KINDER MORGAN, INC.
Form 424B3
July 20, 2012
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Registration No. 333-177895

PROSPECTUS

511,746,498 Shares

Kinder Morgan, Inc.

Common Stock

This prospectus relates to 511,746,498 shares of our Class P common stock, par value $0.01 per share (referred to as common stock). The shares of common stock are issuable upon exercise of outstanding warrants that were issued in connection with our acquisition of El Paso Corporation, which was effective on May 25, 2012, as well as warrants that may be issued upon conversion of outstanding 4¾% trust convertible preferred securities of E1 Paso Energy Capital Trust I. This prospectus supplements, and supersedes in its entirety, the prospectus dated May 31, 2012.

Each warrant entitles its holder to acquire one share of common stock at an exercise price of $40.00 per share, subject to specified adjustments, at any time until May 25, 2017. The exercise price may be paid in cash or by means of a cashless exercise, as described in Description of the Warrants. The warrants are listed on the New York Stock Exchange under the symbol KMIWS.

We will receive all of the proceeds from any cash exercise of the warrants. If all of the warrants were exercised in full for cash, we would receive gross proceeds of $20.47 billion. However, there can be no assurance that any warrants will be exercised, or if warrants are exercised, how many will be exercised for cash. If all of the warrants are exercised pursuant to cashless exercises, we will receive no cash proceeds.

Our common stock is listed on the New York Stock Exchange under the symbol KMI. On July 19, 2012, the last reported sale price of our common stock on the New York Stock Exchange was $35.25 per share.

Investing in our common stock involves risks. See the risk factors identified in the documents incorporated by reference herein for more information regarding risks you should consider before investing in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 20, 2012.

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You should rely only on the information contained or incorporated by reference in this prospectus or any other information to which we have referred you. We have not authorized anyone to provide you with different information. This prospectus may only be used where it is legal to offer or sell the offered securities. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front cover of this prospectus. You should not assume that the information incorporated by reference in this prospectus is accurate as of any date other than the date the respective information was filed with the Securities and Exchange Commission. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, referred to as the SEC, under the Securities Act of 1933, as amended, referred to as the Securities Act. As allowed by SEC rules, this prospectus does not contain all of the information set forth in the registration statement, or the exhibits that are a part of the registration statement. For further information about us and our common stock, please refer to the information referred to under Where You Can Find More Information and to the registration statement and the exhibits that are a part of the registration statement.

Unless the context otherwise requires, we, us, and our refer to Kinder Morgan, Inc. and its subsidiaries.

KINDER MORGAN, INC.

We are a publicly-traded Delaware corporation, with our common stock traded on the New York Stock Exchange, referred to as the NYSE, under the ticker symbol KMI. We are a leading pipeline transportation and energy storage company in North America. Our pipelines transport natural gas, gasoline, crude oil, CO_2 and other products, and our terminals store petroleum products and chemicals and handle such products as ethanol, coal, petroleum coke and steel. We own the general partner interest of Kinder Morgan Energy Partners, L.P., referred to as KMP, one of the largest publicly-traded pipeline limited partnerships in America.

Effective on May 25, 2012, we completed the acquisition of all of the outstanding shares of El Paso Corporation, referred to as El Paso. As a result of the acquisition, we acquired one of North America s largest interstate natural gas pipeline systems and an emerging midstream business and El Paso s 42 percent limited partner interest and 2 percent general partner interest in El Paso Pipeline Partners, L.P., referred to as EPB. The combined enterprise, including the associated master limited partnerships, KMP and EPB, owns an interest in or operates more than 75,000 miles of pipeline and 180 terminals and represents the largest natural gas pipeline network in the United States, the largest independent transporter of petroleum products in the United States, the largest transporter of CO_2 in the United States, the second largest oil producer in Texas and the largest independent terminal owner/operator in the United States.

The address of our principal executive offices is 500 Dallas Street, Suite 1000, Houston, Texas 77002, and our telephone number at this address is (713) 369-9000.

USE OF PROCEEDS

Each warrant entitles its holder to acquire one share of common stock at an exercise price of $40.00 per share, subject to specified adjustments, at any time until May 25, 2017. Warrants may be exercised by paying the exercise price in cash or pursuant to a cashless exercise. See Description of the Warrants for further information.

We will receive all of the proceeds from any cash exercise of the warrants. If all of the warrants were exercised in full for cash, we would receive gross proceeds of $20.47 billion. However, there can be no assurance that any warrants will be exercised, or if warrants are exercised, how many will be exercised for cash. If all of the warrants are exercised pursuant to cashless exercises, we will receive no cash proceeds. We intend to use any proceeds from cash exercises of warrants for general corporate purposes.

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PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock is listed on the NYSE under the symbol KMI. The following table sets forth the high and low sales prices of the common stock, as reported by the NYSE, and the amount of dividends declared on each share of common stock in respect of the periods indicated. Our common stock began trading on the NYSE upon our initial public offering in February 2011.

