



Mandatory Convertible Offering

October 30, 2015

Forward-Looking Statements

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Offering Summary

Issuer	Kinder Morgan, Inc.
Securities Offered	Depositary Shares representing a 1/20 interest in a share of Mandatory Convertible Preferred Stock
Offering Size	32,000,000 Depositary Shares
Overallotment Option	4,800,000 Depositary Shares
Offering Price	\$49 per Depositary Share (\$50 Face Value)
Maturity	October 26, 2018 (~3 Years)
Dividend	9.75%
Conversion Premium	17.5%
Use of Proceeds	Repay revolver and CP borrowings and general corporate purposes
Initial Price	\$27.56 / share
Threshold Appreciation Price	\$32.38 / share

Purpose of Offering

- Fund equity needs for expansion capital program
 - No additional equity funding expected until mid-2016
- Lower expected long-term cost of capital than common equity
 - KMI will pay about 2.5% more in dividends for 3 years – a temporary cost – to ultimately issue up to 17.5% fewer shares of common equity – a permanent benefit
- Reach new investor base beyond traditional common equity investors
- Maintain investment grade credit rating

Overview of Mandatory Convertibles

Structure Overview

- A mandatory convertible is equity sold forward in 3 years, bound by a minimum price (typically closing price at issuance) and a maximum price (typically 15%-25% above issuance price)
- Issuer pays a premium over its common dividend yield during the 3 years prior to maturity
- Mandatory conversion to common stock upon maturity at a price up to the maximum price could result in a lower long-term cost of capital versus common equity

Equity Alternative

- S&P, Moody's and Fitch will provide 100% equity treatment to this mandatory convertible security

Well-Tested / Understood Structure

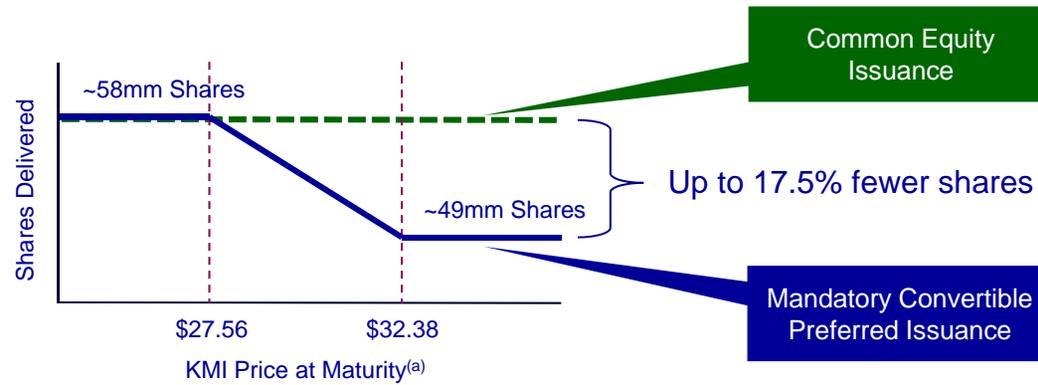
- Since 2000, there have been ~200 issuers of Mandatory Convertibles raising ~\$165 billion

Simple Accounting

- Treated as preferred stock on the balance sheet and coupon payment is treated as preferred stock dividend
- Diluted EPS accounts for mandatory using more dilutive of (i) subtracting dividends from earnings and (ii) adding the underlying shares to total share count, but not subtracting dividends from earnings

Understanding Mandatory Convertibles

- Raise ~\$1,541 million of net proceeds today
- Pay a quarterly coupon for ~3 years
- Issue common equity at maturity^(a)
 - Number of shares delivered at maturity depends on KMI's price at the time of maturity
 - If KMI's price at maturity is less than \$27.56 (the issue price); deliver KMI shares based on \$27.56 (~58 million shares)
 - If KMI's price is greater than \$32.38 (17.5% premium to issue price); deliver KMI shares based on \$32.38 (~49 million shares)
 - If KMI's price is between \$27.56 and \$32.38: deliver a percentage of KMI shares equal to the issue price divided by KMI's price at maturity

