

KINDER MORGAN, INC.

Form 424B3

October 22, 2014

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**Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-198411**

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**MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

October 22, 2014

Dear Unitholder:

On August 9, 2014, Kinder Morgan Energy Partners, L.P., which is referred to as "KMP," and Kinder Morgan, Inc. which is referred to as "KMI," entered into a merger agreement, which is referred to as the "KMP merger agreement," pursuant to which KMI will acquire directly or indirectly all of the outstanding KMP common units that KMI and its subsidiaries do not already own. The conflicts and audit committee of the board of directors of KMP's general partner, which is referred to as the "KMGP conflicts committee," the board of directors of Kinder Morgan Management, LLC, the delegate of KMP's general partner, which is referred to as the "KMR board," and the board of directors of KMP's general partner, which is referred to as the "KMGP board," each have determined that the KMP merger is fair and reasonable to, and in the best interests of, KMP, after determining that the KMP merger is fair and reasonable to, and in the best interests of, the KMP unitholders (other than KMI and its affiliates), and have approved the KMP merger agreement and the KMP merger.

If the KMP merger is completed, each outstanding KMP common unit not owned by KMI or its subsidiaries will be converted into the right to receive, at the election of the unitholder but subject to proration, (i) 2.4849 shares of Class P common stock of KMI, which is referred to as "KMI common stock," (ii) \$91.72 in cash without interest or (iii) a combination of 2.1931 shares of KMI common stock and \$10.77 in cash without interest. Immediately following completion of the KMP merger, it is expected that the former public KMP unitholders will own approximately 31.4% of the outstanding shares of KMI common stock, based on the number of KMP common units owned by public KMP unitholders, the number of shares of KMI common stock expected to be issued in the KMR merger and the EPB merger, described below, and the number of shares of KMI common stock outstanding as of October 20, 2014. The KMP common units are traded on the New York Stock Exchange under the symbol "KMP," and the KMI common stock is traded on the New York Stock Exchange under the symbol "KMI."

KMI also has entered into a merger agreement with each of Kinder Morgan Management, LLC, which is referred to as "KMR," and El Paso Pipeline Partners, L.P., which is referred to as "EPB," pursuant to which KMI will acquire directly or indirectly all of the outstanding equity interests in KMR and EPB that KMI and its subsidiaries do not already own.

Each of KMR and EPB will hold a special meeting of its shareholders or unitholders to obtain their approval of the applicable merger agreement. **Completion of each merger is contingent on the completion of each of the other two mergers.** KMI also will hold a special meeting of KMI stockholders to approve an amendment to its certificate of incorporation to increase the number of authorized shares of KMI common stock and to approve the issuance of KMI common stock in the three mergers.

We are holding a special meeting of unitholders on Thursday, November 20, 2014 at 11:00 a.m., local time, at the Kinder Morgan Building, 1001 Louisiana Street, Houston, Texas 77002 to obtain your vote to approve the KMP merger agreement. **Your vote is very important, regardless of the number of KMP units you own. The KMP merger cannot be completed unless a majority of the outstanding KMP units are voted for the approval of the KMP merger agreement at the special meeting. Therefore, your failure to vote your units will have the same effect as a vote against approval of the KMP merger agreement.**

**The KMGP conflicts committee, the KMR board and the KMGP board each recommend that KMP unitholders vote FOR the approval of the KMP merger agreement and FOR the adjournment of**

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**the KMP special meeting (i) if necessary to solicit additional proxies if there are not sufficient votes to approve the KMP merger agreement at the time of the KMP special meeting or (ii) if KMR adjourns its special meeting.**

On behalf of the KMGP board, I invite you to attend the KMP special meeting. Whether or not you expect to attend the KMP special meeting in person, we urge you to submit your proxy as promptly as possible through one of the delivery methods described in the accompanying proxy statement/prospectus.

In addition, we urge you to read carefully the accompanying proxy statement/prospectus (and the documents incorporated by reference into it) which includes important information about the KMP merger agreement, the proposed merger, the proposed KMR and EPB mergers, KMP, KMI and the KMP special meeting. **Please pay particular attention to the section titled "Risk Factors" beginning on page 110 of the accompanying proxy statement/prospectus.**

On behalf of the KMGP board, thank you for your continued support.

Sincerely,

Richard D. Kinder  
*Chairman of the Board*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying proxy statement/prospectus, passed upon the merits or fairness of the KMP merger or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

The accompanying proxy statement/prospectus is dated October 22, 2014 and is first being mailed to KMP unitholders on or about October 22, 2014.

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1001 Louisiana Street, Suite 1000  
Houston, Texas 77002

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS**

To the Unitholders of Kinder Morgan Energy Partners, L.P.:

Notice is hereby given that a special meeting of unitholders of Kinder Morgan Energy Partners, L.P., a Delaware limited partnership, which is referred to as "KMP," will be held on Thursday, November 20, 2014 at 11:00 a.m., local time, at the Kinder Morgan Building, 1001 Louisiana Street, Houston, Texas 77002 solely for the following purposes:

**Proposal 1:** to consider and vote on a proposal to approve the Agreement and Plan of Merger dated as of August 9, 2014 (as it may be amended from time to time, the "KMP merger agreement"), among KMP, Kinder Morgan, Inc., Kinder Morgan G.P., Inc., Kinder Morgan Management, LLC and P Merger Sub LLC; and

**Proposal 2:** to consider and vote on a proposal (which we refer to as the "KMP adjournment proposal") to approve the adjournment of the KMP special meeting (i) if necessary to solicit additional proxies if there are not sufficient votes to approve the KMP merger agreement at the time of the KMP special meeting or (ii) if KMR adjourns its special meeting.

These items of business, including the KMP merger agreement and the proposed KMP merger, are described in detail in the accompanying proxy statement/prospectus. **The conflicts and audit committee of the board of directors of KMP's general partner, which is referred to as the "KMGP conflicts committee," the board of directors of Kinder Morgan Management, LLC, the delegate of KMP's general partner, which is referred to as the "KMR board," and the board of directors of KMP's general partner, which is referred to as the "KMGP board," each have determined that the KMP merger is fair and reasonable to, and in the best interests of, KMP, after determining that the KMP merger is fair and reasonable to, and in the best interests of, the KMP unitholders (other than Kinder Morgan, Inc. and its affiliates), and recommend that KMP unitholders vote FOR the proposal to approve the KMP merger agreement and FOR the KMP adjournment proposal.**

Only KMP unitholders of record as of the close of business on October 20, 2014 are entitled to notice of the KMP special meeting and to vote at the KMP special meeting or at any adjournment or postponement thereof. A list of KMP unitholders entitled to vote at the KMP special meeting will be available in our offices located at 1001 Louisiana Street, Suite 1000, Houston, Texas, during regular business hours for a period of ten days before the KMP special meeting, and at the place of the KMP special meeting during the meeting.

**YOUR VOTE IS IMPORTANT!**

Approval of the KMP merger agreement by the KMP unitholders is a condition to the consummation of the KMP merger and requires the affirmative vote of holders of a majority of the outstanding KMP units. Therefore, your vote is very important. **Your failure to vote your KMP units will have the same effect as a vote against the approval of the KMP merger agreement.**

**WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) THROUGH THE INTERNET, (2) BY TELEPHONE OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED.** You may revoke your proxy or change your vote at any time by 11:59 p.m., Eastern Time, on the day before the special meeting. If your KMP common units are held in the name of a bank, broker, nominee, trust

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company or other fiduciary, please follow the instructions on the voting instruction card furnished to you by them.

We urge you to read carefully the accompanying proxy statement/prospectus, including all documents incorporated by reference into it, and its annexes before voting your KMP common units at the KMP special meeting or submitting your voting instructions by proxy.

#### IF YOU PLAN TO ATTEND THE SPECIAL MEETING:

Please note that space limitations make it necessary to limit attendance to KMP unitholders or their duly appointed proxies. Admission to the KMP special meeting will be on a first-come, first-served basis. Registration will begin at 10:00 a.m., and seating will begin at 10:45 a.m. Unitholders and proxies will be asked to present valid picture identification, such as a driver's license or passport. Unitholders holding KMP common units in brokerage accounts will also need to bring a copy of the voting instruction card that they receive from their broker or other nominee in connection with the KMP special meeting or a brokerage statement reflecting unit ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the KMP special meeting.

By order of the board of directors,

Richard D. Kinder  
*Chairman of the Board*

Houston, Texas  
October 22, 2014

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**ABOUT THIS DOCUMENT**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by KMI (File No. 333-198411), constitutes a prospectus of KMI under Section 5 of the Securities Act of 1933, as amended, which is referred to as the "Securities Act," with respect to the KMI common stock to be issued pursuant to the KMP merger agreement. This document also constitutes a notice of meeting and a proxy statement of KMP under Section 14(a) of the Securities Exchange Act of 1934, as amended, which is referred to as the "Exchange Act," with respect to the special meeting of KMP unitholders, which is referred to as the "KMP special meeting," at which KMP unitholders will be asked to consider and vote on, among other matters, a proposal to approve the KMP merger agreement.

**You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus.** This proxy statement/prospectus is dated October 22, 2014. The information contained in this proxy statement/prospectus is accurate only as of that date or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. Neither the delivery of this proxy statement/prospectus to KMP unitholders nor the issuance by KMI of shares of KMI common stock pursuant to the KMP merger agreement will create any implication to the contrary.

**This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.**

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**SUMMARY TERM SHEET**

*The following summary, together with "Questions and Answers about the KMP Special Meeting and the Proposals," highlights selected information contained in this proxy statement/prospectus. It may not contain all of the information that may be important in your consideration of the proposed KMP merger. To understand more fully the Transactions (as defined below) and the matters to be voted on at the KMP special meeting, we encourage you to read carefully this proxy statement/prospectus, its annexes and the documents we have incorporated by reference into this proxy statement/prospectus before voting. See "Where You Can Find More Information" on page 189. Where appropriate, we have set forth a section and page reference directing you to a more complete description of the topics described in this summary.*

**Frequently Used Terms.** A few frequently used terms may be helpful for you to have in mind at the outset. This document refers to:

Kinder Morgan, Inc., a Delaware corporation, as "KMI";

Kinder Morgan Energy Partners, L.P., a Delaware limited partnership, as "KMP";

Kinder Morgan Management, LLC, a Delaware limited liability company, as "KMR";

Kinder Morgan G.P., Inc., a Delaware corporation and the general partner of KMP, as "KMGP";

El Paso Pipeline Partners, L.P., a Delaware limited partnership, as "EPB";

El Paso Pipeline GP Company, L.L.C., a Delaware limited liability company and the general partner of EPB, as "EPGP";

the board of directors of KMI as the "KMI board";

the board of directors KMGP as the "KMGP board";

the board of directors of KMR, the delegate of KMGP, as the "KMR board";

the special committee of the KMR board, both before and after the adoption of the formal resolutions forming and delegating authority to the special committee of the KMR board, as the "KMR special committee";

the conflicts and audit committee of the KMGP board, both before and after the adoption of the formal resolutions forming and delegating authority to the conflicts and audit committee of the KMGP board, as the "KMGP conflicts committee";

P Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of KMI, as "P Merger Sub";

the Class P common stock, par value \$0.01 per share, of KMI as "KMI common stock";

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the common units representing limited partner interests of KMP as "KMP common units";

the Agreement and Plan of Merger dated as of August 9, 2014, among KMP, KMI, KMGP, KMR and P Merger Sub, as it may be amended from time to time, as the "KMP merger agreement";

the proposed merger pursuant to the KMP merger agreement whereby KMI will acquire directly or indirectly all of the outstanding KMP common units that KMI and its subsidiaries do not already own as the "merger" or the "KMP merger";

the KMP unitholders (other than KMI and its affiliates) as the "unaffiliated KMP unitholders";

the Agreement and Plan of Merger dated as of August 9, 2014, among KMR, KMI and R Merger Sub LLC, as it may be amended from time to time, as the "KMR merger agreement";

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the proposed merger pursuant to the KMR merger agreement whereby KMI will acquire directly or indirectly all of the outstanding KMR listed shares that KMI and its subsidiaries do not already own as the "KMR merger";

the KMR shareholders (other than KMI and its affiliates) as the "unaffiliated KMR shareholders";

the Agreement and Plan of Merger dated as of August 9, 2014, among EPB, KMI, EPGP and E Merger Sub LLC, as it may be amended from time to time, as the "EPB merger agreement";

the proposed merger pursuant to the EPB merger agreement whereby KMI will acquire directly or indirectly all of the outstanding EPB common units that KMI and its subsidiaries do not already own as the "EPB merger";

the EPB unitholders (other than EPGP and its affiliates) as the "unaffiliated EPB unitholders";

the conflicts committee of the EPGP board, both before and after the adoption of the formal resolutions forming and delegating authority to the conflicts committee of the EPGB board, as the "EPGP conflicts committee";

the KMP merger, the KMR merger, the EPB merger and the other transactions contemplated by the KMP merger agreement, the KMR merger agreement and the EPB merger agreement, collectively, as the "Transactions"; and

the Support Agreement, dated as of August 9, 2014, among EPB, EPGP, KMP, KMGP, KMR and certain KMI stockholders, as the "support agreement."

**The Transactions.** The KMP merger is part of a larger series of mergers involving KMI and its three principal subsidiaries, KMP, KMR and EPB. Each merger is contingent on the other two mergers, and at the conclusion of the mergers, KMI will have acquired directly or indirectly all of the outstanding equity interests in KMP, KMR and EPB that KMI and its subsidiaries do not already own.

As part of the Transactions, KMI will hold a special meeting of KMI stockholders, which is referred to as the "KMI special meeting," at which KMI stockholders will be asked to approve an amendment to its certificate of incorporation to increase the number of authorized shares of KMI common stock and to approve the issuance of KMI common stock in the Transactions. In connection with the merger agreements, Richard D. Kinder, Chairman and Chief Executive Officer of KMI, KMGP, KMR and EPGP, and a limited partnership controlled by him have entered into the support agreement whereby they agree to vote all of the shares of KMI common stock owned by them in favor of the three proposals to be voted on at the KMI special meeting.

KMI expects to finance the cash portion of the merger consideration for the KMP merger and the EPB merger and the fees and expenses of the Transactions with the proceeds of the issuance of debt securities in capital markets transactions and/or by borrowing under an up to \$5.0 billion senior unsecured 364-day term loan facility, which is referred to as the "bridge facility."

See "Special Factors Effects of the Transactions" beginning on page 27 and "Description of the Debt Financing for the Transactions" beginning on page 151.

**The Parties to the Merger.** KMI is a Delaware corporation with its common stock traded on the NYSE under the symbol "KMI." KMI owns the general partner interests of, and significant limited partner interests in, KMP and EPB, and significant limited liability company interests in KMR (including all of KMR's voting shares, which are not publicly traded). See "Relationship of the Parties to the Transactions" below.



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KMP is a Delaware limited partnership with its common units traded on the NYSE under the symbol "KMP." KMP is one of the largest publicly-traded pipeline limited partnerships in the United States in terms of market capitalization. KMGP is KMP's general partner and has delegated to KMR, subject to limited exceptions, all of its rights and powers to manage and control the business and affairs of KMP and its operating limited partnerships.

P Merger Sub is a wholly owned subsidiary of KMI that was formed solely in contemplation of the KMP merger.

See "The Parties to the Merger" beginning on page 121.

**The Merger.** KMI, P Merger Sub, KMP, KMGP and KMR have entered into the KMP merger agreement. Subject to the terms and conditions of the KMP merger agreement and in accordance with Delaware law, at the effective time of the KMP merger, KMI will acquire directly or indirectly all of the publicly held KMP common units through the merger of P Merger Sub, a wholly owned subsidiary of KMI, with and into KMP, with KMP as the surviving entity. Upon completion of the KMP merger, KMI will have acquired directly or indirectly all the outstanding interests in KMP that KMI or its subsidiaries do not already own, and the KMP common units will cease to be publicly traded.

**Relationship of the Parties to the Transactions.** KMI conducts most of its business through KMP and EPB. For 2013, distributions from KMP and EPB represented approximately 87% of the sum of total cash generated by (i) distributions payable to KMI by these two partnerships (on a declared basis) and (ii) distributable cash generated by assets KMI owns and its share of cash generated by its joint venture investments.

KMI directly and indirectly owns approximately 43 million units of KMP. These units, which consist of approximately 22 million common units, 5 million Class B units and 16 million i-units (corresponding to the number of KMR shares owned by KMI), represent approximately 10% of the total outstanding limited partner interests of KMP. KMI also indirectly owns all of the common stock of KMGP, the general partner of KMP, which owns an effective 2% interest in KMP and its operating partnerships and the right to receive incentive distributions from KMP pursuant to KMP's partnership agreement. Together, these limited partner and general partner interests represent approximately 12% of KMP's total equity interests and an approximate 50% economic interest in KMP, as a result of the incentive distributions.

KMGP has delegated to KMR, subject to limited exceptions, all of KMGP's rights and power to manage the business and affairs of KMP and its operating limited partnerships. KMR owns all of the KMP i-units. KMI directly or indirectly owns approximately 16 million KMR listed shares, representing approximately 13% of KMR's outstanding shares, and KMGP owns all of KMR's voting shares.

KMI indirectly owns all of the membership interests in EPGP, the general partner of EPB, as well as approximately 40% of the outstanding common units of EPB and all of EPB's incentive distribution rights.

Certain executive officers and directors of KMI are also executive officers and directors of KMGP, KMR and EPGP. Richard D. Kinder and Steven J. Kean serve as members of the boards of directors of all four companies.

See "Special Factors Relationship of the Parties to the Transactions" beginning on page 51.

**Merger Consideration.** At the effective time of the KMP merger, each common unit of KMP issued and outstanding (excluding common units owned by KMGP, KMR or KMI or any of its other

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subsidiaries, which shall remain outstanding) will be converted into the right to receive, at the election of the holder, one of the following:

\$10.77 in cash without interest and 2.1931 shares of KMI common stock, which is referred to as the "mixed consideration";

\$91.72 in cash without interest, which is referred to as the "cash consideration"; or

2.4849 shares of KMI common stock, which is referred to as the "stock consideration."

Any election by a holder to receive the cash consideration or the stock consideration will be subject to proration to ensure that the aggregate amount of cash paid and the aggregate number of shares of KMI common stock issued in the KMP merger is the same as would be paid and issued if each KMP common unit had been converted into the right to receive the mixed consideration. See "Special Factors KMP Unitholders Making Elections Proration and Adjustment Procedures" beginning on page 106 for more information on the proration and adjustment procedures.

KMI will not issue any fractional shares of KMI common stock in the KMP merger. Instead, each holder of KMP common units who otherwise would have received a fractional share of KMI common stock will be entitled to receive, from the exchange agent appointed by KMI pursuant to the KMP merger agreement, a cash payment, without interest, in lieu of such fractional share representing such holder's proportionate interest, if any, in the proceeds from the sale by the exchange agent (reduced by reasonable and customary fees of the exchange agent attributable to such sale) in one or more transactions of a number of shares of KMI common stock equal to the aggregate amount of fractional shares of KMI common stock otherwise issuable in the KMP merger.

**Because the exchange ratios were fixed at the time the KMP merger agreement was executed and because the market value of KMI common stock and KMP common units will fluctuate during the pendency of the Transactions, KMP unitholders cannot be sure of the value of the KMP merger consideration they elect to receive relative to the value of the KMP common units that they are exchanging. See "Risk Factors Risk Factors Relating to the Merger." KMP unitholders are urged to obtain current market quotations for the KMI common stock when they make their elections.**

**Interests of Certain Persons in the Transactions.** In considering the recommendations of the KMGP conflicts committee, the KMR board and the KMGP board, KMP unitholders should be aware that some of the executive officers and directors of KMR and KMGP have interests in the Transactions that may differ from, or may be in addition to, the interests of KMP unitholders generally. These interests include:

KMR and KMGP have the same directors and executive officers.

Certain members of the KMR and KMGP boards are members of the KMI board and many executive officers of KMR and KMGP are executive officers of KMI.

The directors and officers of KMR and KMGP are entitled to continued indemnification and insurance coverage under the KMP merger agreement, and in the case of the non-employee directors, indemnification agreements.

The non-employee directors on the KMR and KMGP boards, who serve as the members of the KMGP conflicts committee, have been offered the opportunity to become members of the KMI board after the KMP merger.

All directors and certain executive officers of KMR and KMGP beneficially own units or shares of one or more of the parties to the Transactions, and these directors and executive officers will receive the applicable merger consideration upon completion of the Transactions.





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For more detail about these interests, see "Special Factors Interests of Certain Persons in the Transactions" beginning on page 99.

The KMGP conflicts committee, the KMR board and the KMGP board were aware of these interests and considered them, among other matters, prior to providing their respective approvals and recommendations with respect to the KMP merger agreement.

**KMP Special Meeting; Unitholders Entitled to Vote; Vote Required.** The KMP special meeting will be held on Thursday, November 20, 2014 at 11:00 a.m. local time, at the Kinder Morgan Building, 1001 Louisiana Street, Houston, Texas 77002. The record date for the KMP special meeting is October 20, 2014. Only holders of KMP units at the close of business on the record date are entitled to notice of, and to vote at, the KMP special meeting or any adjournment or postponement thereof. Approval of the KMP merger agreement requires the affirmative vote of a majority of the outstanding KMP units. Pursuant to the terms of the KMP partnership agreement, KMGP may adjourn the special meeting without limited partner action as described under "The KMP Special Meeting Adjournments." If submitted to a vote of KMP limited partners, the KMP adjournment proposal requires (i) if a quorum does not exist, the affirmative vote of the holders of a majority of the KMP units present in person or by proxy at the KMP special meeting or (ii) if a quorum does exist, the affirmative vote of a majority of the outstanding KMP units. See "The KMP Special Meeting" beginning on page 122.

**Unit Ownership of KMI and of KMGP's and KMR's Directors and Executive Officers.** As of October 20, 2014, the record date, KMI and its subsidiaries (other than KMR) held and were entitled to vote, in the aggregate, KMP common units and Class B units, and KMR shares corresponding to i-units, representing approximately 9.5% of the outstanding units of KMP, and the directors and executive officers of KMGP and KMR held and were entitled to vote, in the aggregate, KMP common units and KMR shares corresponding to i-units representing approximately 0.2% of the outstanding units of KMP. KMI has agreed in the KMP merger agreement that, subject to limited exceptions, it and its subsidiaries would vote their KMP units and KMR shares FOR the KMP merger agreement proposal, and we believe that KMI and its subsidiaries intend to vote their KMP units and KMR shares FOR the KMP adjournment proposal. We believe KMGP's and KMR's directors and executive officers intend to vote all of their units and shares FOR the KMP merger agreement proposal and FOR the KMP adjournment proposal. KMR will submit the KMP merger agreement proposal and the KMP adjournment proposal to a vote of KMR shareholders to determine how KMR will vote the KMP i-units at the KMP special meeting. Accordingly we believe approximately 9.7% of the outstanding KMP units will be voted in favor of the KMP merger agreement proposal and the KMP adjournment proposal by virtue of KMI's and its subsidiaries' and affiliates' ownership of KMP units and KMR shares. See "The KMP Special Meeting Unit Ownership of and Voting by KMI and KMGP's and KMR's Directors and Executive Officers" beginning on page 123.

**Recommendation of the KMGP Conflicts Committee, the KMR Board and the KMGP Board and Their Reasons for the Merger.** The KMGP conflicts committee, the KMR board and the KMGP board considered the benefits of the KMP merger agreement, the KMP merger and the related transactions as well as the associated risks and (i) determined that the KMP merger is fair and reasonable to, and in the best interests of, KMP, after determining that the KMP merger is fair and reasonable to, and in the best interests of, the unaffiliated KMP unitholders and (ii) approved the KMP merger, the KMP merger agreement and the execution, delivery and performance of the KMP merger agreement. The KMGP conflicts committee's determination that the KMP merger is fair and reasonable to KMP constitutes "Special Approval," as such term is defined by the KMP partnership agreement. For a discussion of the many factors considered by the KMGP conflicts committee, the KMGP board and the KMR board in making their determination and approval, please read "Special

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Factors Recommendation of the KMGP Conflicts Committee, the KMR Board and the KMGP Board and Their Reasons for the Merger."

**The KMGP conflicts committee, the KMR board and the KMGP board each recommend that KMP unitholders vote FOR the approval of the KMP merger agreement and FOR the KMP adjournment proposal.**

**Opinion of Jefferies LLC.** The KMGP conflicts committee's financial advisor, Jefferies LLC, which is referred to as "Jefferies," has conducted financial analyses and delivered a written opinion to the KMGP conflicts committee to the effect that, as of the date of the KMP merger agreement and based upon and subject to the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Jefferies as set forth in its opinion, from a financial point of view, the merger consideration is fair to the KMP unitholders (other than KMI and its affiliates (other than KMP)).

The full text of Jefferies' written opinion, dated as of August 9, 2014, is attached hereto as Annex B and is incorporated by reference herein in its entirety. Jefferies' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Jefferies in rendering its opinion. You are encouraged to read the opinion carefully and in its entirety. This description of the opinion is qualified in its entirety by reference to the full text of the opinion. Jefferies' written opinion is addressed to the KMGP conflicts committee, is directed only to the merger consideration and does not constitute a recommendation to any KMP unitholder as to how such unitholder should vote with respect to the merger or any other matter. See "Special Factors Opinion of Jefferies LLC" beginning on page 65.

**Conditions to Completion of the Merger.** KMI and KMP currently expect to complete the Transactions during the fourth quarter of 2014, subject to receipt of required unitholder, stockholder and regulatory approvals and the satisfaction or waiver of the other conditions to the KMP merger.

As more fully described in this proxy statement/prospectus and in the KMP merger agreement, each party's obligation to complete the KMP merger depends on a number of conditions being satisfied or, where legally permissible, waived, including the following:

the KMP merger agreement must have been approved by the affirmative vote of a majority of the outstanding KMP units;

the adoption of the amendment to KMI's certificate of incorporation, which is referred to as the "charter amendment proposal," to increase the number of authorized shares of KMI common stock must have been approved by the affirmative vote of a majority of the outstanding shares of KMI common stock;

the issuance of shares of KMI common stock pursuant to the KMP merger, the EPB merger and the KMR merger, which is referred to as the "stock issuance proposal," must have been approved by the affirmative vote of a majority of the shares of KMI common stock present at the KMI special meeting;

any waiting period applicable to the transactions contemplated by the KMP merger agreement under the HSR Act must have been terminated or must have expired (the Antitrust Division and the FTC granted early termination of the applicable waiting period under the HSR Act on August 22, 2014);

no law, injunction, judgment or ruling enacted, promulgated, issued, entered, amended or enforced by any governmental authority (each a "restraint") shall be in effect enjoining, restraining, preventing or prohibiting consummation of the transactions contemplated by the KMP merger agreement or making the consummation of the transactions contemplated by the KMP merger agreement illegal;

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the registration statement of which this proxy statement/prospectus forms a part must have been declared effective under the Securities Act and must not be subject to any stop order suspending the effectiveness of the registration statement or proceedings initiated or threatened by the SEC for that purpose;

the KMI common stock deliverable to the KMP unitholders as contemplated by the KMP merger agreement must have been approved for listing on the NYSE, subject to official notice of issuance;

all of the conditions set forth in the KMR merger agreement and the EPB merger agreement must have been satisfied or irrevocably waived (if permitted under applicable law) in writing by the applicable party thereto (other than (x) those conditions that by their terms are to be satisfied by actions taken at the closing under the KMR merger agreement and the EPB merger agreement, as applicable, and (y) this same condition set forth in each of the KMR merger agreement and the EPB merger agreement) and the parties thereto must be ready, willing and able to consummate the KMR merger and the EPB merger, and the KMR merger and the EPB merger must be consummated substantially concurrently with the KMP merger such that the KMR merger will be consummated first, followed by the KMP merger and then the EPB merger; and

KMI and KMP must have received an opinion of Bracewell & Giuliani LLP that, for U.S. federal income tax purposes, at least 90% of the gross income of KMP for the four most recent complete calendar quarters ending before the closing for which the necessary financial information is available is from sources treated as "qualifying income" within the meaning of Section 7704(d) of the Internal Revenue Code of 1986, as amended, which is referred to as the "Code."

The obligations of KMI and P Merger Sub to effect the KMP merger are subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of KMP, KMR and KMGP being true and correct both when made and at and as of the date of the closing, subject to certain standards, including materiality and material adverse effect qualifications, as described under "Proposal 1: The Merger Agreement Conditions to Completion of the Merger" beginning on page 128, and receipt by KMI of an officer's certificate signed on behalf of KMP, KMR and KMGP by an executive officer of KMGP and KMR to that effect; and

KMP, KMR and KMGP having performed in all material respects all obligations required to be performed by each of them under the KMP merger agreement and receipt by KMI of an officer's certificate signed on behalf of KMP, KMR and KMGP by an executive officer of KMGP and KMR to that effect.

The obligation of KMP to effect the KMP merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of KMI being true and correct both when made and at and as of the date of the closing, subject to certain standards, including materiality and material adverse effect qualifications, as described under "Proposal 1: The Merger Agreement Conditions to Completion of the Merger" beginning on page 128, and receipt by KMP of an officer's certificate signed on behalf of KMI by an executive officer of KMI to that effect; and

KMI and P Merger Sub having performed in all material respects all obligations required to be performed by each of them under the KMP merger agreement and receipt by KMP of an officer's certificate signed on behalf of KMI by an executive officer of KMI to that effect.

**Changes in Board or Committee Recommendations.** The KMP merger agreement contains provisions regarding the applicable board of directors' or committee's change in its recommendation.

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*KMP Adverse Recommendation Change.* The KMP merger agreement provides that KMP will not, through the KMR board, the KMGP conflicts committee or the KMGP board, make a KMP adverse recommendation change (as defined under "Proposal 1: The Merger Agreement KMGP Recommendation and KMP Adverse Recommendation Change").

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Notwithstanding the foregoing or any other term in the KMP merger agreement to the contrary, subject to certain conditions (more fully described in "Proposal 1: The Merger Agreement KMGP Recommendation and KMP Adverse Recommendation Change"), the KMR board, the KMGP conflicts committee or the KMGP board may, at any time prior to obtaining the approval of the KMR merger agreement by the KMP unitholders, make a KMR adverse recommendation change in response to a KMP intervening event or a KMP superior proposal, if any of them makes a good faith determination that the failure to change its recommendation would not be in the best interests of KMP, after determining that it would not be in the best interests of the unaffiliated KMP unitholders.

See "Proposal 1: The Merger Agreement KMGP Recommendation and KMP Adverse Recommendation Change" beginning on page 131 for more detailed information.

*KMI Adverse Recommendation Change.* The KMP merger agreement provides that KMI will not, through the KMI board of directors, make a KMI adverse recommendation change (as defined under "Proposal 1: The Merger Agreement KMI Recommendation and KMI Adverse Recommendation Change").

Notwithstanding the foregoing or any other term in the KMP merger agreement to the contrary, subject to certain conditions (more fully described in "Proposal 1: The Merger Agreement KMI Recommendation and KMI Adverse Recommendation Change"), the KMI board may, at any time prior to KMI's stockholders approving the stock issuance proposal and charter amendment proposal, make a KMI adverse recommendation change in response to a KMI intervening event or a KMI superior proposal, if the KMI board makes a good faith determination that the failure to change its recommendation would be inconsistent with its fiduciary duties to KMI stockholders under applicable law.

See "Proposal 1: The Merger Agreement KMI Recommendation and KMI Adverse Recommendation Change" beginning on page 133 for more detailed information.

**Risks Relating to the Merger and Ownership of KMI Common Stock.** KMP unitholders should consider carefully all the risk factors together with all of the other information included or incorporated by reference in this proxy statement/prospectus before deciding how to vote. Risks relating to the KMP merger and ownership of KMI common stock are described in the section titled "Risk Factors" beginning on page 110. Some of these risks include, but are not limited to, those described below:

Completion of the KMP merger is contingent upon completion of the KMR merger and the EPB merger, and vice versa. No merger will occur unless all three mergers occur.

The KMP merger is subject to other substantial conditions and may not be consummated even if the required KMI stockholder and KMP unitholder approvals are obtained.

Because the exchange ratios are fixed, KMP unitholders who will receive KMI common stock as part of the merger consideration cannot be sure of the market value of the KMI common stock they will receive as merger consideration relative to the value of the KMP common units they exchange.

The tax liability of a KMP unitholder as a result of the KMP merger could be more than expected and could exceed the cash received by such unitholder in the KMP merger.

The KMP merger agreement contains provisions that limit KMP's ability to pursue alternatives to the KMP merger and, in specified circumstances, could require KMP to pay a termination fee of \$817 million to KMI.



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All directors and certain executive officers of KMGP and KMR have certain interests in the Transactions that are different from those of KMP unitholders generally.

The KMI common stock to be received by KMP unitholders as a result of the KMP merger has different rights from KMP common units.

The market price of the KMI common stock may be volatile, and KMI stockholders could lose a significant portion of their investments.

Holders of KMI common stock may not receive the anticipated level of dividends under KMI's dividend policy or any dividends at all.

The substantial debt KMI expects to incur in connection with the Transactions could adversely affect its financial health and make it more vulnerable to adverse economic conditions.

**Regulatory Approvals Required for the Merger.** The following is a summary of the material regulatory requirements for completion of the KMP merger. There can be no guarantee if and when any of the consents or approvals required for the KMP merger will be obtained or as to the conditions that such consents and approvals may contain.

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the "HSR Act", and related rules, certain transactions, including the KMP merger, may not be completed until notifications have been given and information furnished to the Antitrust Division of the United States Department of Justice, which is referred to as the "Antitrust Division", and the United States Federal Trade Commission, which is referred to as the "FTC", and all statutory waiting period requirements under the HSR Act have been satisfied. On August 15, 2014, KMI and KMP filed HSR Act Notification and Report Forms, which are referred to as the "HSR Forms," with the Antitrust Division and the FTC. The Antitrust Division and the FTC granted early termination of the applicable waiting period under the HSR Act on August 22, 2014.

At any time before or after the effective time of the KMP merger, the Antitrust Division or the FTC could take action under the antitrust laws, including seeking to rescind the KMP merger or to seek other remedies. In addition, U.S. state attorneys general could take action under the antitrust laws as they deem necessary or desirable in the public interest, including without limitation seeking to enjoin the completion of the KMP merger or permitting completion subject to regulatory concessions or conditions. Private parties may also seek to take legal action under the antitrust laws under some circumstances. There can be no assurance that a challenge to the KMP merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

**Termination of the Merger Agreement.** KMI and KMP may terminate the KMP merger agreement at any time prior to the effective time of the KMP merger by mutual written consent authorized by the KMI board of directors and the KMGP conflicts committee.

In addition, either KMI or KMP may terminate the KMP merger agreement at any time prior to the effective time by written notice to the other party if:

the closing of the KMP merger has not occurred on or before May 11, 2015, subject to certain exceptions discussed in "Proposal 1: The Merger Agreement Termination" beginning on page 139;

any restraint is in effect and has become final and nonappealable that enjoins or prohibits the consummation of the transactions contemplated by the KMP merger agreement or makes the consummation of the transactions contemplated by the KMP merger agreement illegal, subject to certain exceptions discussed in "Proposal 1: The Merger Agreement Termination" beginning on page 139;





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the approval of the KMP merger agreement by the KMP unitholders is not obtained at the KMP special meeting;

the approval of the stock issuance proposal and the charter amendment proposal by the KMI stockholders is not obtained at the KMI special meeting; or

either the EPB merger agreement or the KMR merger agreement is terminated in accordance with its terms.

KMI also may terminate the KMP merger agreement if a KMP adverse recommendation change occurs or KMP, KMR or KMGP materially breaches or fails to perform any of its representations, warranties, covenants or agreements contained in the KMP merger agreement such that certain closing conditions would not be satisfied, or if such breach or failure is capable of being cured, such breach or failure has not been cured within 30 days following delivery of written notice by KMI and KMI is not then in any material breach.

KMP also may terminate the KMP merger agreement if a KMI adverse recommendation change occurs or KMI materially breaches or fails to perform any of its representations, warranties, covenants or agreements contained in the KMP merger agreement such that certain closing conditions would not be satisfied, or if such breach or failure is capable of being cured, such breach or failure has not been cured within 30 days following delivery of written notice by KMP and none of KMGP, KMR or KMP is then in any material breach.

**Expenses and Termination Fees Relating to the Merger.** Generally, all fees and expenses incurred in connection with the Transactions will be the obligation of the respective party incurring such fees and expenses.

The KMP merger agreement provides that KMP is required to pay a termination fee of \$817 million to KMI in cash, if the KMP merger agreement is terminated by:

KMI, as a result of the KMGP conflicts committee, KMR board or KMGP board having effected a KMP adverse recommendation change due to a superior proposal; or

KMP or KMI, as a result of the KMP unitholders not approving the KMP merger agreement at a meeting of the KMP unitholders or any adjournment or postponement of such meeting where a KMP adverse recommendation change due to a superior proposal has occurred.

The KMP merger agreement provides that KMI is required to pay a termination fee of \$817 million to KMP, if the KMP merger agreement is terminated by:

KMP, as a result of the KMI board having effected a KMI adverse recommendation change due to a superior proposal; or

KMP or KMI, as a result of the KMI stockholders not approving the stock issuance proposal and charter amendment proposal at a meeting of the stockholders of KMI or any adjournment or postponement of such meeting where a KMI adverse recommendation change due to a superior proposal has occurred.

In the event KMI is required to pay KMP a termination fee, such termination fee will be payable through an irrevocable waiver of a portion of KMGP's incentive distributions over a period of eight calendar quarters.

**Comparison of Rights of KMI Stockholders and KMP Unitholders.** A limited partnership is inherently different from a corporation. Ownership interests in a limited partnership are therefore fundamentally different from ownership interests in a corporation. KMP unitholders will own KMI common stock following the completion of the KMP merger, and their rights associated with the KMI common stock will be governed by KMI's certificate of incorporation and bylaws and Delaware



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corporation law, which differ in a number of respects from the KMP partnership agreement and Delaware limited partnership law. See "Comparison of Rights of KMI Stockholders and KMP Unitholders" beginning on page 166.

**No Solicitation of Competing Proposals.**

*KMP*

The KMP merger agreement contains detailed provisions prohibiting KMP, KMR and KMGP from seeking a KMP alternative proposal to the KMP merger. Under these "no solicitation" provisions, KMP, KMR and KMGP have agreed that they will not, and will cause their respective subsidiaries and use reasonable best efforts to cause their and their subsidiaries' respective directors, officers, employees, investment bankers, financial advisors, attorneys, accountants, agents and other representatives (collectively, their "representatives") not to, directly or indirectly, except as permitted by the KMP merger agreement:

solicit, initiate, knowingly facilitate, knowingly encourage (including by way of furnishing confidential information) or knowingly induce or take any other action intended to lead to any inquiries or any proposals that constitute the submission of an KMP alternative proposal; or

enter into any confidentiality agreement, merger agreement, letter of intent, agreement in principle, unit purchase agreement, asset purchase agreement or unit exchange agreement, option agreement or other similar agreement relating to a KMP alternative proposal.

KMP, KMR and KMGP have agreed that they will not, and will cause their respective subsidiaries and use reasonable best efforts to cause their respective representatives to immediately cease and cause to be terminated any discussions or negotiations with any person with respect to an alternative proposal, request the return or destruction of all confidential information previously provided to such parties and prohibit any access by any person (other than KMI and its subsidiaries and representatives) to any confidential information relating to a possible KMP alternative proposal.

Notwithstanding the restrictions above, the KMP merger agreement provides that, under specified circumstances at any time prior to obtaining the approval of KMP's unitholders of the KMP merger agreement, if KMP has received a written KMP alternative proposal that the KMGP conflicts committee believes is *bona fide* and the KMGP conflicts committee, after consultation with its financial advisors and outside legal counsel, determines in good faith that such KMP alternative proposal constitutes or could reasonably be expected to lead to or result in a KMP superior proposal and such KMP alternative proposal does not result from a material breach of the non-solicitation provisions in the KMP merger agreement, then KMP, KMGP and KMR may:

furnish information with respect to KMP and its subsidiaries to any third party making such KMP alternative proposal; and

participate in discussions or negotiations regarding such KMP alternative proposal.

KMP, KMGP and KMR also have agreed in the KMP merger agreement that they (i) will promptly, and in any event within 24 hours after receipt, advise KMI, orally and in writing, if any proposal, offer or inquiry is received by, any information is requested (other than requests for information in the ordinary course of business) from, or any discussions or negotiations are sought to be initiated with them in respect of any KMP alternative proposal and indicate the identity of the person making any such KMP alternative proposal, offer or inquiry and (ii) will provide KMI the terms and conditions of any such KMP alternative proposal, request or inquiry (including providing KMI with copies of any written materials received from or on behalf of such person making such proposal, offer or inquiry). In addition, KMP, KMGP and KMR have agreed to promptly keep KMI reasonably informed of all material developments affecting the status and terms of any such proposals, offers, inquiries or requests (and promptly, in any event within 24 hours, provide KMI with copies of any



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additional written materials received by KMP, KMGP or KMR or that KMP, KMGP or KMR has delivered to any third party making a KMP alternative proposal that relate to such proposals, offers, inquiries or requests) and the status of any such discussions or negotiations.

*KMI*

The KMP merger agreement contains detailed provisions prohibiting KMI from seeking a KMI alternative proposal to the KMP merger agreement. Under these "no solicitation" provisions, KMI has agreed that it will not, and it will cause its subsidiaries and use reasonable best efforts to cause their respective representatives not to, directly or indirectly, except as permitted by the KMP merger agreement:

solicit, initiate, knowingly facilitate, knowingly encourage (including by way of furnishing confidential information) or knowingly induce or take any other action intended to lead to any inquiries or any proposals that constitute the submission of a KMI alternative proposal; or

enter into any confidentiality agreement, merger agreement, letter of intent, agreement in principle, unit purchase agreement, asset purchase agreement or unit exchange agreement, option agreement or other similar agreement relating to a KMI alternative proposal.

KMI has agreed that it will, and will cause its subsidiaries and use reasonable best efforts to cause their respective representatives to, immediately cease and cause to be terminated any discussions or negotiations with any person with respect to a KMI alternative proposal, request the return or destruction of all confidential information previously provided to such parties and prohibit any access to any confidential information relating to a possible KMI alternative proposal.

Notwithstanding the foregoing restrictions, the KMP merger agreement provides that, under specified circumstances at any time prior to obtaining the approval of KMI's stockholders of the stock issuance proposal and the charter amendment proposal, if KMI has received a written KMI alternative proposal that the KMI board believes is *bona fide* and the KMI board, after consultation with its financial advisors and outside legal counsel, determines in good faith that such KMI alternative proposal constitutes or could reasonably be expected to lead to or result in a KMI superior proposal and such KMI alternative proposal does not result from a material breach of the non-solicitation provisions in the KMP merger agreement, then KMI may:

furnish information with respect to KMI and its respective subsidiaries, as applicable, to any third party making such KMI alternative proposal; and

participate in discussions or negotiations regarding such KMI alternative proposal.

KMI also has agreed in the KMP merger agreement that it (i) will promptly, and in any event within 24 hours after receipt, advise KMP, KMGP and KMR, orally and in writing, if any proposal, offer or inquiry is received by, any information is requested (other than requests for information in the ordinary course of business) from, or any discussions or negotiations are sought to be initiated with it in respect of any KMI alternative proposal and indicate the identity of the person making any such alternative proposal, offer or inquiry and (ii) will provide KMP, KMGP and KMR the terms and conditions of any such alternative proposal, request or inquiry (including providing KMI with copies of any written materials received from or on behalf of such person making such proposal, offer or inquiry). In addition, KMI has agreed to promptly keep KMP, KMGP and KMR reasonably informed of all material developments affecting the status and terms of any such proposals, offers, inquiries or requests (and promptly, in any event within 24 hours, provide KMP, KMGP and KMR with copies of any additional written materials received by KMI or that KMI has delivered to any third party making a KMI alternative proposal that relate to such proposals, offers, inquiries or requests) and the status of any such discussions or negotiations.

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**No Appraisal Rights.** KMP unitholders will not have appraisal rights in connection with the KMP merger under Delaware law or pursuant to the KMP partnership agreement or KMP merger agreement. See "Special Factors No Appraisal Rights" on page 103.

**Material U.S. Federal Income Tax Consequences of the Merger.** The receipt of KMI common stock, cash or a combination of KMI common stock and cash in exchange for KMP common units pursuant to the KMP merger will be a taxable transaction for U.S. federal income tax purposes to U.S. holders (as defined in "Material U.S. Federal Income Tax Consequences").

A U.S. holder who receives KMI common stock, cash or a combination of KMI common stock and cash in exchange for KMP common units pursuant to the KMP merger will recognize gain or loss in an amount equal to the difference between:

the sum of (i) the amount of any cash received, (ii) the fair market value of any KMI common stock received, and (iii) such U.S. holder's share of KMP's nonrecourse liabilities immediately prior to the KMP merger; and

such U.S. holder's adjusted tax basis in the KMP common units exchanged therefor (which includes such U.S. holder's share of KMP's nonrecourse liabilities immediately prior to the KMP merger).

Gain or loss recognized by a U.S. holder will generally be taxable as capital gain or loss. However, a portion of this gain or loss, which portion is likely to be substantial, will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to assets giving rise to depreciation recapture or other "unrealized receivables" or to "inventory items" owned by KMP and its subsidiaries. Passive losses that were not deductible by a U.S. holder in prior taxable periods because they exceeded a U.S. holder's share of KMP's income may become available to offset a portion of the gain recognized by such U.S. holder.

The U.S. federal income tax consequences of the KMP merger to a KMP unitholder will depend on such unitholder's own personal tax situation. **Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the KMP merger to you.**

Please read "Material U.S. Federal Income Tax Consequences" beginning on page 147 for a more complete discussion of certain U.S. federal income tax consequences of the KMP merger.

**Accounting Treatment of the Merger.** The KMP merger will be accounted for in accordance with Financial Accounting Standards Board Accounting Standards Codification 810, *Consolidation Overall Changes in a Parent's Ownership Interest in a Subsidiary*. As KMI controls KMP and will continue to control KMP after the KMP merger, the changes in KMI's ownership interest in KMP will be accounted for as an equity transaction and no gain or loss will be recognized in KMI's consolidated statements of income resulting from the KMP merger.

**Litigation Relating to the Mergers.** Three purported class action lawsuits are currently pending that challenge the merger transactions. Each of the actions names KMI, KMGP, KMR, Richard D. Kinder, Steven J. Kean, Ted A. Gardner, Gary L. Hultquist, and Perry M. Waughtal as defendants. Additionally, KMP, P Merger Sub LLC, E Merger Sub LLC, EPB, EPGP, Ronald L. Kuehn, Jr., Thomas A. Martin, Arthur C. Reichstetter, and William A. Smith are named as defendants in one of the pending actions. The lawsuits are brought on behalf of putative classes seeking to enjoin one or more of the merger transactions and alleging, among other things, that one or more of the defendants breached their respective fiduciary and/or contractual duties, including the implied covenant of good faith and fair dealing. Additionally, two of the pending lawsuits allege that the merger transactions must be approved by at least two-thirds of KMP's limited partner interests (and in one case, by possibly 95% of KMP's limited partner interests). The defendants believe the

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allegations against them lack merit, and they intend to vigorously defend these lawsuits. See "Special Factors Litigation Relating to the Mergers" on page 108.

**Selected Historical Consolidated Financial Data of KMI.** The following selected historical consolidated financial data as of and for each of the years ended December 31, 2013, 2012, 2011, 2010 and 2009 are derived from KMI's audited consolidated financial statements. The selected historical consolidated financial data as of and for each of the six month periods ended June 30, 2014 and 2013 are derived from KMI's unaudited consolidated financial statements. You should read the following data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes thereto set forth in KMI's Annual Report on Form 10-K for the year ended December 31, 2013 and KMI's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information."

	Six Months Ended June 30,			Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009	
	(Unaudited)							
	(in millions, except per share information)							
Income and Cash Flow Data:								
Revenues	\$ 7,984	\$ 6,442	\$ 14,070	\$ 9,973	\$ 7,943	\$ 7,852	\$ 6,879	
Operating income	2,160	1,789	3,990	2,593	1,423	1,133	1,257	
Earnings (loss) from equity investments	199	194	327	153	226	(274)	123	
Income from continuing operations	1,098	1,439	2,696	1,204	449	64	523	
(Loss) income from discontinued operations, net of tax		(2)	(4)	(777)	211	236	250	
Net income	1,098	1,437	2,692	427	660	300	773	
Net income (loss) attributable to KMI	571	569	1,193	315	594	(41)	495	
Class P shares:								
Basic and diluted earnings per common share from continuing operations	\$ 0.55	\$ 0.55	\$ 1.15	\$ 0.56	\$ 0.70			
Basic and diluted (loss) earnings per common share from discontinued operations				(0.21)	0.04			
Total basic and diluted earnings per common share	\$ 0.55	\$ 0.55	\$ 1.15	\$ 0.35	\$ 0.74			

<b>Class A shares:</b>							
Basic and diluted earnings per common share from continuing operations				\$ 0.47	\$ 0.64		
Basic and diluted (loss) earnings per common share from discontinued operations				(0.21)	0.04		
Total basic and diluted earnings per common share				\$ 0.26	\$ 0.68		

<b>Basic weighted-average number of shares outstanding</b>							
Class P shares	1,028	1,036	1,036	461	118		
Class A shares				446	589		
<b>Diluted weighted-average number of shares outstanding</b>							
Class P shares	1,028	1,038	1,036	908	708		
Class A shares				446	589		
	\$ 0.85	\$ 0.78	\$ 1.60	\$ 1.40	\$ 1.05		

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Dividends per common share declared for the period(a)							
Dividends per common share paid in the period(a)		0.83	0.75	1.56	1.34	0.74	
<b>Balance Sheet Data (at end of period):</b>							
Property, plant and equipment, net		\$ 37,607		\$ 35,847	\$ 30,996	\$ 17,926	\$ 17,071 \$ 16,804
Total assets		76,364		75,185	68,245	30,717	28,908 27,581
Long-term debt KMI(b)		8,088		9,321	9,248	2,078	2,918 2,925
Long-term debt KMP(c)		19,610		18,410	15,907	11,183	10,301 10,022
Long-term debt EPB(d)		4,750		4,179	4,254		



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	Six Months Ended June 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(Unaudited)						
	(in millions, except per share information)						
<b>Other Data:</b>							
Ratio of earnings to fixed charges(e)	2.64		3.18	2.02			

- (a) Quarterly dividends are paid in the quarter following the quarterly period for which the dividends are declared.
- (b) Excludes debt fair value adjustments. Increases (decreases) to long-term debt for debt fair value adjustments for KMI and its subsidiaries (excluding KMP, EPB and their respective subsidiaries) totaled \$714 million, \$771 million, \$901 million, \$40 million, \$12 million and \$(14 million) as of June 30, 2014, December 31, 2013, 2012, 2011, 2010 and 2009, respectively.
- (c) Excludes debt fair value adjustments. Increases to long-term debt for debt fair value adjustments totaled \$1,267 million, \$1,214 million, \$1,698 million, \$1,055 million, \$582 million and \$308 million as of June 30, 2014, December 31, 2013, 2012, 2011, 2010 and 2009, respectively.
- (d) Excludes debt fair value adjustments. Decrease to long-term debt for debt fair value adjustments totaled \$8 million as of June 30, 2014, December 31, 2013 and 2012.
- (e) In all cases, earnings are determined by adding: income before income taxes, extraordinary items, equity income and minority interest; plus fixed charges, amortization of capitalized interest and distributed income of equity investees; less capitalized interest and noncontrolling interest in pre-tax income of subsidiaries with no fixed charges. In all cases, fixed charges include: interest, including capitalized interest; plus amortization of debt discount, premium, and debt issuance costs; plus the estimated interest portion of rental expenses.

**Selected Historical Consolidated Financial Data of KMP.** The following selected historical consolidated financial data as of and for each of the years ended December 31, 2013, 2012, 2011, 2010 and 2009 are derived from KMP's audited consolidated financial statements. The selected historical consolidated financial data as of and for each of the six month periods ended June 30, 2014 and 2013 are derived from KMP's unaudited consolidated financial statements. You should read the following data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes thereto set forth in KMP's Annual Report on Form 10-K for the year ended December 31, 2013 and KMP's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information."

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	Six Months Ended June 30,		Year Ended December 31,											
	2014	2013	2013	2012	2011	2010	2009							
	(Unaudited)													
	(in millions, except per unit information)													
Income and Cash Flow Data:														
Revenues	\$	7,229	\$	5,678	\$	12,530	\$	9,035	\$	7,889	\$	7,739	\$	6,697
Operating income		1,788		1,385		3,229		2,484		1,557		1,460		1,367
Earnings from equity investments		137		157		297		295		224		136		91
Income from continuing operations		1,423		1,804		3,321		2,070		1,067		1,092		1,036
(Loss) income from discontinued operations				(2)		(4)		(669)		201		235		248
Net income		1,423		1,802		3,317		1,401		1,268		1,327		1,284
Limited partners' interest in net income		496		946		1,565		(78)		83		431		332
Limited partners' net income (loss) per unit:														
Income (loss) per unit from continuing operations	\$	1.09	\$	2.40	\$	3.77	\$	1.64	\$	(0.35)	\$	0.65	\$	0.32
(Loss) income per unit from discontinued operations				(0.01)		(0.01)		(1.86)		0.60		0.75		0.86
Net income (loss) per unit	\$	1.09	\$	2.39	\$	3.76	\$	(0.22)	\$	0.25	\$	1.40	\$	1.18
Per unit cash distribution declared for the period(a)	\$	2.77	\$	2.62	\$	5.33	\$	4.98	\$	4.61	\$	4.40	\$	4.20
Per unit cash distribution paid in the period(a)		2.74		2.59		5.26		4.85		4.58		4.32		4.20
Balance Sheet Data (at end of period):														
Property, plant and equipment, net	\$	29,285			\$	27,405	\$	22,330	\$	15,596	\$	14,604	\$	14,154
Total assets		44,551				42,764		34,976		24,103		21,861		20,262
Long-term debt(b)		19,610				18,410		15,907		11,183		10,301		10,022

(a) Quarterly distributions are paid in the quarter following the quarterly period for which the distributions are declared.

(b) Excludes debt fair value adjustments. Increases to long-term debt for debt fair value adjustments totaled \$1,267 million, \$1,214 million, \$1,698 million, \$1,055 million, \$582 million and \$308 million as of June 30, 2014, December 31, 2013, 2012, 2011, 2010 and 2009, respectively.

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**Selected Unaudited Pro Forma Condensed Combined Financial Information.** The following table sets forth selected unaudited pro forma condensed combined financial information for KMI after giving effect to the Transactions. The selected unaudited pro forma condensed combined financial information is derived from the unaudited pro forma condensed combined financial statements included in this proxy statement/prospectus. For a complete discussion of the pro forma adjustments underlying the amounts in the table below, please read the section titled "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 191.

	Six Months Ended June 30, 2014	Year Ended December 31, 2013
	(in millions, except per share amounts)	
Unaudited Pro Forma Condensed Combined Statements of Income Information:		
Revenues	\$ 7,984	\$ 14,070
Operating income	2,160	3,990
Earnings from equity investments	199	327
Income from continuing operations	914	2,151
Net income	914	2,147
Net income attributable to Kinder Morgan, Inc.	911	2,143
Basic and diluted earnings per common share	\$ 0.43	\$ 1.01
Basic and diluted weighted-average number of shares outstanding	2,118	2,126

	<b>As of June 30, 2014</b>
	<b>(in millions)</b>
<b>Unaudited Pro Forma Condensed Combined Balance Sheet Information:</b>	
Total assets	\$ 79,995
Total debt(a)	41,197
Total liabilities	47,298
Total Kinder Morgan, Inc.'s stockholders' equity	32,368
Noncontrolling interests	329
Total stockholders' equity	32,697

(a) Includes historical debt fair value adjustments of \$1,973 million.

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**Unaudited Comparative Per Share/Unit Information.** The following table sets forth: (a) certain historical per share information of KMI; (b) certain historical per unit information of KMP; and (c) unaudited pro forma combined and equivalent pro forma combined per share information after giving effect to the Transactions.

	Six Months Ended June 30, 2014	Year Ended December 31, 2013
<b>Historical KMI</b>		
Income from continuing operations per share basic and diluted(a)	\$ 0.55	\$ 1.15
Dividends per share declared for the period	\$ 0.85	\$ 1.60
Book value per share(b)	\$ 12.28	\$ 12.70
<b>Historical KMP</b>		
Income from continuing operations per unit basic and diluted	\$ 1.09	\$ 3.77
Distributions per unit declared for the period	\$ 2.77	\$ 5.33
Book value per unit(b)	\$ 37.48	\$ 37.93
<b>Pro forma combined KMI</b>		
Income from continuing operations per share basic and diluted(c)	\$ 0.43	\$ 1.01
Dividends per share declared for the period(d)	\$ 1.05	\$ 1.88
Book value per share(e)	\$ 15.28	n/a
<b>Equivalent pro forma combined KMP(f)</b>		
Income from continuing operations per share basic and diluted	\$ 0.94	\$ 2.22
Dividends per share declared for the period	\$ 2.30	\$ 4.12
Book value per share	\$ 33.51	n/a

(a) Income from continuing operations per share basic and diluted amounts are calculated using the two-class method. Earnings are allocated to each class of common stock based on the amount of dividends paid in the current period for each class of stock plus an allocation of the undistributed earnings or excess distributions over earnings to the extent that each security shares in undistributed earnings or excess distributions over earnings.

(b) The historical book value per share or unit was calculated as follows (in millions, except per share or unit amounts):

	Six Months Ended June 30, 2014	
	KMI	KMP
Equity or capital, as applicable, before noncontrolling interests	\$ 12,620	\$ 17,317
Divided by: Number of shares or units outstanding as of end of period	1,028	462
Book value per share or unit	\$ 12.28	\$ 37.48

	Year Ended December 31, 2013	
	KMI	KMP
Equity or capital, as applicable, before noncontrolling interests	\$ 13,093	\$ 16,801
Divided by: Number of shares or units outstanding as of end of period	1,031	443

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Book value per share or unit	\$	12.70	\$	37.93
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- (c) Amounts are from the unaudited pro forma condensed combined financial statements included under "Unaudited Pro Forma Condensed Combined Pro Forma Financial Statements."

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(d)

The pro forma combined KMI dividends declared amounts were calculated as follows (in millions, except per share or unit amounts):

	Six Months Ended June 30, 2014				
	KMI	KMP	KMR(1)	EPB	Total
Declared dividends or distributions, as applicable, for the period to the public (historical)	\$ 880	\$ 833	\$ 344	\$ 173	\$ 2,230
Divided by: Pro forma combined number of shares outstanding as of date of record					2,118
Dividends per share declared for the period (pro forma)					\$ 1.05

	Year Ended December 31, 2013				
	KMI	KMP	KMR(1)	EPB	Total
Declared dividends or distributions, as applicable, for the period to the public (historical)	\$ 1,664	\$ 1,468	\$ 551	\$ 324	\$ 4,007
Divided by: Pro forma combined number of shares outstanding as of date of record					2,126
Dividends per share declared for the period (pro forma)					\$ 1.88

(1)

Reflects the cash equivalent for the KMR share distributions. KMR share distributions are not paid in cash.

(e)

The pro forma combined KMI, book value per share was calculated as follows (in millions, except per share amounts):

	As of June 30, 2014
Equity before noncontrolling interests	\$ 32,368
Divided by: number of shares outstanding	2,118
Book value per share	\$ 15.28

(f)

Equivalent pro forma amounts are calculated by multiplying pro forma combined KMI amounts by the exchange ratio of 2.1931 shares of KMI common stock for each KMP unit. In addition, the public unitholders of KMP will receive approximately \$3.274 billion in cash in total.

**Comparative Stock and Unit Prices; Comparative Dividends and Distributions.** KMI common stock is listed on the NYSE under the ticker symbol "KMI." KMP common units are listed on the NYSE under the ticker symbol "KMP." The table below sets forth, for the calendar quarters indicated, the high and low sale prices per share of KMI common stock and per KMP common unit, respectively, on the NYSE. The table also shows the amount of per share cash dividends and per unit cash distributions declared on KMI common stock and KMP common units, respectively, for the calendar quarters indicated.

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	KMI Common Stock			KMP Common Units		
	High	Low	Declared Cash Dividends	High	Low	Declared Cash Distributions
<b>2014</b>						
Fourth quarter (through October 17, 2014)	\$ 39.60	\$ 33.25		\$ 96.10	\$ 81.63	
Third quarter	42.49	35.20	\$ 0.44	99.42	79.40	\$ 1.40
Second quarter	36.50	32.10	0.43	82.21	73.75	1.39
First quarter	36.45	30.81	0.42	82.98	71.32	1.38
<b>2013</b>						
Fourth quarter	36.68	32.30	0.41	84.50	77.13	1.36
Third quarter	40.45	34.54	0.41	88.08	77.91	1.35
Second quarter	41.49	35.52	0.40	92.99	77.71	1.32
First quarter	38.80	35.74	0.38	89.89	80.83	1.30
<b>2012</b>						
Fourth quarter	36.50	31.93	0.37	86.32	74.76	1.29
Third quarter	36.63	32.03	0.36	86.47	78.60	1.26
Second quarter	40.25	30.51	0.35	85.50	74.15	1.23
First quarter	39.25	31.76	0.32	90.60	80.40	1.20

The following table presents per share or unit closing prices for KMI common stock and KMP common units on August 8, 2014, the last trading day before the public announcement of the KMP merger agreement, and on October 17, 2014, the last practicable trading day before the date of this proxy statement/prospectus. This table also presents the equivalent market value per KMP common unit on such dates. The equivalent market value per KMP common unit has been determined by multiplying the closing prices of the KMI common stock on those dates by the exchange ratio of 2.4849 shares of KMI common stock for the stock election and by the exchange ratio of 2.1931 shares of KMI common stock, plus \$10.77 for the cash portion, for the mixed election.

	KMI		KMP		Equivalent Market Value per KMP Common Unit	
	Common Stock		Common Units		Stock Election	Mixed Election
August 8, 2014	\$ 36.12	\$	80.34	\$	89.75	\$ 89.98
October 17, 2014	36.81		89.91		91.47	91.50

Although the exchange ratios are fixed, the market prices of the KMI common stock and KMP common units will fluctuate prior to the consummation of the KMP merger and the market value of the merger consideration ultimately received by KMP unitholders who will receive KMI common stock as part of the merger consideration will depend on the closing price of KMI common stock on the day the KMP merger is consummated. Thus, such KMP unitholders will not know the exact market value of the merger consideration they will receive until the closing of the KMP merger.



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**QUESTIONS AND ANSWERS ABOUT THE KMP SPECIAL MEETING AND THE PROPOSALS**

**Q:**

**Why am I receiving these materials?**

**A:**

The KMGP board is sending these proxy materials to provide KMP common unitholders with information about the Transactions and the proposals so that they may determine how to vote their units in connection with the KMP special meeting.

**Q:**

**Who is soliciting my proxy?**

**A:**

Your proxy is being solicited by the KMGP board.

**Q:**

**Where and when is the special meeting?**

**A:**

The KMP special meeting will be held on Thursday, November 20, 2014 at 11:00 a.m. local time, at the Kinder Morgan Building, 1001 Louisiana Street, Houston, Texas 77002.

**Q:**

**What matters will be voted on at the special meeting?**

**A:**

You will be asked to consider and vote on the following proposals:

To approve the KMP merger agreement; and

To approve the KMP adjournment proposal, if adjournment is submitted to a vote of KMP unitholders.

**Q:**

**How do the KMGP conflicts committee, the KMR board and the KMGP board recommend that I vote on the proposals?**

**A:**

The KMGP conflicts committee, the KMR board and the KMGP board each recommend that you vote:

FOR the proposal to approve the KMP merger agreement; and

FOR the KMP adjournment proposal.

**Q:**

**Who is entitled to vote at the special meeting?**

**A:**

The record date for the KMP special meeting is October 20, 2014. Only holders of KMP units at the close of business on the record date are entitled to notice of, and to vote at, the KMP special meeting or any adjournment or postponement thereof.

**Q:**

**What happens if I sell my KMP common units after the record date but before the special meeting?**

**A:**

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If you transfer your KMP common units after the record date but before the date of the KMP special meeting, you will retain your right to vote at the KMP special meeting, but you will not have the right to receive the merger consideration. In order to receive the merger consideration, you must hold your units through the completion of the KMP merger.

**Q:**

**What constitutes a quorum for the special meeting?**

**A:**

The presence, in person or by proxy, of KMP unitholders representing a majority of the KMP units outstanding on the record date will constitute a quorum for the KMP special meeting.

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**Q:**  
**What vote is required to approve the proposals?**

**A:**  
Approval of the KMP merger agreement requires the affirmative vote of a majority of the outstanding KMP units, consisting of the KMP common units, Class B units and i-units, voting together as a single class. Pursuant to the terms of the KMP partnership agreement, KMGP may adjourn the special meeting without limited partner action as described under "The KMP Special Meeting Adjournments." If submitted to a vote of KMP limited partners, adjournment of the KMP special meeting requires (i) if a quorum does not exist, the affirmative vote of the holders of a majority of the KMP units present in person or by proxy at the KMP special meeting or (ii) if a quorum does exist, the affirmative vote of a majority of the outstanding KMP units.

Approximately 11.2% of the outstanding KMP units are held by KMI and its subsidiaries and affiliates, including i-units corresponding to KMR shares held by such persons, and we believe these KMP units will be voted in favor of the KMP merger agreement proposal and the KMP adjournment proposal. See "The KMP Special Meeting Unit Ownership of and Voting by KMI and KMGP's and KMR's Directors and Executive Officers" for more information.

**Q:**  
**How are votes counted?**

**A:**  
For the proposal to approve the KMP merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not be counted as votes cast or units voting on the proposal to approve the KMP merger agreement but will count for the purpose of determining whether a quorum is present. If you abstain, it will have the same effect as if you voted against the proposal to approve the KMP merger agreement. Failure to submit your proxy or to attend the meeting will also have the same effect as a vote against the proposal to approve the KMP merger agreement. In addition, if your units are held in the name of a bank, broker, nominee, trust company or other fiduciary, your bank, broker, nominee, trust company or other fiduciary will not be entitled to vote your units on the proposal to approve the KMP merger agreement in the absence of specific instructions from you. These non-voted units will not be counted as present for purposes of determining a quorum and will have the effect of a vote against the approval of the KMP merger agreement.

For the KMP adjournment proposal, you may vote FOR, AGAINST or ABSTAIN. If you abstain, it will have the same effect as a vote against this proposal. Failure to submit your proxy and to attend the meeting will have no effect on the approval of the KMP adjournment proposal. In addition, if your units are held in the name of a bank, broker, nominee, trust company or other fiduciary, your bank, broker, nominee, trust company or other fiduciary will not be entitled to vote your units on this proposal in the absence of specific instructions from you. These non-voted units will not be counted as present for purposes of determining a quorum and will have no effect on the outcome of any vote of the KMP limited partners to adjourn the KMP special meeting unless a quorum is present.

If you sign your proxy card without indicating how you wish to vote, your shares will be voted FOR the approval of the KMP merger agreement and FOR the KMP adjournment proposal, and in accordance with the recommendations of the KMGP board on any other matters properly brought before the meeting for a vote.

**Q:**  
**How do KMI and KMGP's and KMR's directors and executive officers intend to vote?**

**A:**  
As of October 20, 2014, the record date, KMI and its subsidiaries (other than KMR) held and were entitled to vote, in the aggregate, KMP common units and Class B units, and KMR shares corresponding to i-units, representing approximately 9.5% of the outstanding units of KMP, and the directors and executive officers of KMGP and KMR held and were entitled to vote, in the aggregate, KMP common units and KMR shares corresponding to i-units representing

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approximately 0.2% of the outstanding units of KMP. KMI has agreed in the KMP merger agreement that, subject to limited exceptions, it and its subsidiaries would vote their KMP units and KMR shares FOR the KMP merger agreement proposal, and we believe KMI and its subsidiaries intend to vote their KMP units and KMR shares FOR the KMP adjournment proposal. We believe KMGP's and KMR's directors and executive officers intend to vote all of their KMP units and KMR shares FOR the KMP merger agreement proposal and FOR the KMP adjournment proposal. KMR will submit the KMP merger proposal and the KMP adjournment proposal to a vote of the KMR shareholders to determine how KMR will vote the KMP i-units. Accordingly we believe approximately 9.7% of the outstanding KMP units will be voted in favor of the KMP merger agreement proposal and the KMP adjournment proposal by virtue of KMI's and its subsidiaries' and affiliates' ownership of KMP units and KMR shares.

**Q:**  
**What will I receive when the merger occurs?**

**A:**  
For every KMP common unit that they own at the effective time of the KMP merger, unitholders other than KMI and its subsidiaries will be given the right to receive, at the election of the unitholder but subject to proration, (i) 2.4849 shares of KMI common stock, (ii) \$91.72 in cash without interest or (iii) a combination of 2.1931 shares of KMI common stock and \$10.77 in cash without interest. Holders who elect to receive the mixed consideration will not be subject to proration. See "Special Factors KMP Unitholders Making Elections Proration and Adjustment Procedures" beginning on page 106 for more information on how the proration procedures will work.

**Q:**  
**When do you expect the merger to be completed?**

**A:**  
We are working toward completing the KMP merger as quickly as possible and currently expect the KMP merger to close in the fourth quarter of 2014. In order to complete the KMP merger, we must obtain unitholder approval and the other closing conditions under the KMP merger agreement must be satisfied or waived, as permitted by law. Please see "Proposal 1: The Merger Agreement Conditions to Completion of the Merger" beginning on page 128 for more details about these closing conditions.

**Q:**  
**What do I need to do now?**

**A:**  
Please vote as soon as possible. We urge you to read carefully this proxy statement/prospectus, including its annexes, and to consider how the Transactions affect you as a unitholder. You should also carefully read the documents referenced under "Where You Can Find More Information" on page 189.

**Q:**  
**How do I vote?**

**A:**  
You should simply indicate on your proxy card how you want to vote, and sign and mail your proxy card in the enclosed return envelope as soon as possible so that your units will be represented at the special meeting. If you sign and send in your proxy and do not indicate how you want to vote, your units will be voted for approval of the KMP merger agreement and for the KMP adjournment proposal. If you fail to vote your units, the effect will be a vote against approval of the KMP merger agreement, but it will not affect the vote on any proposal to adjourn the KMP special meeting unless a quorum is present.

If your units are held by your banks, brokers, nominees, trust companies or other fiduciaries, see below.

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

**A:**  
If you hold your units as a unitholder of record, you may vote by telephone or by the Internet by following the instructions set forth on the enclosed proxy card.

If your units are held by your bank, broker, nominee, trust company or other fiduciary, often referred to as held in "street name," please contact your bank, broker, nominee, trust company or other fiduciary to determine whether you will be able to vote by telephone or electronically.

**Q:**  
**If my units are held in a brokerage account, will my broker vote my units for me?**

**A:**  
Your broker will only be permitted to vote your KMP units for you if you instruct them how to vote. Therefore, it is important that you promptly follow the directions provided by your broker regarding how to instruct them to vote your KMP units. If you do not instruct your broker how to vote your units that they hold, those units will not be voted and the effect will be the same as a vote against the approval of the KMP merger agreement, but it will not affect the vote on any proposal to adjourn the KMP special meeting unless a quorum is present.

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

**A:**  
It means that you have multiple accounts at the transfer agent and/or with banks, brokers, nominees, trust companies or other fiduciaries. Please sign and return all proxy cards to ensure that all your units are voted.

**Q:**  
**May I change my vote?**

**A:**  
Yes. You may change your vote at any time before your proxy is voted at the special meeting, subject to the limitations described below. If you are a unitholder of record, you may do this in a number of ways. First, you may send KMP a written notice stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card. If you choose either of these two methods, you must submit your notice of revocation or your new proxy card to the secretary of KMP, at the address under "The Parties to the Merger KMP" on page 121. You also may submit a later-dated proxy using the telephone or Internet voting procedures on the proxy card. If you choose to revoke your proxy by written notice or submit a later-dated proxy, you must do so by 11:59 p.m., Eastern Time, on the day before the special meeting. Finally, you may attend the special meeting and vote in person. Simply attending the special meeting, without voting in person, will not revoke your proxy. If your KMP common units are held in street name and you have instructed a bank, broker, nominee, trust company or other fiduciary to vote your units, you must follow the directions received from your bank, broker, nominee, trust company or other fiduciary to change your vote or to vote at the special meeting.

**Q:**  
**Should I send in my unit certificates now?**

**A:**  
No. The election form, which will be mailed to KMP unitholders prior to the closing of the KMP merger, and the letter of transmittal, which will be mailed to KMP unitholders shortly after the closing of the KMP merger, will contain instructions for the surrender of KMP common unit certificates. Please do not send in your certificates now.

**Q:**  
**How and when do I make my stock, cash or mixed election?**

**A:**  
You will receive a form of election in a separate mailing. You should carefully review and follow the instructions accompanying that form of election. You will make your election to receive stock, cash or mixed consideration by properly completing, signing and returning the form of election along with unit certificates (or evidence of units in book-entry form) representing KMP common



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units to Computershare Trust Company, N.A., the exchange agent in connection with the Transactions.

KMI will publicly announce the anticipated election deadline at least five business days prior to the election deadline in a press release, on KMI's website at [www.kindermorgan.com](http://www.kindermorgan.com) and in a filing with the SEC.

For more details on the election procedures, see "Special Factors KMP Unitholders Making Elections."

**Q:**

**Can I change my election after the form of election has been submitted?**

**A:**

Yes. You may revoke your election prior to the election deadline by submitting a written notice of revocation to the exchange agent or by submitting new election materials. Revocations must specify the name in which your units are registered on the unit transfer books of KMP and such other information as the exchange agent may request. If you wish to submit a new election, you must do so in accordance with the election procedures described in this proxy statement/prospectus and in the form of election that you will receive in a separate mailing. If you instructed a bank, broker, nominee, trust company or other fiduciary to submit an election for your shares, you must follow the directions of your bank, broker, nominee, trust company or other fiduciary for changing those instructions. Whether you revoke your election by submitting a written notice of revocation or by submitting new election materials, the notice of materials must be received by the exchange agent by the election deadline in order for the revocation or new election to be valid. See "Special Factors KMP Unitholders Making Elections Election Revocation and Changes."

**Q:**

**May I transfer my KMP common units after I make my election?**

**A:**

KMP unitholders who have made elections will be unable to sell or otherwise transfer their KMP common units after making the election, unless the election is properly revoked before the election deadline or unless the KMP merger agreement is terminated. See "Special Factors KMP Unitholders Making Elections Impact of Selling Units as to which an Election Has Already Been Made."

**Q:**

**What if I do not send a form of election or it is not received?**

**A:**

If the exchange agent does not receive a properly completed form of election from you before the election deadline, together with any unit certificates (or evidence of units in book-entry form) representing the KMP common units you wish to exchange for the merger consideration, properly endorsed for transfer, book-entry transfer shares or a guarantee of delivery and any additional documents required by the procedures set forth in the form of election, then you will have no control over the type of merger consideration you receive. KMP unitholders not making an election will be deemed to have made a mixed election. See "Special Factors KMP Unitholders Making Elections Non-Electing Holders." You bear the risk of delivery and should send any form of election by courier or by hand to the appropriate address shown in the form of election.

If you do not make a valid election with respect to any KMP common units you own of record, you will receive written instructions from the exchange agent after completion of the proposed transactions on how to exchange your KMP common units for the merger consideration.

**Q:**

**May I submit a form of election even if I do not vote for the approval of the KMP merger agreement?**

**A:**

Yes. You may submit a form of election even if you vote against the approval of the KMP merger agreement or if you abstain from voting.

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**Q: What are the expected U.S. federal income tax consequences to a KMP unitholder as a result of the KMP merger?**

The receipt of KMI common stock, cash or a combination of KMI common stock and cash in exchange for KMP common units pursuant to the KMP merger will be a taxable transaction to U.S. holders (as defined in "Material U.S. Federal Income Tax Consequences") for U.S. federal income tax purposes. A U.S. holder will generally recognize capital gain or loss on the receipt of KMI common stock and/or cash in exchange for KMP common units. However, a portion of this gain or loss, which portion will likely be substantial, will be separately computed and taxed as ordinary income or loss to the extent attributable to assets giving rise to depreciation recapture or other "unrealized receivables" or to "inventory items" owned by KMP and its subsidiaries. Passive losses that were not deductible by a U.S. holder in prior taxable periods because they exceeded a U.S. holder's share of KMP's income may become available to offset a portion of the gain recognized by such U.S. holder. Please read "Material U.S. Federal Income Tax Consequences" beginning on page 147 for a more complete discussion of certain U.S. federal income tax consequences of the KMP merger.

**Q: What are the expected U.S. federal income tax consequences for a KMP unitholder of the ownership of KMI common stock after the KMP merger is completed?**

**A:** KMI is classified as a corporation for U.S. federal income tax purposes, and thus, KMI (and not its stockholders) is subject to U.S. federal income tax on its taxable income. A distribution of cash by KMI to a stockholder who is a U.S. holder (as defined in "Material U.S. Federal Income Tax Consequences") will generally be included in such U.S. holder's income as ordinary dividend income to the extent of KMI's current and accumulated "earnings and profits" as determined under U.S. federal income tax principles. A portion of the cash distributed to KMI shareholders by KMI after the merger may exceed KMI's current and accumulated earnings and profits. Distributions of cash in excess of KMI's current and accumulated earnings and profits will be treated as a non-taxable return of capital reducing a U.S. holder's adjusted tax basis in such U.S. holder's shares of KMI common stock and, to the extent the distribution exceeds such stockholder's adjusted tax basis, as capital gain from the sale or exchange of such shares of KMI common stock.

Please read "Material U.S. Federal Income Tax Consequences" for a more complete discussion of certain U.S. federal income tax consequences of owning and disposing of KMI common stock.

**Q: What happens if the merger is not completed?**

**A:** If the KMP merger agreement is not approved by the KMP unitholders or if the KMP merger is not completed for any other reason, you will not receive any form of consideration for your KMP common units in connection with the KMP merger. Instead, KMP will remain a public limited partnership and its common units will continue to be listed and traded on the NYSE.

**Q: Who can help answer my questions?**

**A:** If you have any questions about the KMP merger or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact D.F. King & Co., Inc., which is acting as the proxy solicitation agent and information agent in connection with the KMP merger.

D.F. King & Co., Inc.,  
48 Wall Street, 22nd Floor  
New York, NY 10005  
Banks and Brokers Call Collect: (212) 269-5550  
All Others Call Toll-Free: (800) 330-5136  
Email: kmp@dfking.com



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**SPECIAL FACTORS**

**Effects of the Transactions**

Pursuant to the Transactions, KMI will acquire all of the outstanding equity interests in KMP, EPB and KMR that KMI and its subsidiaries do not already own. For purposes of this proxy statement/prospectus, references to subsidiaries of KMI do not include KMP and its subsidiaries unless otherwise indicated. The following steps will be taken in the following order and substantially concurrently in completing the Transactions:

*The KMR merger.* KMI will acquire directly or indirectly all publicly held KMR listed shares through the merger of R Merger Sub LLC with and into KMR, with KMR as the surviving limited liability company. In the KMR merger, pursuant to the KMR merger agreement,

each KMR listed share held by a public KMR shareholder will be converted into the right to receive 2.4849 shares of KMI common stock;

each KMR listed share held by KMR, KMI, R Merger Sub LLC or KMGP will be cancelled and receive no consideration;

each KMR voting share (all of which are owned by KMGP, and which are a different class than KMR listed shares) will be converted into the right to receive 2.4849 shares of KMI common stock, corresponding to the exchange ratio for the KMR listed shares; and

the interests in R Merger Sub LLC will be converted into 100% of the membership interests in KMR.

KMI may, in its sole discretion and immediately after the KMR merger, cause KMR to be merged with and into a Delaware limited liability company and wholly owned subsidiary of KMI, which is referred to as "Second Step Merger Sub," with Second Step Merger Sub surviving such merger, which is referred to as the "second step merger." No consideration will be issued in the second step merger, it will result in no change in the outstanding capital stock of KMI, and it will have no impact on the tax treatment received by KMR shareholders in the KMR merger. If KMI causes the second step merger to occur, references to KMR in the bullet below shall mean Second Step Merger Sub.

Immediately after the KMR merger (or the second step merger, if it occurs), KMR will continue to own all of the i-units issued by KMP. After the KMR merger and before the KMP merger, KMR will contribute to KMP all of those i-units in exchange for a newly-issued class of KMP units with economic rights and tax characteristics similar to the i-units, and KMP's partnership agreement and KMR's LLC agreement will be amended to reflect the creation of those new units and their ownership by KMR.

*The KMP merger.* KMI will then acquire directly or indirectly all publicly held KMP common units through the merger of P Merger Sub with and into KMP, with KMP as the surviving limited partnership. In the KMP merger, pursuant to the KMP merger agreement,

each KMP common unit held by a public KMP unitholder will be converted into the right to receive, at the election of the unitholder but subject to proration, (i) 2.4849 shares of KMI common stock, (ii) \$91.72 in cash without interest or (iii) a combination of 2.1931 shares of KMI common stock and \$10.77 in cash without interest;

the KMP general partner interest and each KMP common unit (other than any KMP common unit held by KMP, which will be cancelled), Class B unit and new unit issued in exchange for KMP i-units held by KMI and its subsidiaries will remain outstanding and unaffected by the KMP merger; and

the interests in P Merger Sub will be converted into the same number of KMP common units that were owned by the public KMP unitholders immediately before the

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consummation of the KMP merger and which were converted into the right to receive the KMP merger consideration.

*The EPB merger.* KMI will then acquire directly or indirectly all publicly held EPB common units through the merger of E Merger Sub LLC with and into EPB, with EPB as the surviving limited partnership. In the EPB merger, pursuant to the EPB merger agreement,

each EPB common unit held by a public EPB unitholder will be converted into the right to receive, at the election of the unitholder but subject to proration, (i) 1.0711 shares of KMI common stock, (ii) \$39.53 in cash without interest or (iii) a combination of 0.9451 of a share of KMI common stock and \$4.65 in cash without interest;

the EPB general partner units, the EPB incentive distribution rights and each other EPB unit held by KMI and its subsidiaries will remain outstanding and unaffected by the EPB merger; and

the interests in E Merger Sub LLC will be converted into the same number of EPB common units that were owned by the public EPB unitholders immediately before the consummation of the EPB merger and which were converted into the right to receive the EPB merger consideration.

Based on the closing price of KMI common stock on August 8, 2014 (the last trading day before announcement of the Transactions),

the merger consideration for the KMR merger represents a premium of approximately 17% above the closing price of KMR shares on that day,

the merger consideration for the KMP merger, based on the combination of KMI common stock and cash election, represents a premium of approximately 12% above the closing price of KMP common units on that day, and

the merger consideration for the EPB merger, based on the combination of KMI common stock and cash election, represents a premium of approximately 15% above the closing price of EPB common units on that day.

Each merger agreement is included as an exhibit to the registration statement of which this proxy statement/prospectus is a part.

Each of the KMP merger and the EPB merger will be taxable to the former holders of KMP and EPB common units. It is a condition of KMI's obligation to complete the KMR merger that KMI receive an opinion of its counsel, Bracewell & Giuliani LLP, and it is a condition of KMR's obligation to complete the KMR merger that KMR receive an opinion of Baker Botts L.L.P., counsel to the KMR special committee, in each case dated as of the closing date of the KMR merger and based on representations set forth or referred to therein, to the effect that the KMR merger, taken separately or taken together with a second step merger, will qualify as a reorganization within the meaning of Section 368(a) of the Code. Assuming the KMR merger constitutes a reorganization, the KMR merger will be tax free to the former holders of KMR shares, except to the extent of any cash received in lieu of fractional shares as part of the KMR merger consideration. Please see "Material U.S. Federal Income Tax Consequences" for more information. See "Proposal 1: Merger Agreement Treatment of KMP Restricted Units" for the treatment of KMP restricted units in the KMP merger.

Each merger agreement is subject to approval by the unitholders or shareholders of KMR, KMP and EPB, as applicable. KMI also is required to hold a special meeting of its stockholders to approve an amendment to its certificate of incorporation to increase the number of authorized shares of KMI common stock and to approve the issuance of KMI common stock in the Transactions. In connection with the merger agreements, Richard D. Kinder and a limited partnership controlled by him have entered into a support agreement whereby they have agreed to vote all of the shares of KMI common

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stock owned by them in favor of the three proposals to be submitted to a vote at the KMI special meeting. The support agreement is included as an exhibit to the registration statement of which this proxy statement/prospectus forms a part.

After the consummation of the KMR, KMP and EPB mergers, KMI, KMP and EPB and substantially all of their respective wholly owned subsidiaries with debt will enter into cross guarantees with respect to the existing debt of KMI, KMP, EPB and such subsidiaries, so that KMI and those subsidiaries will be liable for the debt of KMI, KMP, EPB and such subsidiaries.

**Background of the Transactions**

The senior management and boards of directors of each of KMI, KMGP, EPGP and KMR regularly review operational and strategic opportunities to maximize value for investors of KMI, KMP, EPB and KMR, respectively. In connection with these reviews, the management and boards of directors of each of the companies from time to time evaluate potential transactions that would further their respective strategic objectives.

As more fully described in the section entitled "Relationship Between the Parties," KMI conducts most of its business through KMP and EPB. KMI directly and indirectly owns approximately 43 million units of KMP. These units, which consist of approximately 22 million common units, 5 million Class B units and 16 million i-units (corresponding to the number of KMR shares owned by KMI), represent approximately 10% of the total outstanding limited partner interests of KMP. KMI also indirectly owns all of the common stock of KMGP, the general partner of KMP, which owns an effective 2% interest in KMP and its operating partnerships and the right to receive incentive distributions from KMP. KMGP has delegated to KMR, subject to limited exceptions, all of its rights and powers to manage and control the business and affairs of KMP and its operating limited partnerships. KMGP also owns all of the shares of KMR that elect the members of the KMR board. KMR owns all of the outstanding i-units of KMP. KMI owns approximately 16 million KMR listed shares, representing approximately 13% of KMR's outstanding shares. KMI also indirectly owns all of the membership interests in EPGP, which owns a 2% general partner interest in EPB, as well as approximately 40% of the outstanding common units of EPB and all of EPB's incentive distribution rights.

From late-2013 to mid-2014, senior management of KMI, with the assistance of Barclays Capital, financial advisor to KMI, considered and discussed with the KMI board numerous potential strategic alternatives with respect to KMI, KMP, KMR and EPB to enhance value for their respective investors, including a potential reset of the general partner's incentive distribution rights at KMP, a potential equity investment in KMI by a third party, potential combination transactions involving KMP and EPB, and potential strategic alternatives regarding KMP's CO<sub>2</sub> business. By mid-March 2014, KMI senior management had determined that none of the potential alternatives reviewed were superior to continuing to operate under the existing structures. Beginning on March 17, 2014, KMI senior management began considering the possibilities surrounding a potential acquisition by KMI of the remaining publicly traded equity securities of KMP, KMR and EPB that it did not already own. During the regularly scheduled KMI board meeting on April 16, 2014, KMI senior management provided a brief update to the KMI board during which it reviewed the numerous potential strategic alternatives that management had been exploring, including potential Transactions involving KMI acquiring KMP, KMR and EPB. The strategic alternatives that KMI senior management reviewed with the KMI board on April 16, 2014 included (i) a potential reset of the general partner's incentive distribution rights at KMP, which the KMI board and KMI senior management dismissed because such a transaction would not be attractive to all parties involved and would provide only a temporary benefit until such time as the incentive distribution once again reached its maximum percentage, and the KMI board's and KMI management's view that a reset of the incentive distribution rights could be implemented from time to time as needed to enable a large accretive acquisition, (ii) a potential equity investment in KMI by a third party, which the KMI board and KMI senior management dismissed because, among other reasons, the equity investment would likely be made at a price that the KMI board and KMI

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management did not believe was desirable, (iii) potential combination transactions involving KMP and EPB, which the KMI board and KMI senior management dismissed due to tax inefficiencies raised by the potential transactions and the economic terms to accomplish such potential transactions not being attractive to the parties and (iv) potentially separating KMP's CO<sub>2</sub> business through a spin-off, initial public offering or sale transaction, which the KMI board and KMI management dismissed due to tax inefficiencies raised by the potential transactions, the dilutive effect of the potential transactions and the valuation uncertainties raised by the potential transactions. These strategic alternatives were considered by the KMI board and KMI senior management taking into account the interests of each of KMP, KMR and EPB and were not reviewed and considered at such time by the KMGP board, KMR board or EPGP board (the KMGP/KMR committee later considered strategic alternatives with its independent advisors as further described in this section entitled "Background of the Transactions").

On May 13, 2014, KMI senior management again updated the KMI board on its preliminary exploration of the potential Transactions involving KMP, KMR, EPB and KMI. KMI management noted the advantages and issues to be resolved with respect to such transactions. In particular, KMI management noted that it could not recommend that the KMI board seriously consider pursuing the potential Transactions unless and until KMI had received adequate assurances from the credit rating agencies that KMI would be rated investment grade following such transactions. At the meeting, Barclays Capital reviewed its preliminary analysis with the KMI board. The KMI board recognized that the analyses were very preliminary and agreed that KMI management, with the assistance of Barclays Capital, should continue to explore the potential Transactions, including by meeting with the rating agencies in order to obtain their views on KMI's prospective credit rating if such Transactions were completed. Accordingly, KMI management had confidential meetings with the rating agencies in early June 2014 to determine the impact of the potential Transactions on KMI's credit rating. In late June 2014, the rating agencies advised senior management of KMI of their view that following the consummation of the Transactions, KMI would have an investment grade credit rating.

In late June 2014, KMI also retained Citigroup Global Markets Inc., which is referred to as "Citi," to provide financial advisory services to KMI with respect to a potential acquisition by KMI of KMP, KMR and EPB, including assisting KMI in evaluating certain financial and market perspectives regarding KMI and the potential pro forma financial impact of such Transactions on KMI.

On July 10, 2014, at a meeting of the KMI board, senior management of KMI provided the KMI board with a preliminary overview of the possible strategic benefits of an acquisition of KMP, KMR and EPB by KMI. Following discussion, the KMI board authorized KMI senior management to continue to explore the possible strategic benefits of the potential Transactions and to initiate a dialogue with the independent board members of each of KMGP, KMR and EPGP with respect to the potential Transactions. After the conclusion of the meeting of the KMI board, Mr. Kinder reached out to the lead independent board members of KMGP, KMR and EPGP to schedule a meeting with the independent board members of KMGP and KMR and a separate meeting with the independent board members of EPGP on July 17 to discuss the potential Transactions.

On July 16, 2014, the boards of EPGP, KMGP, KMR and KMI met in person in Houston, Texas for their regularly scheduled board meetings. At the separate meeting of the KMI board, senior management of KMI discussed with all members of the KMI board the potential acquisition by KMI of KMP, KMR and EPB. During this discussion, Barclays Capital and Citi each separately reviewed with the KMI board certain preliminary analyses relating to the potential Transactions. Barclays Capital provided an overview of the potential Transactions, including the benefits of structural consolidation of the companies (which include enhanced growth prospects, a lower overall cost of capital, greater dividend coverage and credit enhancement due to the simplification of the corporate structure), an analysis of the pro forma consequences of the potential combination (including with respect to the impact on KMI common stock), a sensitivity analysis of the dividend coverage based on various premiums paid to KMP, KMR and EPB, a preliminary "has-gets" analysis which looked at the status quo for each of KMP/KMR and EPB compared with the combined company on a pro forma basis, as

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well as a comparable companies analysis for KMI. Citi reviewed with the KMI board, among other things, the relative trading performance of KMI, KMP and EPB and relative financial performance of KMI and selected peers, certain market perspectives regarding KMI common stock, potential total investment returns for KMI pro forma for the Transactions and certain potential pro forma financial effects of the transactions on KMI, KMP, KMR and EPB assuming, illustratively, either a 10% or 15% premium paid to each of KMP, KMR and EPB in the transactions. The KMI board also discussed the affiliated nature of the transactions and agreed that members of KMI senior management, including Messrs. Kinder and Kean, as well as Kimberly Dang, Dax Sanders and David DeVeau, would represent KMI in any negotiations and that Messrs. Kinder and Kean would recuse themselves from any deliberations regarding the potential transactions at the boards of KMGP, KMR and EPGP. In addition, Mr. Martin, a director of EPGP, would not participate in any negotiations and would recuse himself from any deliberations regarding the potential transactions at the EPGP board. Members of KMI senior management also discussed with the KMI board their expectation that any potential transactions should be reviewed and approved by the EPGP conflicts committee and the KMGP conflicts committee in accordance with the procedures set forth in the partnership agreements of KMP and EPB and by the independent directors of KMR.

On July 17, 2014, Mr. Kinder and other members of senior management of KMI along with representatives of Barclays Capital met separately with Ted A. Gardner, Gary L. Hultquist and Perry M. Waughtal, the independent members of the KMGP board and the KMR board, and Ronald L. Kuehn, Jr., Arthur C. Reichstetter and William A. Smith, the independent members of the EPGP board. At each of these meetings, Mr. Kinder and other members of senior management of KMI presented to the independent members of the KMGP board and the KMR board and the independent members of the EPGP board, respectively, an overview of the potential Transactions involving each of KMI, KMP, KMR and EPB. In addition, at each of the meetings, Barclays Capital provided an overview of the challenges of the current structure of the Kinder Morgan family of companies, including the higher cost of capital of KMP and EPB at times limiting the ability of KMP and EPB to be competitive in making large accretive acquisitions and developing large projects needed for a meaningful impact on cash flows per unit, the lower distribution coverage relative to peers, concern around EPB's potential growth, the contribution of KMP's CO<sub>2</sub> business relative to KMP's combined businesses and the potential impact to distributions at KMP due to commodity exposure at KMP's CO<sub>2</sub> business. Representatives of Barclays Capital also reviewed the potential strategic alternatives that had been considered by the KMI board, including an acquisition of EPB by KMP followed by an acquisition of KMI by KMP, an acquisition of EPB by KMP, an acquisition of EPB by KMI followed by a drop-down of EPB into KMP, a reset of the incentive distribution rights at KMP and alternatives with respect to certain of KMI's business units, and the reasons why the KMI board determined that the proposed Transactions were the best alternative to create value for all equityholders.

At the meeting with the independent members of the KMGP board and KMR board, Barclays Capital summarized the potential benefits of the proposed Transactions to each of KMP and KMR. At the meeting with the independent members of the EPGP board, Barclays Capital summarized the potential benefits of the proposed Transactions to EPB. At each of the meetings, members of KMI management then informed the independent directors that KMI was interested in exploring an acquisition of KMP and KMR for a 10% premium to the July 16, 2014 closing price of KMP common units (which represented an offer of \$10.77 in cash and an exchange ratio of 2.1624 for each KMP common unit and a corresponding exchange ratio of 2.4543 for each KMR share) and an acquisition of EPB for a 10% premium to the July 16, 2014 closing price of EPB common units (which represented an offer of \$4.65 in cash and an exchange ratio of 0.9337 for each EPB common unit), and that each transaction would be cross-conditioned upon the others. The proposed merger consideration in the case of KMP and EPB would be a mix of cash and KMI common stock (approximately 88% stock and 12% cash) in a taxable transaction and in the case of KMR would be 100% KMI common stock in a non-taxable transaction. KMI management believed that exploring an acquisition at a 10% premium to the

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July 16th closing price of KMP common units was appropriate based upon the historical trading price of KMP common units. KMI management used the premium being considered to KMP common unitholders as the basis for determining the potential consideration to the KMR shareholders and the premium to be explored with the EPB common unitholders.

At each of the meetings, Mr. Kinder and the independent directors discussed that, if the independent directors were to proceed with exploring the proposed transaction, (i) any such transaction would be reviewed and subject to approval by the EPGP conflicts committee and the KMGP conflicts committee, in accordance with the procedures set forth in the respective partnership agreements of EPB and KMP, and by the independent members of the KMR board, (ii) the EPGP conflicts committee, the KMGP conflicts committee and the independent members of the KMR board (who are the same individuals who comprise the KMGP conflicts committee) would retain independent legal and financial advisors of their choosing to evaluate the proposed transactions, (iii) Messrs. Kinder and Kean would recuse themselves from any deliberations at the KMGP board, KMR board and, together with Mr. Martin, from any deliberations at the EPGP board, in each case due to their affiliation with KMI, and (iv) members of senior management of KMI would represent KMI in any negotiations, but would provide access to information that the EPGP conflicts committee, the KMGP conflicts committee and the independent members of the KMR board and their respective advisors would need to evaluate the proposed transactions and be available to answer diligence requests and questions they might have in connection with the proposed transactions. Mr. Kinder also discussed with the independent members of the KMGP board, the KMR board and the EPGP board that given the large stock component of the Transactions and the desire to ensure continuity as the entities were combined, KMI would be willing to increase the size of its board of directors, subject to KMI's nominations process, so that all of the independent members of the KMGP board, the KMR board and the EPGP board would be able to continue to participate in the governance of the combined company if they deemed it desirable to the unaffiliated equityholders of KMP, KMR and EPB (as applicable).

At the conclusion of the respective meetings on July 17, after discussion, each of the KMGP board, the EPGP board and the KMR board delegated authority to evaluate the proposed Transactions to the KMGP conflicts committee, in the case of KMP, Messrs. Kuehn, Reichstetter and Smith, in the case of EPB and the KMR special committee, in the case of KMR. In the case of EPGP, the formal resolutions forming and delegating authority to the EPGP conflicts committee (consistent with the motions approved by the EPGP board on July 17, 2014) were adopted on July 22, 2014 and provided the EPGP conflicts committee the authority to, among other things, (i) review and evaluate the terms of the proposed transactions on behalf of the unaffiliated EPB unitholders, (ii) negotiate, or delegate to any person or persons the ability to negotiate, the terms and conditions of the proposed EPB transaction, (iii) determine whether or not to approve and recommend for approval to the EPGP board the proposed EPB transaction, (iv) make any recommendation to the unaffiliated EPB unitholders regarding what action, if any, should be taken by the unaffiliated EPB unitholders with respect to the proposed EPB transaction and (v) retain independent professional advisors. The formal resolutions forming and delegating authority to the EPGP conflicts committee did not provide the EPGP conflicts committee the authority to review and evaluate, negotiate, approve or make any recommendation to the unaffiliated EPB unitholders regarding any potential alternative transactions to the EPB merger. Therefore, the EPGP conflicts committee considered the proposed transaction against remaining a publicly traded MLP whose general partner interest is owned by KMI, but did not consider other strategic alternatives. In the case of KMGP and KMR, the formal resolutions forming and delegating authority to the KMGP conflicts committee and the KMR special committee (in each case consistent with the motions approved by the KMGP board and the KMR board on July 17, 2014) were adopted on August 9, 2014 and provided each of the KMGP conflicts committee and the KMR special committee the authority to, among other things, with respect to KMP and KMR, respectively, (i) review and evaluate the terms and conditions, and determine the advisability, of the proposed KMP/KMR transactions, (ii) make such investigations of potential alternatives to the proposed KMP/KMR transactions only among KMI, KMR, KMP, KMGP, EPB or their affiliates, including maintaining the

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status quo, as the applicable committee deemed necessary or appropriate, (iii) negotiate, or delegate to any person or persons the ability to negotiate, the terms and conditions of the proposed KMP/KMR transactions, (iv) determine whether to give or withhold the committee's approval of the proposed KMP/KMR transactions, (v) determine whether to make a recommendation to the respective boards whether to approve the proposed KMP/KMR transactions and (vi) retain independent professional advisors. We sometimes refer collectively to the KMGP conflicts committee and the KMR special committee as the "KMGP/KMR committee" for ease of reference.

Later on July 17, 2014, on behalf of the EPGP conflicts committee, Mr. Smith contacted Vinson & Elkins L.L.P., which we refer to as "Vinson & Elkins," to discuss engaging Vinson & Elkins, given its extensive experience in public company merger transactions and master limited partnership, or "MLP," transactions, to represent the EPGP conflicts committee, upon its formation, in connection with the proposed EPB merger. At the request of the EPGP conflicts committee, Mr. Reichstetter contacted Tudor, Pickering, Holt & Co. Securities, Inc., which we refer to as "TPH," to discuss engaging TPH, given its extensive experience in public company merger transactions and MLP transactions, as financial advisor to the EPGP conflicts committee, upon its formation, in connection with the proposed EPB merger. The EPGP conflicts committee entered into engagement letters with each of Vinson & Elkins and TPH on July 25, 2014 and July 30, 2014, respectively, in each case after reviewing and discussing each firm's historical relationships with KMI and its affiliates, and negotiating acceptable engagement letters.

In addition, on July 17, 2014, Mr. Hultquist, on behalf of the KMGP/KMR committee, contacted Jefferies to discuss engaging Jefferies with respect to the proposed Transactions, and requested that Jefferies prepare a presentation of Jefferies' qualifications to be given at an in-person meeting with each of the members of the KMGP/KMR committee present. Mr. Hultquist later contacted Baker Botts L.L.P., which we refer to as "Baker Botts," to discuss engaging Baker Botts, given its knowledge and experience with respect to public merger and acquisition transactions, MLPs and KMP and KMR particularly in having acted as legal advisors to committees of the KMGP and KMR boards in prior drop-down transactions, as well as Baker Botts' substantial experience advising MLPs and other companies with respect to transactions similar to the proposed Transactions. An engagement letter detailing the terms of Baker Botts' engagement was entered on August 7, 2014.

Also on July 17, 2014, KMI management provided representatives of TPH with projections regarding KMP, KMR and EPB on a standalone basis and the pro forma combined company, as well as an analysis of the proposed transactions prepared by Barclays Capital.

On July 18, 2014, Mr. Sanders and representatives of TPH and Vinson & Elkins participated in a conference call to discuss the proposed economic and tax structure of the proposed EPB merger.

On July 19, 2014, the EPGP conflicts committee also engaged Richards, Layton & Finger, P.A., which we refer to as "Richards Layton," as Delaware counsel.

On July 20, 2014, KMI entered into a confidentiality agreement with EPB and on July 21, 2014, KMI entered into a confidentiality agreement with KMP and KMR. Each of the confidentiality agreements contained customary provisions for the confidentiality of discussions and the exchange of information. Neither of the confidentiality agreements contained standstill provisions.

On July 21, 2014, the KMGP/KMR committee met with representatives of Baker Botts and Jefferies. Prior to Jefferies joining the meeting, the KMGP/KMR committee and Baker Botts discussed the terms of the proposed Transactions and the potential benefits of the proposed Transactions, including the lower cost of capital on a pro forma basis as compared to KMP on a standalone basis, the increased ability to pursue acquisitions and higher distribution growth of the combined entity, as well as better distribution coverage for the combined entity. The KMGP/KMR committee and Baker Botts also discussed potential negative impacts of the proposed Transactions, including the tax effects on KMP unitholders. The KMGP/KMR committee and Baker Botts discussed the respective duties of



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the KMGP/KMR committee with respect to the proposed Transactions and the equity ownership of each of the members of the KMGP/KMR committee in KMI, KMP and KMR. Following such discussion, representatives of Jefferies joined the meeting and discussed Jefferies' experience and qualifications, including with respect to public merger and acquisition transactions, MLPs, KMP's industry generally, and KMP and KMR particularly, as well as its substantial experience advising MLPs and other companies with respect to transactions similar to the proposed transactions. The representatives of Jefferies also noted that Jefferies had not been engaged by KMI, KMP, KMR, EPB or any of their affiliates in the past three years and had no historical M&A or capital markets revenue from or credit exposure to any of them. After Jefferies left the meeting, the KMGP/KMR committee and Baker Botts discussed the qualifications, experience and reputation of Jefferies and another potential financial advisor that had advised the KMGP/KMR committee in prior drop-down transactions, and the KMGP/KMR committee then determined to retain Jefferies as its financial advisor, subject to negotiation of a formal engagement letter with Jefferies. During the course of the negotiation of the Jefferies engagement letter, Jefferies informed the KMGP/KMR committee that a member of the Jefferies team held less than 500 shares of KMI common stock in an investment account managed by a third party. Later in the day on July 21, the KMGP/KMR committee also engaged Morris, Nichols, Arsht & Tunnell LLP as Delaware counsel, which we refer to as "Morris Nichols." An engagement letter detailing the terms of Morris Nichols' engagement was entered into on August 4, 2014.

Also on July 21, 2014, members of senior management of KMI, including Messrs. Kean, DeVeau and Sanders and Ms. Dang as well as representatives of Barclays Capital, met with representatives of TPH and Vinson & Elkins to make a presentation with respect to the assets, business plan, growth projects and outlook for KMI, KMP and EPB, during which the parties discussed key assumptions underlying management's projections for the standalone companies. Following the diligence session, representatives from Vinson & Elkins met with Messrs. Kuehn, Reichstetter and Smith to review the substance of the diligence session and discuss other procedural matters, including the scope of the authority to be delegated to the EPGP conflicts committee.

In addition, later that evening on July 21, 2014, after discussions with members of KMI senior management and representatives of Bracewell & Giuliani LLP (counsel to KMI), representatives of Weil, Gotshal & Manges LLP, counsel to KMI and which we refer to as "Weil," sent a draft merger agreement to each of Vinson & Elkins and Baker Botts. The draft merger agreements provided for a mix of cash and stock consideration in the case of EPB and KMP (with no ability to elect between cash and stock consideration) and 100% stock consideration in the case of KMR. In addition, the draft merger agreements provided that for KMI each transaction would be cross-conditioned upon the others and provided for a termination fee of 3.5% of the equity value of KMP, KMR or EPB payable by such entity under specified circumstances and a termination fee of 1.5% of the equity value payable by KMI under specified circumstances. The termination fees would be payable by KMP, KMR and EPB in the event of termination following a change in recommendation or in certain cases where an alternative transaction was consummated within 12 months of termination. The termination fee payable by KMI would be payable only in the event of termination following a change in recommendation by the KMI board. The draft merger agreements included customary "no shop" provisions applicable to KMP, KMR and EPB, but did not include a "no shop" provision applicable to KMI.

On July 22, 2014, members of senior management of KMI as well as representatives of Barclays Capital had a conference call with representatives of Jefferies and Baker Botts to discuss the structure of the proposed transactions and their economic terms.

Also on July 22, 2014, the EPGP conflicts committee met with representatives of TPH, Vinson & Elkins and Richards Layton, to discuss matters related to the proposed EPB merger, including the scope of authority delegated to the EPGP conflicts committee, the terms of the draft EPB merger agreement, the status of the financial diligence and analysis being conducted by TPH, certain economic and tax aspects of the proposed EPB merger and various process matters. Among other items, the

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EPGP conflicts committee reviewed and discussed information regarding prior relationships between TPH and Vinson & Elkins, as the case may be, and KMI and its affiliates, as well as information regarding personal ownership interests of the TPH representatives advising on the EPB merger in KMI and its affiliates, and determined that the prior relationships and personal ownership interests did not result in a conflict of interest that would result in the inability of either Vinson & Elkins or TPH to serve effectively as independent advisors to the EPGP conflicts committee. The EPGP conflicts committee members also disclosed to each other their respective personal ownership of equity interests in KMI and its affiliates.

On July 23, 2014, members of senior management of KMI together with representatives of Barclays Capital had separate discussions with representatives of Jefferies and TPH regarding financial due diligence matters.

On July 24, 2014, members of senior management of KMI as well as representatives of Barclays Capital and Citi, including Messrs. Kean, DeVeau and Sanders and Ms. Dang, met with Mr. Hultquist and representatives of Jefferies and Baker Botts to give a presentation with respect to the assets, business plan, growth projects and outlook for KMI, KMP and EPB.

Also on July 24, 2014, the EPGP conflicts committee met with representatives from TPH, Vinson & Elkins and Richards Layton. The EPGP conflicts committee and its advisors discussed the financial aspects of the proposed EPB merger and certain aspects of TPH's preliminary views with respect to the proposed EPB merger, which TPH indicated it would be able to present in more detail at the next meeting of the EPGP conflicts committee, scheduled for July 30, 2014. The EPGP conflicts committee members, together with their advisors, discussed, among other things, the EPGP conflicts committee members' view that the benefits of the proposed EPB merger would largely depend on assumptions regarding the growth rate, credit rating and trading yield of the combined company, and also discussed certain challenges and considerations in evaluating the proposed EPB merger, including (i) uncertainty as to how the market would view KMI, on a pro forma basis for the Transactions, given the lack of clearly comparable companies and the broad range of companies that shared some, but not all, of the key characteristics of the combined company from an investment perspective, such as growth rate, dividend profile and asset class, (ii) the taxable nature of the EPB merger to EPB unitholders, combined with the fact that a substantial majority of the merger consideration was anticipated to be paid in KMI common stock, resulting in the EPB merger being comparable to both a cash merger (in which valuation analysis focuses on the value of the consideration being received at a point in time) and a stock merger (in which valuation analysis also focuses on the value of the consideration being received over time), (iii) the fact that the tax consequences of the EPB merger would vary among the EPB unitholders, depending, among other things, on their individual tax characteristics and how long they had owned EPB common units, (iv) challenges facing EPB as a standalone company, specifically its limited expected growth prospects and recontracting risk associated with contract expirations on certain of its pipelines, (v) the fact that, because KMI had indicated it did not wish to consider a sale of its interest in EPB to a third party, EPB had limited strategic alternatives to operating as a standalone company and (vi) the difficulty in projecting the appropriate cost of capital for KMI on a pro forma basis for the Transactions, which would be affected by its credit rating, its trading yield, the methods by which it determined to finance growth and, potentially, external factors such as changes in interest rates. After further discussion, the EPGP conflicts committee members requested that TPH focus on these and other issues as it proceeded with its financial analysis of the EPB merger.

Also at the July 24 meeting, representatives from Richards Layton reviewed with the members of the EPGP conflicts committee their duties under the EPB partnership agreement. The EPGP conflicts committee also reviewed and discussed information regarding current and prior relationships between Richards Layton and KMI and its affiliates, and determined that such relationships did not result in a conflict of interest that would result in Richards Layton not being able to serve effectively as independent advisors to the EPGP conflicts committee.

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The EPGP conflicts committee members also discussed the terms of the EPB merger agreement that Weil had distributed to Vinson & Elkins and the key issues reflected in or raised by the draft, including (i) KMI's ownership of approximately 40% of the EPB common units, and the implications with respect thereto on the appropriateness of a "force the vote" provision, as reflected in the initial draft, or a simple majority approval requirement for the EPB merger, (ii) the embedded optionality at KMI and KMP because their equityholders would also be entitled to vote on the Transactions, (iii) the need for the EPGP conflicts committee to have the ability to change its recommendation, which had been restricted to situations in which there was a "superior proposal" in the initial draft EPB merger agreement, including in the event that the EPGP board approved changes to the proposed EPB merger without the EPGP conflicts committee's consent, (iv) the appropriate remedies in the event the EPGP conflicts committee were to change its recommendation or the EPGP board were to determine to pursue an alternative transaction, compared to the termination fees of 3.5% and 1.5% of equity value, respectively, proposed by KMI, (v) the need for the Transactions to close concurrently and be cross-conditioned on each other, which was inconsistent with KMI's initial proposal that completion of the other mergers only be a condition to KMI's (and not EPB's) obligations to complete the proposed EPB merger and (vi) the need to restrict the ability of the EPGP board or KMI to change the composition of the EPGP conflicts committee or otherwise take actions without the EPGP conflicts committee's consent, which had not been addressed in the initial draft EPB merger agreement.

After discussion among the EPGP conflicts committee members and its advisors, including as to the benefits and detriments of negotiating any issues in the EPB merger agreement prior to reaching agreement with KMI on the economic terms of the proposed EPB merger, the EPGP conflicts committee instructed its legal advisors to prepare a revised merger agreement providing, among other things, that (i) the completion of the KMP merger and KMR merger would be a mutual closing condition, (ii) the "force the vote" construct would be acceptable, but there would be a "majority of the unaffiliated votes cast" threshold for the EPB unitholder approval of the proposed EPB merger, (iii) the EPGP conflicts committee would have the right to the extent necessary to meet its obligations to change its recommendation of the proposed EPB merger with no termination fee or other costs payable by EPB, (iv) the full EPGP board, in addition to the EPGP conflicts committee, would make a recommendation to the EPB unitholders regarding the proposed EPB merger, (v) there would be restrictions on the ability of KMI and EPGP to alter the composition of the EPGP conflicts committee prior to the termination of the EPB merger agreement and (vi) the EPGP board would be required to provide the EPGP conflicts committee with advance notice of any potential amendment, waiver or decision under the EPB merger agreement and give the EPGP conflicts committee an opportunity to make a recommendation to the EPGP board with respect thereto. The EPGP conflicts committee authorized Vinson & Elkins to revise the EPB merger agreement accordingly and circulate a draft to KMI and its advisors, but (i) to reserve comment in the draft with respect to matters subject to ongoing legal and financial diligence and (ii) to indicate to KMI and its advisors that the EPGP conflicts committee had not yet determined whether a transaction was acceptable on any economic terms, and that the economic terms of any negotiated transaction may result in changes to the EPGP conflicts committee's positions with respect to the EPB merger agreement.

On the night of July 24, 2014, representatives of Vinson & Elkins sent a revised draft merger agreement to Weil in accordance with the EPGP conflicts committee's instructions.

On July 25, 2014, Mr. Sanders had a discussion with representatives of Jefferies regarding the other alternatives that were considered by the KMI board (as described in more detail above).

Also on July 25, 2014, members of senior management of KMI had a discussion with representatives of TPH regarding tax aspects of the proposed EPB merger.

On July 25, 2014, the KMGP/KMR committee met with representatives of Baker Botts to discuss the terms of the draft merger agreements previously distributed by Weil. Baker Botts noted that it had engaged in discussions with counsel for KMI with regard to potential alternative tax-free structures.

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On July 28, 2014, the KMGP/KMR committee met with representatives of Baker Botts and Morris Nichols to discuss proposed revisions to the KMP merger agreement made by Baker Botts and, after review with the members of the KMGP conflicts committee, Baker Botts sent a revised draft of the KMP merger agreement to Weil, which, among other things, included more expansive representations and warranties and interim operating covenants applicable to KMI, a requirement that a majority of the unitholders of KMP other than KMI and its affiliates vote in favor of the merger agreement, a "no shop" covenant applicable to KMI in addition to KMP, a requirement that certain directors of KMI sign a support agreement, a limit on KMI's ability to revoke or diminish the authority of the KMGP/KMR committee and a provision that the termination fees payable by either KMP or KMI should be the same amount and payable only in the event of entering into an alternative transaction within 12 months of terminating the merger agreement under certain circumstances.

On July 28, 2014, Weil distributed to Vinson & Elkins a revised draft of the EPB merger agreement.

On July 29, 2014, representatives of Weil and Baker Botts had a conference call to discuss the changes proposed in the revised draft of the KMP merger agreement sent by Baker Botts on July 28, in which Weil relayed KMI's position that KMI would not agree to the proposed changes to the interim operating covenant limiting KMI's operations prior to closing other than with respect to operating in the ordinary course, the requirement that a majority of the unitholders of KMP other than KMI and its affiliates vote in favor of the merger agreement, the limitation on KMI's ability to revoke or diminish the KMGP/KMR committee's authority or the KMGP/KMR committee's revised termination fee structure. Weil noted that KMI would be willing to accept certain of the proposed changes to the representations and warranties and agree to a "no shop" covenant applicable to KMI and that Mr. Kinder would be willing to enter into a support agreement to vote his KMI common stock in favor of the proposals at the KMI stockholders' meeting if such obligation would fall away in the event of an adverse KMI board recommendation.

Later in the evening of July 29, Baker Botts sent a revised draft of the KMR merger agreement to Weil implementing substantially similar changes as proposed in the revised draft of the KMP merger agreement sent by Baker Botts to Weil on July 28.

On July 30, 2014, the KMGP/KMR committee met with representatives of Baker Botts, Morris Nichols and Jefferies. Baker Botts reviewed with the KMGP/KMR committee the matters discussed with Weil during the July 29 discussion. Baker Botts and Morris Nichols then discussed the duties of the KMGP/KMR committee under the KMP partnership agreement and the KMR limited liability company agreement. Baker Botts and Morris Nichols also discussed the issues presented by Messrs. Gardner, Hultquist and Waughtal serving on each of the KMGP conflicts committee and the KMR special committee and having the same advisors for each committee. Baker Botts noted that, as the KMGP conflicts committee, Messrs. Gardner, Hultquist and Waughtal would make a determination with respect to the Transactions as to the interests of the KMP unitholders, and, as the KMR special committee, Messrs. Gardner, Hultquist and Waughtal would separately make a determination with respect to the Transactions as to the interests of the KMR shareholders. The KMGP/KMR committee discussed the interests of the KMP unitholders and the KMR shareholders, and, in this regard, noted that the KMI proposal included the same effective exchange ratio for KMP and KMR and discussed the common interests of KMP unitholders and KMR shareholders, including that (i) KMP common units and KMR shares had a long history of trading in parallel, recently within a tight trading range, and (ii) the economic interests and pro rata ownership of the underlying assets, liabilities and net worth of KMP were the same because KMR's only material assets are KMP i-units. The KMGP/KMR committee also discussed the different interests of the KMP unitholders and KMR shareholders, including (i) the historical and current trading discount of KMR shares to KMP common units and the resulting merger premium difference as a result of the KMI proposal having the same effective exchange ratio for KMP and KMR, (ii) that the KMP merger would be a taxable transaction for KMP unitholders who had historically received partially or wholly non-taxable cash distributions, depending

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upon the individual situation of the unitholder, and the KMR merger would not be a taxable transaction for KMR shareholders, (iii) the entity-level tax treatment of KMP and KMR on a historical basis and of KMI going forward, (iv) the different cash/stock consideration mix for KMP unitholders and KMR shareholders and (v) the differences in the economic and legal attributes of KMP common units and KMR shares, including with respect to distributions. The KMGP/KMR committee discussed potential alternative approval structures including the appointment of additional directors to serve on either committee. In addition to the above, the KMGP/KMR committee discussed issues presented by alternative approval structures and hiring separate advisors for each committee, including (i) that the appointment of new directors, who would have less, if any, familiarity with the business of KMP or KMR and the issues giving rise to the proposed Transactions, would not better serve the interests of either entity or their respective equity holders, and (ii) the potential that a delay caused by identifying and appointing additional directors and hiring additional advisors could increase the risk of subsequent disparate trading prices of the four equity securities involved, which in each case could materially jeopardize the approval process and be a material detriment to the receipt by the unaffiliated KMP unitholders and KMR shareholders of the substantial benefits of the proposed Transactions.

Following such discussion, Jefferies provided a presentation to the KMGP/KMR committee, which included a discussion of the benefits of the proposed Transactions, including, among others, (i) the simplification of the Kinder Morgan organizational structure, (ii) the lower cost of capital of the combined entity and the resulting ability to fund acquisitions and capital expenditures necessary to grow dividends of the combined entity and (iii) the higher projected dividend growth and stronger coverage ratio of the combined entity as compared to KMP on a stand-alone basis. Jefferies discussed various other matters with the KMGP/KMR committee, including (i) the potential tax implications of the proposed Transactions, (ii) the different premiums reflected in the proposed merger consideration for the various transaction parties as a result of recent trading prices, (iii) risks associated with sustaining the projected dividend growth of the combined entity and (iv) the near-term dilution for KMP unitholders and KMR shareholders. The KMGP/KMR committee discussed with Baker Botts and Jefferies the tax treatment of the KMP merger and potential alternative structures. Following such discussion, the KMGP/KMR committee directed Baker Botts and Jefferies to further review the tax implications of the proposed Transactions and consider potential alternative tax structures. Jefferies then discussed the financial projections and the pro forma trading analysis provided by KMI and reviewed the discussions Jefferies had engaged in with KMI management regarding such projections and analyses and the operations and assets and the planned capital program of the various entities. Jefferies then provided a presentation of its financial analyses performed to date, including (i) an implied premium analysis, (ii) a historical trading volume and price analysis, (iii) a review of analyst projections, (iv) an analysis of the historical trading discount of KMR shares relative to KMP common units, (v) a comparable company yield analysis, (vi) a discounted cash flow analysis, (vii) a historical exchange ratio analysis, (viii) a premiums paid analysis and (ix) an analysis of weighted average cost of capital. The KMGP/KMR committee also discussed with its advisors the relative ownership of KMP and KMR equity holders in the pro forma entity.

The KMGP/KMR committee then engaged in a discussion with its advisors regarding making a counterproposal to KMI requesting additional merger consideration payable to KMP unitholders and KMR shareholders. Following such discussion, the KMGP/KMR committee directed Mr. Hultquist and Mr. Peter Bowden of Jefferies to meet with representatives of KMI to propose that (i) KMI increase the KMP and KMR merger consideration to \$11.77 in cash (which represented a \$1.00 increase to the cash consideration offered by KMI on July 17) and an exchange ratio of 2.162 for each KMP common unit (with an equivalent all-stock offer of 2.4813 shares of KMI common stock for each KMR share), (ii) the 2.162 exchange ratio be fixed as of that date and not adjusted on the basis of fluctuations in the trading values of any of the relevant entities during the period preceding the execution of definitive agreements with respect to the proposed Transactions, (iii) KMP unitholders be given a choice to elect between all stock consideration, all cash consideration and a mix of cash and stock consideration and (iv) the KMGP/KMR committee would be willing to accept such revised merger consideration subject

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to any changes to the EPB merger consideration. The KMGP/KMR committee's decision to propose an increase in the cash consideration payable in the KMP merger and to propose that each KMP unitholder could elect to receive all cash or all KMI stock or a combination of cash and stock as determined by the unitholder, was specifically to provide KMP unitholders the option of electing additional cash consideration to satisfy tax obligations resulting from the KMP merger, as well as to improve the overall consideration payable in the Transactions for both KMP unitholders and KMR shareholders. In determining to propose such increases and determining the amount of increases to be proposed, the KMGP/KMR committee considered the anticipated tax treatment and estimated tax obligations of KMP unitholders, the additional benefit to both KMP unitholders and KMR shareholders of the increased consideration, the elimination of incentive distributions, the impact on the balance sheet of the combined company of an increase in the cash consideration payable in the Transactions and that the initial KMI proposal was attractive in light of the various issues facing KMP, including with respect to the burden on its cost of capital due to incentive distributions, and was within a reasonable range of valuation as portrayed by the information and analyses provided by Jefferies. Following such discussion, representatives of Jefferies left the room and the KMGP/KMR committee discussed with Baker Botts and Morris Nichols issues relating to the derivative claims that had been filed on behalf of KMP with respect to allocations of capital expenditures.

Following the KMGP/KMR committee meeting on July 30, Messrs. Hultquist and Bowden met with Mr. Dax Sanders, Vice President of Corporate Development for KMI, and proposed the changes discussed at the KMGP/KMR committee meeting earlier that day.

Also on July 30, 2014, the members of the EPGP conflicts committee met with representatives from TPH, Vinson & Elkins and Richards Layton. At the meeting, representatives of TPH reviewed with the EPGP conflicts committee members the preliminary financial analysis together with supplementary materials that had been completed by TPH with respect to the proposed EPB merger, and circulated to the EPGP conflicts committee members prior to the meeting, which included (i) a comparable companies multiples analysis with respect to both EPB on a standalone basis and KMI on a pro forma basis for the Transactions, (ii) a comparable transaction analysis, (iii) a discounted cash flow analysis, (iv) a present value of future share price analysis, (v) a relative contribution analysis, (vi) a premiums paid analysis and (vii) an analysis of the pro forma financial impacts of the EPB merger and the Transactions. The EPGP conflicts committee members discussed the assumptions underlying the analyses and the basis therefor with their advisors, including (i) the companies selected as comparable to EPB and pro forma KMI, and the reasons for their selection, as well as the EPGP conflicts committee's view that each of the companies selected was distinguishable from the pro forma combined company in ways that could be material to the analysis, (ii) the transactions selected as comparable to the EPB merger, and the fact that the unique aspects of the proposed transactions resulted in a set of comparable transactions that were each distinguishable at least to some extent from the proposed EPB merger and (iii) the assumptions utilized by TPH in determining EPB's and the combined company's costs of capital.

TPH also reviewed with the EPGP conflicts committee members, at their request, their discussions with KMI management regarding the standalone financial projections for EPB, KMP and KMI and the pro forma financial projections for KMI. Among other things, TPH indicated that KMI management had confirmed the same financial projections had been shared with each of KMP and KMR, and that such projections were substantially the same as those provided to the rating agencies by KMI as it conducted diligence on the likely credit ratings that would be assigned to the pro forma combined company. The EPGP conflicts committee members discussed at length the importance of the pro forma financial projections in evaluating the benefits of the proposed EPB merger, and the necessity of fully understanding the assumptions underlying such projections.

Also during this meeting, representatives from Vinson & Elkins updated the EPGP conflicts committee regarding its negotiations with Weil regarding the EPB merger agreement and the outstanding key issues in the revised draft that Weil had distributed to Vinson & Elkins, which

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included, among other things, (i) the completion of the KMP merger and KMR merger as a mutual closing condition (to which KMI had agreed), (ii) a "majority of the unaffiliated votes cast" threshold for the EPB unitholder approval of the proposed EPB merger (which KMI had rejected and indicated that it was not willing to proceed with a transaction that included such a requirement) and a voting agreement by Mr. Kinder with respect to the KMI stockholder approvals (to which KMI and Mr. Kinder had agreed), (iii) the EPGP conflicts committee's right to change its recommendation with respect to the proposed EPB merger to the extent necessary to meet its obligations under the EPB partnership agreement or applicable law (to which KMI had agreed), with no termination fee or other costs payable by EPB (which KMI had rejected), including in the event the EPB merger agreement were amended or waived (which KMI had rejected) and (iv) restrictions on the ability of KMI and EPGP to alter the composition of the EPGP conflicts committee prior to the termination of the EPB merger agreement (which KMI had rejected). After discussion, the EPGP conflicts committee determined that each of the issues discussed that had been rejected by KMI was important to EPB and that the EPGP conflicts committee was not prepared to concede to any of such issues. The EPGP conflicts committee instructed its advisors to prepare a revised draft of the EPB merger agreement and to negotiate its terms consistent with those instructions.

In the afternoon of July 30, 2014, representatives of Vinson & Elkins and members of senior management of KMI also had a due diligence call regarding certain regulatory and litigation matters, including derivative claims that had been filed on behalf of EPB.

Later that day, representatives of Weil sent a revised draft of the KMP merger agreement to Baker Botts, which implemented the changes discussed between representatives of Weil and Baker Botts on July 29. In addition, the revised draft provided for a termination fee equal to 3.5% of the equity value of KMP payable by KMP to KMI and an unspecified termination fee payable by KMI to KMP in certain circumstances through a waiver of a portion of KMGP's incentive distributions in light of certain tax requirements that a certain percentage of KMP's gross income be treated as "qualifying income" for tax purposes.

On July 31, 2014, the KMGP/KMR committee met with representatives of Baker Botts. The KMGP/KMR committee and Baker Botts discussed potential additional analyses to be performed by Jefferies, including with respect to projected trading prices of KMI common stock following the proposed Transactions and the relative credit profiles of KMP as a standalone company and KMI following the proposed Transactions. Baker Botts reviewed the revisions to the KMP merger agreement sent by Weil to Baker Botts on July 30. Following a discussion of such revisions, the KMGP/KMR committee directed Baker Botts to continue to negotiate with Weil with respect to (i) KMI's interim operating covenants, (ii) the requirement that a majority of the unitholders of KMP other than KMI and its affiliates vote in favor of the merger agreements, (iii) the limitation on KMI's ability to revoke or diminish the KMGP/KMR committee's authority and (iv) the KMGP/KMR committee's prior proposal with respect to termination fees. The KMGP/KMR committee agreed to accept Mr. Kinder's proposal that the support agreement to vote his KMI common stock in favor of the proposals at the KMI stockholders' meeting would fall away in the event of an adverse KMI board recommendation.

On July 31, 2014, Mr. Sanders communicated a revised proposal to Mr. Hultquist and representatives of Jefferies of \$10.77 in cash and an exchange ratio of 2.1889 for each KMP common unit and a corresponding exchange ratio of 2.4787 for each KMR share, which represented KMI accepting the proposed increase to the overall amount of consideration as proposed by Mr. Hultquist on July 30th with the increase in total consideration coming in the form of additional KMI common stock instead of additional cash as had been requested by Mr. Hultquist on July 30th. The increase in total consideration was provided in the form of additional KMI common stock rather than additional cash to limit the amount of indebtedness KMI would need to raise to finance the Transactions. Mr. Sanders noted that KMI was willing to provide KMP unitholders with a choice to elect the form of consideration, subject to proration, and that there could be no assurance at such time as to what the maximum exchange ratio would be for the EPB merger.

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Later that day, Mr. Sanders spoke with Ronald Kuehn, a member of the EPGP conflicts committee, regarding the proposed Transactions and the status of negotiations with the EPGP conflicts committee, the KMGP conflicts committee and the KMR special committee. Mr. Sanders advised Mr. Kuehn that he expected that the most recent proposed exchange ratio from KMP would be an exchange ratio that management would recommend to the KMI board for approval. Mr. Sanders also informed Mr. Kuehn that KMI was focused on proceeding as quickly as possible with negotiations on the economic terms of the proposed EPB merger. Mr. Kuehn informed Mr. Sanders that the EPGP conflicts committee viewed the consideration payable to KMP unitholders and KMR shareholders as linked to the EPB consideration, given the nature of the Transactions, and indicated that he expected that the terms proposed by KMI for the EPB merger would be modified to reflect any agreement on a change in the premium agreed to between KMP or KMR and KMI. Mr. Kuehn reported that Mr. Sanders would not confirm the implications, if any, of the KMI/KMP negotiations on the proposed economic terms for the EPB merger, but that he would respond to Mr. Kuehn after he had discussed the matter internally.

Later on July 31, 2014, Vinson & Elkins distributed a revised draft EPB merger agreement to Weil, which draft reflected the position of the EPGP conflicts committee as of the July 30, 2014 committee meeting, as well as a request for certain additional documents and conference calls to support legal due diligence of the proposed EPB merger.

During the morning of August 1, 2014, the EPGP conflicts committee met with representatives from TPH, Vinson & Elkins and Richards Layton. During the meeting, the members of the EPGP conflicts committee discussed Mr. Kuehn's conversation with Mr. Sanders the prior evening, as well as economic aspects of the proposed EPB merger and strategies with respect to the negotiation of the appropriate exchange ratio assuming the EPGP conflicts committee determined to proceed with the proposed EPB merger. The EPGP conflicts committee members also discussed outstanding diligence items and additional financial analysis that needed to be completed prior to negotiating an appropriate exchange ratio.

On August 1, 2014, Messrs. Sanders and DeVeau discussed with Mr. Hultquist and representatives of Jefferies the timeline for the proposed Transactions and KMI's revised proposal to EPB based on the revised proposal made to KMP. Messrs. Sanders and DeVeau then spoke with Mr. Kuehn to provide him with additional details as to the status of KMI's negotiations with KMP and KMR, including that KMP had proposed an increase in the value of the merger consideration payable to KMP unitholders that would result in an implied premium of 12.5% to KMP unitholders based on the trading prices of KMP common units and KMI common stock on July 29, 2014. Messrs. Sanders and DeVeau also indicated to Mr. Kuehn that KMI would also modify the economic proposal to EPB to provide for an implied premium of 12.5% to EPB unitholders based on July 29, 2014 trading prices, such that EPB unitholders would receive \$4.65 in cash and an exchange ratio of 0.9142 for each EPB common unit. Mr. Kuehn informed Messrs. Sanders and DeVeau that he would communicate the revised proposal to his fellow EPGP conflicts committee members and advisors.

On August 1, 2014, representatives of Baker Botts sent a revised draft of the KMP merger agreement to Weil, which provided for, among other things, the requirement for approval of the KMP merger agreement by a majority of the KMP unitholders excluding KMI and its affiliates, additional representations and warranties of KMI, a limitation on KMI's ability to revoke or diminish the KMGP/KMR committee's authority, interim operating covenants applicable to KMI's operations between signing and closing and removal of the termination fees entirely (or, in the alternative, payment of termination fees in reciprocal circumstances). In addition, on that same day, representatives of Vinson & Elkins sent a revised draft EPB merger agreement to Weil, which provided for, among other things, the requirement that the EPB merger agreement be approved by a majority of the EPB unitholders excluding EPGP and its affiliates and the removal of any termination fee payable by EPB to KMI.



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In a series of two meetings on the evening of August 1, 2014, the EPGP conflicts committee met with representatives of TPH, Vinson & Elkins and Richards Layton to discuss the terms of the revised KMI proposal, including the fact that, due to a larger relative decline in the trading price of EPB common units as compared to KMP common units and KMR common shares during the period from July 16, 2014 (the reference date for the initial KMI proposal) and July 29, 2014 (the reference date for the revised KMI proposal), the revised KMI proposal resulted in a decrease in the pro forma ownership of the combined company by the public EPB unitholders from 6.05% to 5.94%, and a decrease in the exchange ratio for the stock component of the merger consideration from 0.9337 of a share of KMI common stock for each EPB common unit to 0.9142 of a share of KMI common stock for each EPB common unit. The EPGP conflicts committee members authorized TPH to contact Mr. Sanders and indicate that the EPGP conflicts committee believed that the revised KMI proposal did not result in a comparable increase in the proposed value of the merger consideration payable to EPB unitholders, when compared to KMP unitholders, and that a comparable increase would result in an exchange ratio of 0.9451 of a share of KMI common stock for each EPB common unit and \$4.65 in cash for each EPB common unit, with the public EPB unitholders holding 6.12% of the combined company. On the night of August 1, 2014, representatives from TPH communicated this response to Mr. Sanders.

Also on August 1, 2014, members of senior management of KMI had a supplemental discussion with representatives of TPH regarding tax aspects of the proposed EPB merger.

On August 3, 2014, representatives of Baker Botts sent a revised draft of the KMR merger agreement to Weil implementing certain changes applicable solely to KMR, and noting that the changes made to the KMP agreement sent by Baker Botts to Weil on August 1 should be made to the KMR merger agreement.

On the morning of August 4, 2014, the EPGP conflicts committee met with representatives of TPH, Vinson & Elkins and Richards Layton to discuss TPH's financial analysis with respect to the revised proposal made by KMI on August 1, which contained similar substantive financial analysis to the preliminary analysis presented on July 30, 2014. TPH led the discussion of the financial analysis and responded to a number of questions regarding the analysis. Following further discussion, the EPGP conflicts committee members, based in part upon the analysis, determined that, subject to further diligence of the growth prospects and expected trading yield, credit rating and cost of capital of the combined company, the proposed EPB merger could likely be economically advantageous to holders of EPB common units as compared to the status quo of continuing to operate as a stand-alone entity controlled by KMI. The EPGP conflicts committee members determined, however, to defer making any counterproposal until after a diligence session with KMI management on the forecasts for the combined company scheduled for that afternoon.

Later on August 4, 2014, representatives of Weil and Baker Botts had a conference call in which Weil informed Baker Botts that KMI was not willing to proceed with a transaction that included a requirement that the KMP merger be approved by a majority of the KMP unitholders excluding KMI and its affiliates. Later that day, representatives of Weil sent Baker Botts and Vinson & Elkins revised merger agreements, both of which included a cash/stock election mechanism and limited each board's ability to change its recommendation to instances in which there was a "superior proposal" or an "intervening event" and limited the circumstances in which a termination fee would be payable to those instances in which change in recommendation had occurred due to a superior proposal (as opposed to an intervening event).

Also on August 4, 2014, representatives of Jefferies met with senior management of KMI to discuss the projected tax implications of the proposed transaction and Jefferies requested additional information with respect to (i) KMI's step-up in basis for KMP's and EPB's assets as a result of the proposed Transactions, (ii) the projected tax depreciation resulting from the transaction as proposed (a

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taxable transaction to KMP and EPB unitholders) and that would result from a transaction that was non-taxable to KMP and EPB unitholders and (iii) the projected tax implications to KMP unitholders.

On the afternoon of August 4, 2014, the EPGP conflicts committee met with Messrs. Kean, DeVeau and Sanders and Ms. Dang from KMI, as well as representatives from TPH and Vinson & Elkins, to review with KMI management certain key assumptions underlying management's projections for the combined company, including (i) the backlog of growth projects and expected timing thereof, (ii) the credit ratings and costs of capital of the combined company, (iii) the trading yield of the combined company and (iv) the expected growth rate of dividends and EBITDA of the combined company. During and following the presentation, the EPGP conflicts committee members and their representatives asked questions of the KMI representatives regarding these assumptions. During the diligence session, Mr. Sanders also confirmed for the EPGP conflicts committee members that there had been no change in the economic terms proposed by KMI to either KMP or KMR since the revised proposal made to the EPGP conflicts committee on August 1.

Following the conclusion of the diligence session, the EPGP conflicts committee met, together with representatives from TPH and Vinson & Elkins, to discuss the substance of the diligence session, as well as the appropriate counterproposal to KMI. The EPGP conflicts committee members discussed their view of the assumptions underlying KMI management projections based upon the diligence completed by the EPGP conflicts committee and its advisors, including the immediately preceding session with KMI management, and their general agreement that the proposed EPB merger would be economically beneficial to holders of EPB common units compared to the status quo of continuing to operate as a standalone entity controlled by KMI. Vinson & Elkins also reviewed with the EPGP conflicts committee members certain key issues in the revised merger agreement received from Weil earlier that day, including that (i) the draft imposed restrictions on the ability of the EPGP conflicts committee to change its recommendation of the proposed EPB merger in circumstances in which there was not a superior proposal or intervening event, (ii) the draft permitted KMI to vote its EPB common units (representing approximately 40% of the outstanding EPB common units) against the proposed EPB merger in the event the KMI board were to change its recommendation of the proposals related to the proposed EPB merger, (iii) EPB would be obligated to pay to KMI a termination fee in the event that the EPGP conflicts committee or EPGP board were to change its recommendation in connection with a superior proposal, (iv) the EPB merger would not be subject to the approval of holders of a majority of the EPB common units held by unaffiliated EPB unitholders that actually vote on the proposed EPB merger, as had been proposed by EPB and (v) KMI would have the ability to amend the KMP merger agreement or KMR merger agreement even in ways that affected the value of the EPB merger consideration.

After discussion, the EPGP conflicts committee authorized the representatives from TPH and Vinson & Elkins to contact Mr. Sanders and representatives of Weil to deliver a counterproposal, with the following key terms: (i) each public EPB unitholder would receive 0.958 of a share of KMI common stock and \$4.65 cash for each EPB common unit owned, which would represent an implied 12.5% premium using trading prices as of July 16, and a 17% premium using trading prices as of August 1; and (ii) four key issues in the EPB merger agreement were favorably resolved, including that (A) the EPGP conflicts committee would have an unfettered ability to change its recommendation of the proposed EPB merger if it determined the proposed EPB merger was no longer in the best interests of EPB, for any reason, and such a change in recommendation by the EPGP conflicts committee would invalidate and rescind any prior "Special Approval" of the EPB merger agreement and the EPB merger, (B) KMI agree to vote its EPB common units (representing approximately 40% of the outstanding EPB common units) in favor of the EPB merger in all circumstances, unless the EPGP conflicts committee or EPGP board changed its recommendation of the proposed EPB merger, (C) EPB would not be obligated to pay to KMI a termination fee for any reason, including a change in recommendation by the EPGP conflicts committee and (D) KMI would not be permitted to amend the KMP merger agreement or KMR merger agreement in ways that affected the value of the EPB merger

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consideration, without the consent of the EPGP board. If these issues were favorably resolved, the EPGP conflicts committee indicated it could accept the inclusion of the "force the vote" construct and the removal of the "majority of the unaffiliated votes cast" condition.

On the evening of August 4, 2014, representatives from TPH contacted Mr. Sanders to communicate the terms of the counterproposal, which Mr. Sanders indicated would not be acceptable to KMI.

On August 5, 2014, Mr. Sanders spoke with representatives of TPH and presented a revised proposal of \$4.65 in cash and 0.9451 of a share of KMI common stock for each EPB common unit, as KMI's best and final offer and noted that the revised proposal would need to be discussed with the KMGP conflicts committee, the KMR special committee and their advisors. Mr. Sanders also expressed that KMI would attempt to resolve each of the four key issues in the EPB merger agreement identified by EPB the prior evening in a manner satisfactory to the parties, but that he had not yet presented this revised proposal with respect to EPB to the KMGP conflicts committee.

Following the call from Mr. Sanders, the EPGP conflicts committee members met with representatives from TPH, Vinson & Elkins and Richards Layton to discuss the terms of the counterproposal. After discussion as to the benefits of the proposed EPB merger to the unaffiliated EPB unitholders as compared to EPB remaining as a standalone company, and the EPGP conflicts committee members' view that it was extremely unlikely that KMI would agree to offer a higher implied premium to holders of EPB common units than KMP common units, the EPGP conflicts committee concluded that the economic terms of the counterproposal were acceptable, subject to (i) confirmation of the economic and legal terms of the KMP merger and KMR merger and (ii) finalization of the transaction documents in a manner acceptable to the EPGP conflicts committee and consistent with the positions relayed to KMI the prior evening.

After discussion with the EPGP conflicts committee, representatives of TPH called Mr. Sanders to confirm that KMI's revised proposal was acceptable to the EPGP conflicts committee assuming the proposal for KMP and KMR was finalized on the terms previously discussed (\$10.77 in cash and an exchange ratio of 2.1889 for each KMP common unit and a corresponding exchange ratio of 2.4787 for each KMR share) and that the terms of the merger agreement were satisfactorily finalized. Mr. Sanders then spoke with representatives of Jefferies to update them on the status of discussions with the EPGP conflicts committee.

Following the discussion between Mr. Sanders and Jefferies, the KMGP/KMR committee met with Baker Botts and Jefferies to discuss the revised EPB merger consideration. Jefferies discussed the relative ownership of KMP, KMR and EPB equity holders in the pro forma entity based on the revised EPB merger consideration, and the KMGP/KMR committee determined that Messrs. Hultquist and Bowden would present a counterproposal to Mr. Sanders for \$10.77 in cash and an exchange ratio of 2.1973 for each KMP common unit and a corresponding exchange ratio of 2.4891 for each KMR share, which would result in a percentage ownership in the pro forma entity for KMP and KMR equity holders equal to the ownership that would have resulted prior to the increase in the EPB merger consideration.

Following the KMGP/KMR committee meeting, Mr. Bowden presented the revised proposal to Mr. Sanders, which KMI rejected. Mr. Hultquist then spoke with Messrs. Kinder and Sanders and insisted on an increase in the stock portion of the merger consideration in the KMP merger and the exchange ratio in the KMR merger in order for the KMGP/KMR committee to approve the transaction. The KMGP/KMR committee met again with representatives of Baker Botts and Jefferies to discuss Mr. Bowden's and Mr. Hultquist's conversations with representatives of KMI and determined to present a revised proposal which effectively split the difference between the prior agreed KMP and KMR merger consideration and the proposal relayed to KMI earlier in the day. Following such meeting, Mr. Bowden spoke with Mr. Sanders and proposed an exchange ratio of 2.1931 for the stock

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portion of the KMP merger consideration (with a corresponding increase in the KMR exchange ratio to 2.4849).

Mr. Sanders then contacted representatives from TPH to communicate that KMI had agreed to an increase in the consideration to be received by KMP unitholders and KMR shareholders compared to the proposal made by KMI on August 1, specifically that KMP unitholders would receive 2.1931 shares of KMI stock and \$10.77 in cash for each KMP common unit and KMR shareholders would receive 2.4849 shares of KMI common stock for each KMR listed share.

In response to the update from Mr. Sanders, the EPGP conflicts committee met that evening with representatives from TPH, Vinson & Elkins and Richards Layton. TPH reviewed with the EPGP conflicts committee the effect of the modification to the terms of the KMP merger and KMR merger on the value of the consideration to be received by EPB unitholders, specifically that the pro forma ownership of former public EPB unitholders in the combined company would decrease slightly, but still equal, in both cases, approximately 6.12%, and that there would be a dilutive impact of approximately \$4 million spread across all public EPB unitholders. The EPGP conflicts committee determined the modifications were immaterial and acceptable, subject to satisfactorily finalizing the merger agreement and completing the due diligence items that remained outstanding. Members of senior management of KMI then spoke separately with Mr. Hultquist and representatives of Jefferies and the parties each confirmed that it was willing to proceed with a proposal of \$10.77 in cash and an exchange ratio of 2.1931 for each KMP common unit and a corresponding exchange ratio of 2.4849 for each KMR share, subject to satisfactorily finalizing the merger agreement and completing the due diligence items that remained outstanding.

On August 5, 2014, representatives of Baker Botts had a due diligence call with members of KMI senior management regarding certain legal matters.

On August 6, 2014, representatives of Vinson & Elkins had a due diligence call with members of KMI senior management and representatives of Weil regarding certain legal matters.

On August 7, 2014, the KMGP/KMR committee met with representatives of Baker Botts, Morris Nichols and Jefferies. Baker Botts provided a review of the then current terms of the KMP and KMR merger agreements, including certain improvements in the terms compared with the initial drafts distributed by Weil on July 21, and discussed the remaining open issues with respect to the merger agreements. Baker Botts also summarized its legal diligence review. Representatives of Baker Botts reviewed the status and merits of the derivative claims that had been filed on behalf of KMP with respect to allocations of capital expenditures, and the KMGP/KMR committee engaged in a discussion with respect thereto. The KMGP/KMR committee asked representatives of Baker Botts to discuss the tax aspects of the proposed Transactions, and representatives of Baker Botts reviewed the proposed tax treatment as well as possible alternative tax-free structures for the KMP merger and related matters. Jefferies then provided a presentation discussing the relative ownership of KMP, KMR and EPB in the combined entity based on the incremental changes in merger consideration, a relative contribution analysis, various other financial analyses and potential alternative transactions, including KMP acquiring KMI and EPB, KMP acquiring EPB, KMI providing incremental incentive distribution waivers in connection with KMP acquisitions, a permanent reset or elimination of incentive distributions, potential strategic alternatives regarding one of KMP's business units, and an equity investment in KMP by a third party. Jefferies also provided a comparable company yield analysis, a pro forma KMI yield analysis, an analysis of pro forma capital flexibility and a discounted cash flow analysis. At the prior request of the KMGP/KMR committee, Jefferies evaluated such strategic alternatives and performed various analyses using data supplied by KMI. Jefferies discussed the advantages involved with each alternative, including that (i) KMP's acquiring KMI and/or EPB would result in a simplified organizational structure and that an acquisition of KMI would remove the burden on KMP's cost of capital resulting from KMP's incentive distributions, (ii) a permanent reset or elimination of KMP's incentive distributions could be effected in a cash flow neutral manner in the short term and (iii) an

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equity investment in KMP by a third party might improve market confidence in KMP. In each case, however, Jefferies identified the significant difficulties involved and flaws associated with each alternative, including that (i) none of the alternatives would result in the significant tax savings from a stepped-up basis in the underlying assets and resulting increase in cash available for growth by acquisition and/or distributions to equity holders in the combined business that would be accomplished by the proposed Transactions, (ii) KMP's acquiring KMI and/or EPB would be highly dilutive to KMP unitholders, (iii) KMP's acquiring KMI would result in material tax inefficiencies, (iv) KMI's providing incremental incentive distribution waivers in connection with KMP acquisitions did not provide a long-term solution to KMP's cost of capital concerns, (v) the KMGP/KMR committee's belief that KMI would not be willing to effect a permanent reset or elimination of KMP's incentive distributions due to the significant long-term reduction in value to KMI's shareholders that would result, (vi) potential strategic alternatives involving KMP's CO<sub>2</sub> business unit may not result in an acceptable valuation based on Jefferies' review of multiples for similar businesses, would not provide a long-term solution to KMP's cost of capital concerns, and could significantly impair KMP's cash available for distribution because investing the proceeds from the sale of such business unit into higher growth midstream acquisitions would likely require a much higher purchase multiple and a resultant loss in EBITDA, and (vii) a validating equity investment in KMP by a third party, which transactions are typically employed by distressed companies lacking efficient access to public equity markets or companies with higher funding costs than KMP, would not solve KMP's cost of capital concerns and could not likely be achieved on better terms than those available to KMP through ordinary course equity issuance in the public markets. The KMGP/KMR committee was not authorized to conduct an auction process or other solicitation of interest from third parties for the acquisition of KMP or KMR. Nevertheless, the KMGP/KMR committee discussed this limitation on its authority, as well as the substance and practicality of conducting an auction or soliciting interest from third parties. KMI had indicated that it was interested only in acquiring KMP common units and KMR shares it did not already own and that it was not interested in disposing of its controlling interest in KMP to a third party at such time. The KMGP/KMR committee determined that, because KMI indirectly controls KMP and KMR and that KMI was not interested in disposing of its interest, it was unrealistic to expect a third party acquisition proposal or offer, whether solicited or unsolicited, for the assets or control of KMP or KMR, and it was thus unlikely that the KMGP/KMR committee could conduct a meaningful auction for the acquisition of the assets or control of KMP or KMR and unlikely that any such auction, if conducted, would result in a material benefit for KMP unitholders or KMR shareholders. In addition, at the request of the KMGP/KMR committee and based on the guidance and pro forma tax information provided by KMI, Jefferies provided an analysis of pro forma KMI tax benefits and projected KMP unitholder tax implications.

Between August 6, 2014 and August 9, 2014, representatives of Weil, Baker Botts, Vinson & Elkins and Richards Layton held multiple conference calls and negotiated and finalized the terms of the merger agreements, including with respect to conforming the terms of the KMR merger agreement to the agreed upon terms of the KMP merger agreement and related disclosure schedules and support agreement.

On August 8, 2014, Weil also distributed to Vinson & Elkins drafts of the KMP merger agreement and KMR merger agreement, each of which were in near final form.

On August 8, 2014, the KMGP/KMR committee and representatives of Baker Botts and Morris Nichols met with members of senior management of KMI and a representative of Weil for a due diligence session regarding certain litigation matters, including derivative claims that had been filed on behalf of KMP with respect to allocations of capital expenditures, and financial matters. In addition, on August 8, 2014, representatives of TPH and Vinson & Elkins held a confirmatory bringdown due diligence session with members of senior management of KMI and representatives of Jefferies held a separate confirmatory bringdown due diligence session with members of senior management of KMI.

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Later in the day, the KMGP/KMR committee met with representatives of Baker Botts, Morris Nichols and Jefferies. Jefferies provided a presentation as to fairness and confirmed that Jefferies would deliver a written fairness opinion at the KMGP/KMR committee meeting to be held on August 9 to approve the KMP and KMR mergers. Baker Botts discussed remaining open issues with respect to the KMP and KMR merger agreements, including the amount of termination fees and limitations on EPB equity issuances between signing and closing of the mergers.

During the evening of August 8, Messrs. DeVeau and Hultquist discussed the proposed cap on EPB equity issuances between signing and closing of the proposed Transactions, after which discussions Mr. DeVeau relayed that KMI would accept the KMGP/KMR committee's proposed cap. In addition, the parties determined the final proposal resulting in the stock election, cash election and mixed election options for KMP and EPB by taking the existing proposals (in the case of KMP, \$10.77 in cash and an exchange ratio of 2.1931 shares of KMI common stock for each KMP common unit and, in the case of EPB, \$4.65 in cash and an exchange ratio of 0.9451 of a share of KMI common stock for each EPB common unit) and calculating the all-cash and all-stock value of such proposals based upon the July 16th closing price for KMI common stock, which was \$36.91.

On the evening of August 8, 2014, the members of the EPGP conflicts committee held a telephonic meeting, which was also attended by representatives from TPH, Vinson & Elkins and Richards Layton. TPH provided an update to the EPGP conflicts committee on TPH's financial analysis regarding the EPB merger and noted that, despite the change to the KMP and KMR consideration, the materials and financial analyses had no material changes since TPH's last financial presentation to the EPGP conflicts committee on August 4, 2014. Vinson & Elkins summarized the material terms of the EPB merger agreement, the KMP merger agreement, the KMR merger agreement and the support agreement. Representatives from Vinson & Elkins and Richards Layton also reviewed with the EPGP conflicts committee the legal due diligence that had been completed. The legal due diligence report included a discussion of the status and merits of various derivative claims that had been filed on behalf of EPB with respect to challenges to prior asset drop-down transactions between EPB and KMI and EPB and El Paso Corporation (prior to its acquisition by KMI). The discussion noted that the EPGP conflicts committee had considered that (i) the members of the EPGP conflicts committee, given their positions on the EPGP board and the EPGP conflicts committee, had extensive prior familiarity with the nature of the derivative claims and the underlying asset drop-down transactions and factual assertions on which the claims are based; (ii) favorable decisions had been rendered by the trial court in connection with two of the pending derivative actions (although it was noted that such decisions may be subject to appeal); (iii) the advisors to the EPGP conflicts committee had discussions with KMI management and in-house legal counsel for KMI with respect to the status of and merits of the derivative lawsuits in connection with its review of the Transactions; and (iv) in light of the foregoing, the limited utility of any further third party analysis and/or valuation of the derivative claims was outweighed by the delay that such analysis would entail which could threaten the viability of the Transactions, and ultimately determined that the value of the claims to EPB that might be extinguished as a result of the EPB merger was not sufficiently material such that they would merit adjustments to the EPB merger consideration or otherwise affect the determinations made by the EPGP conflicts committee with respect to the EPB merger.

On the morning of August 9, 2014, the members of the EPGP conflicts committee met with representatives from TPH, Vinson & Elkins and Richards Layton. Vinson & Elkins provided the EPGP conflicts committee with an update on the EPB merger agreement, the KMP merger agreement, KMR merger agreement and the support agreement, each of which included no material changes since the meeting of the EPGP conflicts committee on August 8, 2014. Also at this meeting, TPH delivered to the EPGP conflicts committee an oral opinion, confirmed by delivery of a written opinion dated August 9, 2014 following the execution of the EPB merger agreement, to the effect that, as of that date and based upon and subject to the assumptions and qualifications and limitations and other matters set

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forth therein, from a financial point of view, the EPB merger consideration to be received by the unaffiliated EPB unitholders is fair from a financial point of view to the unaffiliated EPB unitholders.

After discussion and deliberation, the EPGP conflicts committee unanimously (i) determined that the EPB merger is fair and reasonable to, and in the best interests of, EPB, after determining that the EPB merger is fair and reasonable to, and in the best interests of, the unaffiliated EPB unitholders, (ii) approved, and recommended that the EPGP board approve, the EPB merger agreement, the execution, delivery and performance of the EPB merger agreement and the transactions contemplated by the EPB merger agreement and submit the EPB merger agreement to a vote of the EPB unitholders and (iii) resolved to recommend approval of the EPB merger agreement by the EPB unitholders.

Later in the morning on August 9, 2014, the members of the EPGP board met with Mr. DeVeau and representatives from Vinson & Elkins. The EPGP conflicts committee provided a report to the full EPGP board as to its determinations. Based upon the EPGP conflicts committee's recommendations, the EPGP board unanimously (i) determined that the EPB merger is fair and reasonable to, and in the best interests of, EPB, after determining that the EPB merger is fair and reasonable to, and in the best interests of, the unaffiliated EPB unitholders, (ii) approved the EPB merger agreement, the execution, delivery and performance of the EPB merger agreement and the transactions contemplated by the EPB merger agreement and (iii) resolved to submit the EPB merger agreement to a vote of the EPB unitholders and recommend approval of the EPB merger agreement by the EPB unitholders.

On August 9, 2014, Messrs. DeVeau and Hultquist met to discuss the provision in the KMP merger agreement providing for payment of any termination fee by KMI to KMP in the form of a reduction in future incentive distributions rather than cash. Mr. DeVeau explained that such provision was a result of the possible treatment of the fee as non-qualifying income for tax purposes, and Messrs. DeVeau and Hultquist agreed that such reduction would be effected over an eight-quarter period.

On August 9, 2014, the KMGP/KMR committee met with representatives of Baker Botts and Jefferies and determined to propose a mutual termination fee of 3.0% of equity value for each of KMI, KMP and KMR, with any KMI termination fee to be payable in the form of a reduction in future incentive distributions over an eight-quarter period. Representatives of Baker Botts called Weil to make such proposal, and representatives of Weil later confirmed that KMI was willing to accept such proposal.

On August 9, 2014, the KMGP board and the KMR board (in each case with Messrs. Kinder and Kean participating) held special meetings, with representatives of KMI, Baker Botts and Jefferies present, and unanimously voted to adopt formal resolutions delegating authority to the KMGP/KMR committee with respect to the KMP merger and KMR merger as previously approved on July 17.

Following the KMGP board and KMR board meeting, the KMGP/KMR committee met with representatives of Baker Botts and Jefferies. Representatives of Baker Botts reviewed the efforts made by the KMGP/KMR committee over the past month, including the substantive work and the processes followed. Representatives of Baker Botts noted that the KMGP/KMR committee had met frequently since the proposed terms were communicated to the KMGP/KMR committee. Representatives of Baker Botts also noted that all three KMGP/KMR committee members were present at substantially all of the KMGP/KMR committee meetings and that the KMGP/KMR committee members reviewed and thoroughly considered the relevant materials. Representatives of Baker Botts briefly reviewed the work conducted by the KMGP/KMR committee's advisors and noted that Jefferies stood ready to deliver its written fairness opinion. Mr. Hultquist summarized the extensive meetings held by the KMGP/KMR committee, and noted that the KMGP/KMR committee had examined the proposed Transactions in great depth and reviewed various documents prepared by Jefferies and Baker Botts. Mr. Hultquist noted that the members of the KMGP/KMR committee had, for a long time, considered the substantive issues that led to the original proposals being made by KMI and the discussions both publicly in the investment community and within the Kinder Morgan companies with respect to a

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combination of the Kinder Morgan companies in one form or another. Mr. Hultquist also noted the prior discussions between the KMGP/KMR committee and its advisors with respect to Messrs. Gardner, Hultquist and Waughtal serving on both the KMGP conflicts committee and the KMR special committee and potential alternative approval structures with respect to the proposed transactions, and reviewed the reasons the KMGP/KMR committee determined not to pursue such alternative approval structures.

Mr. Bowden of Jefferies left the meeting and the KMGP/KMR committee discussed with Baker Botts the status and merits of the derivative claims that had been filed on behalf of KMP with respect to allocations of capital expenditures. The KMGP/KMR committee had considered, among other factors, that (i) Messrs. Gardner, Hultquist and Waughtal had extensive prior familiarity with the nature of the derivative claims and the underlying capital transactions and other factual assertions on which the claims are based from their service and work on the KMGP board and the KMR board; (ii) the KMGP/KMR committee had discussions with KMI management and counsel for KMI and the KMGP/KMR committee with respect to the status of and merits of the derivative lawsuits in connection with its review of the Transactions; and (iii) in light of the foregoing, the limited utility of any further third party analysis and/or valuation of the derivative claims was outweighed by the delay that such analysis would entail which could threaten the viability of the Transactions, and ultimately determined that the value of the claims to KMP that might be extinguished as a result of the KMP merger was not sufficiently material such that they would merit adjustments to the KMP merger consideration or otherwise affect the determinations made by the KMGP/KMR committee with respect to the KMP merger or the KMR merger. Following such discussion, Mr. Bowden rejoined the meeting. Mr. Hultquist then reviewed the principal reasons for the KMP and KMR mergers. For a discussion of such principal reasons, see "Special Factors Recommendation of the KMGP Conflicts Committee, the KMR Board and the KMGP Board and Their Reasons for the Merger." Jefferies then delivered its written opinion to the effect that, as of August 9, 2014, and based upon and subject to the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Jefferies as set forth in its opinion, the KMR merger consideration was fair, from a financial point of view, to the KMR shareholders (other than KMI and its affiliates (other than KMR)) and the KMP merger consideration was fair, from a financial point of view, to KMP unitholders (other than KMI and its affiliates (other than KMP)).

The KMGP conflicts committee then unanimously (i) determined that the KMP merger is fair and reasonable to, and in the best interests of, KMP, after determining that the KMP merger is fair and reasonable to, and in the best interests of, the unaffiliated KMP unitholders, (ii) approved the KMP merger, the KMP merger agreement and the execution, delivery and performance of the KMP merger agreement, such approval constituting "Special Approval" as defined in the KMP partnership agreement, (iii) recommended that the KMGP board approve the KMP merger, the KMP merger agreement and the execution, delivery and performance of the KMP merger agreement, submit the KMP merger agreement to a vote of limited partners of KMP and recommend approval of the KMP merger agreement by the limited partners of KMP and (iv) recommended approval of the KMP merger agreement by the limited partners of KMP.

Following such determinations and approvals by the KMGP conflicts committee, the KMR special committee unanimously (i) determined that, in accordance with Section 5.7(c) of KMR's limited liability company agreement, the KMR merger is fair, taking into account the totality of the relationships between the parties involved, including other transactions between the parties, (ii) determined that the KMR merger is fair and reasonable to, and in the best interests of, KMR, after determining that the KMR merger is fair and reasonable to, and in the best interests of, the unaffiliated KMR shareholders, (iii) approved the KMR merger, the KMR merger agreement and the execution, delivery and performance of the KMR merger agreement, (iv) recommended that the KMR board approve the KMR merger, the KMR merger agreement and the execution, delivery and performance of the KMR merger agreement, submit the KMR merger agreement to a vote of the KMR shareholders and



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recommend approval of the KMR merger agreement by the KMR shareholders and (v) recommended approval of the KMR merger agreement by the KMR shareholders. Section 5.7(c) of KMR's limited liability company agreement provides that a transaction between KMR and its affiliates is not void if the transaction is fair, taking into account the totality of the relationships between the parties involved, including other transactions between the parties, as determined in the sole discretion of the KMR board. For purposes of such determination, the KMR special committee considered, among other things, the various transactions contemplated between KMI, KMP, the KMP unitholders, KMR, the KMR shareholders, EPB and the EPB unitholders in connection with the proposed Transactions.

Following the KMGP/KMR committee meeting, the KMGP board held a special meeting with representatives of KMI, Baker Botts and Jefferies present. Based on the KMGP conflicts committee's recommendation, the KMGP board (with Messrs. Kinder and Kean abstaining) (i) determined that the KMP merger is fair and reasonable to, and in the best interests of, KMP, after determining that the KMP merger is fair and reasonable to, and in the best interests of, the unaffiliated KMP unitholders, (ii) approved the KMP merger, the KMP merger agreement and the execution, delivery and performance of the KMP merger agreement, (iii) directed that the KMP merger agreement be submitted to a vote of limited partners of KMP and (iv) recommended approval of the KMP merger agreement by the limited partners of KMP.

Following the KMGP board meeting, the KMR board held a special meeting with representatives of KMI, Baker Botts and Jefferies present. The KMR board (with Messrs. Kinder and Kean abstaining), (i) determined that the KMP merger is fair and reasonable to, and in the best interests of, KMP, after determining that KMP merger is fair and reasonable to, and in the best interests of, the unaffiliated KMP unitholders, (ii) approved the KMP merger, the KMP merger agreement and the execution, delivery and performance of the KMP merger agreement, (iii) directed that the KMP merger agreement be submitted to a vote of limited partners of KMP and (iv) recommended approval of the KMP merger agreement by the limited partners of KMP. Based on the KMR special committee's recommendation, the KMR board (with Messrs. Kinder and Kean abstaining) (i) determined that the KMR merger is fair, taking into account the totality of the relationships between the parties involved, including other transactions between the parties, (ii) determined that the KMR merger is fair and reasonable to, and in the best interests of, KMR, after determining that the KMR merger is fair and reasonable to, and in the best interests of, the unaffiliated KMR shareholders, (iii) approved the KMR merger, the KMR merger agreement and the execution, delivery and performance of the KMR merger agreement, (iv) directed that the KMR merger agreement be submitted to a vote of KMR shareholders and (v) recommended approval of the KMR merger agreement by the KMR shareholders. In addition, the KMR board (with Messrs. Kinder and Kean abstaining) resolved to recommend approval of the KMP merger agreement by the KMR shareholders for purposes of the vote of KMR shares with respect to determining how KMP i-units will be voted at the KMP unitholder meeting with respect to the approval of the KMP merger agreement.

On August 9, 2014, the KMI board held a special board meeting attended by all members of the KMI board, as well as members of management and representatives of Barclays Capital, Citi and Weil. Members of senior management of KMI reviewed with the KMI board the legal and financial terms of the proposed Transactions, including a discussion of the debt financing contemplated for the proposed Transactions, and the principal benefits of the proposed Transactions. For a discussion of such principal benefits of the Transactions, see " KMI Parties' Purpose and Reasons for the Merger." Prior to the presentations of Citi and Barclays Capital, Mr. DeVeau reviewed with the KMI board information regarding material relationships with the entities involved in the proposed Transactions that had been provided by each of Citi and Barclays Capital. Mr. DeVeau discussed potential conflicts of interest with the KMI board and members of management, and it was agreed that there were no material conflicts of interest. Citi provided the KMI board with updated financial and market perspectives regarding KMI and the potential pro forma financial impact of the proposed Transactions on KMI. Barclays Capital presented its financial analyses regarding the consideration payable in the Transactions and delivered its

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oral opinion to the KMI board, which was confirmed by delivery of a written opinion dated August 9, 2014, that, as of such date and based upon and subject to the limitations and assumptions set forth therein, the merger consideration to be paid by KMI pursuant to the EPB merger agreement, the KMP merger agreement and the KMR merger agreement was fair, from a financial point of view, to KMI. Following review and discussion among the members of the KMI board, the KMI board unanimously determined that the merger agreements and the transactions contemplated by the merger agreements were advisable and in the best interests of KMI stockholders, and the KMI directors unanimously voted to approve the merger agreements and the transactions contemplated by the merger agreements and recommend that KMI stockholders approve the stock issuance proposal and the charter amendment proposal.

On August 9, 2014, the merger agreements and related transaction documents were executed by the parties and on August 10, 2014, KMI, KMP, KMR and EPB issued a joint press release announcing the Transactions.

**Relationship of the Parties to the Transactions**

KMI conducts most of its business through KMP and EPB. For 2013, distributions from KMP and EPB represented approximately 87% of the sum of total cash generated by (i) distributions payable to KMI by these two partnerships (on a declared basis) and (ii) distributable cash generated by assets KMI owns and its share of cash generated by its joint venture investments.

KMI directly and indirectly owns approximately 43 million units of KMP. These units, which consist of approximately 22 million common units, 5 million Class B units and 16 million i-units (corresponding to the number of KMR shares owned by KMI), represent approximately 10% of the total outstanding limited partner interests of KMP. KMI also indirectly owns all of the common stock of KMGP, the general partner of KMP, which owns an effective 2% interest in KMP and its operating partnerships and the right to receive incentive distributions from KMP pursuant to KMP's partnership agreement. Together, these limited partner and general partner interests represent approximately 12% of KMP's total equity interests and an approximate 50% economic interest in KMP, as a result of the incentive distributions.

KMGP has delegated to KMR, subject to limited exceptions, all of its rights and powers to manage and control the business and affairs of KMP and its operating limited partnerships. KMGP also owns all of the voting shares of KMR, which are the only shares entitled to vote in the election of KMR's directors. KMR owns all of the outstanding i-units of KMP. KMI owns approximately 16 million KMR shares, including, through KMGP, all of KMR's voting shares, representing approximately 13% of KMR's outstanding shares.

KMI indirectly owns all of the membership interests in EPGP, which owns a 2% general partner interest in EPB, as well as approximately 40% of the outstanding common units of EPB and all of EPB's incentive distribution rights.

Certain executive officers and directors of KMI are also executive officers and directors of EPGP, KMGP and KMR. Richard D. Kinder and Steven J. Kean serve as members of the boards of directors of all four companies. The compensation received by the executive officers of KMI is paid to them in their capacities as executive officers of KMI, KMGP, KMR and EPGP, as applicable. KMR and KMGP have the same directors and executive officers.

Richard D. Kinder is a Director, Chairman and Chief Executive Officer of KMI, KMR, KMGP and EPGP. He is the largest individual shareholder of KMI, beneficially owning approximately 23.6% of the outstanding shares of KMI common stock. Under KMI's shareholders agreement, Mr. Kinder has the right to appoint five director nominees to KMI's board of directors. He also owns interests in KMR, KMP and EPB. Mr. Kinder was one of the members of KMI senior management authorized by the KMI board to represent KMI in negotiations with KMR, KMP and EPB. In addition, in connection

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with the KMR, KMP and EPB merger agreements, Mr. Kinder and a limited partnership he controls entered into a support agreement with each of those entities pursuant to which he and the limited partnership agreed to vote all of their shares of KMI common stock in favor of the KMI charter amendment proposal, the KMI stock issuance proposal and specified other matters. In the support agreement, they also agreed not to transfer or dispose of their KMI common stock or take certain other actions, subject to limited exceptions. After the Transactions, Mr. Kinder will remain the largest individual shareholder of KMI, although his ownership percentage will be significantly reduced because of the issuances of KMI common stock in the Transactions. As a result of the Transactions, he will no longer own shares or units of KMR, KMP or EPB. He will continue to have his rights under the KMI shareholders agreement to appoint director nominees to the KMI board of directors, and he will continue to be a Director, Chairman and Chief Executive Officer of KMI, KMR, KMGP and EPGP. Because of the potential conflicts arising from these interests, as discussed under " Background of the Transactions," Mr. Kinder recused himself from any deliberations regarding the Transactions at the boards of KMGP, KMR and EPGP.

**Recommendation of the KMGP Conflicts Committee, the KMR Board and the KMGP Board and Their Reasons for the Merger**

The KMGP conflicts committee consists of three independent directors: Ted A. Gardner, Gary L. Hultquist (Lead Director) and Perry M. Waughtal. The KMGP board authorized the KMGP conflicts committee to (i) review and evaluate the terms and conditions, and determine the advisability, of the KMP merger, (ii) make such investigation of potential alternative transactions amongst KMI, KMGP, KMR and EPB or their affiliates, including maintaining the status quo, as the KMGP conflicts committee deems necessary or appropriate, (iii) negotiate, or delegate to any person or persons the ability to negotiate, the terms and conditions of the KMP merger, (iv) determine whether to give or withhold the KMGP conflicts committee's approval of the KMP merger, including by "Special Approval" as defined in the KMP partnership agreement and (v) determine whether to make a recommendation to the KMGP board to approve the KMP merger.

The KMGP conflicts committee retained Baker Botts as its outside legal counsel, Morris Nichols as its outside Delaware legal counsel and Jefferies as its independent financial advisor. The KMGP conflicts committee believed that Jefferies was independent based on the lack of any business relationships between Jefferies and KMI, KMR, KMP, EPB or their respective affiliates. The KMGP conflicts committee oversaw the performance of financial and legal due diligence by its advisors, conducted an extensive review and evaluation of KMI's proposal, including with respect to potential alternative transactions and maintaining the status quo, and conducted extensive negotiations with KMI and its representatives with respect to the KMP merger agreement and other related agreements.

The KMGP conflicts committee, by unanimous vote at a meeting held on August 9, 2014, (i) determined that the KMP merger is fair and reasonable to, and in the best interests of, KMP, after determining that the KMP merger is fair and reasonable to, and in the best interests of, the unaffiliated KMP unitholders, (ii) approved the KMP merger, the KMP merger agreement and the execution, delivery and performance of the KMP merger agreement, such approval constituting "Special Approval" as defined in the KMP partnership agreement, (iii) recommended that the KMGP board approve the KMP merger, the KMP merger agreement and the execution, delivery and performance of the KMP merger agreement, submit the KMP merger agreement to a vote of limited partners of KMP and recommend approval of the KMP merger agreement by the limited partners of KMP and (iv) recommended approval of the KMP merger agreement by the limited partners of KMP.

Based on the KMGP conflicts committee's recommendation, the KMGP board (with Messrs. Kinder and Kean abstaining), at a meeting held on August 9, 2014, (i) determined that the KMP merger is fair and reasonable to, and in the best interests of, KMP, after determining that the KMP merger is fair and reasonable to, and in the best interests of, the unaffiliated KMP unitholders, (ii) approved the KMP merger, the KMP merger agreement and the execution, delivery and

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performance of the KMP merger agreement, (iii) directed KMP to submit the KMP merger agreement to a vote of limited partners of KMP and (iv) recommended approval of the KMP merger agreement by the limited partners of KMP.

Following the approval of the KMGP conflicts committee and the KMGP board, the KMR board (with Messrs. Kinder and Kean abstaining), at a meeting held on August 9, 2014, (i) determined that the KMP merger is fair and reasonable to, and in the best interests of, the unaffiliated KMP unitholders, (ii) following the determination in (i), determined that the KMP merger is fair and reasonable to, and in the best interests of, KMP, (iii) approved the KMP merger, the KMP merger agreement and the execution, delivery and performance of the KMP merger agreement, (iv) directed KMP to submit the KMP merger agreement to a vote of limited partners of KMP, (v) recommended approval of the KMP merger agreement by the limited partners of KMP and (vi) recommended approval of the KMP merger agreement by the KMR shareholders for purposes of the vote of KMR shares with respect to determining how the KMP i-units will be voted at the KMP special meeting with respect to the approval of the KMP merger agreement.

In reaching its determination to approve the KMP merger, including by "Special Approval" as defined in the KMP partnership agreement, and to recommend approval of the KMP merger agreement by the KMP limited partners, the KMGP conflicts committee consulted with and received the advice of its financial and legal advisors, and considered, among other things, potential alternative transactions amongst KMI, KMGP, KMR and EPB or their affiliates, including maintaining the status quo, and the interests of the unaffiliated KMP unitholders. All references to approvals and determinations made by the KMGP board and the KMR board are with Messrs. Kinder and Kean abstaining.

The KMGP conflicts committee, the KMR board and the KMGP board viewed the following factors as being generally positive or favorable in coming to their determinations and recommendation with respect to the KMP merger:

The KMP merger agreement provides for KMP public unitholders to receive, subject to the election described below, 2.1931 shares of KMI common stock and \$10.77 in cash for each KMP common unit, which constituted an improvement over KMI's initial proposal of 2.1624 shares of KMI common stock and \$10.77 in cash for each KMP common unit.

The KMP merger agreement provides that, subject to proration, each KMP unitholder may elect to receive all cash, all KMI common stock or a combination of cash and KMI common stock, thereby providing KMP unitholders the choice of investing in the resulting combined company following the Transactions or receiving a higher percentage of cash for their KMP common units to satisfy tax obligations resulting from the KMP merger or to use for other purposes.

The KMP merger consideration, with an implied value of \$88.34 per KMP common unit based upon the closing price of KMI common stock on August 7, 2014, provides KMP unitholders a transaction value near the all-time high pre-announcement trading price of KMP common units and represents a premium of:

10.5% to the closing price of KMP common units on August 7, 2014;

13.6% to the average closing prices of KMP common units for the 120-day period ending on August 7, 2014; and

11.4% to the average closing prices of KMP common units for the 365-day period ending on August 7, 2014.

The KMGP conflicts committee retained independent financial and legal advisors with knowledge and experience with respect to public merger and acquisition transactions, MLPs, KMP's industry generally, and KMP particularly, as well as substantial experience advising MLPs and other companies with respect to transactions similar to the Transactions.

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Jefferies prepared valuation analyses of the KMP common units, including a discounted cash flow analysis, a precedent transactions analysis, a peer group trading analysis, a premiums paid analysis and an analysis of research analyst price targets, and rendered its opinion to the KMGP conflicts committee to the effect that, as of August 9, 2014, and based upon and subject to the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Jefferies as set forth in its opinion, the KMP merger consideration was fair, from a financial point of view, to the KMP unitholders (other than KMI and its affiliates (other than KMP)).

The Transactions eliminate the burden on KMP's cost of capital resulting from the level of incentive distributions paid to KMI, which could continue at times to make it more challenging for KMP to make accretive acquisitions and relatively more expensive to fund its capital program. Unitholder concerns over KMP's growth potential and lower distribution coverage relative to its peers have, in part, recently resulted in relative underperformance of KMP's unit price, and the Transactions provide KMP unitholders equity ownership in an entity with a substantially lower cost of capital, which is expected to provide greater ability to pursue accretive capital projects and acquisitions that would provide for higher dividend growth as compared to KMP as a standalone company with the current level of incentive distributions.

The Transactions are intended to result in an increase in the tax basis of KMP's and EPB's assets which are expected to produce substantial tax depreciation deductions and reduce the tax burden of the resulting combined company following the Transactions thereby facilitating higher dividends initially and over time, which will benefit KMP unitholders receiving KMI common stock in the KMP merger.

KMI's expectation that, subject to market conditions, its dividend for fiscal year 2015 will be \$2.00 per share (representing a 16% increase over KMI's guidance for 2014 dividends), and that KMI's dividend would increase by 10% annually through 2020, and that the projected coverage for KMI dividends would increase, which compare favorably to the medium and long-term growth prospects, projected distribution growth and distribution coverage of KMP, based upon KMP's historical performance and projections.

Although dilutive in the near term, the KMP merger is expected to be accretive to distributions to KMP unitholders over the medium and long term.

On a pro forma basis after giving effect to the Transactions, KMI will be the third largest energy company and the largest energy infrastructure company in the United States, with an expected enterprise value of approximately \$140 billion, which, among other things, provides an extensive geographic asset base and the financial capacity to make additional accretive capital investments.

KMI's expectation that, based on peer group trading analyses, KMI common stock will trade at a lower yield than KMP common units after the Transactions and the expectation that the announcement of the Transactions would result in an immediate increase in KMI's trading price, in each case partially as a result of the expected dividend growth due to the expected step up in tax basis of the assets of the resulting combined entity, effectively resulting in a higher premium for KMP unitholders.

The KMP equity exchange ratio, which represents a substantial portion of the consideration payable to KMP unitholders, is fixed and therefore the value of the consideration payable to KMP common unitholders will increase in the event that the market price of KMI common stock increases prior to the closing of the Transactions.

On a pro forma basis after giving effect to the Transactions, the KMP unitholders and KMR shareholders will collectively own 45.9% of KMI's outstanding common stock, and, based on the relative contribution analysis prepared by Jefferies based on management projections provided



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by KMI, KMP is expected to contribute 43.8%, 44.6% and 44.3% of KMI's projected EBITDA for the years ending 2015, 2016 and 2017.

KMI's status as a corporation and its size following the Transactions provide a number of benefits relative to KMP's MLP structure, including:

As a corporation, KMI will be able to pursue acquisition targets that may not have been available to KMP as an MLP, because MLPs are limited to assets that generate sufficient qualifying income to retain their tax status;

Corporations attract a broader set of investors as compared to MLPs because certain types of institutional investors face prohibitions or limitations on investing in entities other than corporations; and

KMI's common stock will provide greater liquidity than KMP common units because of the significantly larger average daily trading volume of KMI common stock as a result of the broader investor base and larger public float.

The Transactions will greatly simplify the Kinder Morgan family's corporate structure, thereby:

creating operating efficiencies and savings in administrative and interest costs, including reduced SEC filing requirements and costs associated with multiple public companies; and

eliminating potential of conflicts of interests between KMI, KMP, KMR and EPB.

The resulting combined entity is expected to have a strong balance sheet and an investment grade rating. The resulting combined entity's balance sheet and lower cost of capital will reduce the cost of the funding of KMP's approximately \$16 billion portion of the combined Kinder Morgan enterprise's current approximately \$17 billion budgeted capital program.

The terms and conditions of the KMP merger were determined through arm's-length negotiations between KMI and the KMGP conflicts committee and their respective representatives and advisors.

The terms of the KMP merger agreement, principally:

the provisions allowing the KMGP conflicts committee, the KMR board and the KMGP board to withdraw or change their recommendation of the KMP merger agreement in the event of a superior proposal or intervening events if any of them makes a good faith determination that the failure to change its recommendation would not be in the best interests of KMP, after determining that it would not be in the best interests of the unaffiliated KMP unitholders;

the provisions allowing KMP to participate in negotiations with a third party in response to an unsolicited alternative proposal, which may, in certain circumstances, result in a superior proposal;

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the provisions limiting the ability of KMI to consider unsolicited offers from third parties for KMI;

the provisions requiring KMI to hold a stockholder meeting as soon as practicable to approve the issuance of KMI common stock in connection with the Transactions, even in the event KMI's board changes its recommendation with respect to such approval;

the provisions requiring KMI to vote its KMP units in favor of the KMP merger, its KMR shares in favor of the KMP merger and its EPB common units in favor of the EPB merger;



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the operating covenants for KMI providing protection to KMP unitholders by restricting KMI's ability to take certain actions prior to the closing of the Transactions that could reduce the value of KMI common stock received by KMP unitholders in the KMP merger;

the closing of the KMP merger being conditioned on the receipt of an opinion of Bracewell & Giuliani LLP that, for U.S. federal income tax purposes, at least 90% of the gross income of KMP for the four most recent complete calendar quarters ending before the closing for which the necessary financial information is available is from sources treated as "qualifying income" within the meaning of Section 7704(d) of the Code, which opinion the KMGP conflicts committee requested in support of the step up in tax basis resulting from the KMP merger;

the break-up fee payable by KMI in connection with termination of the KMP merger agreement as a result of a superior proposal for KMI;

limited conditions and exceptions to the material adverse effect closing condition and other closing conditions; and

the closing of the KMP merger being conditioned on the parties to the KMR merger and the EPB merger being ready, willing and able to close substantially concurrently with the KMP merger.

KMI had entered into a commitment letter with Barclays Bank PLC, which is referred to as "Barclays Bank," to finance the cash consideration payable in connection with the Transactions.

The consummation of the Transactions is not conditioned on financing.

Through the support agreement, Mr. Kinder and the limited partnership he controls are obligated to vote their shares of KMI common stock in favor of the issuance of KMI common stock in connection with the Transactions at the KMI stockholder meeting, unless there has occurred a KMI adverse recommendation change.

The KMGP conflicts committee believed that potential alternative transactions with third parties were not achievable due to KMI's control of KMP and KMP's substantial incentive distributions. The KMGP conflicts committee believed that potential alternative transaction structures among KMP, KMR, KMI and EPB had substantial structural and economic issues to overcome and did not appear to offer superior terms as compared to the KMP merger on the terms set forth in the KMP merger agreement.

The KMGP conflicts committee, the KMR board and the KMGP board considered the following factors to be generally negative or unfavorable in making their determinations and recommendation with respect to the KMP merger:

The KMP merger will be a taxable transaction to KMP unitholders for U.S. federal income tax purposes. Depending on each KMP unitholder's individual tax situation, the amount of cash received by the unitholder may not be sufficient to satisfy that unitholder's tax obligations resulting from the KMP merger.

Following the Transactions, the income of the resulting combined entity will be subject to double taxation (at the combined company and shareholder levels) for U.S. federal income tax purposes, while income of KMP is currently subject to only one level of tax (at the unitholder level).

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The KMP unitholders will receive KMI common stock that, through 2018, is expected to pay a lower dividend as compared to the expected distribution on KMP common units.

The KMGP conflicts committee was not authorized to, and did not, conduct an auction process or other solicitation of interest from third parties for the acquisition of KMP. Because KMI

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indirectly controls KMP, it was unrealistic to expect or pursue an unsolicited third party acquisition proposal or offer for the assets or control of KMP, and it was unlikely that the KMGP conflicts committee could conduct a meaningful auction for the acquisition of the assets or control of KMP. KMI indicated that it was interested only in acquiring KMP common units it did not already own and that it was not interested in disposing of its controlling interest in KMP to a third party at such time.

Although the KMP merger is subject to approval by a majority of the outstanding KMP units entitled to vote at the KMP special meeting, the vote includes KMP units held by KMI and its affiliates (including the KMP i-units held by KMR), and there is no requirement of a separate approval by the unaffiliated KMP unitholders.

The KMP equity exchange ratio, which represents a substantial portion of the consideration to KMP unitholders, is fixed and therefore the value of the consideration payable to KMP common unitholders will decrease in the event that the market price of KMI common stock decreases prior to the closing of the Transactions.

There is risk that the potential benefits sought in the Transactions might not be fully realized.

The Transactions may not be completed in a timely manner, or at all, which could result in significant costs and disruption to KMP's normal business.

Certain terms of the KMP merger agreement, principally:

- the provisions allowing the KMI board to withdraw or change its recommendation in the event of a superior proposal for or intervening events relating to KMI if it makes a good faith determination that the failure to change its recommendation would be inconsistent with its fiduciary duties to KMI stockholders;

- the provisions allowing for KMI to participate in negotiations with a third party in response to an unsolicited alternative proposal, which may, in certain circumstances, result in a superior proposal for KMI;

- the provisions limiting the ability of KMP to solicit, or to consider unsolicited, offers from third parties for KMP;

- the provisions requiring KMP to hold a unitholder meeting as soon as practicable to approve the KMP merger, even in the event the KMGP conflicts committee, KMGP board or KMR board changes its recommendation with respect to such approval; and

- the break-up fee payable by KMP in connection with termination of the KMP merger agreement as a result of a superior proposal for KMP.

The KMGP conflicts committee's authority to pursue alternative transactions was limited to transactions solely involving KMI, KMGP, KMR, EPB and their affiliates.

The KMGP conflicts committee did not have ultimate authority to determine whether to proceed with the KMP merger and the KMGP board reserved the right to move forward with the KMP merger in the absence of approval by the KMGP conflicts committee.

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KMP common unitholders are not entitled to appraisal rights under the KMP merger agreement, KMP's partnership agreement or Delaware law.

KMP common unitholders will be foregoing the potential benefits that would be realized by remaining as unitholders of KMP as a stand-alone entity.

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Litigation may occur in connection with the mergers and such litigation may increase costs and result in a diversion of management focus.

Some of the executive officers and directors of KMGP and KMR have interests in the Transactions that are different from, or in addition to, the interests of KMP's unitholders generally. Please read "Special Factors Interests of Certain Persons in the Transactions."

In making their determinations and recommendation with respect to the KMP merger, the KMGP conflicts committee, the KMR board and the KMGP board did not consider liquidation value to be a relevant methodology and did not appraise the assets of KMP to determine the liquidation value for unaffiliated KMP unitholders because they (i) considered KMP to be a viable going concern, (ii) believe that liquidation sales generally result in proceeds substantially less than sales of going concerns, (iii) considered determining a liquidation value to be impracticable given the significant execution risk involved in any breakup of KMP and (iv) considered that KMI will continue to operate the businesses of KMP following the Transactions. Further, the KMGP conflicts committee, the KMR board and the KMGP board did not consider the net book value, which is an accounting concept, as a relevant factor because, in their view, net book value is not indicative of KMP's value as a going concern but rather is an indicator of historical costs and because net book value does not take into account the prospects of KMP, market conditions, trends in the industries in which KMP operates or the business risks inherent in those industries. The implied value of the KMP merger consideration, based on the closing price of KMI common stock on August 7, 2014, is \$88.34 per KMP common unit, which is higher than the net book value per KMP common unit of \$37.48 as of June 30, 2014. The KMGP conflicts committee, the KMGP board and the KMR board did not expressly consider the value of the common units issued to KMI in connection with the acquisition by KMP of a 100% interest in Tennessee Gas Pipeline Company, L.L.C. and a 50% ownership interest in El Paso Natural Gas Company, L.L.C., or "EPNG", from KMI in August 2012 or the acquisition by KMP of the remaining 50% ownership interest in EPNG and a 50% ownership interest in Kinder Morgan Altamont LLC from KMI in March 2013 because the value of the common units issued to KMI in such transactions was based on historical trading prices. With respect to historical trading prices, the KMGP conflicts committee, the KMR board and the KMGP board instead considered the analysis on historical unit price trading ratios contained in the Jefferies presentation to the KMGP conflicts committee. The KMGP conflicts committee, the KMR board and the KMGP board did not seek to determine a going concern value of KMP in making its determination, other than with respect to the analyses of discounted cash flow, ratio of enterprise value to EBITDA and trading prices contained in the presentations made by Jefferies.

In making their determinations and recommendation with respect to the KMP merger, the KMGP conflicts committee, the KMR board and the KMGP board also considered the different interests of the unaffiliated KMP unitholders, on the one hand, and the unaffiliated KMR shareholders, on the other. Factors considered in this regard include, among other things:

the trading histories of KMP common units and KMR shares and the historical trading discount of KMR shares as compared to KMP common units;

the relative premiums to be paid to KMP public unitholders and KMR public shareholders;

the relative percentage ownership in the combined entity, after giving effect to the Transactions, of KMP public unitholders and KMR public shareholders;

the KMP merger consideration consists, subject to KMP unitholder election, of a mixture of KMI common stock and cash and the KMR merger consideration consists solely of KMI common stock, with no opportunity to receive cash;

the fact that the KMP merger will be taxable to the KMP public unitholders and the KMR merger will be non-taxable to the KMR public shareholders; and

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the different terms of the securities, including the fact that KMP common units receive cash distributions and KMR shares receive in-kind distributions.

The KMGP conflicts committee, the KMR board and the KMGP board discussed and considered, throughout the process, that certain KMP unitholders have brought putative class action and derivative claims against KMGP, KMI, nominal defendant KMP and the members of the KMGP board and the KMR board, alleging, among other things, that bad faith allocations of capital expenditures to expansion capital expenditures rather than maintenance capital expenditures were made for the alleged purpose of "artificially" inflating KMP's distributions and growth rate. The lawsuits seek disgorgement of any distributions to KMGP, KMI and any related entities beyond amounts that would have been distributed in accordance with a "good faith" allocation of KMP's maintenance capital expenses, together with other unspecified monetary damages including punitive damages and attorney fees. The plaintiffs have not specified damages, and the lawsuits are in preliminary stages, with the parties engaged in discovery. The defendants believe that the allocations were made in good faith and in accordance with KMP's partnership agreement, and that these claims should result in no disgorgements or damages. These lawsuits are described in KMP's most recent Quarterly Report on Form 10-Q filed with the SEC. See "Where You Can Find More Information." In making their determinations and recommendations with respect to the KMP merger, the KMGP conflicts committee, the KMR board and the KMGP board considered the lawsuits and their allegations, and that, under Delaware law, derivative claims asserted on behalf of an entity may be extinguished following an acquisition. The KMGP conflicts committee, the KMGP board and the KMR board considered that (i) Messrs. Gardner, Hultquist and Waughtal had extensive prior familiarity with the nature of the derivative claims and the underlying capital transactions and factual assertions on which the claims are based because of their positions on the KMGP board and the KMR board, (ii) the KMGP conflicts committee had discussions with KMI management and counsel for KMI and the KMGP conflicts committee with respect to the status of and merits of the derivative lawsuits in connection with its review of the Transactions and (iii) in light of the foregoing, the limited utility of any further analysis would entail delay, which could threaten the viability of the Transactions, and ultimately determined that the value of the claims to KMP that might be extinguished as a result of the KMP merger was not sufficiently material such that they would merit adjustments to the KMP merger consideration or otherwise affect the determinations made by the KMGP conflicts committee, the KMR board and the KMGP board with respect to the KMP merger.

The KMGP conflicts committee, the KMR board and the KMGP board believe that sufficient procedural safeguards were and are present to ensure the fairness of the KMP merger, each of which the KMGP conflicts committee, the KMR board and the KMGP board believe supports their determinations and provides assurance of the fairness of the KMP merger to the unaffiliated KMP unitholders. In addition to the factors described above, the KMGP conflicts committee, the KMGP board and the KMR board considered the following procedural factors in making their determinations and recommendation with respect to the KMP merger:

The members of the KMGP conflicts committee have long service on the KMGP board and KMR board and are familiar with, and understand, the businesses, assets, liabilities, results of operations, financial condition and competitive positions and prospects of each of KMI, KMP, KMR and EPB.

The members of the KMGP conflicts committee also served as members of the KMR board and, as a result of being the only independent members of the KMR board, also served as the KMR Special Committee, which positions impose different duties upon such members and require the members to consider different interests, principally with respect to the different interests of the unaffiliated KMR shareholders as compared to the unaffiliated KMP unitholders.

The compensation of the members of the KMGP conflicts committee is in no way contingent on their approving the KMP merger agreement or the KMP merger, and, other than with respect to

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their ownership of KMR shares and KMI common stock, as applicable, the members of the KMGP conflicts committee will not personally benefit from the consummation of the Transactions in any manner different from the KMP unitholders.

The members of the KMGP conflicts committee have been offered the opportunity to become members of the KMI board after the consummation of the KMP merger.

The KMGP board, the KMR board and Messrs. Hultquist, Gardner and Waughtal individually, after considering the merger consideration to be received in respect of any of their respective ownership of KMP common units and KMR shares, the KMI common stock owned by them, as applicable, the offer from KMI to them to serve on the board of KMI following the transactions, and other factors, concluded that Messrs. Hultquist, Gardner and Waughtal were independent of KMI and EPB.

The KMP merger agreement provides that KMI cannot eliminate the KMGP conflicts committee, revoke or diminish its authority or remove directors on the KMGP conflicts committee pending the KMP merger. In addition, any consent, determination or approval of KMP under the KMP merger agreement is subject to the KMGP conflicts committee's making a recommendation with respect to such consent, determination or approval.

The KMGP conflicts committee had no obligation to recommend any transaction, including the proposal put forth by KMI.

The KMGP conflicts committee did not retain an unaffiliated representative to act solely on behalf of the unaffiliated KMP unitholders for purposes of negotiating the terms of the KMP merger agreement. The KMGP conflicts committee, the KMGP board and the KMR board believe that it was not necessary to retain an unaffiliated representative to act solely on behalf of the unaffiliated KMP unitholders for purposes of negotiating the terms of the KMP merger agreement because the KMGP conflicts committee consisted solely of directors who are not officers of KMI, KMP, KMGP or KMR and are not otherwise affiliated with KMI, KMP, KMGP or KMR, the KMGP conflicts committee engaged financial and legal advisors to act on its behalf and it was actively involved in deliberations and negotiations regarding the KMP merger agreement.

The foregoing discussion is not intended to be exhaustive, but is intended to address the material information and principal factors considered by the KMGP conflicts committee, the KMR board and the KMGP board in considering the KMP merger. In view of the number and variety of factors and the amount of information considered, the KMGP conflicts committee, the KMR board and the KMGP board did not find it practicable to, and did not make specific assessments of, quantify or otherwise assign relative weights to, the specific factors considered in reaching its determination. In addition, the KMGP conflicts committee, the KMR board and the KMGP board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and individual members of the KMGP conflicts committee, the KMR board and the KMGP board may have given different weights to different factors. The KMGP conflicts committee, the KMR board and the KMGP board made their recommendations based on the totality of information presented to, and the investigation conducted by, the KMGP conflicts committee, the KMR board and the KMGP board. It should be noted that certain statements and other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements."

**The KMGP conflicts committee, the KMR board and the KMGP board each recommend that KMP unitholders vote FOR the approval of the KMP merger agreement and FOR the KMP adjournment proposal.**

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**KMI Parties' Purpose and Reasons for the Transactions**

For the KMI Parties, as defined under "Position of the KMI Parties, KMP, KMGP and KMR as to the Fairness of the Merger," KMPG and KMR the purpose of the Transactions is to enable KMI to acquire directly or indirectly all of the outstanding KMP common units, KMR shares and EPB common units that it and its subsidiaries do not already own and, as a result, for KMI and its stockholders to bear the rewards and risk of such ownership of KMP common units, KMR shares and EPB common units.

The KMI Parties, KMP, KMGP and KMR believe that the structure of the Transactions is preferable to other structures because it will enable KMI to acquire directly or indirectly at one time all of the outstanding KMP common units, KMR shares and EPB common units that it does not already own, while allowing the unaffiliated KMP unitholders, unaffiliated KMR shareholders and unaffiliated EPB unitholders to participate and share in the potential future profits of KMI, while continuing to benefit from the future profits related to the assets of each of KMP, KMR and EPB through KMI's ownership of each of KMP, KMR and EPB.

The KMI Parties' reasons for entering into the Transactions at this time include the following:

*Significant Upfront Accretion.* The Transactions provide the opportunity to deliver immediate and significant value to KMI stockholders by enabling KMI to increase its target dividend per share to \$2.00, which represents a 16% dividend increase from the 2014 guidance of \$1.72 per share.

*Enhanced Growth Impact.* The Transactions are expected to allow KMI to grow its dividend per share by 10% per year from 2015 through 2020.

*Increased Dividend Coverage.* The Transactions are expected to increase KMI's dividend coverage ratio and result in \$2 billion in cumulative excess coverage through 2020 after accounting for the increased dividend and growth rate.

*Lower Cost of Capital.* The elimination of incentive distribution rights significantly lowers the cost of capital and results in a more competitive cost of capital to pursue expansion projects and acquisitions.

*Simplified Organizational Structure and Credit Enhancement.* The Transactions will result in one publicly traded company versus four publicly traded companies, which results in one equity holder base, one dividend policy, one debt rating and elimination of the existing structural subordination of indebtedness among KMI, KMP, EPB and substantially all of their wholly owned subsidiaries with debt.

*Tax Benefits.* The Transactions are intended to enable KMI to benefit from additional tax depreciation amounts, which are anticipated to result in over \$20 billion in cash tax savings over the next 14 years.

*Financial Advisor Analyses.* In the case of KMI only, KMI's board of directors considered the financial presentation of Barclays Capital and its opinion to the effect that, as of August 9, 2014, and based upon and subject to the assumptions and qualifications set forth therein, the aggregate merger consideration to be paid pursuant to the Transactions was fair, from a financial point of view, to KMI, as more fully described in this document under the heading "Special Factors Opinion of Barclays Capital Inc." In addition, KMI's board of directors considered certain financial analyses and market perspectives of Citi relating to KMI on a standalone basis and pro forma for the Transactions, with particular focus on KMI pro forma for the Transactions, as more fully described in this document under the heading "Special Factors Financial Analyses of Citigroup Global Markets Inc."



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In addition, the KMI Parties also identified and considered several potentially negative factors to be balanced against the positive factors listed above, including the following, the order of which does not necessarily reflect their relative significance:

that the pendency of the Transactions for an extended period of time following the announcement of the execution of the merger agreements could have an adverse impact on KMI, KMP, KMR or EPB;

the potential for diversion of management and employee attention during the period prior to completion of the mergers, and the potential negative effect on KMI's, KMP's, KMR's or EPB's business;

the potential that KMI common stock will not trade at the expected valuations;

that KMI will lose the tax benefits of the master limited partnership structure with respect to KMP and EPB;

the risk that potential benefits sought in the Transactions may not be realized; and

the potential that the resulting combined company might not achieve its projected financial results.

In view of the variety of factors and the quality and amount of information considered, the KMI Parties did not find it practicable to and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination but conducted an overall review of the Transactions. Certain of the KMI Parties may have given different relative considerations to different factors. The reasons of KMGP and KMR for entering into the Transactions, particularly with respect to the KMP merger, are described in the section entitled "Recommendation of the KMGP Conflicts Committee, the KMR Board, and the KMGP Board, and Their Reasons for the Merger."

**Position of the KMI Parties, KMP, KMGP and KMR as to the Fairness of the Merger**

Under the rules governing "going private" transactions, each of KMI, P Merger Sub LLC and Richard D. Kinder, which are collectively referred to as the "KMI Parties," KMGP, KMR and KMP are deemed to be engaged in a "going private" transaction and are required to express their beliefs as to the fairness of the KMP merger to the unaffiliated KMP unitholders pursuant to Rule 13e-3 under the Exchange Act. The KMI Parties, the KMGP conflicts committee, the KMR board and the KMGP board are making the statements included in this section solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. Although the KMGP conflicts committee, the KMR board and the KMGP board each recommend that the KMP unitholders vote to approve the KMP merger agreement, the views of the KMI Parties, KMGP and KMR as to the fairness of the KMP merger should not be construed as a recommendation to any KMP unitholder as to how that unitholder should vote on the proposal to approve the KMP merger agreement.

The KMI Parties did not undertake any independent evaluation of the fairness of the KMP merger to the unaffiliated KMP unitholders or engage a financial advisor for such purpose. While the vote of a majority of the outstanding KMP units, including those owned by KMI and its affiliates, is required to approve the KMP merger agreement, no separate vote of a majority of the unaffiliated KMP unitholders is required under the terms of the KMP partnership agreement. KMI was not willing to proceed with a transaction that included a "majority of the unaffiliated votes cast" threshold because KMI and its affiliates wanted to preserve their ability to vote on the KMP merger and they collectively do not own a sufficient number of KMP units to assure the outcome of the vote on the KMP merger. However, based on the procedural safeguards implemented during the negotiation of the KMP merger agreement, which include the formation of the KMGP conflicts committee and authorizing the KMGP conflicts committee to (i) review and evaluate the terms and conditions, and determine the advisability, of the KMP merger, (ii) make such investigation of potential alternative transactions amongst KMI,

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KMGP, KMR and EPB or their affiliates, including maintaining the status quo, as the KMGP conflicts committee deems necessary or appropriate, (iii) negotiate, or delegate to any person or persons the ability to negotiate, the terms and conditions of the KMP merger, (iv) determine whether to give or withhold the KMGP conflicts committee's approval of the KMP merger, including by "Special Approval" as defined in the KMP partnership agreement, (v) determine whether to make a recommendation to the KMGP board to approve the KMP merger and (vi) retain independent professional advisors, and the other factors considered by, and the analysis, discussion and resulting conclusions of, the KMGP conflicts committee, the KMR board and the KMGP board described in the section entitled "Recommendation of the KMGP Conflicts Committee, the KMR Board and the KMGP Board and Their Reasons for the Merger," which analysis, discussion and resulting conclusions the KMI Parties expressly adopt as their own, the KMI Parties, KMGP and KMR believe that the KMP merger is substantively and procedurally fair to the unaffiliated KMP unitholders.

The foregoing discussion of the information and factors considered and given weight by the KMI Parties, KMGP and KMR is not intended to be exhaustive, but includes the factors considered by the KMI Parties, KMGP and KMR that each believes to be material and the fairness determination regarding the fairness of the KMP merger for the purpose of complying with the requirements of Rule 13e-3 and the related rules under the Exchange Act. The KMI Parties, KMGP and KMR did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the KMP merger. Rather, the KMI Parties, KMGP and KMR made their fairness determination after considering all of the factors as a whole.

### **Projected Financial Information**

Set forth below is a summary of certain projected financial information, referred to as "management projections," that was prepared by KMI management and furnished to the KMI board, the KMGP conflicts committee, the KMR special committee and the EPGP conflicts committee for purposes of evaluating the proposed Transactions. This projected financial information was also provided to the financial advisors for use in connection with their respective financial analyses and, if applicable, opinion.

(in millions, except per share amounts)	2015	2016	2017	2018	2019	2020
KMP EBITDA(1)	\$ 6,561	\$ 7,491	\$ 8,191	\$ 9,546	\$ 10,023	\$ 10,524
EPB EBITDA(1)	1,240	1,249	1,441	1,499	1,574	1,653
KMI Standalone EBITDA(2)	212	191	201	200	200	200
Combined enterprise EBITDA	\$ 8,013	\$ 8,931	\$ 9,834	\$ 11,245	\$ 11,797	\$ 12,377
KMP Status Quo Distributable Cash Flow Per Unit(3)	\$ 5.73	\$ 6.15	\$ 6.43	\$ 6.95	\$ 7.08	\$ 7.29
KMP Status Quo Distribution Per Unit	\$ 5.83	\$ 6.18	\$ 6.46	\$ 6.96	\$ 7.09	\$ 7.30
EPB Status Quo Distributable Cash Flow Per Unit(4)	\$ 2.63	\$ 2.58	\$ 2.78	\$ 2.83	\$ 2.92	\$ 3.01
EPB Status Quo Distribution Per Unit	\$ 2.60	\$ 2.60	\$ 2.73	\$ 2.78	\$ 2.87	\$ 2.96
KMI Status Quo Dividend Per Share	\$ 1.84	\$ 2.00	\$ 2.07	\$ 2.22	\$ 2.37	\$ 2.53
KMI Pro Forma Dividend Per Share(5)	\$ 2.00	\$ 2.20	\$ 2.42	\$ 2.66	\$ 2.93	\$ 3.22

*The above measures are not measures of financial performance under generally accepted accounting principles, or GAAP, and should not be considered as alternatives to net income (loss), operating income, or other performance measures derived in accordance with GAAP. KMI's computations of these measures may differ from similarly titled measures used by others.*

- (1) EBITDA is defined as net income plus depreciation, depletion and amortization, or DD&A, including such entity's share of DD&A for certain non-consolidated equity investees, plus income tax expense and interest expense.
- (2) KMI's share of pretax income plus DD&A less cash taxes for its investments in Citrus, LLC and NGPL Holdco LLC less KMI's general and administrative expense, or G&A. Includes \$20 million

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per year in synergies attributable to the Transactions which would not be realized in the status quo case.

- (3) KMP Distributable Cash Flow Per Unit is defined as (i) limited partners' pre-tax income before certain items and DD&A, less cash taxes paid and sustaining capital expenditures for KMP, plus DD&A less sustaining capital expenditures for certain of its equity method investees, less equity earnings plus cash distributions received for Endeavor Gathering LLC (an additional equity investee) divided by (ii) average units outstanding.
- (4) EPB Distributable Cash Flow Per Unit is defined as (i) limited partners' pre-tax income before certain items and DD&A, less sustaining capital expenditures for EPB, plus DD&A less sustaining capital expenditures for its equity method investees plus certain other income and expenses, net (which primarily includes deferred revenue, non-cash allowance for equity funds used during construction and other items) divided by (ii) average units outstanding.
- (5) Pro forma after giving effect to the Transactions.

The foregoing projected financial information is based on the following principal assumptions:

Combined enterprise EBITDA growth excluding growth associated with expansion capital expenditures is assumed to be approximately 3% per year on average (2015-2020), excluding KMP's CO<sub>2</sub> segment.

EBITDA growth in KMP's CO<sub>2</sub> segment in total (including growth associated with expansion capital expenditures) is assumed to be approximately 6% per year on average (2015-2020).

Combined enterprise maintenance capital expenditures in 2015 are assumed to be approximately \$568 million and are assumed to increase by approximately 3% on average per year from 2015 to 2020.

The combined enterprise will incur expansion capital expenditures of approximately \$3.6 billion per year on average, plus a total of approximately \$5.2 billion for expansion of the Trans Mountain pipeline.

Identified expansion projects are included using their expected economics, and unidentified projects are included using a 7.0x capex to EBITDA multiple assumption.

Expansion capital expenditures after completion of the Transactions will be financed to maintain a debt to EBITDA ratio of between approximately 5.0x and 5.5x. The projected debt issuances assume an initial 4.75% interest rate, with future issuances stepping up to 5.75% over time.

After completion of the Transactions, KMI will recognize approximately \$3.9 billion per year of tax depreciation associated with the purchase price plus depreciation associated with future expansion capital expenditures and 60% of sustaining capital expenditures, generally on a modified accelerated cost recovery system schedule. Approximately 40% of sustaining capital expenditures are projected to be expensed for tax purposes in the year incurred.

The assumed tax rate is 36.5%.

KMI warrants outstanding of 298 million convert to KMI shares on a net settlement basis by second quarter 2017.

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Cost synergies of approximately \$20 million per year are assumed to result from the Transactions.

The foregoing projected financial information was not prepared with a view toward compliance with the published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or generally accepted accounting principles. The projected financial information set forth above was prepared by, and is the responsibility of, KMI. Neither KMI's independent accountants,

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PricewaterhouseCoopers LLP, nor any other independent accountants, have compiled, examined or performed any procedures with respect to such projected financial information, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and they disclaim any association with, such projected financial information. The PricewaterhouseCoopers LLP report incorporated by reference into this proxy statement/prospectus relates to KMI's historical financial information. It does not extend to the projected financial information and should not be read to do so. The projected financial information is not included in this proxy statement/prospectus to influence the decision of KMP unitholders on how to vote on any proposal and should not be relied upon for such purpose.

The projected financial information is based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of KMI's management. Important factors that may affect actual results and cause the projected financial information not to be achieved include, but are not limited to, risks and uncertainties relating to KMI's, KMP's or EPB's businesses (including their ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, the regulatory environment, general business and economic conditions and other matters described under the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors." The projected financial information also reflects assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in the projected financial information. Accordingly, there can be no assurance that the forecasted results will be realized.

The inclusion of the projected financial information in this proxy statement/prospectus should not be regarded as an indication that any of KMI or its officers, directors, partners, affiliates, advisors or other representatives considered the projected financial information to be necessarily predictive of actual future events, and the projected financial information should not be relied upon as such. None of KMI or any of its officers, directors, partners, affiliates, advisors or other representatives can give you any assurance that actual results will not differ from the projected results. KMI undertakes no obligation to update or otherwise revise or reconcile the projected financial information to reflect circumstances existing after the date the projected financial information was generated or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the projections are shown to be in error or for any other reason. KMI does not intend to make publicly available any update or other revision to the projected financial information. KMI makes no representation to any stockholder or other person regarding KMI's, KMP's, or EPB's ultimate performance compared to the information contained in the projected financial information or that projected results will be achieved. KMI has made no representation to KMP, KMR or EPB in the respective merger agreements or otherwise concerning the projected financial information.

**Opinion of Jefferies LLC**

In connection with the Transactions, KMP and KMR retained Jefferies at the direction of the KMGP/KMR committee to, among other things, provide the KMGP/KMR committee with financial advisory services and to evaluate the fairness, from a financial point of view, of the consideration to be paid to the KMP unitholders (other than KMI and its affiliates (other than KMP)) and KMR shareholders (other than KMI and its affiliates (other than KMR)) in connection with a possible sale or other business transaction or series of transactions involving all or a majority of the equity or assets of KMP and KMR. At the meeting of the KMGP/KMR committee on August 9, 2014, Jefferies rendered its written opinion to the KMGP/KMR committee to the effect that, as of August 9, 2014, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth in its opinion, (i) the consideration to be received by the holders of KMP common units, consisting of, at the unitholder's option and subject to proration as described in this proxy statement/prospectus, (a) 2.1931 shares of KMI common stock and \$10.77 in cash without interest, (b) \$91.72 in cash without interest or (c) 2.4849 shares of

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KMI common stock, pursuant to the KMP merger agreement was fair, from a financial point of view, to holders of KMP units (other than KMI and its affiliates (other than KMP)), and (ii) the consideration to be received by holders of KMR shares, consisting of 2.4849 shares of KMI common stock, pursuant to the KMR merger agreement, was fair, from a financial point of view, to holders of KMR shares (other than KMI and its affiliates (other than KMR)).

**The full text of Jefferies' written opinion, dated as of August 9, 2014, is attached to this proxy statement/prospectus as Annex B. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion. KMP and KMR encourage their common unitholders and shareholders to read the opinion carefully and in its entirety. Jefferies' opinion is directed to the KMGP/KMR committee and addresses only the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by the KMP unitholders (other than KMI and its affiliates (other than KMP)) and KMR shareholders (other than KMI and its affiliates (other than KMR)) in the Transactions. It does not address any other aspects of the Transactions and does not constitute a recommendation as to how any KMP unitholder or KMR shareholder should vote on the Transactions or any matter relating thereto. The summary of the opinion of Jefferies set forth below is qualified in its entirety by reference to the full text of the opinion.**

In arriving at its opinion, Jefferies, among other things:

reviewed a draft dated August 8, 2014 of the KMP merger agreement;

reviewed a draft dated August 8, 2014 of the KMR merger agreement;

reviewed a draft dated August 8, 2014 of the EPB merger agreement;

reviewed certain publicly available financial and other information relating to KMI, KMP, KMR and EPB;

reviewed certain information furnished to Jefferies by the management of KMI, relating to the business, operations and prospects of KMI, KMP and EPB;

held discussions with members of senior management of KMI concerning the matters described in the prior two bullet points;

reviewed the relative trading performance of the listed equity securities of KMI, KMP, KMR and EPB over time;

reviewed the KMP unit or KMR share (as applicable) trading price history and valuation multiples for certain other publicly traded companies that Jefferies deemed relevant;

analyzed the discounted cash flow of KMP common units and KMI common stock;

compared the proposed financial terms of the KMR merger agreement and the KMP merger agreement with the financial terms of certain other transactions that Jefferies deemed relevant;

considered the potential pro forma financial impact to KMI of the KMP merger, KMR merger and the EPB merger;

reviewed financial forecasts prepared by various market analysts; and

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conducted such other financial studies, analyses and investigations as Jefferies deemed appropriate.

In Jefferies' review and analysis and in rendering its opinion, Jefferies assumed and relied upon, but did not assume any responsibility to independently investigate or verify, the accuracy and completeness of all financial and other information that was supplied or otherwise made available by KMI management and their financial advisors to Jefferies or that was publicly available (including, without limitation, the information described above), or that was otherwise reviewed by Jefferies.

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Jefferies relied on assurances of the management of KMI that it was not aware of any facts or circumstances that would make such information supplied by KMI management inaccurate or misleading or of any information that was omitted or undisclosed to Jefferies. In its review, Jefferies did not obtain any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of, nor did Jefferies conduct a physical inspection of any of the properties or facilities of, KMP, KMI or EPB. Jefferies was not furnished with any such evaluations or appraisals of such physical inspections, and did not assume any responsibility to obtain any such evaluations, appraisals or physical inspections.

With respect to the financial forecasts provided to and examined by Jefferies, Jefferies' opinion noted that projecting future results of any company is inherently subject to uncertainty. Jefferies assumed that such financial forecasts were reasonably prepared on bases reflecting the best currently available estimates. Jefferies expressed no opinion as to such financial forecasts or the assumptions on which they were made.

Jefferies' opinion was based on economic, monetary, regulatory, market and other conditions that existed and could be evaluated as of the date of its opinion. Jefferies has not undertaken to reaffirm or revise its opinion or otherwise comment on events occurring after the date of its opinion and expressly disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting Jefferies' opinion of which Jefferies became aware after the date of its opinion.

Jefferies made no independent investigation of any legal, accounting or tax matters affecting the KMP common units or the KMR shares, and Jefferies assumed the correctness of all legal, accounting and tax advice given to KMP, KMR and the KMGP/KMR committee, including, without limitation, advice as to the legal, accounting and tax consequences of the terms of, and transactions contemplated by, the KMP merger agreement and KMR merger agreement to KMP and the KMP common unitholders and KMR and the KMR shareholders. In addition, in preparing its opinion, Jefferies did not take into account, and expresses no view with regards to, any tax consequences of the transaction to any KMP common unitholders or KMR shareholders. In rendering its opinion, Jefferies assumed that the final form of the KMP merger agreement and the KMR merger agreement would be substantially similar to the last drafts reviewed by Jefferies. Jefferies also assumed that the KMP and KMR mergers would be consummated in accordance with their terms or as otherwise described by representatives of KMI without waiver, modification or amendment of any term, condition or agreement. Jefferies further assumed that in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the KMP and KMR mergers, no delay, limitation, restriction or condition would be imposed that would have a material adverse effect on KMI, KMP or KMR or the contemplated benefits of the mergers.

Jefferies' opinion was for the use and benefit of the KMGP/KMR committee in its consideration of the KMP and KMR mergers, except that the KMGP board and the KMR board were authorized to rely on Jefferies' opinion in connection with the KMP and KMR mergers. Further, Jefferies' opinion did not address the relative merits of the transactions contemplated by the KMP and KMR merger agreements as compared to any alternative transaction or opportunity that might be available to KMP or KMR, nor did it address the underlying business decision by KMP and KMR to engage in the mergers. In addition, the KMGP/KMR committee did not ask Jefferies to address, and Jefferies' opinion did not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of KMP or KMR, other than the KMP unitholders (other than KMI and its affiliates (other than KMP)) and the KMR shareholders (other than KMI and its affiliates (other than KMR)). Jefferies expressed no opinion as to the price at which KMP common units, KMR shares or KMI common stock will trade at any time. Jefferies did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to, or to be received by, any of KMI's officers or employees or any directors of KMI, KMGP or KMR, or any class of such persons, in connection with the KMP and KMR mergers, relative to the merger



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consideration to be received by the KMP common unitholders and KMR shareholders. Jefferies' opinion was authorized by the Fairness Committee of Jefferies.

In preparing its opinion, Jefferies performed a variety of financial and comparative analyses. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant quantitative and qualitative methods of financial analysis and the applications of those methods to the particular circumstances and, therefore, is not necessarily susceptible to partial analysis or summary description. Jefferies believes that its analyses must be considered as a whole. Considering any portion of Jefferies' analyses or the factors considered by Jefferies, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the conclusion expressed in Jefferies' opinion. In addition, Jefferies may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described below should not be taken to be Jefferies' view of KMP's or KMR's actual value. Accordingly, the conclusions reached by Jefferies are based on all analyses and factors taken as a whole and also on the application of Jefferies' own experience and judgment.

In performing its analyses, Jefferies made numerous assumptions with respect to industry performance, general business, economic, monetary, regulatory, market and other conditions and other matters, many of which are beyond KMI's, KMP's, KMR's and Jefferies' control. The analyses performed by Jefferies are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the per unit value of KMP common units and the per share value of KMR shares do not purport to be appraisals or to reflect the prices at which KMP common units and KMR shares may actually be sold or trade. The analyses performed were prepared solely as part of Jefferies' analysis of whether the consideration to be received by the holders of KMP common units pursuant to the KMP merger agreement was fair, from a financial point of view, to the KMP unitholders (other than KMI and its affiliates (other than KMP)), and the consideration to be received by holders of KMR shares pursuant to the KMR merger agreement, was fair, from a financial point of view, to the KMR shareholders (other than KMI and its affiliates (other than KMR)), and such analyses were provided to the KMGP/KMR committee in connection with the delivery of Jefferies' opinion.

In arriving at its opinion, Jefferies was not authorized to solicit, and did not solicit, interest from any third party with respect to the acquisition of any or all of the KMP common units or KMR shares or any business combination or other extraordinary transaction involving KMP or KMR.

Except as described above, the KMGP/KMR committee did not impose any other restrictions or limitations on Jefferies with respect to the investigations made or the procedures followed by Jefferies in rendering its opinion.

The following is a summary of the material financial and comparative analyses performed by Jefferies in connection with Jefferies' delivery of its opinion to the KMGP/KMR committee on August 9, 2014. The financial analyses summarized below include information presented in tabular format. In order to fully understand Jefferies' financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative descriptions of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Jefferies' financial analyses.

*Implied Exchange Ratio and Merger Consideration*

Based upon the proposed consideration of 2.1931 shares of KMI common stock and \$10.77 in cash per KMP common unit, Jefferies noted that the implied KMP merger exchange ratio was approximately 2.4976 shares of KMI common stock per KMP common unit based on the closing price

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of KMI common stock on August 7, 2014. Jefferies also noted that the KMR merger exchange ratio is 2.4849 shares of KMI common stock per KMR share.

### *Public Company Analysis*

#### *KMP*

Jefferies compared certain financial data for KMP and selected public MLPs that Jefferies deemed relevant. These MLPs, which are referred to as "KMP Selected Public Companies," were selected because they were deemed to be similar to KMP in one or more respects, including the nature of their business, size, diversification and financial performance. No specific numeric or other similar criteria were used to select the KMP Selected Public Companies and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly smaller MLP with substantially similar lines of business and business focus may have been included while a similarly sized MLP with less similar lines of business and greater diversification may have been excluded. Jefferies identified a number of MLPs for purposes of its analysis but may not have included all MLPs that might be deemed comparable to KMP.

The financial data reviewed for KMP and the KMP Selected Public Companies included:

Current declared quarterly distribution per unit annualized and divided by current closing unit price, which is referred to as "Current Yield";

2014E distribution per unit divided by current closing unit price, which is referred to as "2014E Yield"; and

2015E distribution per unit divided by current closing unit price, which is referred to as "2015E Yield."

The KMP Selected Public Companies were:

Enbridge Energy Partners, L.P.

Energy Transfer Partners, L.P.

Enterprise Products Partners L.P.

ONEOK Partners, L.P.

Plains All American Pipeline, L.P.

Williams Partners L.P.

The selected public companies analysis for KMP utilizing the KMP Selected Public Companies indicated the following means and medians of the financial data reviewed for the KMP Selected Public Companies as of August 7, 2014. In addition, Jefferies, based on its experience and judgment, selected the implied ranges for KMP as indicated below:

Benchmark	Mean	Median	Implied Yield Range for KMP
Current Yield	5.8%	6.0%	6.00% - 6.75%
2014E Yield	5.8%	6.1%	6.00% - 6.75%
2015E Yield	6.2%	6.5%	6.25% - 7.00%

*KMI*

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Jefferies also considered certain financial data for KMI and selected general partners of MLPs with publicly traded equity securities that Jefferies deemed relevant. These general partners, which are referred to as the "KMI Selected Public Companies," were selected because they were deemed to be similar to KMI in one or more respects, including the nature of their business, size, diversification and financial performance. No specific numeric or other similar criteria were used to select the KMI

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Selected Public Companies and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly smaller general partner with substantially similar lines of business and business focus may have been included while a similarly sized general partner with less similar lines of business and greater diversification may have been excluded. Jefferies identified a number of general partners for purposes of its analysis but may not have included all general partners that might be deemed comparable to KMI.

The financial data reviewed for KMI and the KMI Selected Public Companies included:

Current declared quarterly distribution per share (or unit, as applicable) annualized and divided by current closing unit price, which is referred to as "Current Yield";

2014E distribution per share (or unit, as applicable) divided by current closing unit price, which is referred to as "2014E Yield"; and

2015E distribution per share (or unit, as applicable) divided by current closing unit price, which is referred to as "2015E Yield."

The KMI Selected Public Companies were:

Energy Transfer Equity, L.P.

EnLink Midstream, LLC

NuStar GP Holdings, LLC

Plains GP Holdings, L.P.

Spectra Energy Corp.

Targa Resources Corp.

Western Gas Equity Partners, LP

The Williams Companies, Inc.

The selected public companies analysis for KMI utilizing the KMI Selected Public Companies indicated the following means and medians of the financial data reviewed for the KMI Selected Public Companies as of August 7, 2014. In addition, Jefferies, based on its experience and judgment, selected the implied ranges for KMI as indicated below:

Benchmark	Mean	Median	Implied Yield Range for KMI
Current Yield	2.9%	2.6%	4.25% - 4.75%
2014E Yield	3.0%	2.6%	4.25% - 4.75%
2015E Yield	3.4%	3.3%	4.25% - 5.00%



Table of Contents*Analysis Performed*

Jefferies applied the yield ranges based on the selected public companies analysis to corresponding financial data for KMP (based on management projections and other publicly available data) and KMI (based on management projections and other publicly available data) to calculate implied value per KMP common unit reference ranges and implied value per share of KMI common stock reference ranges, which in turn indicated the following reference ranges of implied value per share and implied exchange ratio ranges:

<b>Benchmark</b>	<b>Implied Value Per Share of KMI Common Stock Reference Ranges</b>	<b>Implied Value Per KMP Common Unit Reference Ranges</b>	<b>Implied Exchange Ratio Reference Ranges</b>
Current Yield	\$36.21 - \$40.47	\$82.37 - \$92.67	2.035 - 2.559
2014E Yield	\$36.20 - \$40.45	\$82.67 - \$93.00	2.043 - 2.568
2015E Yield	\$36.81 - \$43.31	\$83.29 - \$93.28	1.923 - 2.534

Such exchange ratio reference ranges were compared to the implied KMP merger exchange ratio of 2.4976 shares of KMI common stock per KMP common unit based on the closing price of KMI common stock on August 7, 2014, and the KMR merger exchange ratio of 2.4849 shares of KMI common stock per KMR share.

None of the KMP Selected Public Companies utilized in the selected public companies analysis is identical to KMP, and none of the KMI Selected Public Companies utilized in the selected public companies analysis is identical to KMI. In evaluating the public companies that would comprise the KMP Selected Public Companies and the KMI Selected Public Companies, Jefferies made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond KMI's, KMP's, KMR's and Jefferies' control. Mathematical analysis, such as determining the mean or median, is not in itself a meaningful method of using comparable company data.

*Discounted Cash Flow Analysis*

Jefferies performed a discounted cash flow analysis by calculating the net present value of KMP's estimated future cash available for distribution through the fiscal year ending December 31, 2019, based on management projections provided by KMI (with updated estimated unit counts for the year ending December 31, 2019), and the net present value of KMI's estimated future cash available for distribution through the fiscal year ending December 31, 2019, based on management projections provided by KMI. Jefferies performed the discounted cash flow analysis by calculating discount rates with respect to KMP based on (i) the percentage of KMP's distributions allocated to KMP's general partner interest and incentive distribution rights, referred to as the KMP general partner distribution percentage, and (ii) the median general partner distribution percentage of the KMP Selected Public Companies, referred to as the median general partner distribution percentage. In performing this analysis, Jefferies applied (i) discount rates ranging from 10.50% to 11.50% to the projected cash flows from KMP, based on KMP's estimated weighted average cost of capital applying the KMP general partner distribution percentage; (ii) discount rates ranging from 8.50% to 9.50% to the projected cash flows of KMP, based on KMP's estimated weighted average cost of capital applying the median general partner distribution percentage; (iii) discount rates ranging from 7.80% to 8.80% to the projected cash flows from KMI, based on KMI's estimated weighted average cost of capital; and (iv) terminal value yield ranges of 6.00% to 6.75% to the estimated future cash available for distribution of KMP, based on trading metrics of companies similar to KMP, and 4.50% to 5.00% to the estimated future cash available for distribution of KMI, based on the trading metrics of companies similar to KMI.

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The discounted cash flow analysis indicated implied share prices of \$39.48 to \$44.75 per share of KMI common stock. Based on the KMP general partner distribution percentage and median general partner distribution percentage discount rates, the implied value per KMP common unit reference ranges and the implied exchange ratio reference ranges were indicated to be as follows:

Discount Applied	Implied Value Per KMP Common Unit Reference Ranges	Implied Exchange Ratio Reference Ranges
KMP General Partner Distribution Percentage	\$84.46 - \$95.59	1.887 - 2.421
Median General Partner Distribution Percentage	\$91.23 - \$103.46	2.039 - 2.621

Such reference ranges were compared to the implied KMP merger exchange ratio of 2.4976 shares of KMI common stock per KMP common unit based on the closing price of KMI common stock on August 7, 2014, and the KMR merger exchange ratio of 2.4849 shares of KMI common stock per KMR share.

## Historical Exchange Ratio Analysis

Based on the closing prices for KMP common units and KMI common stock on the NYSE, and using the various time periods set forth below ending on August 7, 2014, Jefferies calculated a range of implied historical exchange ratios by dividing the average daily closing price per KMP common unit by the average daily closing price per KMI common stock. This analysis indicated that during the three years prior to August 7, 2014, the exchange ratio ranged from 2.241 to 2.940 shares of KMI common stock per KMP common unit, as compared to the implied merger exchange ratio of 2.4976 shares of KMI common stock per KMP common unit based on the closing price of KMI common stock on August 7, 2014, and a merger exchange ratio of 2.4849 shares of KMI common stock per KMR share:

	Average KMP Unit Price	Average KMI Share Price	Average Exchange Ratio	Current Trading Price Ratio as Premium (Discount) to Prior Period
As of August 7, 2014	\$ 79.98	\$ 35.37	2.261x	
10% Premium	87.98	35.37	2.487x	
20% Premium	95.98	35.37	2.713x	
30% Premium	103.97	35.37	2.940x	
30-Day Average	82.06	36.62	2.241x	0.9%
60-Day Average	81.33	36.11	2.253x	0.4%
90-Day Average	79.74	35.33	2.258x	0.2%
Last 12 Months	79.29	34.72	2.285x	(1.1%)
2-Year Average	82.08	35.77	2.297x	(1.6%)
3-Year Average	81.08	34.39	2.371x	(4.6%)

## Premiums Paid Analysis

Using publicly available information and certain other database information available to Jefferies, Jefferies examined selected non-affiliate MLP transactions, affiliate MLP transactions and affiliate general partner transactions. The following tables summarize the transactions analyzed:

## Selected Non-affiliate MLP Transactions

Date	Buyer	Seller
10/10/13	Regency Energy Partners	PVR Partners
05/06/13	Inergy Midstream	Crestwood Midstream Partners
01/29/13	Kinder Morgan Energy Partners	Copano Energy
06/12/06	Plains All American Pipeline	Pacific Energy Partners
11/01/04	Valero	Kaneb Pipeline Partners
12/15/03	Enterprise Products Partners	GulfTerra Energy Partners

Table of Contents**Selected Affiliate MLP Transactions**

<b>Date</b>	<b>Buyer</b>	<b>Seller</b>
08/27/13	Plains All American Pipeline	PAA Natural Gas Storage
02/23/11	Enterprise Products Partners	Duncan Energy Partners
06/29/09	Enterprise Products Partners	TEPPCO Partners

**Selected Affiliate General Partner Transactions**

<b>Date</b>	<b>Buyer</b>	<b>Seller</b>
09/21/10	Penn Virginia Resource Partners	Penn Virginia GP Holdings
09/03/10	Enterprise Products Partners	Enterprise GP Holdings
08/09/10	Inergy	Inergy Holdings
06/11/10	Buckeye Partners	Buckeye GP Holdings
03/03/09	Magellan Midstream Partners	Magellan Midstream Holdings

For each of the selected transactions, Jefferies calculated the premium represented by the offer price or merger consideration over the target company's closing unit price one trading day, 7 trading days and 60 trading days prior to the transaction's announcement. The following tables summarize the premiums paid in the selected transactions:

**Selected Non-affiliate MLP Transactions**

<b>Time Period Prior to Announcement</b>	<b>High</b>	<b>75% Percentile Premium</b>	<b>25% Percentile Premium</b>	<b>Low</b>
1 Day	25.7%	22.9%	11.6%	2.2%
7 Days	25.2%	21.7%	11.8%	3.0%
30 Days	23.7%	22.3%	12.3%	2.6%

**Selected Affiliate MLP Transactions**

<b>Time Period Prior to Announcement</b>	<b>High</b>	<b>75% Percentile Premium</b>	<b>25% Percentile Premium</b>	<b>Low</b>
1 Day	28.3%	18.8%	8.9%	8.5%
7 Days	29.1%	20.3%	10.1%	8.7%
30 Days	29.0%	19.0%	8.5%	8.0%

**Selected Affiliate General Partner Transactions**

<b>Time Period Prior to Announcement</b>	<b>High</b>	<b>75% Percentile Premium</b>	<b>25% Percentile Premium</b>	<b>Low</b>
1 Day	31.5%	25.0%	9.4%	4.9%
7 Days	36.0%	22.0%	10.2%	5.3%
30 Days	33.1%	19.4%	17.6%	12.4%

Using a reference range of the overall lowest 25th percentile premium to the overall highest 75th percentile premium for each of the transaction categories listed above, Jefferies performed a premiums paid analysis using the closing prices of KMP common units one trading day, seven trading days and 30 trading days prior to August 7, 2014.



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Based on Jefferies' premiums paid analysis, the implied value per KMP common unit reference ranges and the implied exchange ratio reference ranges, based on the share price of KMI common stock as of August 7, 2014, were indicated to be as follows:

<b>Selected Transactions</b>	<b>KMI Common Stock Price as of August 7, 2014</b>	<b>Implied Value Per KMP Common Unit Reference Ranges</b>	<b>Implied Exchange Ratio Reference Ranges</b>
Selected Non-affiliate MLP Transactions	\$ 35.37	\$89.24 - \$100.35	2.523 - 2.837
Selected Affiliate MLP Transactions	\$ 35.37	\$87.12 - \$97.65	2.463 - 2.761
Selected Affiliate General Partner Transactions	\$ 35.37	\$87.49 - \$99.99	2.473 - 2.827

Such reference ranges were compared to the implied KMP merger exchange ratio of 2.4976 shares of KMI common stock per KMP common unit based on the closing price of KMI common stock on August 7, 2014, and the KMR merger exchange ratio of 2.4849 shares of KMI common stock per KMR share.

No selected transaction utilized as a comparison in the selected premiums paid analysis is identical to the Transactions.

### *Preliminary Presentations by Jefferies*

In addition to its August 8, 2014 fairness opinion presentation described above, Jefferies also made preliminary written presentations to the KMGP/KMR committee on July 30, 2014 and August 7, 2014, which are referred to as the preliminary Jefferies presentations. Neither of the preliminary Jefferies presentations, alone or together, constitute an opinion of, or recommendation by, Jefferies with respect to a possible transaction or otherwise, and were presented solely for discussion purposes.

The July 30, 2014 presentation contained an overview of the proposed structure and terms of the Transactions, a market update of both KMP and KMI, a summary analysis of the proposed consideration, a review of certain benefits and issues for consideration with respect to the proposed transaction and a preliminary valuation analysis. These preliminary materials were based on the information available to Jefferies and the proposed terms of the Transactions as of July 29, 2014, including financial information and market, economic and other conditions as they existed as of such date, as well as Jefferies' preliminary working assumptions at such time, and the observed data and multiples analyzed by Jefferies in connection with such preliminary materials. The preliminary valuation analyses presented on July 30, 2014, based on the proposed consideration and other terms of the Transactions as of July 29, 2014, indicated an implied exchange ratio reference range of 1.893 to 2.789 shares of KMI common stock per KMP common unit.

The August 7, 2014 presentation contained an overview of the transaction status, relative ownership and contribution analyses, an overview of transaction alternatives, a pro forma trading analysis, a holders list and crossover analysis, a summary analysis of the pro forma impact of the Transactions on KMI and KMP and a summary of certain tax considerations, which were based on the guidance and pro forma tax information provided by KMI. These preliminary materials were based on the information available to Jefferies and the proposed terms of the Transactions as of August 6, 2014, including financial information and market, economic and other conditions as they existed as of such date, as well as Jefferies' preliminary working assumptions at such time, and the observed data and multiples analyzed by Jefferies in connection with such preliminary materials.

Each of the analyses performed in these preliminary Jefferies presentations was subject to further updating and subject to the final analyses presented to the KMGP/KMR committee on August 8, 2014 by Jefferies. Each of these analyses was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Jefferies as of, the dates on which Jefferies performed such analyses. Accordingly, the results of the financial analyses may have differed due to changes in those conditions and other information, and not all of the written and oral presentations contained all of the financial analyses listed above.

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The procedures followed by Jefferies in preparing the material analyses in the preliminary Jefferies presentations were substantially similar to the procedures used by Jefferies to prepare the corresponding analyses in its August 8, 2014 fairness opinion presentation.

*Miscellaneous*

Jefferies' opinion was one of many factors taken into consideration by the KMGP/KMR committee in making determinations with respect to the KMP and KMR mergers and should not be considered determinative of the views of the KMGP/KMR committee or management of KMI, KMP or KMR with respect to the KMP and KMR mergers or the merger consideration to be paid to the KMP common unitholders in the KMP merger or the KMR shareholders in the KMR merger.

Jefferies was selected by the KMGP/KMR committee based on Jefferies' qualifications, expertise and reputation. Jefferies is an internationally recognized investment banking and advisory firm. Jefferies, as part of its investment banking business, is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, financial restructurings and other financial services.

The KMGP/KMR committee invited representatives of Jefferies to attend a meeting of the KMGP/KMR committee held on July 21, 2014 in order to consider Jefferies' possible retention as financial advisor to the KMGP/KMR committee. At that meeting, representatives of Jefferies discussed their master limited partnership conflicts committee experience and qualifications. The representatives of Jefferies also noted that Jefferies had not been engaged by KMI, KMP, KMR, EPB or any of their affiliates in the past three years. After the representatives of Jefferies left the meeting, the KMGP/KMR committee considered the discussion with Jefferies, along with the qualifications, experience and reputation of Jefferies, and determined to retain Jefferies as its financial advisor if an acceptable engagement letter could be negotiated with Jefferies. Following negotiation of an acceptable engagement letter and the execution by Jefferies of an independence questionnaire, Jefferies was formally retained on August 4, 2014.

Copies of written materials provided to the KMGP/KMR committee by Jefferies have been filed as exhibits to the Schedule 13E-3 filed by KMP with the SEC in connection with the Transactions and will be made available for inspection and copying at the principal offices of KMP, as applicable, during regular business hours by any interested holder of KMP common units or KMR common stock. Copies may be obtained by requesting them in writing at the address provided in "Where You Can Find More Information."

KMP has agreed to pay Jefferies a fee of \$7.5 million, \$1.5 million of which was paid upon delivery of Jefferies' opinion and \$6.0 million of which will become payable only if the proposed KMP and KMR mergers are consummated. Jefferies also will be reimbursed by KMP and KMR for certain expenses reasonably incurred. KMP and KMR have also agreed to indemnify Jefferies against certain liabilities arising out of or in connection with the services rendered and to be rendered by Jefferies under its engagement. Jefferies has not, in the past two years, provided financial advisory or financing services to KMI, KMP, KMR or EPB. Jefferies maintains a market in KMI, KMP, KMR and EPB securities, and in the ordinary course of Jefferies' business, Jefferies and its affiliates may trade or hold securities of KMI, KMP, KMR and EPB for Jefferies' own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions in those securities (although as of the date of its opinion, such holdings were *de minimis*). In addition, Jefferies may seek to, in the future, provide financial advisory and financing services to KMI, KMP, KMR, EPB or their affiliates, for which Jefferies would expect to receive compensation. Jefferies' opinion may not be used or referred to by KMI, KMP, EPB or KMR, or quoted or disclosed to any person in any matter, without Jefferies' prior written consent. Jefferies has consented to the inclusion of its opinion in this proxy statement/prospectus.

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**Opinion of Barclays Capital Inc.**

KMI engaged Barclays Capital to act as a financial advisor with respect to the Transactions, pursuant to an engagement letter dated August 8, 2014. The KMI board received a written opinion, dated August 9, 2014, from Barclays Capital to the effect that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated therein, the aggregate number of shares of KMI common stock, together with the aggregate amount of cash, contemplated by the merger agreements to be issued and paid as consideration in the mergers, referred to as the "Transactions Consideration," to be paid in the aggregate by KMI was fair, from a financial point of view, to KMI.

**The full text of Barclays Capital's written opinion, dated as of August 9, 2014, is attached as Annex C to this proxy statement/prospectus. Barclays Capital's written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Barclays Capital in rendering its opinion. You are encouraged to read the opinion of Barclays Capital carefully in its entirety. The following is a summary of Barclays Capital's opinion and the methodology that Barclays Capital used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.**

The terms of the Transactions were determined through arm's-length negotiations between KMI, on the one hand, and the KMGP conflicts committee, the KMR special committee and the EPGP conflicts committee, as applicable, on the other hand, and were unanimously approved by KMI's board of directors. Barclays Capital did not recommend any specific form or amount of consideration to KMI or that any specific form or amount of consideration constituted the only appropriate consideration for the Transactions. Barclays Capital was not requested to address, and its opinion does not in any manner address, KMI's underlying business decision to proceed with or effect any or all of the Transactions or the likelihood of consummation of any or all of the Transactions or the relative merits of any or all of the Transactions as compared to any strategic alternatives that may be available to KMI (including pursuing any of the Transactions individually). In addition, Barclays Capital expressed no opinion on, and its opinion does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the Transactions, or any class of such persons, relative to the Transactions Consideration to be paid in the aggregate by KMI in the Transactions or otherwise. No limitations were imposed by KMI's board of directors upon Barclays Capital with respect to the investigations made or procedures followed by it in rendering its opinion.

In arriving at its opinion, Barclays Capital, among other things, reviewed and analyzed:

drafts, dated as of dated August 9, 2014, of each of the merger agreements and the specific terms of the Transactions;

a draft, dated as of August 9, 2014, of a debt commitment letter from Barclays Bank to KMI, which is referred to as the "commitment letter," in respect of certain financing relating to the Transactions;

publicly available information concerning each of KMI, KMP, KMR and EPB that Barclays Capital believed to be relevant to its analysis, including KMI's, KMP's, KMR's and EPB's Annual Reports on Form 10-K for the fiscal year ended December 31, 2013 and Quarterly Reports on Form 10-Q for the fiscal quarters ended June 30, 2014 and March 31, 2014;

financial and operating information with respect to the business, operations and prospects of KMI furnished to Barclays Capital by KMI, including financial projections of KMI, KMP, KMR and EPB prepared by the management of KMI for fiscal years 2015 through 2020, which is referred to as the "Projections";

a trading history of KMI common stock from August 8, 2012 through and including August 8, 2014, a trading history of KMP's, KMR's and EPB's common units or shares, as applicable, from

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August 8, 2013 through and including August 8, 2014, and a comparison of those trading histories with those of other companies that Barclays Capital deemed relevant;

a comparison of the historical financial results and present financial condition of KMI with each of KMP, KMR and EPB and of KMI, KMP, KMR and EPB with those of other companies that Barclays Capital deemed relevant;

a comparison of the financial terms of the Transactions with the financial terms of certain other transactions that Barclays Capital deemed relevant;

the pro forma impact of the Transactions on the future financial performance of the combined company, including (i) cost savings and estimated tax savings, which is referred to as the "Expected Synergies," and (ii) the anticipated impact on coverage ratios, cash available for distributions to KMI, cost of capital and credit ratings, and the resulting potential impact on the availability of cash for dividends, each expected by the management of KMI to result from a combination of the businesses as a result of the Transactions, which is referred to as the "Expected Benefits"; and

published estimates of independent research analysts with respect to the future financial performance of KMI, KMP, KMR and EPB.

In addition, Barclays Capital has had discussions with the management of KMI concerning the business, operations, assets, liabilities, financial condition and prospects of KMI, KMP, KMR and EPB and has undertaken such other studies, analyses and investigations as Barclays Capital deemed appropriate.

In arriving at its opinion, Barclays Capital assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays Capital without any independent verification of such information (and Barclays Capital did not assume responsibility or liability for any independent verification of such information) and Barclays Capital further relied upon the assurances of the management of KMI that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial projections of KMI, upon the advice of KMI, Barclays Capital assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of KMI as to the future financial performance of KMI and that KMI would perform substantially in accordance with such projections. With respect to the financial projections of KMP, KMR and EPB, upon the advice of KMI, Barclays Capital assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of KMI as to the future financial performance of KMP, KMR and EPB and Barclays Capital has relied on such projections in arriving at its opinion. Furthermore, upon the advice of KMI, Barclays Capital assumed that the amounts and timing of the Expected Synergies and the Expected Benefits are reasonable and that the Expected Synergies and the Expected Benefits would be realized in accordance with such estimates. Barclays Capital assumed no responsibility for, and Barclays Capital expressed no view as to any such projections or estimates or the assumptions on which they are based. In arriving at its opinion, Barclays Capital did not conduct a physical inspection of the properties and facilities of KMI, KMP, KMR or EPB, and has not made or obtained any evaluations or appraisals of the assets or liabilities of KMI, KMP, KMR or EPB. Barclays Capital's opinion necessarily was based upon market, economic and other conditions as they existed on, and could be evaluated as of, August 9, 2014. Barclays Capital assumed no responsibility for updating or revising its opinion based on events or circumstances that may occur after August 9, 2014. Barclays Capital expressed no opinion as to the prices at which shares of KMI common stock, or common units or shares, as applicable, of KMP, KMR and EPB or any other securities of KMI, KMP, KMR or EPB, would trade following the announcement of the Transactions or as to the prices at which shares of KMI common stock would trade following the consummation of the Transactions. Barclays Capital expressed no opinion as to the credit rating of KMI at any time

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following the announcement or consummation of the Transactions. Furthermore, Barclays Capital expressed no opinion as to any determination of dividend policy of KMI following the consummation of the Transactions.

Barclays Capital assumed that each of the executed merger agreements and the commitment letter would conform in all material respects to the last drafts thereof reviewed by Barclays Capital. Additionally, Barclays Capital assumed the accuracy of the representations and warranties contained in the merger agreements and all agreements related thereto. Barclays Capital also assumed, upon the advice of KMI, that all material governmental, regulatory and third party approvals, consents and releases for the Transactions would be obtained within the constraints contemplated by the merger agreements and that the Transactions would be consummated in accordance with the terms of the merger agreements without waiver, modification or amendment of any material term, condition or agreement thereof (including that all of the Transactions will be consummated substantially concurrently). Barclays Capital assumed that KMI will obtain financing on terms no less favorable to KMI than the terms contemplated by the commitment letter. Barclays Capital did not express any opinion as to any tax or other consequences that might result from the Transactions, nor did Barclays Capital's opinion address any legal, tax, regulatory or accounting matters, as to which Barclays Capital understood that KMI had obtained such advice as it deemed necessary from qualified professionals.

In connection with rendering its opinion, Barclays Capital performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays Capital did not ascribe a specific range of values to KMP's, KMR's and EPB's common units or shares, as applicable, but rather made its determination as to the fairness, from a financial point of view, to KMI of the Transactions Consideration to be paid in the aggregate by KMI in the Transactions on the basis of various financial and comparative analyses. The preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

In arriving at its opinion, Barclays Capital did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the particular transaction. Accordingly, Barclays Capital believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

The following is a summary of the material financial analyses used by Barclays Capital in preparing its opinion for the KMI board. Certain financial, comparative and other analyses summarized below include information presented in tabular format. In order to fully understand the methodologies used by Barclays Capital and the results of its financial, comparative and other analyses, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. In performing its analyses, Barclays Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of KMI or any other parties to the Transactions. None of KMI, KMP, KMR, EPB, Barclays Capital or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or reflect the prices at which the businesses may actually be sold.

Table of Contents**Premiums Paid Analysis**

Barclays Capital reviewed certain publicly available information related to selected precedent transactions to calculate the amount of the premiums paid by the acquirers to the acquired company's stockholders or unitholders, as applicable. Barclays Capital analyzed domestic master limited partnership, or "MLP," transactions announced for the period from August 9, 2004 to August 8, 2014 with total transaction values in excess of \$1 billion, excluding acquisitions of general partners. The following table sets forth the transactions analyzed based on such characteristics (and the date that each such transaction was announced):

<b>Announcement Date</b>	<b>Acquirer</b>	<b>Target</b>
10/10/13	Regency Energy Partners LP	PVR Partners, L.P.
05/06/13	Inergy Midstream, L.P.	Crestwood Midstream Partners LP
01/30/13	Kinder Morgan Energy Partners, L.P.	Copano Energy, L.L.C.
04/29/11	Enterprise Products Partners L.P.	Duncan Energy Partners L.P.
06/29/09	Enterprise Products Partners L.P.	TEPPCO Partners L.P.
06/12/06	Plains All-American Pipeline, L.P.	Pacific Energy Partners LP
11/01/04	Valero L.P.	Kaneb PipeLine Partners, L.P.

For each of the precedent transactions analyzed, Barclays Capital calculated the premiums paid by the acquirer by comparing the per share or per unit purchase price in each transaction to the historical stock price of the acquired company as of 1 day, 30 days and 60 days prior to the announcement date of the applicable precedent transactions. Barclays Capital compared the premiums paid in the precedent transactions to the premiums in the Transactions based on the implied value, as of August 8, 2014, of the Transactions Consideration of (x) \$89.98 per unit of KMP, (y) \$89.75 per share of KMR and (z) \$38.79 per unit of EPB. The table below sets forth the summary results of the analysis:

As of 08/08/2014	Merger Consideration		Merger Consideration		Merger Consideration		Representative Transactions Statistics			
	KMP	\$89.98	KMR	\$89.75	EPB	\$38.79	Median	Mean	Low	High
		Implied Premium		Implied Premium		Implied Premium	Implied Premium / (Discount)			
		/		/		/				
		(Discount)		(Discount)		(Discount)				
Current	\$ 80.34	12.0%	\$ 77.02	16.5%	\$ 33.60	15.4%	21.2%	20.2%	9.3%	36.1%
30 Days Ago	\$ 81.43	10.5%	\$ 78.15	14.8%	\$ 36.16	7.3%	20.8%	23.1%	11.1%	40.1%
60 Days Ago	\$ 74.99	20.0%	\$ 71.47	25.6%	\$ 33.08	17.3%	26.3%	22.4%	(0.7)%	42.9%

**Pro Forma Accretion/Dilution Analysis**

Using the Projections and estimates of the Expected Synergies and the Expected Benefits resulting from the Transactions provided by the management of KMI, Barclays Capital calculated the accretion/dilution of dividends per share (including warrants) of KMI common stock as a result of the Transactions. For calendar years 2015 through 2020, assuming an expected January 1, 2015 closing of the Transactions, Barclays Capital compared the dividends per share (including warrants) of KMI common stock after giving effect to the Transactions, which is referred to as the "KMI Pro Forma Scenario," to the dividends per share (including warrants) of KMI common stock without giving effect to the Transactions, which is referred to as the "KMI Status Quo Scenario." The analysis indicated that

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the KMI Pro Forma Scenario would be accretive to dividends per share of KMI common stock in each of calendar years 2015 through 2020. The following table summarizes the results of these calculations:

	2015	2016	2017	2018	2019	2020
Dividends per share (including warrants) for the KMI Status Quo Scenario	\$ 1.84	\$ 2.00	\$ 2.07	\$ 2.22	\$ 2.37	\$ 2.53
Dividends per share (including warrants) for the KMI Pro Forma Scenario	\$ 2.00	\$ 2.20	\$ 2.42	\$ 2.66	\$ 2.93	\$ 3.22
Accretion / (Dilution) \$	\$ 0.16	\$ 0.20	\$ 0.35	\$ 0.44	\$ 0.56	\$ 0.69
Accretion / (Dilution) %	8.7%	10.2%	17.1%	20.1%	23.6%	27.4%

In performing this analysis, Barclays Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of KMI, KMP, KMR and EPB. Any estimates contained in Barclays Capital's analysis are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by the estimates. These analyses were prepared solely as part of the analysis of Barclays Capital of the fairness to KMI, from a financial point of view, of the Transactions Consideration to be paid in the aggregate by KMI and were conducted in connection with the delivery of Barclays Capital's opinion to the KMI board.

### *Discounted Cash Flow Analysis*

In order to estimate the present value of KMI common stock for the KMI Status Quo Scenario as compared to the present value of KMI common stock for the KMI Pro Forma Scenario, Barclays Capital performed a discounted cash flow analysis. A discounted cash flow analysis is a traditional valuation methodology used to derive the valuation of an asset by calculating the "present value" of estimated future cash flows of an asset. "Present value" refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

To calculate the estimated implied per share value of KMI common stock using the discounted cash flow method for each of the KMI Status Quo Scenario and the KMI Pro Forma Scenario, Barclays Capital added: (i) the forecasted dividends per share for calendar years 2015 through 2019, based on distributed cash flow projections of KMI furnished to Barclays Capital by KMI management to (ii) the "terminal value" of the forecasted dividend per share at the end of calendar year 2019, based on guidance from KMI management, and discounted the sum of such amounts to January 1, 2015 using a range of assumed yield and indicative growth rates (as further described below).

The terminal value for the KMI Status Quo Scenario was estimated by applying a range of assumed yields of 4.50% to 5.25% to KMI's forecasted calendar year 2020 dividend per share. These assumed yields were selected based on Barclays Capital's professional judgment and experience, taking into account historical trading levels of KMI common stock. The cash flows for the KMI Status Quo Scenario were then discounted to January 1, 2015 using assumed yield and indicative growth rates ranging from 11.50% to 14.50%, which were selected based on estimates of assumed dividend yields added to estimates of indicative growth rates (based on Barclays Capital's professional judgment and experience, taking into account projected compounded annual growth rates for dividends as estimated by equity research analysts who cover KMI and as estimated by KMI management). Based on these calculations, Barclays Capital determined an implied reference range of per share values of KMI common stock for the KMI Status Quo Scenario of \$32.50 to \$39.00.

Similarly, the terminal value for the KMI Pro Forma Scenario was estimated by applying a range of assumed yields of 3.75% to 4.50% to KMI's forecasted calendar year 2020 dividend per share. These assumed yields were selected based on Barclays Capital's professional judgment and experience, taking

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into account dividend yields and estimated dividend growth rates of comparable large-capitalization, dividend-paying companies and MLPs. The cash flows for the KMI Pro Forma Scenario were then discounted to January 1, 2015 using assumed yield and indicative growth rates ranging from 13.75% to 14.50%, which were selected based on estimates of assumed dividend yields added to estimates of indicative growth rates (based on Barclays Capital's professional judgment and experience, taking into account dividend yields and estimated dividend growth rates of comparable large-capitalization, dividend-paying companies and MLPs). Based on these calculations, Barclays Capital determined an implied reference range of per share values of KMI common stock for the KMI Pro Forma Scenario of \$45.00 to \$53.50.

Barclays Capital then compared the implied per share values for the KMI Status Quo Scenario with the implied per share values for the KMI Pro Forma Scenario. Barclays Capital noted that, on the basis of the discounted cash flow analysis and such comparison, the implied per share values for the KMI Pro Forma Scenario were above the implied per share values of KMI common stock for the KMI Status Quo Scenario.

***Equity Research Price Targets Analysis***

Barclays Capital evaluated the publicly available share price targets of KMI published by independent equity research analysts associated with various Wall Street firms. Barclays Capital used these share price targets, where applicable and available, as a reference point to provide background information and perspective. With respect to KMI, Barclays Capital noted that the range of low to high share price targets, where applicable and available, as of August 8, 2014 was \$31.00 to \$45.00 per share of KMI common stock.

***Historical Share Price Analysis***

To illustrate the trend in the historical trading prices of shares of KMI common stock, Barclays Capital considered historical data with regard to the trading share prices of KMI common stock for the 52-week period from August 8, 2013 through and including August 8, 2014. Barclays Capital noted that during such 52-week period, the price per share of KMI common stock ranged from \$30.81 to \$38.30.

***Other Presentations by Barclays Capital***

In addition to the presentation delivered to the KMI board on August 9, 2014, as described above, which is referred to as the "Barclays Capital Fairness Opinion Analysis Presentation," Barclays Capital also delivered materials and presentations to the KMI board and the independent members of the KMGP board, KMR board and EPGP board, respectively, as further described in the section titled "Special Factors Background of the Transactions." One such presentation, dated as of July 16, 2014, which is referred to as the "Barclays Capital July 16th Presentation," was delivered by Barclays to the KMI board on July 16, 2014. Furthermore, at the request of the management of KMI, Barclays Capital prepared certain materials, which are referred to as the "Barclays Capital Committee Materials," for, and presented the Barclays Capital Committee Materials to, the independent members of the KMGP board, KMR board and EPGP board, respectively, on July 17, 2014.

The financial and comparative analyses and other information in the Barclays Capital July 16th Presentation and the Barclays Capital Committee Materials were based on market, economic and other conditions as of their respective dates as well as other information that was available to Barclays at such times. Accordingly, the results of the financial analyses and other information differed from the Barclays Capital Fairness Opinion Presentation due to changes in those conditions. Barclays Capital also continued to refine various aspects of its financial analyses with respect to KMI, KMP, KMR and EPB over time.

Copies of the Barclays Capital July 16th Presentation and the Barclays Capital Committee Materials have been filed as exhibits to the Schedule 13E-3 filed with the SEC in connection with the



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Transactions and will be made available for inspection and copying at the principal executive offices of KMI during its regular business hours by any interested stockholder of KMI. Copies may be obtained by requesting them in writing from KMI at the address provided in the section titled "The Parties to the Merger KMI." None of these presentations by Barclays Capital, alone or together, constitute, or form the basis of, an opinion of Barclays Capital with respect to the Transactions Consideration.

*Barclays Capital July 16th Presentation*

The Barclays Capital July 16th Presentation contained a preliminary overview of the Transactions and a preliminary version of certain financial, comparative and other analyses summarized above in this section. The Barclays Capital July 16th Presentation included a statement (qualified by a note that Barclays Capital does not render formal opinions or assurances regarding future trading values) that the pro forma combined company would trade at a 4.50% yield or below, based on Barclays Capital's professional judgement and experience, taking into account (i) market conditions as of the date thereof, (ii) pro forma metrics of the proposed combined company and (iii) dividend yields and estimated dividend growth rates of comparable large-capitalization, dividend-paying companies and MLPs. In addition, the Barclays Capital July 16th Presentation included an illustrative sensitivity to transaction premiums analysis, for which Barclays Capital calculated the cash coverage in the KMI Pro Forma Scenario as a function of the premiums paid to KMP's, KMR's and EPB's respective price per share or unit, as applicable, ranging from 10.0% to 15.0% (based on guidance from KMI management). The Barclays Capital July 16th Presentation also reviewed and analyzed (i) the trading history of KMI's common stock from February 11, 2011 through and including July 14, 2014 as compared with the trading histories of other companies that Barclays Capital deemed relevant and (ii) the yields and expected distribution growth rates of the KMI Pro Forma Scenario as compared with the yields and expected distribution growth rates of large- and mid-capitalization companies and MLPs that Barclays Capital deemed relevant.

*Barclays Capital Committee Materials*

At the request of the management of KMI, Barclays Capital prepared the Barclays Capital Committee Materials for, and presented the Barclays Capital Committee Materials to, the independent members of the KMGP board, KMR board and EPGP board, respectively, on July 17, 2014. The Barclays Capital Committee Materials contained a preliminary overview of the Transactions and a preliminary version of certain financial, comparative and other analyses summarized above in this section. Additionally, the Barclays Capital Committee Materials included information regarding (i) a trading history of KMP and EPB common units from July 16, 2013 through and including July 16, 2014 as compared with the trading history of the Alerian MLP Index, (ii) the relative cost of equity of select MLPs as compared with KMP and EPB, respectively, (iii) the relative expected distribution growth rates of select MLPs as compared with KMP and EPB, respectively, (iv) the cash flow profile by business segment of KMP and EPB, respectively, as compared with the cash flow profile by business segment of the KMI Pro Forma Scenario and (v) an overview of the Transactions as compared with other strategic alternatives available to KMI, KMP and EPB.

*General*

Barclays Capital is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. The KMI board selected Barclays Capital because of its familiarity with KMI and its qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions generally, as well as substantial experience in transactions in the industries in which KMI, KMP, KMR and EPB operate.

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Barclays Capital is acting as financial advisor to KMI in connection with the Transactions. As compensation for its services in connection with the Transactions, \$1 million became payable by KMI to Barclays Capital upon the delivery of Barclays Capital's opinion, which is referred to as the "Opinion Fee." In addition, KMI will pay Barclays Capital a fee of \$13 million, less any amount of the Opinion Fee previously paid, at the closing of the Transactions. In addition, KMI has agreed to reimburse certain of Barclays Capital's expenses in connection with the Transactions and indemnify Barclays Capital for certain liabilities that may arise out of Barclays Capital's engagement by KMI and the rendering of Barclays Capital's opinion. Barclays Capital has performed various investment banking and financial services for KMI, KMP, KMR and EPB in the past, and Barclays Capital expects to perform such services in the future, and has received, and expects to receive, customary fees for such services.

With respect to KMI, KMP, KMR and EPB, collectively, in the two years prior to rendering its fairness opinion, Barclays Capital performed the following investment banking and financial services: (i) (a) in August 2012, Barclays Capital rendered a fairness opinion to KMI in connection with KMI's sale of its 100% interest in Tennessee Gas Pipeline and 50% interest in El Paso Natural Gas to KMP; (b) in August 2012, Barclays Capital acted as joint bookrunner on KMI's secondary offering of 66,700,000 shares of KMI common stock by selling stockholders; (c) in October 2012, Barclays Capital acted as sole bookrunner on KMI's secondary offering of 69,296,921 shares of KMI common stock by selling stockholders; (d) in November 2012, Barclays Capital acted as administrative agent on KMI's amendment to its \$1,750,000,000 revolving credit facility; and (e) in October 2013, Barclays Capital acted as joint bookrunner on KMI's \$1,500,000,000 7.25-year and 10-year senior notes offering; (ii) in September 2012, Barclays Capital acted as joint bookrunner on EPB's follow-on offering of 8,165,000 EPB common units; and (iii)(a) in August 2012, Barclays Capital acted as financial advisor on KMP's sale of Rockies Express Pipeline; (b) in December 2012, Barclays Capital acted as sole bookrunner on KMP's follow-on offering of 4,485,000 KMP common units; (c) in May 2013, Barclays Capital acted as bookrunner on KMP's refinancing of its \$2,700,000,000 credit facility; (d) in February 2014, Barclays Capital acted as joint bookrunner on KMP's \$1,500,000,000 7-year and 30-year senior notes offering; (e) in February 2014, Barclays Capital acted as joint bookrunner on KMP's follow-on offering of 7,935,000 KMP common units; and (f) in August 2014, Barclays Capital acted as administrative agent, sole arranger and sole bookrunner on KMP's \$1,000,000,000 credit facility. In connection with the foregoing services, Barclays Capital has received aggregate compensation equal to approximately \$39,300,000.

Barclays Bank, an affiliate of Barclays Capital, is the administrative agent and a lender under the bridge facility that KMI has entered into in connection with the Transactions. See "Description of the Debt Financing for the Transactions."

Barclays Capital and its affiliates engage in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays Capital and its affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of KMI, KMP, KMR and EPB and their respective affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

Barclays Capital's opinion, the issuance of which was approved by Barclays Capital's Fairness Opinion Committee, is addressed to KMI's board of directors, and addresses only the fairness, from a financial point of view, of the Transactions Consideration to be paid in the aggregate by KMI. Barclays Capital's opinion is not intended to and does not constitute a recommendation to any stockholder of KMI as to how such stockholder should vote or act with respect to the Transactions or any other matter.

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**Financial Analyses of Citigroup Global Markets Inc.**

KMI also has retained Citigroup Global Markets Inc., which is referred to as "Citi," as a financial advisor in connection with the proposed Transactions. In connection with this engagement, the KMI board of directors requested that Citi perform certain financial analyses of KMI both on a standalone basis and pro forma for the proposed Transactions, but primarily focused on KMI pro forma for the proposed Transactions.

**Citi's financial analyses were provided for the information of the KMI board of directors (in its capacity as such) in connection with its evaluation of the proposed Transactions from a financial point of view to KMI and did not address any other terms, aspects or implications of the proposed Transactions. Citi's financial analyses did not address the underlying business decision of KMI to effect the proposed Transactions, the relative merits of the proposed Transactions as compared to any alternative business strategies that might exist for KMI or the effect of any other transaction in which KMI might engage or consider. Citi's financial analyses are not intended to be and do not constitute a recommendation as to how any stockholder or unitholder should vote or act on any matters relating to the proposed Transactions or otherwise.**

In preparing its financial analyses, Citi assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citi and upon the assurances of KMI management that it was not aware of any relevant information that was omitted or that remained undisclosed to Citi. With respect to the financial projections and other information and data provided to or otherwise reviewed by or discussed with Citi relating to KMI, KMR, KMP and EPB, Citi was advised by KMI management, and assumed, with KMI's consent, that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of KMI management as to the future financial performance of KMI, KMR, KMP and EPB, the potential strategic implications and financial and operational benefits (including the amount, timing and achievability thereof) anticipated by KMI management to result from, and other potential pro forma financial effects of, the proposed Transactions and the other matters covered thereby. Citi assumed, with KMI's consent, that the financial results, including with respect to the potential strategic implications and financial and operational benefits anticipated to result from the proposed Transactions, reflected in such financial projections and other information and data would be realized in the amounts and at the times projected. Citi relied upon the assessments of KMI management as to (i) existing and future relationships, agreements and arrangements with, and the ability of KMI pro forma for the Transactions to retain, key customers and related contracts of, or otherwise relating to, KMI, KMR, KMP and EPB, (ii) growth rate and other assumptions of KMI management with respect to KMI pro forma for the proposed Transactions and (iii) the potential impact on KMI, KMR, KMP and EPB of market trends and prospects relating to the natural gas and natural gas gathering, processing, transporting and fractionating industry, including assumptions of KMI management regarding future drilling and production, volume commitments, acreage dedication, and gathering and processing rates as reflected in the financial projections and other information and data utilized in Citi's analyses, which are subject to significant volatility and which, if different than as assumed, could have a material impact on Citi's analyses. Citi assumed, with KMI's consent, that there would be no developments with respect to any such matters that would have an adverse effect on KMI, KMR, KMP, EPB or the proposed Transactions (including the contemplated benefits thereof) or that would otherwise be meaningful in any respect to Citi's analyses.

Citi did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of KMI, KMR, KMP, EPB or any other entity and Citi did not make any physical inspection of the properties or assets of KMI, KMR, KMP, EPB or any other entity. Citi did not express any view with respect to accounting, tax, regulatory, legal or similar matters and it relied, with KMI's consent, upon the assessments of representatives of KMI as to such matters. Citi's financial analyses were necessarily based upon information available, and financial, stock market and

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other conditions and circumstances existing and disclosed, to Citi as of the date on which such analyses were performed.

Citi was not requested to, and it did not, provide an opinion as to the fairness, from a financial point of view, of the consideration payable in the proposed Transactions or any other term or aspect of the proposed Transactions. The type and amount of consideration payable in the proposed Transactions were determined through negotiations among KMI, KMR, KMP and EPB, and the decision to enter into the merger agreements was solely that of the KMI board, the KMR board and KMR special committee, the KMGP board and KMGP conflicts committee, and the EPGP board and EPGP conflicts committee. Citi expressed no view or opinion as to, among other things, the form or structure of the proposed Transactions or any terms, aspects or implications of any agreement, arrangement or understanding to be entered into in connection with or contemplated by the proposed Transactions or otherwise. Citi did not express any view or opinion as to the actual value of KMI common stock when issued in the proposed Transactions or the prices at which KMI common stock, KMR shares, KMP common units or EPB common units would trade or otherwise be transferable at any time. Citi's financial analyses were only one of many factors considered by the KMI board of directors in its evaluation of the proposed Transactions and should not be viewed as determinative of the views of the KMI board of directors or KMI management with respect to the proposed Transactions or the consideration payable in the proposed Transactions.

In preparing its financial analyses, Citi performed a variety of financial and comparative analyses, including those described below. The summary of the analyses below is not a complete description of Citi's analyses. The preparation of financial analyses is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, financial analyses are not readily susceptible to summary description. Citi considered the results of all analyses undertaken by it and assessed as a whole, and it did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis. Accordingly, Citi believes that the analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying such analyses.

In its analyses, Citi considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its financial analyses, many of which are beyond the control of KMI. No company, business or transaction reviewed is identical or directly comparable to KMI, KMR, KMP, EPB or their respective businesses or the proposed Transactions and an evaluation of these analyses is not entirely mathematical; rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or other values of the companies or business segments reviewed.

The estimates contained in Citi's analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by such analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold or acquired. Accordingly, the estimates used in, and the results derived from, Citi's analyses are inherently subject to substantial uncertainty and are not intended to be, and should not be construed in any respect as, an assurance or guaranty of value.

The following is a summary of the material financial analyses presented to the KMI board of directors. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Citi's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or**

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**incomplete view of such analyses.** For purposes of the financial analyses summarized below, the term "potential total investment returns" refers to the current yield of the applicable securities plus potential growth in distributions based on two-year compound annual growth rates of such distributions for calendar years 2015 through 2017.

***July 16, 2014 Preliminary KMI Board Discussion Materials***

Preliminary financial analyses and market perspectives provided by Citi to the KMI board of directors on July 16, 2014 included the following:

***Current Performance of KMI on a Standalone Basis.*** In order to assist the KMI board of directors in evaluating certain market perspectives on KMI, KMP and EPB on a standalone basis, Citi reviewed the following:

***Trading Performance of KMI, KMP and EPB Relative to Selected Peers.*** In reviewing the stock or unit price performance of KMI, KMP and EPB, Citi compared the stock or unit price performance of KMI, KMP and EPB relative to their respective selected peer group indexes during the one-year and three-year periods ended July 14, 2014 in the case of KMI and during the one-year, three-year and five-year periods ended July 14, 2014 in the case of KMP and EPB. Financial data of the selected peer group indexes and KMI, KMP and EPB were based on publicly available information.

The selected peer group index for KMI consisted of the following six selected entities that are publicly traded general partners, which are referred to as "GPs," of publicly traded MLPs with midstream pipeline assets:

EnLink Midstream, LLC

ONEOK, Inc.

Plains GP Holdings, L.P.

Spectra Energy Corp

Targa Resources Corp.

The Williams Companies, Inc.

The selected peer group index for KMP consisted of the following seven selected entities that are publicly traded large diversified MLPs:

Enbridge Energy Partners, L.P.

Energy Transfer Partners, L.P.

Enterprise Products Partners L.P.

ONEOK Partners, L.P.

Plains All American Pipeline, L.P.

Spectra Energy Partners, LP

Williams Partners L.P.

The selected peer group index for EPB consisted of the following six selected entities that are publicly traded natural gas pipeline-focused MLPs:

Boardwalk Pipeline Partners, LP

EQT Midstream Partners, LP

Midcoast Energy Partners, L.P.

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QEP Midstream Partners, LP.

Tallgrass Energy Partners, LP

TC PipeLines, LP

Citi observed that (i) shares of KMI common stock appreciated in value during such one-year and three-year periods by approximately 89.8% and 127.7% per share, respectively, relative to the appreciation in value of KMI's selected peer group index of approximately 155.9% and 198.9%, respectively, (ii) KMP common units appreciated in value during such one-year, three-year and five-year periods by approximately 92.4%, 110.5% and 156.8% per unit, respectively, relative to the appreciation in value of KMP's selected peer group index of approximately 113.1%, 148.8% and 233.1%, respectively, and (iii) EPB common units appreciated in value during such one-year, three-year and five-year periods by approximately 80.8%, 102.0% and 199.6% per unit, respectively, relative to the appreciation in value of EPB's selected peer group index of approximately 134.1%, 144.7% and 193.7%, respectively.

*Financial Performance of KMI Relative to Selected Peers.* In reviewing the financial performance of KMI on a standalone basis, Citi compared the GP distribution compound annual growth rates, expected potential total investment returns, GP firm values, debt ratios and current and calendar year 2015 estimated GP yields of KMI on a standalone basis and the following six selected partnerships that are GPs of publicly traded MLPs, which are referred to as the "selected public partnerships," and six selected companies that are GPs of publicly traded MLPs, which are referred to as the "selected public companies":

Selected public partnerships:

Alliance Holdings GP, L.P.

Atlas Energy, L.P.

Crestwood Equity Partners LP

Energy Transfer Partners, L.P.

NuStar GP Holdings, LLC

Western Gas Equity Partners, LP

Selected public companies:

EnLink Midstream, LLC

ONEOK, Inc.

Plains GP Holdings, L.P.

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Spectra Energy Corp

Targa Resources Corp.

The Williams Companies, Inc.

Financial data of the selected public partnerships and the selected public companies were based on publicly available research analysts' estimates, public filings and other publicly available information. Financial data of KMI was based on internal financial projections and other estimates of KMI management. The approximate overall low to high GP distribution compound annual growth rates, expected potential total investment returns, GP firm values, debt ratios and current and calendar year



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2015 estimated GP yields as of July 14, 2014 for the six selected public partnerships and the six selected public companies were as follows:

For the six selected public partnerships:

GP distribution compound annual growth rates: 3.1% to 25.7%;

expected potential total investment returns: 8.6% to 28.8%;

GP firm values: \$1.7 billion to \$34.3 billion;

debt ratios: 0.0x to 4.8x; and

current and calendar year 2015 estimated GP dividend yields: 1.6% to 5.5% and 2.4% to 6.1%.

For the six selected public companies:

GP distribution compound annual growth rates: 9.0% to 25.2%;

expected potential total investment returns: 12.2% to 27.0%;

GP firm values: \$6.0 billion to \$41.8 billion;

debt ratios: 0.0x to 4.4x; and

current and calendar year 2015 estimated GP dividend yields: 1.8% to 3.4% and 2.5% to 4.1%.

Citi observed the following corresponding data for KMI as of July 14, 2014: (i) a GP distribution compound annual growth rate of approximately 5.8%; (ii) an expected potential total investment return of approximately 10.5%; (iii) a GP firm value of approximately \$47.2 billion; (iv) a debt ratio of approximately 3.4x; and (v) a current and calendar year 2015 estimated GP dividend yield of approximately 4.7% and 5.1%.

*Sum-of-the-Parts Analysis of KMI.* Citi performed a sum-of-the-parts analysis of KMI on a standalone basis in order to observe the implied per share equity value reference range derived for KMI from such analysis relative to the closing stock price of KMI as of July 14, 2014. Financial data of KMI was based on internal financial projections and other estimates of KMI management. Citi calculated the implied total value of KMR shares, KMP common units and EPB common units held by KMI by multiplying selected publicly available research analysts' price target ranges for KMR shares, KMP common units and EPB common units of \$66.00 to \$92.00 per share, \$70.00 to \$93.00 per unit, and \$32.00 to \$36.00 per unit, respectively, by the total number of such shares or common units held by KMI. Citi then calculated the implied total value of the general partner interest and related incentive distribution rights of KMP and EPB held by KMI by multiplying calendar year 2014 estimated distributions in respect of such general partner interest and related incentive distribution rights by a selected indicative trading multiple range for such general partner interest and related incentive distribution rights of 17.0x to 23.0x. Citi calculated the implied total value of KMI's other assets by multiplying calendar year 2014 estimated earnings before interest, taxes, depreciation and amortization, which is referred to as "EBITDA," by a selected indicative precedent transactions multiple range of 9.0x to 12.0x.

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This analysis indicated the following approximate implied per share equity value reference range for KMI on a standalone basis, as compared to KMI's closing stock price on July 14, 2014:

Implied Per Share Equity Value Reference Range for KMI (Standalone)	KMI Per Share Closing Stock Price (July 14, 2014)
\$33.77 - \$48.59	\$35.97

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Citi observed that the approximate implied per share equity value reference range for KMI on a standalone basis derived from this analysis represented a (discount)/premium to KMI's closing stock price on July 14, 2014 of approximately (6.1%) to 35.1%.

**Potential Total Investment Returns Overview.** In order to assist the KMI board of directors in evaluating the potential total investment returns for KMI that could be realized as a result of the proposed Transactions, Citi reviewed the potential total investment returns for selected publicly traded companies in comparison to those for KMI on a pro forma basis and performed a dividend discount analysis of KMI both on a standalone and pro forma basis, as more fully described below.

**Selected Public Companies Potential Total Investment Returns.** Citi reviewed certain financial information of KMI on a pro forma basis, certain financial and stock market information of KMI on a standalone basis and certain publicly available financial and stock market information of the following six selected companies that directly or through affiliates own midstream pipeline operations, which are collectively referred to as the "selected pipeline companies":

Enbridge Inc.

Enterprise Products Partners L.P.

ONEOK, Inc.

Spectra Energy Corp

The Williams Companies, Inc.

TransCanada Corporation

Citi also reviewed certain publicly available financial and stock market information of the following three selected companies that are dividend-paying utility companies, which are collectively referred to as the "selected utilities companies" and, together with the selected pipeline companies, as the "selected companies":

Dominion Resources, Inc.

NiSource Inc.

Sempra Energy

Citi reviewed, among other things, calendar year 2015 through calendar year 2017 estimated EBITDA, compound annual growth rates, calendar year 2015 through calendar year 2017 estimated dividend compound annual growth rates, and calendar year 2015 estimated dividend yields of the selected companies. Citi also reviewed estimated potential total investment returns for the selected companies. Financial data of the selected companies were based on publicly available research analysts' estimates, public filings and other publicly available information. Financial data of KMI was based on internal financial projections and other estimates of KMI management. The approximate overall low to high calendar year 2015 through calendar year 2017 estimated EBITDA compound annual growth rates, calendar year 2015 through calendar year 2017 estimated dividend compound annual growth rates, calendar year 2015 estimated dividend yields and estimated potential total investment returns observed for the selected pipeline companies and the selected utilities companies were as follows:

For the selected pipeline companies:

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calendar year 2015 through calendar year 2017 estimated EBITDA compound annual growth rates: 4.6% to 21.6% (with a median of 8.6%);

calendar year 2015 through calendar year 2017 estimated dividend compound annual growth rates: 5.8% to 19.1% (with a median of 9.8%);

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calendar year 2015 estimated dividend yields: 3.1% to 4.0% (with a median of 3.8%); and

estimated potential total investment returns: 9.6% to 22.1% (with a median of 12.8%).

For the selected utilities companies:

calendar year 2015 through calendar year 2017 estimated EBITDA compound annual growth rates: 6.9% to 9.6% (with a median of 7.5%);

calendar year 2015 through calendar year 2017 estimated dividend compound annual growth rates: 4.3% to 6.2% (with a median of 5.4%);

calendar year 2015 estimated dividend yields: 2.7% to 3.7% (with a median of 2.8%); and

estimated potential total investment returns: 7.0% to 9.7% (with a median of 8.0%).

Citi observed that the calendar year 2015 through calendar year 2017 estimated EBITDA compound annual growth rate and estimated dividend compound annual growth rate for KMI on a pro forma basis were approximately 10.8% and 10.0%, respectively. Citi then selected a potential estimated calendar year 2015 dividend yield range for KMI on a pro forma basis of 4.75% to 4.50% which, after taking into account the estimated present value of a potential step-up in tax basis per share of KMI common stock, which is referred to as the "potential tax basis step-up per share," that KMI management projected could result from the proposed Transactions, indicated an approximate implied per share equity value range for KMI of \$42.11 to \$44.44, respectively, and a potential total investment return range of approximately 14.8% to 14.5%, respectively.

*Dividend Discount Analyses.* Citi performed dividend discount analyses of KMI in order to observe the implied per share equity value reference ranges derived from such analyses for KMI both on a standalone and pro forma basis. Financial data of KMI was based on internal financial projections and other estimates of KMI management.

Citi performed a standalone dividend discount analysis of KMI by calculating the estimated present value of the dividends per share that KMI on a standalone basis was projected to generate during calendar years ending December 31, 2015 through December 31, 2023. Citi calculated terminal values for KMI on a standalone basis by applying to its calendar year 2023 estimated dividends per share a range of terminal dividend yields of 5.5% to 4.5%. The present values (as of January 1, 2015) of the dividends per share and terminal values were then calculated using discount rates ranging from 7.5% to 9.5%.

Citi also performed a pro forma dividend discount analysis of KMI after giving effect to the proposed Transactions by calculating the estimated present value of the dividends per share that KMI on a pro forma basis was projected to generate during calendar years ending December 31, 2015 through December 31, 2023, excluding the effects of the potential tax basis step-up per share that KMI management projected could result from the proposed Transactions. Citi calculated terminal values for KMI on a pro forma basis by applying to its calendar year 2023 estimated dividends per share a range of terminal dividend yields of 5.5% to 4.5%. The present values (as of January 1, 2015) of the dividends per share and terminal values were then calculated using discount rates ranging from 7.5% to 9.5%. Citi additionally calculated the estimated present value (as of January 1, 2015) of the potential tax basis step-up per share that KMI management projected could result from the proposed Transactions during calendar years ending December 31, 2015 through December 31, 2028 using discount rates ranging from 7.5% to 9.5%.

These analyses indicated the following approximate implied per share equity value reference ranges for KMI on a standalone basis, as compared to the approximate implied per share equity value reference ranges for KMI on a pro forma basis, both excluding and including the estimated present

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value of the potential tax basis step-up per share that KMI management projected could result from the proposed Transactions:

### Implied Per Share Equity Value Reference Ranges for KMI

Standalone Basis	Pro Forma Basis	Potential Tax Basis	Pro Forma Basis
	(Excluding Potential Tax Basis Step-Up Per Share)	Step-Up Per Share	(Including Potential Tax Basis Step-Up Per Share)
\$39.11 - \$51.31	\$38.92 - \$51.03	\$4.98 - \$5.52	\$43.90 - \$56.55

Citi observed that these dividend discount analyses indicated approximate implied per share calendar year 2015 estimated dividend yields for KMI, both excluding and including the estimated present value of the potential tax basis step-up per share that KMI management projected could result from the proposed Transactions, ranging from 3.4% to 4.4% and 3.5% to 4.6%, respectively.

**Pro Forma Accretion/Dilution.** Citi reviewed the potential pro forma financial effects of the proposed Transactions on KMI's estimated cash available for dividends and dividends per share of KMI common stock during calendar years 2015 through 2023 assuming, for illustrative purposes, a 10% premium and a 15% premium to KMP, KMR and EPB closing share or unit prices on July 14, 2014 relative to KMI's cash available for dividends and dividends per share of KMI common stock on a standalone basis during such calendar years. Financial data of KMI was based on internal financial projections and other estimates of KMI management. Citi observed that the proposed Transactions could be accretive (dilutive) to KMI's cash available for dividends and dividends per share of KMI common stock on a standalone basis by the following approximate percentages:

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>At 10% Premium:</b>									
Cash Available for									
Dividends	21.6%	24.6%	29.1%	35.8%	28.6%	28.5%	24.5%	20.8%	17.5%
Dividends per Share	8.7%	10.6%	17.5%	20.5%	21.0%	22.5%	19.9%	17.4%	15.1%
<b>At 15% Premium:</b>									
Cash Available for									
Dividends	19.6%	22.4%	26.9%	33.4%	26.2%	26.0%	21.9%	18.2%	14.9%
Dividends per Share	8.7%	10.6%	17.5%	20.5%	21.0%	22.5%	19.9%	17.4%	15.1%

Citi also reviewed the potential pro forma financial effects of the proposed Transactions on distributions per KMP common unit, distributions per KMR share and distributions per EPB common unit for calendar years 2015 through 2023 assuming, for illustrative purposes, a 10% premium and a 15% premium to KMP's, KMR's and EPB's closing share or unit prices on July 14, 2014 relative to distributions per KMP common unit, distributions per KMR share and distributions per EPB common unit on a standalone basis during such calendar years. Financial data of KMP, KMR and EPB were based on internal financial projections and other estimates of KMI management. Citi observed that the proposed Transactions could be accretive (dilutive) to distributions per KMP common unit, distributions per KMR share and distributions per EPB common unit on a standalone basis by the following percentages:

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>At 10% Premium:</b>									
KMP	(15.2)%	(12.0)%	(7.4)%	(5.5)%	2.1%	4.0%	6.0%	8.2%	10.5%
KMR	(15.2)%	(12.0)%	(7.4)%	(5.5)%	2.1%	4.0%	6.0%	8.2%	10.5%
EPB	(15.9)%	(7.5)%	(3.1)%	4.6%	10.6%	12.3%	14.1%	15.9%	17.7%
<b>At 15% Premium:</b>									
KMP	(11.4)%	(8.1)%	(3.2)%	(1.2)%	6.7%	8.7%	10.8%	13.1%	15.5%
KMR	(11.4)%	(8.1)%	(3.2)%	(1.2)%	6.7%	8.7%	10.8%	13.1%	15.5%
EPB	(12.1)%	(3.3)%	1.3%	9.4%	15.7%	17.4%	19.3%	21.1%	23.0%

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The actual results achieved by KMI, KMP, KMR and EPB may vary from projected results and the variations may be material.

**Other Information.** Citi also noted certain additional information, including, among other things, the following:

implied enterprise values (calculated as equity values based on closing stock or unit prices on July 14, 2014 plus implied market values of the KMGP and EPGP (calculated as firm value of the publicly traded general partner less the value of common units held by such general partner and the value of other operations allocated proportionally by contribution of general partner interest and related incentive distributions), total debt and minority interest and less cash and cash equivalents) as a multiple of calendar year 2015 estimated EBITDA and stock or unit prices as a multiple of calendar year 2015 estimated distributable cash flow, among other performance data, for KMI, KMP and EPB assuming, for illustrative purposes, a 10% premium to KMP's and EPB's closing unit prices on July 14, 2014, which indicated calendar year 2015 estimated EBITDA multiples for KMI, KMP and EPB of 15.6x, 14.9x and 14.0x, respectively, and calendar year 2015 estimated distributable cash flow multiples for KMI, KMP and EPB of 19.5x, 15.5x and 14.9x, respectively;

premiums paid in seven selected GP transactions announced from September 2007 through July 14, 2014 with transaction values ranging from approximately \$212 million to \$22 billion, based on closing unit prices of the target companies involved in such transactions one day and one month prior to public announcement of the relevant transaction, which transactions reflected overall low to high one-day, one-month and one-month average premiums to the purchase prices paid in the selected transactions of approximately 4.0% to 31.5% (with a mean of 17.2% and a median of 15.6%), 11.4% to 27.0% (with a mean of 21.3% and a median of 22.4%) and 13.6% to 32.2% (with a mean of 19.6% and a median of 18.5%), respectively, and overall low to high one-day, one-month and one-month average premiums to the exchange ratios provided for in the selected transactions of approximately 4.0% to 31.5% (with a mean of 17.9% and a median of 18.8%), 9.4% to 40.0% (with a mean of 21.7% and a median of 20.6%) and 9.3% to 32.1% (with a mean of 19.9% and a median of 18.1%), respectively;

premiums paid in eight selected MLP transactions announced from October 1997 through July 14, 2014 with transaction values ranging from approximately \$1 billion to \$6 billion, based on closing unit prices of the target companies involved in such transactions one day and one month prior to public announcement of the relevant transaction, which transactions reflected overall low to high one-day, one-month and one-month average premiums to the purchase prices paid in the selected transactions of approximately 2.2% to 31.8% (with a mean of 16.3% and a median of 15.9%), 2.7% to 39.0% (with a mean of 17.7% and a median of 14.7%) and 2.6% to 36.8% (with a mean of 18.2% and a median of 16.3%), respectively, and overall low to high one-day, one-month and one-month average premiums to the exchange ratios provided for in the selected transactions of approximately 2.2% to 31.8% (with a mean of 16.3% and a median of 15.9%), (0.5%) to 27.1% (with a mean of 12.7% and a median of 12.3%) and 3.3% to 28.1% (with a mean of 15.1% and a median of 15.1%), respectively; and

implied purchase prices as multiples of current distributions to the general partner, forward distributions to the general partner and forward distributable cash flow to the general partner in (i) eight selected transactions in which GP incentive distribution rights ranged from 2% to 15% announced from February 1997 through March 2014 with transaction values ranging from approximately \$19 million to \$366 million, which transactions reflected overall low to high multiples of current distributions to the general partner, forward distributions to the general partner and forward distributable cash flow to the general partner of 21.9x to 115.5x (with a mean of 60.6x and a median of 51.4x), 20.9x to 109.5x (with a mean of 44.7x and a median of

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31.6x) and 12.8x to 78.7x (with a mean of 32.9x and a median of 24.3x), respectively, (ii) 16 selected transactions in which GP incentive distribution rights ranged from 25% to 30% announced from March 1998 through December 2012 with transaction values ranging from approximately \$12 million to \$7 billion, which transactions reflected overall low to high multiples of current distributions to the general partner, forward distributions to the general partner and forward distributable cash flow to the general partner of 6.5x to 115.6x (with a mean of 31.5x and a median of 21.6x), 8.5x to 45.4x (with a mean of 24.5x and a median of 22.4x) and 3.8x to 37.5x (with a mean of 14.5x and a median of 12.7x), respectively, and (iii) 16 selected transactions in which GP incentive distribution rights ranged from 45% to 50% announced from July 1999 through May 2013 with transaction values ranging from approximately \$88 million to \$2 billion, which transactions reflected overall low to high multiples of current distributions to the general partner, forward distributions to the general partner and forward distributable cash flow to the general partner of 10.1x to 42.6x (with a mean of 18.8x and a median of 16.3x), 8.1x to 27.2x (with a mean of 15.8x and a median of 15.4x) and 7.0x to 22.2x (with a mean of 13.5x and a median of 14.1x), respectively.

***August 9, 2014 KMI Board Discussion Materials***

Financial analyses and market perspectives provided by Citi to the KMI board of directors on August 9, 2014 included the following:

***Current Performance of KMI on a Standalone Basis.*** In order to further assist the KMI board of directors in evaluating certain market perspectives on KMI, KMP and EPB on a standalone basis, Citi reviewed the following:

***Trading Performance of KMI, KMP and EPB Relative to Selected Peers.*** In reviewing the stock or unit price performance of KMI, KMP and EPB, Citi compared the stock or unit price performance of KMI, KMP and EPB relative to their respective selected peer group indexes during the one-year and three-year periods ended August 8, 2014 in the case of KMI and during the one-year, three-year and five-year periods ended August 8, 2014 in the case of KMP and EPB. Financial data of the selected peer group indexes and KMI, KMP and EPB were based on publicly available information.

The selected peer group index for KMI consisted of the following six selected entities that are publicly traded general partners, which are referred to as "GPs," of publicly traded MLPs with midstream pipeline assets:

EnLink Midstream, LLC

ONEOK, Inc.

Plains GP Holdings, L.P.

Spectra Energy Corp

Targa Resources Corp.

The Williams Companies, Inc.

The selected peer group index for KMP consisted of the following seven selected entities that are publicly traded large diversified MLPs:

Enbridge Energy Partners, L.P.

Energy Transfer Partners, L.P.



Enterprise Products Partners L.P.

ONEOK Partners, L.P.

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Plains All American Pipeline, L.P.

Spectra Energy Partners, LP

Williams Partners L.P.

The selected peer group index for EPB consisted of the following six selected entities that are publicly traded natural gas pipeline-focused MLPs:

Boardwalk Pipeline Partners, LP

EQT Midstream Partners, LP

Midcoast Energy Partners, L.P.

QEP Midstream Partners, LP.

Tallgrass Energy Partners, LP

TC PipeLines, LP

Citi observed that (i) shares of KMI common stock appreciated in value during such one-year and three-year periods by approximately 95.7% and 152.7% per share, respectively, relative to the appreciation in value of KMI's selected peer group index of approximately 140.4% and 226.5%, respectively, (ii) KMP common units appreciated in value during such one-year, three-year and five-year periods by approximately 98.0%, 124.4% and 152.2% per unit, respectively, relative to the appreciation in value of KMP's selected peer group index of approximately 114.5%, 164.2% and 212.0%, respectively, and (iii) EPB common units appreciated in value during such one-year, three-year and five-year periods by approximately 80.8%, 104.7% and 174.1% per unit, respectively, relative to the appreciation in value of EPB's selected peer group index of approximately 125.0%, 155.3% and 168.5%, respectively.

*Financial Performance of KMI Relative to Selected Peers.* In reviewing the financial performance of KMI on a standalone basis, Citi compared of the GP distribution compound annual growth rates, expected potential total investment returns, GP firm values, debt ratios and current and calendar year 2015 estimated GP yields of KMI on a standalone basis and the following six selected partnerships that are GPs of publicly traded MLPs, which are referred to as the "selected public partnerships," and six selected companies that are GPs of publicly traded MLPs, which are referred to as the "selected public companies":

Selected public partnerships:

Alliance Holdings GP, L.P.

Atlas Energy, L.P.

Crestwood Equity Partners LP

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Energy Transfer Partners, L.P.

NuStar GP Holdings, LLC

Western Gas Equity Partners, LP

Selected public companies:

EnLink Midstream, LLC

ONEOK, Inc.

Plains GP Holdings, L.P.

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Spectra Energy Corp

Targa Resources Corp.

The Williams Companies, Inc.

Financial data of the selected public partnerships and the selected public companies were based on publicly available research analysts' estimates, public filings and other publicly available information. Financial data of KMI was based on internal financial projections and other estimates of KMI management. The approximate overall low to high GP distribution compound annual growth rates, expected potential total investment returns, GP firm values, debt ratios and current and calendar year 2015 estimated GP yields as of August 8, 2014 for the six selected public partnerships and the six selected public companies were as follows:

For the six selected public partnerships:

GP distribution compound annual growth rates: 5.5% to 26.4%;

expected potential total investment returns: 10.8% to 28.3%;

GP firm values: \$1.8 billion to \$33.3 billion;

debt ratios: 0.0x to 3.4x; and

current and calendar year 2015 estimated GP dividend yields: 1.9% to 5.3% and 2.5% to 6.4%.

For the six selected public companies:

GP distribution compound annual growth rates: 9.0% to 24.3%;

expected potential total investment returns: 12.3% to 26.5%;

GP firm values: \$5.6 billion to \$46.4 billion;

debt ratios: 0.5x to 4.0x; and

current and calendar year 2015 estimated GP dividend yields: 2.1% to 4.0% and 2.7% to 4.4%.

Citi observed the following corresponding data for KMI as of August 8, 2014: (i) a GP distribution compound annual growth rate of approximately 5.8%; (ii) an expected potential total investment return of approximately 10.6%; (iii) a GP firm value of approximately \$47.4 billion; (iv) a debt ratio of approximately 3.4x; and (v) a current and calendar year 2015 estimated GP dividend yield of approximately 4.8% and 5.1%.

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*Sum-of-the-Parts Analysis of KMI.* Citi performed a sum-of-the-parts analysis of KMI on a standalone basis in order to observe the implied per share equity value reference range derived for KMI from such analysis relative to the closing stock price of KMI as of August 8, 2014. Financial data of KMI was based on internal financial projections and other estimates of KMI management. Citi calculated the implied total value of KMR shares, KMP common units and EPB common units held by KMI by multiplying selected publicly available research analysts' price target ranges for KMR shares, KMP common units and EPB common units of \$68.00 to \$92.00 per share, \$75.00 to \$93.00 per unit and \$32.00 to \$40.00 per unit, respectively, by the total number of such shares or common units held by KMI. Citi then calculated the implied total value of the general partner interest and related incentive distribution rights of KMP and EPB held by KMI by multiplying calendar year 2014 estimated distributions in respect of such general partner interest and related incentive distribution rights by a selected indicative trading multiple range for such general partner interest and related incentive distribution rights of 17.0x to 23.0x. Citi calculated the implied total value of KMI's other assets by

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multiplying calendar year 2014 estimated EBITDA by a selected indicative precedent transactions multiple range of 9.0x to 12.0x.

This analysis indicated the following approximate implied per share equity value reference range for KMI on a standalone basis, as compared to KMI's closing stock price on August 8, 2014:

Implied Per Share Equity Value Reference Range for KMI (Standalone)	KMI Per Share Closing Stock Price (August 8, 2014)
\$33.91 - \$48.93	\$36.12

Citi observed that the approximate implied per share equity value reference range for KMI on a standalone basis derived from this analysis represented a (discount)/premium to KMI's closing stock price on August 8, 2014 of approximately (6.1%) to 35.5%.

**Potential Total Investment Returns Overview.** In order to further assist the KMI board of directors in evaluating the potential total investment returns for KMI that could be realized as a result of the proposed Transactions, Citi reviewed the potential total investment returns for selected publicly traded companies in comparison to those for KMI on a pro forma basis and performed a dividend discount analysis of KMI both on a standalone and pro forma basis, as more fully described below.

**Selected Public Companies Potential Total Investment Returns.** Citi reviewed certain financial information of KMI on a pro forma basis, certain financial and stock market information of KMI on a standalone basis and certain publicly available financial and stock market information of the following six selected companies that directly or through affiliates own midstream pipeline operations, which are collectively referred to as the "selected pipeline companies":

Enbridge Inc.

Enterprise Products Partners L.P.

ONEOK, Inc.

Spectra Energy Corp

The Williams Companies, Inc.

TransCanada Corporation

Citi also reviewed certain publicly available financial and stock market information of the following three selected companies that are dividend-paying utility companies, which are collectively referred to as the "selected utilities companies" and, together with the selected pipeline companies, as the "selected companies":

Dominion Resources, Inc.

NiSource Inc.

Sempra Energy

Citi reviewed, among other things, calendar year 2015 through calendar year 2017 estimated EBITDA compound annual growth rates, calendar year 2015 through calendar year 2017 estimated dividend compound annual growth rates, and calendar year 2015 estimated dividend yields of the selected companies. Citi also reviewed estimated potential total investment returns for the selected companies. Financial data of the selected companies were based on publicly available research analysts' estimates, public filings and other publicly available information. Financial data of KMI was based on internal financial projections and other estimates of KMI management. The approximate overall low to high

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calendar year 2015 through calendar year 2017 estimated EBITDA compound annual growth rates, calendar year 2015 through calendar year 2017 estimated dividend compound annual growth

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rates, calendar year 2015 estimated dividend yields and estimated potential total investment returns observed for the selected pipeline companies and the selected utilities companies were as follows:

For the selected pipeline companies:

calendar year 2015 through calendar year 2017 estimated EBITDA compound annual growth rates: 4.9% to 20.7% (with a median of 10.6%);

calendar year 2015 through calendar year 2017 estimated dividend compound annual growth rates: 5.1% to 13.0% (with a median of 9.8%);

calendar year 2015 estimated dividend yields: 2.9% to 4.4% (with a median of 4.0%); and

estimated potential total investment returns: 8.8% to 17.0% (with a median of 12.9%).

For the selected utilities companies:

calendar year 2015 through calendar year 2017 estimated EBITDA compound annual growth rates: 7.3% to 10.4% (with a median of 7.4%);

calendar year 2015 through calendar year 2017 estimated dividend compound annual growth rates: 4.0% to 6.0% (with a median of 5.4%);

calendar year 2015 estimated dividend yields: 2.7% to 3.7% (with a median of 2.9%); and

estimated potential total investment returns: 6.8% to 9.6% (with a median of 7.9%).

Citi observed that the calendar year 2015 through calendar year 2017 estimated EBITDA compound annual growth rate and estimated dividend compound annual growth rate for KMI on a pro forma basis were approximately 10.8% and 10.0%, respectively. Citi then selected a potential estimated calendar year 2015 dividend yield range for KMI on a pro forma basis of 4.75% to 4.50% which, after taking into account the estimated present value of the potential tax basis step-up per share that KMI management projected could result from the proposed Transactions, indicated an approximate implied per share equity value range for KMI of \$42.11 to \$44.44, respectively, and a potential total investment return range of approximately 14.8% to 14.5%, respectively.

*Dividend Discount Analyses.* Citi performed dividend discount analyses of KMI in order to observe the implied per share equity value reference ranges derived from such analyses for KMI both on a standalone and pro forma basis. Financial data of KMI was based on internal financial projections and other estimates of KMI management. Citi performed a standalone dividend discount analysis of KMI by calculating the estimated present value of the dividends per share that KMI on a standalone basis was projected to generate during calendar years ending December 31, 2015 through December 31, 2023. Citi calculated terminal values for KMI on a standalone basis by applying to its calendar year 2023 estimated dividends per share a range of terminal dividend yields of 5.5% to 4.5%. The present values (as of January 1, 2015) of the dividends per share and terminal values were then calculated using discount rates ranging from 7.5% to 9.0%.

Citi also performed a pro forma dividend discount analysis of KMI after giving effect to the proposed Transactions by calculating the estimated present value of the dividends per share that KMI on a pro forma basis was projected to generate during calendar years ending December 31, 2015 through December 31, 2023, excluding the effects of the potential tax basis step-up per share that KMI management projected could result from the proposed Transactions. Citi calculated terminal values for KMI on a pro forma basis by applying to its calendar year 2023 estimated dividends per share a range of terminal dividend yields of 5.5% to 4.5%. The present values (as of January 1, 2015) of the



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dividends per share and terminal values were then calculated using discount rates ranging from 7.5% to 9.0%. Citi additionally calculated the estimated present value (as of January 1, 2015) of the potential tax basis step-up per share that KMI management projected could result from the proposed

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Transactions during calendar years ending December 31, 2015 through December 31, 2029 using discount rates ranging from 7.5% to 9.0%.

These analyses indicated the following approximate implied per share equity value reference ranges for KMI on a standalone basis, as compared to the approximate implied per share equity value reference ranges for KMI on a pro forma basis, both excluding and including the estimated present value of the potential tax basis step-up per share that KMI management projected could result from the proposed Transactions: