Defendants vigorously deny any wrongdoing or liability whatsoever and believe that the Lead Plaintiffs' claims have absolutely no merit. Defendants maintain that their conduct at all times was legal and proper. Defendants also believe that they have strong, valid and meritorious defenses to all of the claims asserted in the Action. The Defendants also deny the allegations that Lead Plaintiffs or the Class have suffered damage, that the price of the Company's stock was artificially inflated, or that the Lead Plaintiffs or the Class were harmed in any way. The Settlement is not evidence of, an admission of, or a concession on the part of Defendants of any fault or liability whatsoever on the part of any Defendant, or any infirmity in any defenses they have asserted or intended to assert in the Action. However, the Defendants consider it desirable, and in their best interests, that the claims against them be dismissed on the terms set forth in the Stipulation to avoid further expense, inconvenience, and distraction of protracted litigation, taking into account the uncertainty and risks inherent in any litigation.

WHY HAVE THE PLAINTIFFS' AGREED TO THE SETTLEMENT?

21. Lead Plaintiffs and Plaintiffs' Lead Counsel believe that the claims asserted against the Defendants have merit. However, they recognize the expense and length of continued proceedings necessary to pursue their claims against the Defendants through trial and appeals. Lead Plaintiffs and Lead Counsel also have taken into account the issues that would have to be decided by a jury, including whether there were any misrepresentations or omissions, whether Defendants acted knowingly or recklessly, whether each of the alleged misrepresentations and omissions was material, and the amount of damages, if any, caused by the alleged misrepresentations and omissions. Lead Plaintiffs and Plaintiffs' Lead Counsel also have considered the uncertain outcome and trial risk in complex lawsuits like this one. Lead Plaintiffs believe that a recovery now will provide an immediate benefit to Class Members, which is superior to the risk of proceeding with the Action, particularly in view of the fact that the Court has yet to hear oral argument and rule on several outstanding motions, including Defendants' motion for summary judgment and Plaintiffs' motion for class certification, each of which are presently pending before the Court. Considering these factors and balancing them against the certain and substantial benefits that the Class will receive as a result of the Settlement, Lead Plaintiffs and Plaintiffs' Lead Counsel determined that the Settlement described herein is fair, reasonable and adequate and that it is in the best interests of the Class to settle the claims against the Defendants on the terms set forth in the Stipulation and this Notice.

HOW MUCH WILL MY PAYMENT BE?

THE PROPOSED PLAN OF ALLOCATION: GENERAL PROVISIONS

22. The Company's Insurer has agreed to pay \$5,250,000 (\$5.25 million) (the "Settlement Fund").

23. After approval of the Settlement by the Court and upon satisfaction of the other conditions to the Settlement, the Net Settlement Fund (less any taxes and administration costs) will be distributed to Authorized Claimants in accordance with the Plan of Allocation described below.

24. The Settlement Fund will be distributed as follows:

a. First, to pay all federal, state and local taxes on any income earned by the Settlement Fund and to pay the reasonable costs incurred in connection with determining the amount of, and paying, taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants);

b. To pay costs and expenses in connection with providing Notice to Class Members and administering the Settlement on behalf of Class Members;

c. To reimburse Plaintiffs' Lead Counsel for, and to pay, costs and expenses incurred by Plaintiffs' Lead Counsel in connection with commencing and prosecuting the Action, with interest thereon, if and to the extent allowed by the Court;

d. To pay Plaintiffs' Lead Counsel's attorneys' fees, if and to the extent allowed by the Court; and

e. Subject to the Order by the Court granting approval of the Settlement and the Plan of Allocation (or such other allocation plan as the Court may approve) becoming Final (meaning that the time for appeal or appellate review of the Order granting final approval has expired, or if the Order is appealed, that appeal is either decided without causing a material change in the Order or upheld on appeal and no longer subject to appellate review by further appeal or writ of certiorari) the balance of the Settlement Fund (the "Net Settlement Fund") shall be distributed in accordance with the Plan of Allocation to Authorized Claimants.

25. There will be no distribution of the Net Settlement Fund until a Plan of Allocation is finally approved and affirmed on appeal or certiorari and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

26. The Defendants are not entitled to get back any of the Settlement Fund once the Court's Order approving the Settlement becomes Final. Moreover, the Defendants and Defendants' Counsel have no liability, obligation or responsibility for the administration of the Settlement, formulation or approval of the Plan of Allocation, or disbursement of the Net Settlement Fund.

27. Approval of the Settlement is independent from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Settlement, if approved.

28. Only those Class Members who purchased or acquired shares of the Company's common stock during the Class Period will be eligible to share in the distribution of the Net Settlement Fund. Each person wishing to participate in the distribution must timely submit a valid Proof of Claim and Release Form and all required documentation postmarked no later than June 18, 2005, to the address set forth in the Proof of Claim and Release Form that accompanies this Notice.

29. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Class Member. The Court also reserves the right to modify the Plan of Allocation without further notice to Class Members. Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Plaintiffs' Lead Counsel or the Claims Administrator or other agent designated by Plaintiffs' Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court.

THE PROPOSED PLAN OF ALLOCATION: CALCULATION OF LOSS AMOUNT

30. A "Loss Amount" will be calculated for each purchase or acquisition of shares of the Company's common stock that is listed in the Proof of Claim and Release Form, and for which adequate documentation is provided. The calculation of the Loss Amount will

depend upon several factors, including when the shares were purchased or acquired and whether they were sold during the Class Period and, if so, when they were sold.