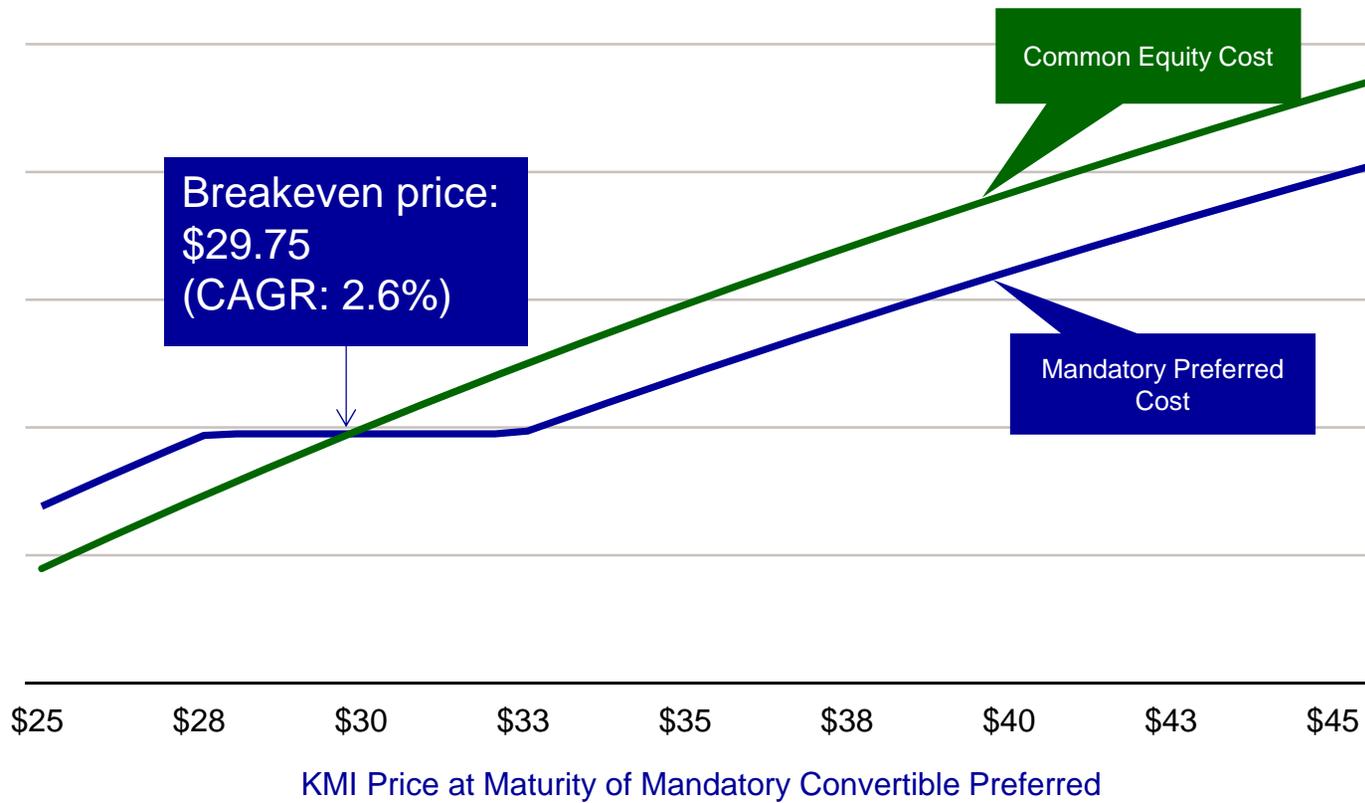


(a) Subject to anti-dilution adjustments.

Cost of Capital Comparison^(a)

The table below compares the cost of the Mandatory Convertible Security with a Common Equity issuance

- Mandatory Convertible Preferred Stock: Initial price of \$27.56/share; 9.75% dividend; conversion premium up to 17.5%
- Common Equity: Assumed to be issued at \$27.56/share



(a) Subject to anti-dilution adjustments.

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