	Price Range		Cash Dividends
	High	Low	
2012			
Third quarter (through July 19, 2012)	$ 35.54	$ 32.03	
Second quarter	40.25	30.51	$ 0.35
First quarter	39.25	31.76	$ 0.32
2011			
Fourth quarter	32.17	24.66	0.31
Third quarter	29.45	23.51	0.30
Second quarter	29.97	26.87	0.30
First quarter (beginning February 11, 2011)	32.14	29.50	0.14(1)

(1) This dividend was prorated from February 16, 2011, the day we closed our initial public offering. Based on a full quarter, the dividend amounts to $0.29 per share.

The last reported sale price of our common stock on the NYSE on July 19, 2012 was $35.25 per share. As of July 19, 2012, there were approximately 11,650 stockholders of record of our common stock. This number does not include stockholders whose shares are held in street name by other entities. The actual number of stockholders is greater than the number of holders of record.

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DESCRIPTION OF THE WARRANTS

The following describes the material provisions of the warrant agreement, the form of which is filed as an exhibit to the registration statement of which this prospectus forms a part and is incorporated herein by reference, and the warrants issued thereunder to purchase shares of our common stock, which we refer to in this prospectus as the warrants. This summary does not purport to be complete and may not contain all of the information about the warrant agreement that is important to you. We encourage you to read carefully the warrant agreement in its entirety before making any decisions regarding exercise of the warrants.

Exercise Price; Expiration

The warrants entitle holders to purchase shares of our common stock, on a one-for-one basis, subject to adjustments as provided by the warrant agreement and summarized below. The warrants are exercisable at an exercise price of $40.00 per share of common stock, subject to adjustments as provided by the warrant agreement and summarized below. The warrants are exercisable at any time until 5:00 p.m., New York City time, on May 25, 2017.

Exercise

The registered holder of warrants to purchase shares of our common stock can exercise all or any portion of the warrants held by such holder by delivering to the warrant agent: (1) either (i) a warrant certificate representing the number of warrants being exercised duly completed and signed, which signature shall be guaranteed by a member of a recognized guarantee medallion program, or (ii) in the case of uncertificated warrants, properly completed exercise instructions and (2) either (i) an amount equal to the aggregate exercise price for the number of full shares of common stock as to which warrants are exercised, which such exercise price may be delivered either in cash or by certified or official bank check payable to the warrant agent or (ii) directions to the warrant agent to exercise the warrants pursuant to cashless exercise, in which case the registered holder will receive a number of shares of common stock that is equal to the aggregate number of shares of common stock for which the warrants are being exercised less the number of shares of common stock that have an aggregate Market Price (as such term is defined in the warrant agreement) on the trading day on which such warrants are exercised that is equal to the aggregate exercise price for all such shares of common stock. The warrant agreement also provides that if warrants are exercised such that the aggregate exercise price would exceed the aggregate Market Price of the shares of common stock issuable upon exercise, the exercise will be null and void, no shares will be issued upon that exercise, and such warrants will continue in effect subject to their terms.

Adjustments to Prevent Dilution

The number of shares of common stock issuable upon exercise of a warrant, and the exercise price of such warrant, are subject to adjustment in order to protect warrant holders from dilution in case of:

- stock splits or combinations;
- cash dividends that exceed:
  - $0.50 per share of common stock in any quarter during the fiscal year ended December 31, 2012;
  - $0.60 per share of common stock in any quarter during the fiscal year ended December 31, 2013;
  - $0.70 per share of common stock in any quarter during the fiscal year ended December 31, 2014;
  - $0.80 per share of common stock in any quarter during the fiscal year ended December 31, 2015;

$0.90 per share of common stock in any quarter during the fiscal year ended December 31, 2016; and

$1.00 per share of common stock in any quarter during the fiscal year ended December 31, 2017;

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in each case, as adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction;

distributions of securities, evidences of indebtedness, assets, rights or warrants; and

specified share repurchases.

Effect of a Business Combination Transaction

In case of any merger, consolidation, statutory share exchange or similar transaction that requires the approval of our stockholders or reclassification of the common stock (other than a reclassification that is otherwise provided for in the anti-dilution provisions of the warrant agreement), the warrant holder will upon exercise be entitled to receive, during the period specified by the warrant, an equivalent number of shares of common stock of the surviving entity or other securities or property of the surviving entity that the holder would have been entitled to in such sale if the warrant common stock had been exercised immediately prior to such transaction. Appropriate adjustments will be made to the warrant so that the right to exercise the warrant in exchange for any such shares of stock or other securities or property will remain substantially the same as prior to such transaction.

Listing of Warrants

The warrants are listed on the New York Stock Exchange under the ticker symbol KMIWS.

Share Rights

A warrant will not, prior to its exercise, confer upon its holder or such holder s transferee, the right to vote or receive dividends, or consent or receive notice as stockholders in respect of any meeting of our stockholders for the election of our directors or any other matter, or any rights whatsoever as stockholders of Kinder Morgan.

Warrant Agent

As of the date of this prospectus, the warrant agent for the warrants is Computershare Inc. and Computershare Trust Company, N.A. The warrant agent may be contacted at 250 Royall Street, Canton, Massachusetts 02021.

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DESCRIPTION OF OUR CAPITAL STOCK

The following information is a summary of the material terms of our certificate of incorporation and bylaws and the shareholders agreement between us and certain of our investors, all of which are filed as exhibits to the registration statement of which this prospectus forms a part. This summary does not purport to be complete and may not contain all of the information about our certificate of incorporation and bylaws and the shareholders agreement that is important to you. We encourage you to read carefully our certificate of incorporation and bylaws and the shareholders agreement in their entirety before making any decisions regarding exercise of the warrants.

General

Our authorized capital stock consists of:

- 2,000,000,000 shares of Class P common stock, $0.01 par value per share, which we refer to in this prospectus as our common stock, 566,931,783 of which were outstanding as of July 19, 2012;
- 707,000,000 shares of Class A convertible common stock, $0.01 par value per share, issued in nine series, which we refer to in this prospectus as our Class A shares, 470,043,494 of which were outstanding as of July 19, 2012, and none of the rest of which may be reissued;
- 100,000,000 shares of Class B convertible common stock, $0.01 par value per share, issued in nine series, which we refer to in this prospectus as our Class B shares, 93,579,094 of which were outstanding as of July 19, 2012, and none of the rest of which may be reissued;
- 2,462,927 shares of Class C convertible common stock, $0.01 par value per share, issued in nine series, which we refer to in this prospectus as our Class C shares, 2,317,387 of which were outstanding as of July 19, 2012, and none of the rest of which may be reissued; and
- 10,000,000 shares of preferred stock, $0.01 par value per share, none of which were outstanding as of May 30, 2012.

Classes of Common Stock

General

As of July 19, 2012, the Class A shares, the Class B shares and the Class C shares were convertible into a total of 470,043,494 shares of common stock, which represented 45.3% of our outstanding shares of common stock on a fully-converted basis (not including any shares of common stock issuable upon any exercises of warrants). The number of shares of common stock into which the Class A shares, Class B shares and Class C shares will convert is determined in accordance with our certificate of incorporation. As described under Voluntary Conversion Automatic Conversion of Class B Shares and Class C Shares, the relative portion of the total number of shares of common stock issuable upon conversion to the holders of the Class A Shares, the Class B Shares and the Class C Shares, respectively, and the portion of our dividends to be received by the holders of the Class A Shares, the Class B Shares and the Class C Shares, respectively, will depend on the total value that has been received by such holders in connection with dividends and conversions of such shares into shares of common stock. Because the aggregate amount of common stock into which the Class A shares, Class B shares and Class C shares can convert is fixed, however, neither conversions of any Class A shares, Class B shares or Class C shares into common stock, nor the portion of our distributions that may be received by the Class B shares or Class C shares rather than the Class A shares, will impact the per share distribution paid on our common stock or the aggregate distributions we pay to our stockholders. The conversion of Class B shares and Class C shares into shares of common stock will result in a corresponding decrease in the number of shares of common stock into which our Class A shares will be able to convert because the Class A shares, Class B shares and Class C shares are convertible into a fixed aggregate number of shares of our common stock.

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The Class A shares, Class B shares and Class C shares were originally issued to individuals and entities we refer to collectively as the Investors. The Investors were investors in Kinder Morgan s 2007 Going Private Transaction, and are:

- Richard D. Kinder, our Chairman and Chief Executive Officer;
- investment funds advised by or affiliated with Goldman Sachs, Highstar Capital LP, The Carlyle Group and Riverstone Holdings LLC, which we refer to as the Sponsor Investors;
- Fayez Sarofim, one of our directors, and investment entities affiliated with him, and an investment entity affiliated with Michael C. Morgan, another of our directors, and William V. Morgan, one of our founders, whom we refer to collectively as the Original Stockholders; and
- A number of other members of our management, whom we refer to collectively as Other Management.

Since the Investors may decide to sell shares at different times and at different prices or values, and because those sales may affect the relative conversion and distribution rights of the Class B shares and the Class C shares vis-a-vis the Class A shares, our Class A shares were issued in nine series to the following groups of Investors:

- five series to the Sponsor Investors;
- one series to Richard D. Kinder;
- two series to the Original Stockholders; and
- one series to Other Management.

Each series of Class A shares has a corresponding series of Class B shares and of Class C shares in order to track the dividends and conversions of each series. Class B shares are held by members of management, and each series of Class A shares has a similar corresponding series of Class B shares. Class C shares also are held by members of management, and each series of Class A shares has a similar corresponding series of Class C shares. The relationship among the Class A shares, Class B shares and Class C shares is the same for all series of Class A shares. The determinations described below are made on a series-by-series basis.