31. **Information Required on the Proof of Claim and Release Form:** Each Proof of Claim and Release Form must indicate each Claimant's position in KNE common stock as of the close of trading on October 29, 1997 and the closing position in KNE common stock as of the close of trading on June 21, 1999, the last day of the Class Period. Each Proof of Claim and Release Form also must list *all* transactions in KNE common stock, including all purchases, acquisitions, and sales, made during the Class Period (October 30, 1997 through and including June 21, 1999).

BASIS FOR CALCULATION OF LOSS AMOUNT

32. Loss Amounts are based on the alleged amount of artificial inflation in the price of KNE common stock, as determined by Lead Plaintiffs' damages expert. Those Loss Amounts will be reduced dollar-for-dollar to the extent that: (i) KNE common stock was purchased or acquired at a price below the lowest trading price for the stock reported by the New York Stock Exchange on the date during the Class Period on which the purchase or acquisition was made (e.g., in a sale or at a discounted price); or (ii) KNE common stock was sold at a price above the highest trading price for the stock reported by the New York Stock Exchange on the date during the Class Period on which the sale was made.

SPECIFIC LOSS AMOUNTS

33. Specific Loss Amounts will be calculated as follows:

A. Introductory Provisions:

To receive a distribution from the Net Settlement Fund, all persons or entities must:

- (i) Establish membership in the Class;
- (ii) Complete a valid Proof of Claim and Release Form and supply all required documentation; and
- (iii) Submit the completed Proof of Claim and Release Form and documentation so that it is postmarked for mailing to the Claims Administrator no later than June 18, 2005.

B. Recognized Gains and Losses:

For shares purchased or acquired between October 30, 1997 and February 3, 1998 and:

- (i) sold between October 30, 1997 and the close of business on December 28, 1998, there is no Recognized Loss (shares are purchased or acquired and sold with the same or greater inflation);
- (ii) sold between December 29, 1998 and the close of business on February 18, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$0.45;
- (iii) sold between February 19, 1999 and the close of business on June 17, 1999, there is no Recognized Loss (shares are purchased or acquired and sold with the same or greater inflation);
- (iv) sold between June 18, 1999 and the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the PSLRA average price on the date of sale or \$0.78.
- (v) held at the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus \$19.04 or \$0.78;

For shares purchased or acquired between February 4, 1998 and November 3, 1998 and:

- (i) sold between February 4, 1998 and the close of business on November 3, 1998, there is no Recognized Loss (shares are purchased or acquired and sold with the same or greater inflation);
- (ii) sold between November 4, 1998 and the close of business on December 24, 1998, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$0.89;
- (iii) sold on December 28, 1998, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$1.79;
- (iv) sold between December 29, 1998 and the close of business on February 18, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$2.59;
- (v) sold between February 19, 1999 and the close of business on June 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$2.05;
- (vi) sold between June 18, 1999 and the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the PSLRA average price on the date of sale or \$2.92.
- (vii) held at the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus \$19.04 or \$2.92;

For shares purchased or acquired between November 4, 1998 and December 24, 1998 and:

- (i) sold between November 4, 1998 and the close of business on December 24, 1998, there is no Recognized Loss (shares are purchased or acquired and sold with the same or greater inflation);
- (ii) sold on December 28, 1998, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$0.90;
- (iii) sold between December 29, 1998 and the close of business on February 18, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$1.70;
- (iv) sold between February 19, 1999 and the close of business on June 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$1.16;
- (v) sold between June 18, 1999 and the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the PSLRA average price on the date of sale or \$2.03.
- (vi) held at the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus \$19.04 or \$2.03;

For shares purchased or acquired on December 28, 1998 and:

- (i) sold on December 28, 1998, there is no Recognized Loss (shares are purchased or acquired and sold with the same or greater inflation);
- (ii) sold between December 29, 1998 and the close of business on February 18, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$0.80;

- (iii) sold between February 19, 1999 and the close of business on June 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the sale price or \$0.26;
- (iv) sold between June 18, 1999 and the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the PSLRA average price on the date of sale or \$1.13.
- (v) held at the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus \$19.04 or \$1.13;

For shares purchased or acquired between December 29, 1998 and February 18, 1999 and:

- (i) sold between December 29, 1998 and the close of business on June 17, 1999, there is no Recognized Loss (shares are purchased or acquired and sold with the same or greater inflation);
- (ii) sold between June 18, 1999 and the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the PSLRA average price on the date of sale or \$0.33.
- (iii) held at the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus \$19.04 or \$0.33;

For shares purchased or acquired between February 19, 1999 and June 17, 1999 and:

- (i) sold between February 19, 1999 and the close of business on June 17, 1999, there is no Recognized Loss (shares are purchased or acquired and sold with the same or greater inflation);
- (ii) sold between June 18, 1999 and the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus the PSLRA average price on the date of sale or \$0.87.
- (iii) held at the close of business on September 17, 1999, the Recognized Loss per share shall be the lesser of the purchase or acquisition price minus \$19.04 or \$0.87;

For shares purchased or acquired between June 18, 1999 and June 21, 1999 and sold between June 18, 1999 and September 17, 1999 or held at the close of business on September 17, 1999, there is no Recognized Loss.

C. General Provisions:

- (i) The Net Settlement Fund will be allocated among all eligible Class Members.
- (ii) Each Authorized Claimant shall recover his or her Recognized Loss. However, in the event that the sum total of Recognized Losses of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each such Authorized Claimant shall receive his/her *pro rata* share of the Net Settlement Fund, which shall be his/her Recognized Loss divided by the total of all Recognized Losses to be paid from the Net Settlement Fund, multiplied by the total amount in the Net Settlement Fund. The proration factor applied to the Authorized Claims of Class Members will be based on the amount in the Net Settlement Fund available to satisfy those claims, as set forth in paragraphs 22 through 29 above.
- (iii) If the Net Settlement Fund exceeds the sum total amount of the Recognized Losses of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment out of the Net Settlement Fund.
- (iv) For Class Members who held shares at the beginning of the Class Period or made multiple purchases, acquisitions, or sales during the Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases, acquisitions, and sales for purposes of calculating a claim. Under the FIFO method, sales of shares during the Class Period will be matched, in chronological order, first against shares held at the beginning of the Class Period. The remaining sales of shares during the Class Period will then be matched, in chronological order, against shares purchased or acquired during the Class Period.
- (v) The “PSLRA average price” on the date of the sale is computed by taking an average of the closing prices of KNE Common Stock beginning on June 21, 1999 through the date of the sale.
- (vi) A payment to any Authorized Claimant of less than \$10 in total will not be included in the calculation and will not be distributed.

WHAT RIGHTS AM I GIVING UP IF I GET A PAYMENT OR IF I DO NOTHING?

34. Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants as well as various other affiliated persons and entities about the legal issues in this case. It also means that all of the Court’s orders, including but not limited to its Final Judgment and Order, will apply to you and legally bind you. The attached Proof of Claim and Release Form includes a general release of each of the Defendants, as well as various other affiliated persons and entities. Unless otherwise ordered by the Court, any Class Member who receives a payment or who fails to submit a Proof of Claim and Release Form postmarked no later than June 18, 2005 shall be forever barred from receiving payments, pursuant to the Settlement set forth in the Stipulation, but will in all other respects be subject to the provisions of the Stipulation, including the terms of any Judgment entered and releases given. This means that each Class Member releases the Released Claims against the Defendants and is enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Claims against any of the Defendants regardless of whether or not such Class Member submits a Proof of Claim and Release Form. **Please review in detail the release provision that appears at pages 10 and 11 of the Proof of Claim and Release Form.**

HOW WILL THE PLAINTIFFS’ LAWYERS BE PAID?

35. At the Settlement Hearing described below, or at such other time as the Court may direct, Plaintiffs’ Lead Counsel intend to apply for an award of attorneys’ fees on behalf of all Plaintiffs’ Counsel not to exceed 25% of the Settlement Fund. In addition, Plaintiffs’ Lead Counsel intend to apply for reimbursement of litigation expenses incurred in connection with the lawsuit, in an amount not to exceed \$1.2 million, and reimbursement for reasonable costs and expenses incurred by any Class Member who served as a Lead Plaintiff in this action, in an amount not to exceed \$5,000 each.

36. To date, neither Plaintiffs’ Lead Counsel nor any of Plaintiffs’ Counsel have received any payment for their services in prosecuting this Action on behalf of the Class, nor have Counsel been reimbursed for their out-of-pocket expenses. The fee requested by Plaintiffs’ Lead Counsel would compensate Plaintiffs’ Counsel for their efforts in achieving the Settlement for the benefit of the Class, and for their risk in undertaking this representation on a contingency basis. Plaintiffs’ Lead Counsel believe that the fee requested is within the range of fees awarded to Plaintiffs’ Counsel under similar circumstances in litigation of this type. The Court will determine the amount of the award.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

37. The Court has certified this Action as a Class Action for purposes of this Settlement. If you purchased or acquired shares of KNE common stock from October 30, 1997 through June 21, 1999, inclusive, and you are not excluded by the definition of the Class and do not elect to exclude yourself, then you are a Class Member, and you will be bound by the proposed Settlement provided for in the Stipulation, in the event it is approved by the Court, as well as by any judgment or determination of the Court affecting the Class. Unless otherwise provided by the Court, any Class Member who fails to submit a Proof of Claim and Release Form postmarked no later than June 18, 2005 shall be forever barred from receiving any payments, pursuant to the Settlement set forth in the Stipulation, but will in all other respects be subject to the provisions of the Stipulation, including the terms of any judgments entered and the releases given.

38. If you wish to remain a Class Member, you may be eligible to share in the proceeds of the Settlement, provided that you timely submit an acceptable Proof of Claim and Release Form. The Proof of Claim and Release Form must be supported by such documents as specified in the Proof of Claim and Release Form. The Proof of Claim and Release Form is enclosed. Extra copies of the Proof of Claim and Release Form may be obtained from the Claims Administrator at the website noted below or downloaded from Lead Counsel's website at www.bermanesq.com.

39. The Court may disallow or adjust the Claim of any Class Member. The Court also may modify the Plan of Allocation without further notice to the Class. Payments pursuant to the Plan of Allocation, as approved by the Court, will be conclusive against all Authorized Claimants. No person shall have any claim against any Plaintiffs' Counsel or the Claims Administrator, or other agent designated by Plaintiffs' Lead Counsel, based on the distributions made substantially in accordance with the Stipulation and the Settlement, the Plan of Allocation, or further orders of the Court. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the District of Colorado with respect to his, her or its Proof of Claim and Release Form.

40. As a Class Member, you are represented by Lead Plaintiffs and Plaintiffs' Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file an appearance on your behalf and must serve copies of such appearance on the attorneys listed in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement," below.

41. If you do not wish to remain a Class Member, you may exclude yourself from the Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Part Of The Settlement? How Do I Exclude Myself," below.

42. If you object to the Settlement or any of its terms, the proposed Plan of Allocation, or Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement," below.

WHAT IF I DO NOT WANT TO BE A PART OF THE SETTLEMENT? HOW DO I EXCLUDE MYSELF?

43. Each Class Member will be bound by all determinations and judgments in this lawsuit concerning the Settlement, whether favorable or unfavorable, unless such person mails, by first class mail, a written Request for Exclusion from the Class, postmarked no later than May 6, 2005, addressed to KN Energy, Inc. Securities Litigation EXCLUSIONS, c/o Strategic Claims Services, 2710 Concord Road, Suite 5, Aston, PA 19014. No person may exclude himself from the Class after that date. In order to be valid, each Request for Exclusion must set forth the name and address of the person or entity requesting exclusion, must state that such person or entity "requests exclusion from the Class in *Lamb, et al. v. Kinder Morgan, Inc., et al.*, Civ. A. No. 00-N-516 (PAC)" and must be signed by such person or entity. The following information must also be provided: a telephone number, and the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of common stock of the Company during the Class Period. Requests for Exclusion will not be accepted if the requests do not include the required information and/or if the requests are not made within the time stated above, unless the Requests for Exclusion are otherwise accepted by the Court.

44. If a Class Member requests to be excluded from the Class, that Class Member will not receive any benefit provided for in the Stipulation.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DO NOT LIKE THE SETTLEMENT?

If you do not wish to object to the proposed Settlement, the application for attorneys' fees and reimbursement of Litigation Expenses, and/or the proposed Plan of Allocation, you need not attend the Final Approval Hearing.

45. Any Class Member who does not request exclusion postmarked no later than May 6, 2005 may appear at the Final Approval Hearing and be heard on any of the matters to be considered at the hearing; provided, however, that no such person shall be heard unless his, her or its objection or opposition is made in writing and is filed, together with copies of all other papers and briefs to be submitted to the Court at the Final Approval Hearing, by him, her or it (including proof of all purchases, acquisitions, and sales of shares of the Company's common stock during the Class Period) with the Clerk's Office at the United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, Room A1041/Courtroom A1001, 901 19th Street, Denver, Colorado 80294-3589, on or before May 6, 2005, and is served on the same day by hand or overnight delivery to each of the following:

Co-Lead Counsel for Plaintiffs:
BERMAN DEVALERIO PEASE
TABACCO BURT & PUCILLO
NORMAN BERMAN
MICHAEL G. LANGE
BRYAN A. WOOD
One Liberty Square
Boston, MA 02109

Co-Lead Counsel for Plaintiffs:
THE LAW OFFICES OF
CURTIS V. TRINKO
CURTIS V. TRINKO
JEFFREY SILVERSTEIN
NEIL A. DEYOUNG
16 West 46th Street 7th Floor
New York, NY 10036

Counsel for the Defendants:
THE BEATTY LAW FIRM
MICHAEL L. BEATTY
MICHAEL NOONE
216 Sixteenth Street, Suite 1100
Denver, CO 80202-5115

NETZORG MCKEEVER KOCLANES
& BERNHARDT LLC
SUSAN BERNHARDT
J. NICHOLAS MCKEEVER, JR.
1670 Broadway, Suite 500
Denver, CO 80202

46. The filing must demonstrate your membership in the Class, including the number of shares of the Company's common stock purchased or acquired during the Class Period and price(s) paid. Only Class Members who have submitted their position in this manner will be entitled to be heard at the Final Approval Hearing, unless the Court orders otherwise. You may file an objection without having to appear at the Final Approval Hearing. Class Members who approve of the Settlement need not appear at the Final Approval Hearing.

47. Attendance at the hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement, the proposed Plan of Allocation, and/or the request for attorneys' fees and reimbursement of litigation expenses are required to indicate in their written objections their intention to appear at the hearing. Persons who intend to object to the Settlement, the proposed Plan of Allocation, and/or Plaintiffs' Lead Counsel's application for an award of attorneys' fees and reimbursement of litigation expenses and desire to present evidence at the Final Approval Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Final Approval Hearing.

48. The Final Approval Hearing may be delayed from time to time by the Court without further written notice to the Class. If you intend to attend the Final Approval Hearing, you should confirm the date and time with Plaintiffs' Lead Counsel.

Unless otherwise ordered by the Court, any Class Member who does not object in the manner described herein will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the application for attorneys' fees and reimbursement of litigation expenses, and/or the proposed Plan of Allocation. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

WHAT IF I BOUGHT OR ACQUIRED SHARES ON SOMEONE ELSE'S BEHALF?

49. If you purchased or acquired shares of the Company's common stock during the Class Period for the beneficial interest of a person or organization other than yourself, you are directed to send a copy of this Notice and the Proof of Claim and Release Form, to the beneficial owner of the shares postmarked no later than fourteen (14) days from the date of this Notice, or to provide the names and addresses of such persons no later than fourteen (14) days from the date of this Notice to KN Energy, Inc. Securities Litigation, c/o Strategic Claims Services, 2710 Concord Road, Suite 5, Aston, PA 19014, in which case the beneficial owner will be sent a copy of the Notice. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred in complying herewith by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Proof of Claim and Release Form may also be obtained from the Claims Administrator's website www.strategicclaims.net or calling toll-free 866-274-4004, or may be downloaded from Lead Counsel's website at www.bermanesq.com.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

50. This Notice contains only a summary of the terms of the proposed Settlement. In the event of any inconsistency between this Notice and the Stipulation, the Stipulation shall control. For a more detailed statement of the matters involved in the Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, Room A1041/Courtroom A1001, 901 19th Street, Denver, Colorado 80294-3589.

51. All inquiries concerning this Notice or the Proof of Claim and Release Form should be directed to:

KN Energy, Inc. Securities Litigation
c/o Strategic Claims Services
2710 Concord Road, Suite 5
Aston, PA 19014
Telephone: 866-274-4004
Fax: 610-364-2698
Website: www.strategicclaims.net

OR

Norman Berman
Michael G. Lange
Bryan A. Wood
Berman DeValerio Pease
Tabacco Burt & Pucillo
One Liberty Square
Boston, MA 02109
617-542-8300

Lead Counsel

OR

Curtis V. Trinko
Jeffrey Silverstein
Neil A. DeYoung
The Law Offices of Curtis V. Trinko
16 West 46th Street 7th Floor
New York, NY 10036
212-490-9550

Lead Counsel

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT REGARDING THIS NOTICE.

Dated: February 23, 2005

By Order of the Clerk of the Court
United States District Court
District of Colorado

**UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF COLORADO
JUDGE EDWARD W. NOTTINGHAM**

STANLEY R. LAMB and ANTHONY VARTULI, on behalf of themselves, and ALL OTHERS SIMILARLY SITUATED,	X : : : :	<i>Plaintiffs,</i>	: :	
<i>v.</i>				CIVIL ACTION NO. 00-N-516 (PAC)
KINDER MORGAN, INC. (f/k/a KN Energy, Inc.), LARRY D. HALL, and CLYDE E. McKENZIE,	: : : : X	<i>Defendants.</i>		

PROOF OF CLAIM AND RELEASE FORM

Please Type or Print

Must Be Postmarked No Later Than June 18, 2005

PROOF OF CLAIM AND RELEASE FORM GENERAL INSTRUCTIONS

1. It is important that you completely read and understand the Notice of Pendency of Class Action, Proposed Settlement, Final Approval Hearing, and Application for Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice") that accompanies this Proof of Claim and Release Form. By signing and submitting the Proof of Claim and Release Form, you will be certifying that you have read and understood the Notice.

2. IN ORDER TO PARTICIPATE IN THE PROCEEDS FROM THE SETTLEMENT, YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM AND RELEASE FORM, BY FIRST CLASS MAIL, POSTAGE PREPAID, POSTMARKED ON OR BEFORE JUNE 18, 2005, ADDRESSED TO: KN Energy, Inc. Securities Litigation, c/o Strategic Claims Services, 2710 Concord Road, Suite 5, Aston, PA 19014.

This Proof of Claim and Release Form is directed to the Class of all persons and entities who purchased or acquired KN Energy, Inc. ("KNE" or the "Company") common stock from October 30, 1997 through June 21, 1999, inclusive (the "Class Period"). The above described securities are referred to herein as the "Subject Securities." Excluded from the Class are: (i) Defendants; (ii) officers and directors of the Company from October 30, 1997 to the present; (iii) members of the immediate family of each excluded individual; (iv) any entity in which during the Class Period the Company had a controlling interest or which was a parent or subsidiary of the Company; and (v) the personal representatives, heirs, successors and predecessors in interest and/or assigns of any excluded individual. Also excluded from the Class is any person or entity that files a Request for Exclusion in accordance with the requirements set forth in the Notice.

3. "Class Member" means any person who is included in the above definition of the Class.

4. "Authorized Claimant" means a Class Member who submits a timely and valid Proof of Claim and Release Form (defined below) to the Claims Administrator (defined below) and whose claim for recovery has been allowed pursuant to the terms of the Stipulation and by Order of the Court.

5. IF YOU ARE NOT A CLASS MEMBER, OR IF YOU, OR SOMEONE ACTING ON YOUR BEHALF, FILES A REQUEST FOR EXCLUSION FROM THE CLASS, DO NOT SUBMIT A PROOF OF CLAIM AND RELEASE FORM. YOU MAY NOT, DIRECTLY OR INDIRECTLY, PARTICIPATE IN DISTRIBUTIONS FROM THE SETTLEMENT FUND IF YOU ARE NOT A CLASS MEMBER. THUS, IF YOU FILE A REQUEST FOR EXCLUSION IN A TIMELY MANNER, ANY PROOF OF CLAIM AND RELEASE FORM THAT YOU SUBMIT, OR WHICH MAY BE SUBMITTED ON YOUR BEHALF, WILL NOT BE ACCEPTED.

6. To recover as a Class Member, you must complete and sign this Proof of Claim and Release Form and mail it to the Claims Administrator postmarked on or before June 18, 2005. If you fail to submit a timely, properly addressed, and completed Proof of Claim and Release Form, your claim may be rejected and you may be precluded from receiving any distribution from the Settlement Fund.

7. Submission of this Proof of Claim and Release Form does not ensure that you will share in the proceeds of the Net Settlement Fund. Distributions from the Net Settlement Fund are governed by the Plan of Allocation to be approved by the Court. The proposed Plan of Allocation, which is subject to the Court's approval, is included in the Notice.

8. If you have questions concerning the Proof of Claim and Release Form, or need additional copies of the Proof of Claim and Release Form or Notice, you may contact the Claims Administrator, Strategic Claims Services at the above address or by toll-free phone at 866-274-4004 or you can e-mail your inquiries through or download the documents from the Claims Administrator's Internet website, www.strategicclaims.net.

9. If you are a Class Member and you, or someone acting on your behalf, does not submit a timely request for exclusion, and if the Court approves the Settlement, you will be bound by the terms of any judgment that the Court enters. You will be bound by the judgment whether or not you submit a Proof of Claim and Release Form. The judgment enjoins the filing or continued prosecution of Released Plaintiffs' Claims. It also releases the Released Plaintiffs' Claims against the Released Defendant Parties.

10. You are required to submit genuine and sufficient documentation for all your transactions in the Subject Securities during the Class Period from October 30, 1997 through and including June 21, 1999. Documentation may be photocopies of stockbrokers' confirmation slips; stockbrokers' monthly statements (reflecting your opening and closing balances for the months specified on the actual Proof of Claim and Release Form and which transactions occurred during the Class Period); and schedules attached to tax filings. IF SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN COPIES OR EQUIVALENT CONTEMPORANEOUS DOCUMENTS FROM YOUR BROKER OR TAX ADVISOR. FAILURE TO SUPPLY THIS DOCUMENTATION MAY RESULT IN REJECTION OF YOUR CLAIM. DO NOT SEND ORIGINAL STOCK CERTIFICATES.

11. If you purchased or acquired KNE shares jointly with another person(s), each joint purchaser or acquirer must sign this Proof of Claim and Release Form.

12. Agents, executors, administrators, guardians, and trustees must complete and sign the Proof of Claim and Release Form on behalf of persons represented by them, and they must:

(a) expressly state the capacity in which they are acting;

(b) identify the name, account number, Social Security Number (or Taxpayer Identification Number), address and telephone number of the beneficial owner (or other person or entity on whose behalf they are acting with respect to) of the Subject Securities; and

(c) furnish herewith evidence of their authority to bind the person or entity on whose behalf they are acting to the Proof of Claim and Release Form. (Authority to complete and sign a Proof of Claim and Release Form cannot be established by stockbrokers only demonstrating that they have discretionary authority to trade stock in another's accounts).

13. By submitting a signed Proof of Claim and Release Form, you will be swearing to the truth of the statements contained therein and the genuineness of the documents attached thereto, subject to penalties of perjury under the laws of the United States of America. The making of false statements, or the submission of forged or fraudulent documentation, will result in the rejection of your claim and may subject you to civil liability or criminal prosecution.

RELEASE

Definitions:

"Released Defendant Parties" means any and all of the Defendants and/or their current or former respective agents, servants, attorneys, accountants, internal auditors, investment advisors, underwriters, officers, directors and employees, partners, partnerships, divisions, joint ventures, principals, subsidiaries, affiliates, insurers, stockholders, heirs, executors, representatives, parents, predecessors, successors, assigns, trusts, benefits committees or other individuals or entities in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants or any of the parties listed above, and all Persons acting by, through, under or in concert with them, or any of them.

"Released Plaintiff Parties" means any and all of the Lead Plaintiffs and/or their current or former respective agents, servants, attorneys, accountants, internal auditors, investment advisors, underwriters, officers, directors and employees, partners, partnerships, divisions, joint ventures, principals, subsidiaries, affiliates, insurers, stockholders, heirs, executors, representatives, parents, predecessors, successors, assigns, trusts, benefits committees or other individuals or entities in which any Lead Plaintiff has a controlling interest or which is related to or affiliated with any of the Lead Plaintiffs or any of the parties listed above, and all Persons acting by, through, under or in concert with them, or any of them.

"Settled Plaintiffs' Claims" means all claims, demands, rights, liabilities, causes of action, suits, matters and issues, known or unknown, including any Unknown Claims (defined below), that have, or could have, been asserted in the Action or any other action or that have, or could have, been asserted in this or any other forum by Lead Plaintiffs or by any Class Member, as defined herein, whether directly, representatively, derivatively, individually or in any other capacity, against any of the Released Defendant Parties, that arise out of, are based upon or are related to the purchase, acquisition, or sale of shares of KNE common stock during the Class Period, the subject matter of the Action, or the facts, transactions, events, occurrences, acts, disclosures, statements, omissions, or failures to act which were or could have been alleged in the Action, and further including any and all claims arising out of, relating to, or in connection with the bringing or prosecution of the Action, the filing of a Proof of Claim and Release Form, or the Settlement and resolution of the Action, except for claims relating to any Party's alleged failure to comply with the terms and conditions of this Stipulation.

"Settled Defendants' Claims Against Lead Plaintiffs" means all claims, demands, rights, liabilities, causes of action, suits, matters and issues, known or unknown, including any Unknown Claims (defined below) that arise out of, are based upon or are related to the purchase, acquisition, or sale of shares of KNE common stock during the Class Period, the subject matter of the Action, or the facts, transactions, events, occurrences, acts, disclosures, statements, omissions, or failures to act which were or could have been alleged in the Action, and further including any and all claims arising out of, relating to, or in connection with the bringing or prosecution of the Action, the filing of a Proof of Claim and Release Form, or the Settlement or resolution of the Action, except for claims relating to any Party's alleged failure to comply with the terms and conditions of this Stipulation

“Settled Defendants’ Claims Against Class Members” means all claims, demands, rights, liabilities, causes of action, suits, matters and issues, known or unknown, including any Unknown Claims (defined below) that arise out of the transactions or occurrences that are the subject matter of the Action. Notwithstanding the foregoing, “Settled Defendants’ Claims Against Class Members” shall not include any claims, demands, rights, liabilities, causes of action, suits, matters and issues arising out of or relating in any way to any employment, fiduciary, or contractual relationship between any Class Member and any Defendant.

“Unknown Claims” means any and all actions, suits, claims, demands, rights, liabilities and causes of action that Defendants, Lead Plaintiffs, the Class, or any of the Class Members do not know of or suspect to exist in their favor at the time of the release of the Released Party, which, if known by Defendants, Lead Plaintiffs, the Class, or any of the Class Members, might have affected their agreement to the Settlement.

“Effective Date” means the date upon which the Settlement shall become effective, as set forth in the Stipulation.

RELEASES

(1) Upon the Effective Date of this Settlement, each of the Lead Plaintiffs and all other Class Members, on behalf of themselves and the respective heirs, executors, administrators, successors and assigns of any of them, and all persons claiming through or on behalf of any of them or acting in concert with any such person, with respect to each and every Settled Plaintiffs’ Claim, waive, release, forever discharge and dismiss and agree not to institute, maintain or prosecute each and every of the Settled Plaintiffs’ Claims against any or all of the Released Defendant Parties, and shall be permanently and finally barred and enjoined without the necessity of posting a bond from instituting, commencing or prosecuting any actions or other proceedings asserting any of the Settled Plaintiffs’ Claims either directly, indirectly, representatively, derivatively or in any other capacity against any of the Released Defendant Parties. This injunction expressly extends to all claims covered by this Stipulation and all Class Members defined herein.

(2) Upon the Effective Date of this Settlement, each of the Defendants, on behalf of themselves and the respective heirs, executors, administrators, successors and assigns of any of them, and anyone claiming through or on behalf of any of them or acting in concert with any such person, waive, release and forever discharge and dismiss each and every of the Settled Defendants’ Claims Against Lead Plaintiffs, and shall be permanently and finally barred and enjoined from instituting, maintaining or prosecuting any actions or other proceedings asserting any of the Settled Defendants’ Claims Against Lead Plaintiffs either directly, indirectly, representatively, derivatively or in any other capacity against any of the Released Plaintiff Parties.

(3) Upon the Effective Date of this Settlement, each of the Defendants, on behalf of themselves and the respective heirs, executors, administrators, successors and assigns of any of them, and anyone claiming through or on behalf of any of them or acting in concert with any such person, waive, release and forever discharge and dismiss each and every of the Settled Defendants’ Claims Against the Class Members, and shall be permanently and finally barred and enjoined from instituting, maintaining or prosecuting any actions or other proceedings asserting any of the Settled Defendants’ Claims Against the Class Members either directly, indirectly, representatively, derivatively or in any other capacity against any of the Class Members.

(4) With respect to all Settled Claims, including but not limited to all Unknown Claims, Defendants, Lead Plaintiffs, the Class, and each of the Class Members hereby expressly waive and relinquish, to the fullest extent permitted by law, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law. With respect to all Settled Plaintiffs’ Claims, including but not limited to all Unknown Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiffs shall expressly and each Class Member shall be deemed to have, and by operation of the Final Judgment and Order shall have, expressly waived the provisions, rights and benefits of California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Upon the Effective Date, the Lead Plaintiffs and each of the Class Members shall have deemed to have, and by operation of the Final Judgment and Order shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law or international or foreign law, which is similar, comparable or equivalent to California Civil Code § 1542. The Lead Plaintiffs and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Settled Plaintiffs’ Claims, but the Lead Plaintiffs shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment and Order shall have, fully, finally, and forever settled and released any and all Settled Plaintiffs’ Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Settling Parties and the undersigned Claimant acknowledge, and the Class Members shall be deemed by operation of the Final Judgment and Order to have acknowledged, that the foregoing waiver was separately bargained for and is a material element of the Settlement of which this release is a part.

CLAIMANT IDENTIFICATION

Please print or type

Claimant's Name (First, Middle, Last)

Street Address

City

State

Zip Code

Foreign Province

Foreign Country

() _____

() _____

Area Code Telephone Number (Day)

Area Code Telephone Number (Evening)

Name of Beneficial Owner (if different from Claimant listed above)

_____ **OR** _____

Social Security Number

Employer or Taxpayer Identification Number

The Social Security (or Employer or Taxpayer Identification) number and telephone number of the beneficial owner may be used in verifying the Claim. Failure to provide any of the foregoing information could delay verification of your Claim or result in rejection of your Claim.

PLEASE CHECK ONE OF THE FOLLOWING:

The Claimant is:

Individual _____ Partnership _____ Joint Owners _____ Corporation _____

IRA, Keogh or other type of Retirement Plan (specify type of plan): _____

Other (specify): _____

For informational purposes only, you must also respond to the following questions:

Claimant was / was not (circle one) an officer, or director of KN Energy, Inc. at any time from October 30, 1997 through the present.

If so, state position(s) held, and dates of employment or affiliation: _____

**PART I: OPENING POSITION
AS OF THE CLOSE OF TRADING ON OCTOBER 29, 1997**

A. Indicate the Claimant's opening position in KN Energy, Inc. common stock as of the close of trading on October 29, 1997. (Be sure to attach the required documentation). _____

PART II: PURCHASES & ACQUISITIONS

B. List all purchases and acquisitions of KN Energy, Inc. common stock made during the period October 30, 1997 through and including June 21, 1999. Be sure to attach the required documentation evidencing your transactions.

<u>Trade Date(s)</u> <u>(List Chronologically)</u> <u>Month/Day/Year</u>	<u>Number of</u> <u>Shares Purchased/Acquired</u>	<u>Purchase/Acquisition</u> <u>Price Per Share</u>	<u>Total Purchase/</u> <u>Acquisition Price*</u>
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____

*excluding commissions, transfer taxes or other fees

PART III: SALES

C. List all sales of KN Energy, Inc. common stock made during the period October 30, 1997 through and including September 17, 1999. Be sure to attach the required documentation evidencing your transactions.

<u>Trade Date(s)</u> <u>(List Chronologically)</u> <u>Month/Day/Year</u>	<u>Number of</u> <u>Shares Sold</u>	<u>Sale Price</u> <u>Per Share</u>	<u>Total Sale Price*</u>
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____

*excluding commissions, transfer taxes or other fees

**PART IV: POSITION
AS OF THE CLOSE OF TRADING ON SEPTEMBER 17, 1999**

D. Indicate the Claimant's closing position in KN Energy, Inc. common stock as of the close of trading on September 17, 1999. (Be sure to attach the required documentation). _____

VERIFICATION AND ACKNOWLEDGEMENT

I (We), and the person I (we) represent(s), if any, submit to the jurisdiction of the United States District Court for the District of Colorado, for purposes of further inquiry with respect to this Proof of Claim and Release Form under the Federal Rules of Civil Procedure, and agree to be bound by and subject to the terms of the judgments and order of that Court, in connection with the Settlement in the action styled *Lamb, et al. v. KN Energy, Inc., et al.*, Civ. A. No. 00-N-516 (PAC), and to furnish such additional proof or information with respect to this Proof of Claim and Release Form as the Court shall require.

I (We) have read and am (are) familiar with the contents of the Instructions accompanying this Proof of Claim and Release Form and I (we) verify that the information I (we) have set forth in the foregoing Proof of Claim and Release Form and in documents attached hereto is true and correct and complete to the best of my (our) knowledge. I (We) am (are) not either a Defendant(s) or a member of the immediate family of a Defendant(s). I (We) have attached hereto legible copies of broker confirmation slips or statements or, if not available, other proof of the dates and amounts of my (our) purchases, acquisitions, and sales of KNE common stock. I (We) further certify that I (we) have read and am (are) familiar with the Notice to which this Claim relates. I(We) understand and agree that this Proof of Claim and Release Form will be processed and will be allowed, if at all, in accordance with the procedures set forth in the Notice.

I (We) further agree and understand that if the proposed Settlement is approved by the Court and becomes effective, all Settled Plaintiffs' Claims as defined above will be released, discharged and extinguished forever as against all Released Defendant Parties.

I (We) declare, under penalty of perjury under the laws of the United States of America that the statements made and answers given in this Proof of Claim and Release Form are true and correct and that the documents submitted herewith are true and genuine.

Signature of Claimant

Print Name of Claimant

Date

Signature of Joint Claimant, if any

Print Name of Joint Claimant

Date

***If Claimant is other than an individual, or is not the person completing this form,
the following also must be provided:***

Signature of Person Completing Form

Print Name of Person Completing Form

Date

Capacity of Person Signing (Executor, President, Trustee, etc.)

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KN Energy, Inc. Securities Litigation
c/o Strategic Claims Services
2710 Concord Road, Suite 5
Aston, PA 19014

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Philadelphia, PA

FIRST-CLASS MAIL

PLEASE FORWARD—IMPORTANT LEGAL NOTICE

REMINDER CHECKLIST

1. Please sign the Proof of Claim and Release Form.
2. If this Claim is being made on behalf of Joint Claimants, then both must sign.
3. **Please remember to attach supporting documents. These must include documentation of: (a) all opening and closing balances, as set forth in the specific claim forms; (b) all purchases, acquisitions, and sales of the Subject Securities during the Class Period from October 30, 1997 through and including June 21, 1999.**
4. If you move, please send your new address to:

KN Energy, Inc. Securities Litigation
c/o Strategic Claims Services
2710 Concord Road, Suite 5
Aston, PA 19014
Telephone: 866-274-4004
Fax: 610-364-2698
Website: www.strategicclaims.net

5. **DO NOT** SEND ORIGINALS OF ANY SUPPORTING DOCUMENTS.
6. **DO NOT** SEND ORIGINALS OR COPIES OF STOCK CERTIFICATES.
7. Keep a copy of your Proof of Claim and Release Form and all documentation submitted for your records.
8. You will **not** receive confirmation that your Proof of Claim and Release Form have been received **unless** you send it via Certified Mail, Return Receipt Requested, or by some other means which provide you with proof of receipt.

ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.

THANK YOU FOR YOUR PATIENCE