The economic rights of the holders of the Class A shares, Class B shares and Class C shares will adjust as described in our certificate of incorporation. The holders of the Class C shares are not entitled to any distributions until the holders of the Class A shares have received total value of distributions and of shares of common stock issued upon conversion of Class A shares equal to 100% of their originally invested capital; thereafter, the holders of the Class C shares are entitled to a proportion of distributions as if the Class C shares were Class A shares. Other than the priority distributions described below under Dividends, the holders of the Class B shares are not entitled to any distributions until the holders of the Class A shares and the holders of the Class C shares have received total value equal to 150% of their original capital, which includes the capital originally invested by the holders of the Class A shares at the time of the Going Private Transaction and an amount of notional capital for the Class C shares (collectively referred to in this prospectus as the original capital). Thereafter, the holders of Class B shares as a group are entitled to varying percentages of distributions that would cause such holders to have received total value equal to between 5% and 20% of the amount by which the total value of distributions and of shares of common stock issued upon conversion received with respect to the Class A shares, Class B shares and Class C shares exceeds the original capital. At May 31, 2015, any remaining Class A shares, Class B shares and Class C shares will convert into shares of common stock based on the fair market value of those shares of common stock, which will be calculated based on the volume weighted average price of one share of common stock during the regular director and officer blackout period for our first quarterly periodic report for the 2015 calendar year. A mandatory conversion event may occur earlier with respect to one or more

series of the Class A shares, Class B shares and Class C shares upon the occurrence of specified events. See Mandatory Conversion.

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The number of shares of common stock into which the Class A shares, the Class B shares and the Class C shares in the aggregate can convert was fixed in connection with our February 2011 initial public offering. Out of that aggregate number, the portion into which the Class A shares can convert may grow smaller, to the extent the Class B shares and Class C shares convert into common stock, depending on the amount by which the total value received with respect to our Class A shares, Class B shares and Class C shares exceeds the original capital. The Class C shares will not convert into any shares of common stock unless the holders of Class A shares have received total value in excess of 100% of the originally invested capital of the holders of the Class A shares, after which time the Class C shares will generally be treated as Class A shares. The Class B shares will not convert into any shares of common stock unless the holders of Class A shares and Class C shares have received total value in excess of 150% of the original capital of the holders of the Class A shares and Class C shares. Class B shares and Class C shares will automatically convert into shares of common stock after specified thresholds of total value received have been exceeded as a result of the voluntary conversion of Class A shares. See Voluntary Conversion Automatic Conversion of Class B Shares and Class C Shares.

All of the Class A shares of the two series issued to the Original Stockholders and the series issued to Other Management, and the corresponding series of Class B shares and Class C shares, have been converted into common stock, and those three series of Class A shares, Class B shares and Class C shares are no longer outstanding. See Mandatory Conversion.

Voluntary Conversion

Voluntary Conversion of Class A Shares. A holder of Class A shares may elect to convert some, or all, of its Class A shares in order to sell the resulting shares of common stock to a third party or to make a distribution of such resulting shares of common stock to its investors or partners by delivering a conversion notice to us and our transfer agent. Richard D. Kinder also may convert his Class A shares in order to donate the resulting shares of common stock to certain charitable organizations.

Holders of Class A shares, or shares of common stock received by such holder upon a mandatory conversion occurring prior to May 31, 2015, may not convert any Class A shares or transfer any shares of common stock during the fair market value calculation period prior to the final conversion date on May 31, 2015, See General. Holders of Class B shares and Class C shares are not entitled to voluntarily convert their shares.

Automatic Conversion of Class B Shares and Class C Shares. The voluntary conversion of shares of a Class A series that causes certain thresholds of total value received to be exceeded will result in the automatic conversion of Class B shares or Class C shares. Class C shares will not convert into any shares of common stock unless the holders of the corresponding series of Class A shares have received total value in excess of 100% of the originally invested capital of the holders of those Class A shares, after which time such Class C shares will generally be treated as Class A shares. Thereafter, each time that a holder of Class A Shares voluntarily converts some, or all, of its Class A shares in order to sell, distribute or donate the resulting shares of common stock, a number of Class C shares will automatically convert into shares of common stock so that the holders of Class C shares receive their proportion of the total value that the holders of Class A shares received in such transaction. The Class B shares of a series will not convert into any shares of common stock unless the holders of the corresponding Class A shares and Class C shares have received total value in excess of 150% of the original invested and notional capital of the holders of the Class A shares and Class C shares. Thereafter, the holders of Class B shares as a group will begin receiving their proportion of total value. Each time thereafter that a holder of Class A shares voluntarily converts some, or all, of its Class A shares in order to sell, distribute or donate the resulting shares of common stock, a number of Class B shares will automatically convert into shares of common stock so that the holders of Class B shares receive their proportion of total value, which is equal to between 5% and 20% of the amount by which the total value of distributions and of shares of common stock issued upon conversion received with respect to Class A shares, Class B shares and Class C shares exceeds the original capital.

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Mandatory Conversion

Any Class A shares, Class B shares and Class C shares of a series outstanding on May 31, 2015 will automatically convert into the remaining shares of common stock allocable to such series, as described above under General. Mandatory conversion may occur earlier if the holders of two-thirds of the shares of a Class A series and two-thirds of the shares of the corresponding Class B series select an earlier date, if the remaining number of shares of common stock originally allocable to such series falls below 0.5% of the maximum number of shares of common stock allocable to such series or upon the occurrence of specified change of control events. See Certain Anti-takeover Provisions of Our Charter and Bylaws and Delaware Law Approval Requirements for Certain Changes of Control. An early mandatory conversion date may not be selected with respect to Richard D. Kinder s Class A shares until at least two of the Sponsor Investors have selected an early mandatory conversion date or unless no Sponsor Investor holds any Class A shares or shares of common stock received upon a mandatory conversion. In November 2011, an early mandatory conversion date was selected by the requisite holders of the two series of Class A shares issued to the Original Stockholders and the series of Class A shares issued to Other Management and by the requisite holders of the corresponding series of Class B shares. Accordingly, all of the Class A shares in those three series, and in the corresponding three series of Class B shares and Class C shares, were converted into common stock, and none of the Class A shares, Class B shares or Class C shares in those three series remain outstanding.

Accelerated Conversion of Class B Shares and Class C Shares

A holder of Class B shares or Class C shares may convert all or a portion of such shares into shares of common stock in order to provide such holder with liquidity in the event that such holder must pay certain taxes with respect to its ownership of such Class B shares or Class C shares that exceed the amount of total value received by such holder with respect to such Class B shares or Class C shares as of such time. Adjustments would be made to subsequent distributions or conversions that otherwise would be made or would occur with respect to the Class B shares or Class C shares that are subject to such accelerated conversion. Alternatively, the holders of Class A shares of the series corresponding to such Class B shares or Class C shares may elect to make a non-interest-bearing cash loan to the holder of such Class B shares or Class C shares to provide such holder with the required liquidity and, to the extent that such holder would incur certain taxable compensation income in connection with such non-interest-bearing loan, will make a tax gross-up payment in cash to such holder.

Voting Rights

Each share of common stock and each Class A share entitles the holder to one vote (subject to anti-dilution adjustments in the case of the Class A shares) with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote. Each Class B share and Class C share entitles the holder to 1/10th of a vote with respect to the election of directors. All classes of capital stock vote as a single class for the election and removal of directors on our board of directors and as provided by law, and the common stock and the Class A shares vote as a single class on most other matters. Certain classes have specific votes with respect to certain amendments of our certificate of incorporation. See Certain Other Provisions of Our Charter and Bylaws and Delaware Law Amending Our Certificate of Incorporation and Bylaws.

Holders of our capital stock do not have cumulative voting rights.

Dividends

Holders of common stock share equally in any dividend declared by our board of directors, subject to the rights of the holders of any outstanding preferred stock. The holders of our outstanding Class A shares, Class B shares and Class C shares are entitled to receive in the aggregate the proportion of any such dividend allocable to the maximum number of shares of common stock into which they would then convert (measured on the record date for such dividend). The dividends received by holders of Class A shares, Class B shares and Class C shares

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will adjust over time as described above under General. The Class A shares, Class B shares and Class C shares will receive in the aggregate dividends on a fully-converted common stock basis, and the payment of those dividends will not otherwise affect the per share dividends received by holders of common stock since the aggregate number of shares of common stock into which our Class A shares, Class B shares and Class C shares can convert was fixed in connection with our initial public offering.

Our certificate of incorporation provides that, in general, no dividends will be paid to holders of Class A shares and Class C shares until annual dividends of up to $50 million are paid to the holders of Class B shares. Subject to certain limitations set forth in our charter, such priority dividends are payable to the holders of Class B shares until such holders have received dividends of approximately $200 million, sixteen quarters have elapsed since our first dividend payment date after the closing of our initial public offering, or the holders of the Class A shares, the holders of the Class B shares and the holders of the Class C shares have received total value equal to 150% of the original capital, whichever is earlier.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of our capital stock would be entitled to share ratably in our assets that are legally available for distribution to our stockholders after payment of liabilities in accordance with the provisions regarding the payment of dividends in our certificate of incorporation. See Dividends above. If we have any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distributions and/or liquidation preferences. In either such case, we must pay the applicable distribution to the holders of our preferred stock, if required pursuant to the terms of any such preferred stock, before we may pay distributions to the holders of common stock, Class A shares, Class B shares or Class C shares.

Other Rights

Our stockholders have no preemptive or other rights to subscribe for additional shares. All outstanding shares are, and all shares issued upon exercise of the warrants will be, when issued, validly issued, fully paid and nonassessable.

Appraisal Procedure

Our certificate of incorporation provides for appraisal procedures to be used in the event of disputes relating to, among other things, the calculation of fair market value of illiquid consideration and determination of values upon a mandatory conversion. We have agreed to pay all costs of such dispute resolution procedures, including the fees of all appointed investment banking firms or other appraisers.

Preferred Stock

Our board of directors is authorized, subject to the limits imposed by the General Corporation Law of the State of Delaware, which we refer to in this prospectus as the DGCL, and the board of directors approval requirements contained in our bylaws, to issue up to 10,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each series of preferred stock, and to fix the rights, preferences, privileges, qualifications, limitations and restrictions of the shares of each wholly unissued series of preferred stock. Our board of directors also is authorized to increase or decrease the number of shares of any series, but not below the number of shares of that series of preferred stock then outstanding and not above the total number of shares of preferred stock authorized by our certificate of incorporation, without any further vote or action by our stockholders.

Our board of directors may authorize the issuance of preferred stock with voting rights that affect adversely the voting power or other rights of our other classes of stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, also could have the effect of delaying, deferring or preventing a change in control or causing the market price of our common stock to decline.

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Certain Anti-takeover Provisions of Our Charter and Bylaws and Delaware Law

In addition to the supermajority board voting approvals required by our bylaws, our certificate of incorporation and bylaws have the following provisions that could deter, delay or prevent a third party from acquiring us, even if doing so would benefit our stockholders.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company. Further, the rights of the holders of our other classes of stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred shares that may be issued in the future.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our bylaws provide that special meetings of the stockholders may be called only upon the request of the chairman of the board, the chief executive officer, the president or the board of directors or upon the written request of stockholders of record of not less than 10% of all voting power entitled to vote at such meeting. Our bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

Our bylaws establish advance notice procedures with respect to stockholder proposals for annual meetings and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be properly brought before a meeting, a stockholder will have to comply with advance notice requirements and provide us with specified information. Our bylaws provide that any director or the board of directors may be removed, with or without cause, by an affirmative vote of shares representing the majority of all voting power then entitled to vote at an election of directors. Our bylaws also provide that vacancies may be filled only by a vote of a majority of the directors then in office, even though less than a quorum, and not by our stockholders. Our bylaws allow the chairman of a meeting of the stockholders to adopt rules and regulations for the conduct of meetings that may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions also may defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror s own slate of directors or otherwise attempting to obtain control of us. In addition, at the time of our initial public offering we entered into a shareholders agreement with the Investors, which we refer to in this prospectus as the shareholders agreement. The nomination and removal of directors, including the filling of board vacancies, must also comply with the provisions of our shareholders agreement that relate to composition of our board of directors. See Shareholders Agreement.

No Stockholder Action by Written Consent

Our certificate of incorporation provides that any vote or similar action required or permitted to be taken by holders of our common stock must be effected at a duly called annual or special meeting of our stockholders and may not be effected by consent in writing by such stockholders. Holders of our Class A shares, Class B shares and Class C shares may effect any action requiring the consent of such class of stock by written consent.

Approval Requirements for Certain Changes of Control

Our organizational documents contain additional approval requirements for certain non-cash changes of control. Our shareholders agreement prohibits us from directly or indirectly engaging in any merger, amalgamation, consolidation or other business combination or similar transaction or series of transactions (other

than for solely cash consideration) without obtaining the unanimous approval of our stockholders unless the organizational documents and capital structure of the acquiring, surviving or resulting entity preserve in all material respects the economic and other rights (including conversion, transfer, distribution and governance rights as set forth in our certificate of incorporation, bylaws and shareholders agreement), characteristics and tax treatment, including on a relative basis, of the Sponsor Investors, the Class A shares, the Class B shares, the Class C shares and the shares of common stock as they exist on the date of such transaction. A determination that a change of control meets the above requirements requires approval by each of the following:

- Sponsor Investors holding a majority of our outstanding shares of capital stock then entitled to vote for the election of directors then held by Sponsor Investors that hold Class A shares,
- Richard D. Kinder (so long as he and his permitted transferees hold Class A shares),
- holders of a majority of our outstanding Class B shares and
- holders of a majority of our outstanding Class C shares.

If all requisite stockholders other than the holders of Class C shares approve such a transaction, we generally may engage in such transaction so long as the Class C shares receive the consideration provided in our charter. In addition, if the transaction is otherwise approved by the requisite holders of our capital stock, the Sponsor Investors and Mr. Kinder may decide that the holders of our common stock, Class A shares, Class B shares and Class C shares receive the consideration provided in our charter, regardless of whether such transaction is determined to meet the above requirements. See Shareholders Agreement Certain Actions Relating to Us and Our Subsidiaries and Other Affiliates.

Section 203 of the DGCL

We are subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with any interested stockholder for a three-year period following the time that such stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A business combination includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation s voting stock. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless:

- before the stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances, but not the outstanding voting stock owned by the interested stockholder; or
- at or after the time the stockholder became an interested stockholder, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders, but not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

any merger or consolidation involving the corporation and the interested stockholder;

any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;

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subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and

the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

A Delaware corporation may opt out of this provision either with an express provision in its original certificate of incorporation or in an amendment to its certificate of incorporation or bylaws approved by its stockholders. We have not opted out of this provision, so Section 203 will apply to any stockholder that becomes an interested stockholder after our initial public offering. The statute, as it applies to interested stockholders other than Richard D. Kinder or any Sponsor Investor that is an interested stockholder prior to our initial public offering, could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us. These provisions of the DGCL could have the effect of deferring, delaying or discouraging hostile takeovers and may also have the effect of preventing changes in control or management of our company. It is possible that these provisions could make it more difficult to accomplish transactions other stockholders might deem desirable.

Certain Other Provisions of Our Charter and Bylaws and Delaware Law

Board of Directors

Our certificate of incorporation provides that the number of directors will be fixed in the manner provided in our bylaws. Our bylaws provide that the number of directors will be fifteen, subject to increase or decrease in accordance with the shareholders agreement. The shareholders agreement provides that the number of directors may not be reduced below eleven until such time that the Sponsor Investors have the right to choose fewer than three director nominees and a majority of the board approves such reduction. In such case, the number of director nominees that Richard D. Kinder has the right to choose also will be reduced. The shareholders agreement also provides that the number of directors may be increased in order to meet the majority independence requirements of the NYSE if we are unable to qualify for a controlled company exemption at such time. See Shareholders Agreement.

Supermajority Board Approval

Our bylaws state that, unless otherwise provided, so long as the Sponsor Investors have the right to choose at least five nominees to the board of directors pursuant to the shareholders agreement, any matter brought before the board of directors will be decided by a supermajority vote, which is defined as the affirmative vote of ten directors.

Our bylaws further provide a list of actions that, so long as the Sponsor Investors have the right to choose at least five nominees to the board of directors pursuant to the shareholders agreement, must be brought before the board of directors and decided by supermajority vote, including the following actions with respect to us and our subsidiaries (other than KMR, KMP or EPB or any of their respective subsidiaries, and other than Kinder Morgan G.P., Inc., the general partner of KMP, solely to the extent it is acting to approve actions taken by KMR or matters on behalf of KMP, in its capacity as a shareholder of KMR or as the general partner of KMP, and other than El Paso Pipeline GP Company, L.L.C., the general partner of EPB, solely to the extent it is acting in its capacity as the general partner of EPB with respect to the business and affairs of EPB or to approve any matter on behalf of EPB):

commencement of any bankruptcy or similar proceeding by us or any of our subsidiaries,

commencement of any liquidation or dissolution proceedings,

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commencement or settlement of any litigation over $50 million,

any change to our dividend policy or distributions made outside of the dividend policy,

amendment or waiver of any material terms of our or our subsidiaries corporate governance documents, outstanding securities, or governance structure (to the extent not required by law),

adoption of our annual budget,

approval of certain actions not contemplated by the annual budget, including the issuance of equity securities or the entry into mergers or divestitures, with various exceptions,

certain transactions with affiliates (including KMP, KMR and EPB),

increase of employee compensation or benefits of management, with certain exceptions,

material changes to or waivers of material terms of any agreement or transaction that requires a supermajority board approval,

take certain actions in its capacity as shareholder, member or partner of its subsidiaries (other than Kinder Morgan G.P., Inc. solely to the extent it is acting in its capacity as a shareholder of KMR or as the general partner of KMP, but not, among other things, to amend or waive its rights under KMP s organizational documents, and other than El Paso Pipeline GP Company, L.L.C. solely to the extent it is acting in its capacity as general the partner of EPB, but not, among other things, to amend or waive its rights under EPB s organizational documents),

enter into an agreement or take an action that would restrict our ability to make distributions or limit the rights of the board and/or our stockholders under our certificate of incorporation, bylaws or shareholders agreement and

adoption or modification of a shareholder rights plan.

Limitations of Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors fiduciary duties. Our certificate of incorporation eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL. The DGCL does not permit exculpation for liability:

for breach of the duty of loyalty;

for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;

under Section 174 of the DGCL (unlawful dividends and stock repurchases); or

for transactions from which the director derived improper personal benefit.

Our certificate of incorporation and bylaws provide that we shall indemnify our directors and officers, and may indemnify our employees, agents and other persons, to the fullest extent permitted by law. We also are expressly authorized to carry directors and officers insurance providing indemnification for our directors, officers and certain employees and agents for any liabilities incurred in any such capacity, whether or not we would have the power to indemnify such person against such liability. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, an investment in our stock may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

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Corporate Opportunities

Our certificate of incorporation provides that the Sponsor Investors and certain of their affiliates (including any director nominated by the Sponsor Investors) have no obligation to offer us or our wholly owned subsidiaries an opportunity to participate in business opportunities presented to the Sponsor Investors or such affiliates (other than us or our wholly owned subsidiaries) even if the opportunity is one that we or one of our wholly owned subsidiaries might reasonably have pursued, and that neither the Sponsor Investors nor their respective affiliates will be liable to us or any of our wholly owned subsidiaries for breach of any duty by reason of any such activities. However, each such person serving as a director of us or one of our wholly owned subsidiaries must tell us about any business opportunity offered to such person solely in his or her capacity as such a director.

Amending Our Certificate of Incorporation and Bylaws

Our certificate of incorporation may be amended in any manner provided by the DGCL. Our bylaws provide that amendments of our certificate of incorporation require supermajority approval by the board of directors. See Supermajority Board Approval. In addition, certain amendments of our certificate of incorporation may only be effected with the following additional affirmative votes:

- any amendment to provisions of our certificate of incorporation relating to our authorized shares, distributions, conversions, voting, amendments, anti-dilution, delivery of notices or corporate opportunities requires the affirmative vote of holders of at least a majority of the issued and outstanding Class A shares of each Class A series issued to the Sponsor Investors and Richard D. Kinder;

- any amendment to provisions of our certificate of incorporation other than as described above requires the affirmative vote of holders of at least seventy-five percent (75%) of the issued and outstanding Class A shares;

- any amendment to our certificate of incorporation that amends, alters, repeals, impairs or modifies the rights of a particular class of stock requires the affirmative vote of holders of at least a majority of the issued and outstanding shares of such class of stock; and

- any amendment to any provision of our certificate of incorporation that modifies the rights of a particular series of a class of stock in a manner adversely and differently from other series of the same class of stock requires the affirmative vote of holders of at least a majority of the issued and outstanding shares of such series of stock.

Our certificate of incorporation and our bylaws provide that our bylaws may be amended, altered, repealed or new bylaws may be adopted by our board of directors (with supermajority approval of the board of directors so long as the Sponsor Investors have the right to nominate five of our director nominees) or by the affirmative vote of holders of shares representing two-thirds of the total voting power of all of our outstanding capital stock then entitled to vote at any annual or special meeting for the election of directors. In addition, any adoption, alteration, amendment or repeal of any bylaw by the board of directors requires the affirmative vote of:

- a majority of the directors chosen for nomination by Richard D. Kinder (if any),

- a majority of the directors chosen for nomination by the Sponsor Investors (if any),

- two-thirds of the directors chosen for nomination by the Sponsor Investors in the case of an alteration, amendment or repeal of specified provisions of our bylaws with respect to directors, removal of officers, securities of other corporations and amendments of the bylaws, and

the director(s) chosen by a Sponsor Investor in the case of an alteration, amendment or repeal of any provision of our bylaws that would treat such Sponsor Investor adversely.

Transfer Agent and Registrar

As of the date of this prospectus, the transfer agent and registrar of our common stock is Computershare Trust Company, N.A. It may be contacted at 525 Washington Blvd., Jersey City, New Jersey 07310.

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New York Stock Exchange Listing

Our common stock is listed on the NYSE under the symbol KMI.

Shareholders Agreement

We are party to a shareholders agreement with the Investors regarding voting, transfer and registration for resale of shares of our stock held by them, among other things. Persons who become holders of our common stock upon the exercise of warrants will not become parties to the shareholders agreement, but the shareholders agreement will continue in effect. Although only we and the Investors are parties to the shareholders agreement, it contains a number of provisions affecting the governance of our company. Below is a summary of those provisions of our shareholders agreement, which is filed as an exhibit to the registration statement of which this prospectus forms a part. We encourage you to read the shareholders agreement in its entirety.

Board, Committee and Observer Rights

Our shareholders agreement provides that Richard D. Kinder and the Sponsor Investors have the following rights to appoint director nominees to our board of directors and committees, which may be adjusted as described below. At the date of this prospectus, our board has fifteen members, with five directors chosen by Mr. Kinder, two directors chosen by the funds affiliated with each of Goldman Sachs and Highstar Capital LP, one director chosen by the funds affiliated with each of The Carlyle Group and Riverstone Holdings LLC, and four additional independent directors.

Richard D. Kinder may appoint five nominees (one of whom may be Mr. Kinder) so long as Mr. Kinder is our chief executive officer and owns shares representing at least 2.5% of the voting power of our outstanding shares of capital stock entitled to vote on the election of directors. One of those nominees must meet the audit committee independence requirements of the NYSE. The number of directors Mr. Kinder may nominate may decrease as follows: