UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

F O R M 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2016**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____to_____

Commission file number: **001-35081**

KINDER MORGAN, INC.

(Exact name of registrant as specified in its charter)

Delaware	**80-0682103**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1001 Louisiana Street, Suite 1000, Houston, Texas 77002
(Address of principal executive offices)(zip code)
Registrant's telephone number, including area code: **713-369-9000**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of October 20, 2016, the registrant had 2,232,364,274 Class P shares outstanding.

KINDER MORGAN, INC. AND SUBSIDIARIES
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KINDER MORGAN, INC. AND SUBSIDIARIES
GLOSSARY
Company Abbreviations

CIG	=	Colorado Interstate Gas Company, L.L.C.
Copano	=	Copano Energy, L.L.C.
CPG	=	Cheyenne Plains Gas Pipeline Company, L.L.C.
Elba Express	=	Elba Express Company, L.L.C.
EPB	=	El Paso Pipeline Partners, L.P. and its majority-owned and controlled subsidiaries
EPNG	=	El Paso Natural Gas Company, L.L.C.
Hiland	=	Hiland Partners, LP
KMEP	=	Kinder Morgan Energy Partners, L.P.
KMGP	=	Kinder Morgan G.P., Inc.
KMI	=	Kinder Morgan, Inc. and its majority-owned and/or controlled subsidiaries
KMLP	=	Kinder Morgan Louisiana Pipeline LLC
KMP	=	Kinder Morgan Energy Partners, L.P. and its majority-owned and controlled subsidiaries
KMR	=	Kinder Morgan Management, LLC
MEP	=	Midcontinent Express Pipeline LLC
SFPP	=	SFPP, L.P.
SLNG	=	Southern LNG Company, L.L.C.
SNG	=	Southern Natural Gas Company, L.L.C.
TGP	=	Tennessee Gas Pipeline Company, L.L.C.

Unless the context otherwise requires, references to “we,” “us,” or “our,” are intended to mean Kinder Morgan, Inc. and its majority-owned and/or controlled subsidiaries.

Common Industry and Other Terms

/d	=	per day
BBtu	=	billion British Thermal Units
Bcf	=	billion cubic feet
CERCLA	=	Comprehensive Environmental Response, Compensation and Liability Act
CO_2	=	carbon dioxide or our CO_2 business segment
DCF	=	distributable cash flow
DD&A	=	depreciation, depletion and amortization
EBDA	=	earnings before depreciation, depletion and amortization expenses, including amortization of excess cost of equity investments
EPA	=	United States Environmental Protection Agency
FASB	=	Financial Accounting Standards Board
FERC	=	Federal Energy Regulatory Commission
GAAP	=	United States Generally Accepted Accounting Principles
LLC	=	limited liability company
MBbl	=	thousand barrels
MMBbl	=	million barrels
NGL	=	natural gas liquids
OTC	=	over-the-counter

When we refer to cubic feet measurements, all measurements are at a pressure of 14.73 pounds per square inch.

Information Regarding Forward-Looking Statements

This report includes forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. They use words such as “anticipate,” “believe,” “intend,” “plan,” “projection,” “forecast,” “strategy,” “position,” “continue,” “estimate,” “expect,” “may,” or the negative of those terms or other variations of them or comparable terminology. In particular, expressed or implied statements concerning future actions, conditions or events, future operating results or the ability to generate sales, income or cash flow or to pay dividends are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond our ability to control or predict.

See “Information Regarding Forward-Looking Statements” and Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 (2015 Form 10-K) and Item 1A “Risk Factors” included elsewhere in this report for a more detailed description of factors that may affect the forward-looking statements. You should keep these risk factors in mind when considering forward-looking statements. These risk factors could cause our actual results to differ materially from those contained in any forward-looking statement. Because of these risks and uncertainties, you should not place undue reliance on any forward-looking statement. We plan to provide updates to projections included in this report when we believe previously disclosed projections no longer have a reasonable basis.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

KINDER MORGAN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues				
Natural gas sales	$ 719	$ 744	$ 1,740	$ 2,206
Services	2,006	2,015	6,154	5,948
Product sales and other	605	948	1,775	2,613
Total Revenues	3,330	3,707	9,669	10,767
Operating Costs, Expenses and Other				
Costs of sales	971	1,106	2,454	3,281
Operations and maintenance	576	612	1,744	1,707
Depreciation, depletion and amortization	549	617	1,652	1,725
General and administrative	171	160	550	540
Taxes, other than income taxes	106	108	324	339
Loss on impairments and divestitures, net	76	385	307	489
Other income, net	(1)	(2)	—	(5)
Total Operating Costs, Expenses and Other	2,448	2,986	7,031	8,076
Operating Income	882	721	2,638	2,691
Other Income (Expense)				
Earnings from equity investments	137	114	343	330
Loss on impairments and divestitures of equity investments, net	(350)	—	(344)	(26)
Amortization of excess cost of equity investments	(15)	(13)	(45)	(39)
Interest, net	(472)	(540)	(1,384)	(1,524)
Other, net	12	9	42	33
Total Other Expense	(688)	(430)	(1,388)	(1,226)
Income Before Income Taxes	194	291	1,250	1,465
Income Tax Expense	(377)	(108)	(744)	(521)
Net (Loss) Income	(183)	183	506	944
Net (Income) Loss Attributable to Noncontrolling Interests	(5)	3	(7)	4
Net (Loss) Income Attributable to Kinder Morgan, Inc.	(188)	186	499	948
Preferred Stock Dividends	(39)	—	(117)	—
Net (Loss) Income Available to Common Stockholders	$ (227)	$ 186	$ 382	$ 948
Class P Shares				
Basic (Loss) Earnings Per Common Share	$ (0.10)	$ 0.08	$ 0.17	$ 0.43
Basic Weighted Average Common Shares Outstanding	2,230	2,203	2,229	2,173
Diluted (Loss) Earnings Per Common Share	$ (0.10)	$ 0.08	$ 0.17	$ 0.43
Diluted Weighted Average Common Shares Outstanding	2,230	2,203	2,229	2,181
Dividends Per Common Share Declared for the Period	$ 0.125	$ 0.510	$ 0.375	$ 1.480

The accompanying notes are an integral part of these consolidated financial statements.

KINDER MORGAN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Net (loss) income	$ (183)	$ 183	$ 506	$ 944
Other comprehensive income (loss), net of tax				
Change in fair value of hedge derivatives (net of tax (expense) benefit of $(29), $(60), $11 and $(25), respectively)	50	104	(19)	44
Reclassification of change in fair value of derivatives to net income (net of tax benefit of $23, $37, $92 and $111, respectively)	(39)	(63)	(158)	(192)
Foreign currency translation adjustments (net of tax benefit (expense) of $11, $45, $(38) and $98, respectively)	(20)	(79)	65	(170)
Benefit plan adjustments (net of tax expense of $(3), $-, $(9) and $(4), respectively)	6	1	16	7
Total other comprehensive loss	(3)	(37)	(96)	(311)
Comprehensive (loss) income	(186)	146	410	633
Comprehensive (income) loss attributable to noncontrolling interests	(5)	3	(7)	4
Comprehensive (loss) income attributable to KMI	$ (191)	$ 149	$ 403	$ 637

The accompanying notes are an integral part of these consolidated financial statements.

KINDER MORGAN, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Millions, Except Share and Per Share Amounts)

	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 357	$ 229
Restricted deposits	888	60
Accounts receivable, net	1,282	1,315
Fair value of derivative contracts	281	507
Inventories	325	407
Other current assets	230	306
Total current assets	3,363	2,824
Property, plant and equipment, net	38,780	40,547
Investments	7,358	6,040
Goodwill	22,163	23,790
Other intangibles, net	3,384	3,551
Deferred income taxes	4,595	5,323
Deferred charges and other assets	1,961	2,029
Total Assets	$ 81,604	$ 84,104
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of debt	$ 2,944	$ 821
Accounts payable	1,192	1,324
Accrued interest	505	695
Accrued contingencies	413	298
Accrued taxes	278	165
Other current liabilities	712	762
Total current liabilities	6,044	4,065
Long-term liabilities and deferred credits		
Long-term debt		
Outstanding	36,708	40,632
Preferred interest in general partner of KMP	100	100
Debt fair value adjustments	1,710	1,674
Total long-term debt	38,518	42,406
Other long-term liabilities and deferred credits	2,074	2,230
Total long-term liabilities and deferred credits	40,592	44,636
Total Liabilities	46,636	48,701
Commitments and contingencies (Notes 3 and 9)		
Stockholders' Equity		
Class P shares, $0.01 par value, 4,000,000,000 shares authorized, 2,230,085,392 and 2,229,223,864 shares, respectively, issued and outstanding	22	22
Preferred stock, $0.01 par value, 10,000,000 shares authorized, 9.75% Series A Mandatory Convertible, $1,000 per share liquidation preference, 1,600,000 shares issued and outstanding	—	—
Additional paid-in capital	41,701	41,661
Retained deficit	(6,560)	(6,103)
Accumulated other comprehensive loss	(557)	(461)
Total Kinder Morgan, Inc.'s stockholders' equity	34,606	35,119
Noncontrolling interests	362	284
Total Stockholders' Equity	34,968	35,403
Total Liabilities and Stockholders' Equity	$ 81,604	$ 84,104

The accompanying notes are an integral part of these consolidated financial statements.

KINDER MORGAN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)
(Unaudited)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Cash Flows From Operating Activities		
Net income	$ 506	$ 944
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization	1,652	1,725
Deferred income taxes	767	524
Amortization of excess cost of equity investments	45	39
Loss on impairments and divestitures, net	307	489
Loss on impairments and divestitures of equity investments, net	344	26
Earnings from equity investments	(343)	(330)
Distributions from equity investment earnings	321	289
Noncash pension benefit credits	—	(78)
Changes in components of working capital, net of the effects of acquisitions and dispositions		
Accounts receivable, net	26	304
Income tax receivable	—	195
Inventories	68	2
Other current assets	(20)	82
Accounts payable	(46)	(264)
Accrued interest, net of interest rate swaps	(158)	(72)
Accrued contingencies and other current liabilities	140	6
Rate reparations, refunds and other litigation reserve adjustments	31	3
Other, net	(145)	(377)
Net Cash Provided by Operating Activities	3,495	3,507
Cash Flows From Investing Activities		
Acquisitions of assets and investments, net of cash acquired	(333)	(1,919)
Capital expenditures	(2,109)	(2,999)
Proceeds from sale of equity interests in subsidiaries, net	1,402	—
Sale of property, plant and equipment, investments, and other net assets, net of removal costs	250	45
Contributions to investments	(389)	(69)
Distributions from equity investments in excess of cumulative earnings	158	181
Other, net	(26)	39
Net Cash Used in Investing Activities	(1,047)	(4,722)
Cash Flows From Financing Activities		
Issuances of debt	8,485	12,281
Payments of debt	(9,135)	(11,893)
Restricted cash held in escrow for debt repayment	(776)	—
Debt issue costs	(15)	(20)
Issuances of common shares	—	3,833
Cash dividends - common shares	(839)	(3,084)
Cash dividends - preferred shares	(115)	—
Repurchases of warrants	—	(12)
Contributions from noncontrolling interests	88	7
Distributions to noncontrolling interests	(17)	(25)
Other, net	—	(1)
Net Cash (Used in) Provided by Financing Activities	(2,324)	1,086
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4	(7)
Net increase (decrease) in Cash and Cash Equivalents	128	(136)
Cash and Cash Equivalents, beginning of period	229	315
Cash and Cash Equivalents, end of period	$ 357	$ 179
Non-cash Investing and Financing Activities		
Assets acquired by the assumption or incurrence of liabilities	$ 43	$ 1,680
Net assets contributed to equity investment	$ 37	$ 46
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for interest (net of capitalized interest)	$ 1,598	$ 1,596
Cash paid (refunded) during the period for income taxes, net	$ 4	$ (183)

The accompanying notes are an integral part of these consolidated financial statements.

KINDER MORGAN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Millions)
(Unaudited)

	Common stock		Preferred stock							
	Issued shares	Par value	Issued shares	Par value	Additional paid-in capital	Retained deficit	Accumulated other comprehensive loss	Stockholders' equity attributable to KMI	Non-controlling interests	Total
Balance at December 31, 2015	2,229	$ 22	2	$ —	$ 41,661	$ (6,103)	$ (461)	$ 35,119	$ 284	$35,403
Restricted shares	1				47			47		47
Net income						499		499	7	506
Distributions								—	(17)	(17)
Contributions								—	88	88
Preferred stock dividends						(117)		(117)		(117)
Common stock dividends						(839)		(839)		(839)
Other					(7)			(7)		(7)
Other comprehensive loss							(96)	(96)		(96)
Balance at September 30, 2016	2,230	$ 22	2	$ —	$ 41,701	$ (6,560)	$ (557)	$ 34,606	$ 362	$34,968

	Common stock		Preferred stock							
	Issued shares	Par value	Issued shares	Par value	Additional paid-in capital	Retained deficit	Accumulated other comprehensive loss	Stockholders' equity attributable to KMI	Non-controlling interests	Total
Balance at December 31, 2014	2,125	$ 21	—	$ —	$ 36,178	$ (2,106)	$ (17)	$ 34,076	$ 350	$34,426
Issuances of common shares	101	1			3,832			3,833		3,833
Repurchase of warrants					(12)			(12)		(12)
EP Trust I Preferred security conversions	1				23			23		23
Warrants exercised					2			2		2
Restricted shares	1				40			40		40
Net income						948		948	(4)	944
Distributions								—	(25)	(25)
Contributions								—	7	7
Common stock dividends						(3,084)		(3,084)		(3,084)
Other					(1)			(1)		(1)
Other comprehensive loss							(311)	(311)		(311)
Balance at September 30, 2015	2,228	$ 22	—	$ —	$ 40,062	$ (4,242)	$ (328)	$ 35,514	$ 328	$35,842

The accompanying notes are an integral part of these consolidated financial statements.

KINDER MORGAN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. General

Organization

We are the largest energy infrastructure company in America. We own an interest in or operate approximately 84,000 miles of pipelines and 180 terminals. Our pipelines transport natural gas, refined petroleum products, crude oil, condensate, CO_2 and other products, and our terminals transload and store petroleum products, ethanol and chemicals, and handle such products as coal, petroleum coke and steel. We are also the leading producer and transporter of CO_2, which is utilized for enhanced oil recovery projects in North America.

Basis of Presentation

General

Our reporting currency is U.S. dollars, and all references to dollars are U.S. dollars, unless stated otherwise. Our accompanying unaudited consolidated financial statements have been prepared under the rules and regulations of the United States Securities and Exchange Commission (SEC). These rules and regulations conform to the accounting principles contained in the FASB's Accounting Standards Codification, the single source of GAAP. Under such rules and regulations, all significant intercompany items have been eliminated in consolidation.

In our opinion, all adjustments, which are of a normal and recurring nature, considered necessary for a fair presentation of our financial position and operating results for the interim periods have been included in the accompanying consolidated financial statements, and certain amounts from prior periods have been reclassified to conform to the current presentation. Interim results are not necessarily indicative of results for a full year; accordingly, you should read these consolidated financial statements in conjunction with our consolidated financial statements and related notes included in our 2015 Form 10-K.

Impairments and Divestitures

During the three and nine months ended September 30, 2016, we recorded non-cash pre-tax losses on impairments and divestitures netting to $76 million and $307 million, respectively. The three and nine months ended September 30, 2016 included (i) an $84 million loss on the sale of a 50% interest in our SNG natural gas pipeline system; (ii) losses of $1 million and $9 million, respectively, on a held-for-sale Transmix facility within our Products Pipelines business segment; and (iii) a $9 million net gain and a $3 million net loss, respectively, on other asset disposals. The nine months ended September 30, 2016 also included (i) $106 million of project write-offs on our Northeast Energy Direct (NED) Market project within our Natural Gas Pipelines business segment; (ii) a $21 million project write-off within our CO_2 business segment; (iii) a $20 million impairment related to certain terminals with significant coal operations within our Terminals business segment; and (iv) $64 million of write-offs associated with our Palmetto project within our Products Pipelines business segment. The project write-offs recorded in the nine months ended September 30, 2016 were driven by management's assessment of the probability of those projects moving forward based on insufficient progress in obtaining contractual commitments from customers in the New England market, in the case of the NED Market project, and an unfavorable action by the Georgia legislature regarding permitting for refined products pipelines affecting the Palmetto project.

During the three and nine months ended September 30, 2015, we recorded non-cash pre-tax losses on impairments and divestitures netting to $385 million and $489 million, respectively. These amounts include (i) $99 million for the nine months ended September 30, 2015 of impairments and project write-offs related to certain gas gathering and processing assets within our midstream operations of our Natural Gas Pipelines business segment; (ii) $388 million and $397 million for the three and nine months ended September 30, 2015, respectively, within our CO_2 business segment primarily related to our Goldsmith oil and gas field, primarily driven by a decrease in commodity prices; and (iii) $3 million and $7 million for the three and nine months ended September 30, 2015, respectively, of net gains on other asset disposals.

During the three and nine months ended September 30, 2016, we recorded $350 million and $344 million, respectively, of non-cash pre-tax net losses on impairments and divestitures of equity investments, primarily related to an impairment of our equity investment in MEP within our Natural Gas Pipelines business segment. Based on commercial discussions during the third quarter of 2016 with current and potential shippers on MEP regarding the outlook for long-term transportation contract rates, we concluded the fair value of our investment was other than temporarily impaired, thereby resulting in a write-down of

our investment. During the nine months ended September 30, 2015, we recorded $26 million non-cash pre-tax losses on impairments of equity investments in certain gas gathering operations within our Natural Gas Pipelines business segment.

As conditions warrant, we routinely evaluate our assets for potential triggering events that could impact the fair value of certain assets or our ability to recover the carrying value of long-lived assets. Such assets include accounts receivable, equity investments, goodwill, other intangibles and property, plant and equipment, including oil and gas properties and in-process construction. Depending on the nature of the asset, these evaluations require the use of significant judgments including but not limited to judgments related to customer credit worthiness, future cash flow estimates, future volume and long-term contract rate expectations, current and future commodity prices, regulatory environment, management's decisions to dispose of certain assets and estimates of the fair values of our reporting units, as well as general economic conditions and the related demand for products handled or transported by our assets. For example, to the extent future commodity prices are significantly lower than current market expectations and thereby unfavorably affect our customers' investment decisions, we may identify additional triggering events that may require future evaluations of the recoverability of the carrying value of our long-lived assets, investments, and goodwill which could result in further impairment charges. Because certain of our assets, including our oil and gas producing properties, have been written down to fair value, any deterioration in fair value that exceeds the rate of depletion of the related asset would result in further impairments. Such non-cash impairments could have a significant effect on our results of operations, which would be recognized in the period in which the carrying value is determined to not be recoverable. Certain of these impairments are based on Level 3 estimates of fair value using income approach valuation methodologies which include assumptions regarding commodity prices, future cash flows, terminal values and discount rates. We believe our methodologies are standard techniques and results would not vary materially using a reasonable range of assumptions.

In the fourth quarter 2015, we recorded a $1,150 million impairment of goodwill associated with our Natural Gas Pipeline - Non-Regulated reporting unit triggered by decreases in market valuations in our industry which were caused by the commodity price environment at that time. Our May 31, 2016 annual goodwill impairment test indicated our remaining goodwill is recoverable, and no event indicating a goodwill impairment has occurred subsequent to that date.

We expect that the carrying value of our Natural Gas Pipelines - Non-Regulated reporting unit will continue to approximate fair value so long as our estimate of future cash flows and the market valuation remain consistent with current levels. A prolonged period of lower commodity prices could result in further deterioration of market multiples, comparable sales transactions prices, weighted average costs of capital, and our cash flow estimates. Unfavorable changes to any one or combination of these factors, particularly for our Natural Gas Pipelines - Non-Regulated reporting unit, would result in a change to the reporting unit fair values which could lead to further impairment charges. Such potential impairment could have a significant effect on our results of operations.

Earnings per Share

We calculate earnings per share using the two-class method. Earnings were allocated to Class P shares of common stock and participating securities based on the amount of dividends paid in the current period plus an allocation of the undistributed earnings or excess distributions over earnings to the extent that each security participates in earnings or excess distributions over earnings. Our unvested restricted stock awards, which may be stock or stock units issued to management employees and include dividend equivalent payments, do not participate in excess distributions over earnings.

The following tables set forth the allocation of net income available to shareholders of Class P shares and participating securities and the reconciliation of Basic Weighted Average Common Shares Outstanding to Diluted Weighted Average Common Shares Outstanding (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Class P shares	$ (228)	$ 182	$ 379	$ 938
Participating securities:				
Restricted stock awards(a)	1	4	3	10
Net (Loss) Income Available to Common Stockholders	$ (227)	$ 186	$ 382	$ 948

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Basic Weighted Average Common Shares Outstanding	2,230	2,203	2,229	2,173
Effect of dilutive securities:				
Warrants	—	—	—	8
Diluted Weighted Average Common Shares Outstanding	2,230	2,203	2,229	2,181

(a) As of September 30, 2016, there were approximately 9 million such restricted stock awards.

The following maximum number of potential common stock equivalents are antidilutive and, accordingly, are excluded from the determination of diluted earnings per share (in millions on a weighted-average basis):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Unvested restricted stock awards	9	8	8	7
Warrants to purchase our Class P shares(a)	293	296	293	290
Convertible trust preferred securities	8	8	8	8
Mandatory convertible preferred stock(b)	58	n/a	58	n/a

n/a - not applicable

(a) Each warrant entitles the holder to purchase one share of our common stock for an exercise price of $40 per share, payable in cash or by cashless exercise, at any time until May 25, 2017. The potential dilutive effect of the warrants does not consider the assumed proceeds to KMI upon exercise.

(b) Until our mandatory convertible preferred shares are converted to common shares, on or before the expected mandatory conversion date of October 26, 2018, the holder of each preferred share participates in our earnings by receiving preferred dividends.

2. Acquisitions and Divestiture

Acquisition of Terminal Assets from and Joint Venture With BP Products North America Inc. (BP)

On February 1, 2016, we completed the acquisition of 15 products terminals and associated infrastructure from BP for $349 million, including a transaction deposit paid in 2015 and working capital adjustments paid in 2016. In conjunction with this transaction, we and BP formed a joint venture, with an equity ownership interest of 75% and 25%, respectively. Subsequent to the acquisition, we contributed 14 of the acquired terminals to the joint venture, which we operate, and the remaining terminal is solely owned by us. BP acquired its 25% interest in the joint venture for $84 million, which we reported as "Contributions from noncontrolling interests" within our accompanying consolidated statement of cash flows for the nine months ended September 30, 2016. Of the acquired assets, 10 terminals are included in our Terminals business segment and 5 terminals are included in our Products Pipelines business segment based on synergies with each segment's respective existing operations.

Allocation of Purchase Price

The evaluation of the assigned fair values for the BP terminals acquisition is ongoing and subject to adjustment. As of September 30, 2016, our preliminary allocation of the purchase price for the BP terminals acquisition and the adjusted purchase price allocations for the Hiland acquisition and Royal Vopak terminals acquisition, both completed in February 2015, are detailed below (in millions).

	Acquisitions		
	BP Terminal Assets	**Hiland**	**Royal Vopak Terminal Assets**
Purchase Price Allocation:			
Current assets	$ 2	$ 79	$ 2
Property, plant and equipment	396	1,492	155
Goodwill	—	310	6
Deferred charges and other assets(a)	—	1,498	—
Total assets acquired	398	3,379	163
Current liabilities	—	(253)	(1)
Debt	—	(1,413)	—
Other liabilities	(49)	(4)	(4)
Cash consideration	$ 349	$ 1,709	$ 158

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(a) Primarily consists of customer contracts and relationships with a weighted average amortization period of 16.4 years.

After measuring all of the identifiable tangible and intangible assets acquired and liabilities assumed at fair value on the acquisition date, goodwill is an intangible asset representing the future economic benefits expected to be derived from an acquisition that are not assigned to other identifiable, separately recognizable assets. We believe the primary items that generated our goodwill are both the value of the synergies created between the acquired assets and our pre-existing assets, and our expected ability to grow the business we acquired by leveraging our pre-existing business experience. We apply a look through method of recording deferred income taxes on the outside book-tax basis differences in our investments. As a result, no deferred income taxes are recorded associated with non-deductible goodwill recorded at the investee level.

Sale of Equity Interest in SNG

On September 1, 2016, we completed the sale of a 50% interest in our SNG natural gas pipeline system to The Southern Company (Southern Company), receiving proceeds of $1.4 billion, and the formation of a joint venture, which includes our remaining 50% interest in SNG. We used the proceeds from the sale to reduce outstanding debt (see Note 3). We recognized a pre-tax loss of $84 million on the sale of our interest in SNG which is included within “Loss on impairments and divestitures, net” on the accompanying consolidated statements of income for the three and nine months ended September 30, 2016. As a result of this transaction, we no longer hold a controlling interest in SNG or Bear Creek Storage Company, LLC (Bear Creek) (50% of which is owned by SNG) and, as such, we now account for our remaining equity interests in SNG and Bear Creek as equity investments.

3. Debt

We classify our debt based on the contractual maturity dates of the underlying debt instruments. We defer costs associated with debt issuance over the applicable term. These costs are then amortized as interest expense in our accompanying consolidated statements of income.

The following table provides detail on the principal amount of our outstanding debt balances. The table amounts exclude all debt fair value adjustments, including debt discounts, premiums and issuance costs (in millions):

	September 30, 2016	December 31, 2015
KMI		
Unsecured term loan facility, variable rate, due January 26, 2019(a)	$ 1,000	$ —
Senior notes, 1.50% through 8.25%, due 2016 through 2098(b)	13,326	13,346
Credit facility due November 26, 2019	—	—
Commercial paper borrowings	—	—
KMP		
Senior notes, 2.65% through 9.00%, due 2016 through 2044	19,485	19,985
TGP senior notes, 7.00% through 8.375%, due 2016 through 2037(a)	1,540	1,790
EPNG senior notes, 5.95% through 8.625%, due 2017 through 2032	1,115	1,115
Copano senior notes, 7.125%, due April 1, 2021(c)	—	332
CIG senior notes, 4.15% and 6.85%, due 2026 and 2037(d)	475	100
SNG notes, 4.40% through 8.00%, due 2017 through 2032(e)	—	1,211
Other Subsidiary Borrowings (as obligor)		
Kinder Morgan Finance Company, LLC, senior notes, 5.70% through 6.40%, due 2016 through 2036(a)	786	1,636
Hiland Partners Holdings LLC, senior notes, 5.50% and 7.25%, due 2020 and 2022	974	974
EPC Building, LLC, promissory note, 3.967%, due 2016 through 2035	435	443
Trust I preferred securities, 4.75%, due March 31, 2028	221	221
KMGP, $1,000 Liquidation Value Series A Fixed-to-Floating Rate Term Cumulative Preferred Stock	100	100
Other miscellaneous debt	295	300
Total debt – KMI and Subsidiaries	39,752	41,553
Less: Current portion of debt(a)(e)(f)	2,944	821
Total long-term debt – KMI and Subsidiaries(g)	$ 36,808	$ 40,732

(a) On January 26, 2016, we entered into a $1.0 billion three-year unsecured term loan facility with a variable interest rate, which is determined in the same manner as interest on our revolving credit facility borrowings. In January 2016, we repaid $850 million of maturing 5.70% senior notes, and in February 2016, we repaid $250 million of maturing 8.00% senior notes primarily using proceeds from the three-year term loan. Since we refinanced a portion of the maturing debt with proceeds from long-term debt, we classified $1 billion of the maturing debt within "Long-term debt" on our consolidated balance sheet as of December 31, 2015.

(b) Amount includes senior notes that are denominated in Euros and have been converted and are respectively reported above at the September 30, 2016 exchange rate of 1.1235 U.S. dollars per Euro and the December 31, 2015 exchange rate of 1.0862 U.S. dollars per Euro. For the nine months ended September 30, 2016, our debt balance increased by $47 million as a result of the change in the exchange rate of U.S. dollars per Euro. The increase in debt due to the changes in exchange rates is offset by a corresponding change in the value of cross-currency swaps reflected in "Deferred charges and other assets" and " Other long-term liabilities and deferred credits" on our consolidated balance sheets. At the time of issuance, we entered into cross-currency swap agreements associated with these senior notes, effectively converting these Euro-denominated senior notes to U.S. dollars (see Note 5 "Risk Management—*Foreign Currency Risk Management*").

(c) On September 30, 2016, we repaid the $332 million principal amount of 7.125% senior notes due 2021, plus accrued interest. We recognized a $28.3 million gain from the early extinguishment of debt, included within "Interest, net" on the accompanying consolidated statements of income for the three and nine months ended September 30, 2016 consisting of an $11.8 million premium on the debt repaid and a $40.1 million gain from the write-off of unamortized purchase accounting associated with the extinguished debt. Copano continues to be a subsidiary guarantor under a cross guarantee agreement (see Note 11).

(d) On August 16, 2016, CIG completed a private offering of $375 million in principal amount of 4.15% senior notes due August 15, 2026. The net proceeds of $372 million received from the offering were used to reduce debt incurred as the result of the repayment of CIG's senior notes that matured in 2015 and for general corporate purposes.

(e) Due to the September 1, 2016 sale of a 50% interest in SNG, we no longer consolidate SNG's accounts in our consolidated financial statements. As of the transaction date, SNG had $1,211 million of debt outstanding (including a current portion of $500 million).

(f) Amounts include outstanding credit facility borrowings, commercial paper borrowings and other debt maturing within 12 months (see "—Current Portion of Debt" below).

(g) Excludes our "Debt fair value adjustments" which, as of September 30, 2016 and December 31, 2015, increased our combined debt balances by $1,710 million and $1,674 million, respectively. In addition to all unamortized debt discount/premium amounts, debt issuance costs and purchase accounting on our debt balances, our debt fair value adjustments also include amounts associated with the offsetting entry for hedged debt and any unamortized portion of proceeds received from the early termination of interest rate swap agreements.

We and substantially all of our wholly owned domestic subsidiaries are a party to a cross guarantee agreement whereby each party to the agreement unconditionally guarantees, jointly and severally, the payment of specified indebtedness of each other party to the agreement. Also, see Note 11.

Credit Facilities

On January 26, 2016, in accordance with the terms of our revolving credit agreement, we increased the capacity of our revolving credit agreement from $4.0 billion to $5.0 billion. The other terms of the revolving credit agreement remain the same. Our availability under this facility as of September 30, 2016 was $4,832 million, which is net of $168 million in letters of credit. Borrowings under our revolving credit facility can be used for working capital and other general corporate purposes and as a backup to our commercial paper program. Borrowings under our commercial paper program reduce the borrowings allowed under our credit facility.

Current Portion of Debt

In addition to outstanding credit facility borrowings, commercial paper borrowings, and other debt maturing within 12 months, our current portion of debt includes the current portion of the following significant series of long-term notes:

As of September 30, 2016	$600 million 6.00% notes due February 2017
	$300 million 7.50% notes due April 2017
	$355 million 5.95% notes due April 2017
	$786 million 7.00% notes due June 2017
	$749 million 7.25% notes originally due October 2020 (see "—Subsequent Event" below)
As of December 31, 2015	$500 million 3.50% notes due March 2016

Long-term Debt Issuances, Repayments and Other Significant Changes in Debt

The following are significant long-term debt issuances, repayments and other significant changes made during the nine months ended September 30, 2016:

Issuances	$1.0 billion unsecured term loan facility due 2019
	$375 million 4.15% notes due 2026
Repayments	$850 million 5.70% notes due 2016
	$500 million 3.50% notes due 2016
	$250 million 8.00% notes due 2016
	$67 million 8.25% notes due 2016
	$332 million 7.125% notes due 2021
Other significant changes	$1,211 million reduction due to the deconsolidation of SNG, including a current portion of $500 million (see Note 2)

Subsequent Event

On October 1, 2016, a portion of the proceeds from the sale of a 50% interest in SNG was used to repay the $749 million principal amount of Hiland's 7.25% senior notes due 2020, plus accrued interest. As of September 30, 2016, funds for this early extinguishment were held in escrow as a restricted deposit and included in the accompanying consolidated balance sheet

within “Restricted deposits.” As of September 30, 2016, we classified the $749 million of senior notes as “Current portion of debt” within the accompanying consolidated balance sheet.

4. Stockholders’ Equity

Common Equity

As of September 30, 2016, our common equity consisted of our Class P common stock. For additional information regarding our Class P common stock, see Note 11 to our consolidated financial statements included in our 2015 Form 10-K.

Common Dividends

Holders of our common stock participate in any dividend declared by our board of directors, subject to the rights of the holders of any outstanding preferred stock. The following table provides information about our per share dividends:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Per common share cash dividend declared for the period	$ 0.125	$ 0.51	$ 0.375	$ 1.48
Per common share cash dividend paid in the period	$ 0.125	$ 0.49	$ 0.375	$ 1.42

On October 19, 2016, our board of directors declared a cash dividend of $0.125 per common share for the quarterly period ended September 30, 2016, which is payable on November 15, 2016 to common shareholders of record as of November 1, 2016.

Mandatory Convertible Preferred Stock

On October 30, 2015, we completed an offering of 32,000,000 depositary shares, each of which represents a 1/20th interest in a share of our 1,600,000 shares of 9.750% Series A mandatory convertible preferred stock, with a liquidating preference of $1,000 per share (equal to a $50 liquidation preference per depositary share). For additional information regarding our mandatory convertible preferred stock, see Note 11 to our consolidated financial statements included in our 2015 Form 10-K.

Preferred Dividends

On July 20, 2016, our board of directors declared a cash dividend of $24.375 per share of our mandatory convertible preferred stock (equivalent of $1.21875 per depositary share) for the period from and including July 26, 2016 through and including October 25, 2016, which is payable on October 26, 2016 to mandatory convertible preferred shareholders of record as of October 11, 2016.

5. Risk Management

Certain of our business activities expose us to risks associated with unfavorable changes in the market price of natural gas, NGL and crude oil. We also have exposure to interest rate and foreign currency risk as a result of the issuance of our debt obligations. Pursuant to our management’s approved risk management policy, we use derivative contracts to hedge or reduce our exposure to certain of these risks. In addition, prior to May 2016, we had power forward and swap contracts related to legacy operations of acquired businesses.

Energy Commodity Price Risk Management

As of September 30, 2016, we had the following outstanding commodity forward contracts to hedge our forecasted energy commodity purchases and sales:

	Net open position long/(short)	
Derivatives designated as hedging contracts		
Crude oil fixed price	(19.4)	MMBbl
Crude oil basis	(2.2)	MMBbl
Natural gas fixed price	(27.5)	Bcf
Natural gas basis	(12.8)	Bcf
Derivatives not designated as hedging contracts		
Crude oil fixed price	(0.1)	MMBbl
Natural gas fixed price	(9.9)	Bcf
Natural gas basis	(3.3)	Bcf
NGL and other fixed price	(2.6)	MMBbl

As of September 30, 2016, the maximum length of time over which we have hedged, for accounting purposes, our exposure to the variability in future cash flows associated with energy commodity price risk is through December 2020.

Interest Rate Risk Management

As of September 30, 2016, we had a combined notional principal amount of $9,775 million of fixed-to-variable interest rate swap agreements, all of which were designated as fair value hedges. As of December 31, 2015, we had a combined notional principal amount of $11,000 million of fixed-to-variable interest rate swap agreements, of which $9,700 million were designated as fair value hedges. All of our swap agreements effectively convert the interest expense associated with certain series of senior notes from fixed rates to variable rates based on an interest rate of London Interbank Offered Rate plus a spread and have termination dates that correspond to the maturity dates of the related series of senior notes. As of September 30, 2016, the maximum length of time over which we have hedged a portion of our exposure to the variability in the value of this debt due to interest rate risk is through March 15, 2035.

Foreign Currency Risk Management

In connection with the issuance of our Euro denominated senior notes in March 2015 (see Note 3), we entered into $1,358 million cross-currency swap agreements to manage the related foreign currency risk by effectively converting all of the fixed-rate Euro denominated debt, including annual interest payments and the payment of principal at maturity, to U.S. dollar denominated debt at fixed rates equivalent to approximately 3.79% and 4.67% for the 7-year and 12-year senior notes, respectively. These cross-currency swaps are accounted for as cash flow hedges. The terms of the cross-currency swap agreements correspond to the related hedged senior notes, and such agreements have the same maturities as the hedged senior notes.

Fair Value of Derivative Contracts

The following table summarizes the fair values of our derivative contracts included in our accompanying consolidated balance sheets (in millions):

Fair Value of Derivative Contracts

		Asset derivatives		Liability derivatives	
		September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
	Location	**Fair value**		**Fair value**	
Derivatives designated as hedging contracts					
Natural gas and crude derivative contracts	Fair value of derivative contracts/ (Other current liabilities)	$ 153	$ 359	$ (22)	$ (13)
	Deferred charges and other assets/ (Other long-term liabilities and deferred credits)	111	244	(19)	—
Subtotal		264	603	(41)	(13)
Interest rate swap agreements	Fair value of derivative contracts/ (Other current liabilities)	124	111	—	—
	Deferred charges and other assets/ (Other long-term liabilities and deferred credits)	614	273	—	(9)
Subtotal		738	384	—	(9)
Cross-currency swap agreements	Fair value of derivative contracts/ (Other current liabilities)	—	—	(14)	(6)
	Deferred charges and other assets/ (Other long-term liabilities and deferred credits)	41	—	—	(46)
Subtotal		41	—	(14)	(52)
Total		1,043	987	(55)	(74)
Derivatives not designated as hedging contracts					
Natural gas, crude, NGL and other derivative contracts	Fair value of derivative contracts/ (Other current liabilities)	4	35	(8)	(1)
Subtotal		4	35	(8)	(1)
Interest rate swap agreements	Fair value of derivative contracts/ (Other current liabilities)	—	1	—	(11)
	Deferred charges and other assets/ (Other long-term liabilities and deferred credits)	—	—	—	(5)
Subtotal		—	1	—	(16)
Power derivative contracts	Fair value of derivative contracts/ (Other current liabilities)	—	1	—	(17)
Subtotal		—	1	—	(17)
Total		4	37	(8)	(34)
Total derivatives		$ 1,047	$ 1,024	$ (63)	$ (108)

Effect of Derivative Contracts on the Income Statement

The following tables summarize the impact of our derivative contracts on our accompanying consolidated statements of income (in millions):

Derivatives in fair value hedging relationships	Location	Gain/(loss) recognized in income on derivatives and related hedged item			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2016	2015	2016	2015
Interest rate swap agreements	Interest, net	$ (84)	$ 251	$ 315	$ 163
Hedged fixed rate debt	Interest, net	$ 81	$ (283)	$ (323)	$ (166)

Derivatives in cash flow hedging relationships	Gain/(loss) recognized in OCI on derivative (effective portion)(a)		Location	Gain/(loss) reclassified from Accumulated OCI into income (effective portion)(b)		Location	Gain/(loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	
	Three Months Ended September 30,			Three Months Ended September 30,			Three Months Ended September 30,	
	2016	2015		2016	2015		2016	2015
Energy commodity derivative contracts	$ 20	$ 119	Revenues—Natural gas sales	$ (3)	$ 4	Revenues—Natural gas sales	$ —	$ —
			Revenues—Product sales and other	34	60	Revenues—Product sales and other	(2)	(6)
			Costs of sales	(1)	(2)	Costs of sales	—	—
Interest rate swap agreements(c)	—	(4)	Interest, net	(1)	(1)	Interest, net	—	—
Cross-currency swap	30	(11)	Other, net	10	2	Other, net	—	—
Total	$ 50	$ 104	Total	$ 39	$ 63	Total	$ (2)	$ (6)

Derivatives in cash flow hedging relationships	Gain/(loss) recognized in OCI on derivative (effective portion)(a)		Location	Gain/(loss) reclassified from Accumulated OCI into income (effective portion)(b)		Location	Gain/(loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	
	Nine Months Ended September 30,			Nine Months Ended September 30,			Nine Months Ended September 30,	
	2016	2015		2016	2015		2016	2015
Energy commodity derivative contracts	$ (64)	$ 72	Revenues—Natural gas sales	$ 20	$ 29	Revenues—Natural gas sales	$ —	$ —
			Revenues—Product sales and other	124	161	Revenues—Product sales and other	(7)	4
			Costs of sales	(13)	(21)	Costs of sales	—	—
Interest rate swap agreements(c)	(5)	(6)	Interest, net	(2)	(2)	Interest, net	—	—
Cross-currency swap	50	(22)	Other, net	29	25	Other, net	—	—
Total	$ (19)	$ 44	Total	$ 158	$ 192	Total	$ (7)	$ 4

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(a) We expect to reclassify an approximate $49 million gain associated with cash flow hedge price risk management activities included in our accumulated other comprehensive loss balances as of September 30, 2016 into earnings during the next twelve months (when the associated forecasted sales and purchases are also expected to occur), however, actual amounts reclassified into earnings could vary materially as a result of changes in market prices.

(b) Amounts reclassified were the result of the hedged forecasted transactions actually affecting earnings (i.e., when the forecasted sales and purchases actually occurred).

(c) Amounts represent our share of an equity investee's accumulated other comprehensive loss.

Derivatives not designated as accounting hedges	Location	Gain/(loss) recognized in income on derivatives			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2016	2015	2016	2015
Energy commodity derivative contracts	Revenues—Natural gas sales	$ 1	$ 6	$ (4)	$ 9
	Revenues—Product sales and other	7	169	(7)	173
	Costs of sales	1	—	(1)	—
Interest rate swap agreements	Interest, net	(14)	—	63	—
Total(a)		$ (5)	$ 175	$ 51	$ 182

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(a) Three and nine months ended September 30, 2016 includes an approximate gain of $20 million and $59 million, respectively, associated with natural gas, crude and NGL derivative contract settlements. Three and nine months ended September 30, 2015 includes an approximate gain of $19 million and $21 million, respectively, associated with natural gas, crude and NGL derivative contract settlements.

Credit Risks

In conjunction with certain derivative contracts, we are required to provide collateral to our counterparties, which may include posting letters of credit or placing cash in margin accounts. As of September 30, 2016 and December 31, 2015, we had no and $2 million, respectively, of outstanding letters of credit supporting our commodity price risk management program. As of September 30, 2016, we had cash margins of $16 million posted by us as collateral and no amounts posted by our counterparties as collateral. As of December 31, 2015, we had no cash margins posted by us as collateral and cash margins of $37 million posted by our counterparties as collateral. We also use industry standard commercial agreements which allow for the netting of exposures associated with transactions executed under a single commercial agreement. Additionally, we generally utilize master netting agreements to offset credit exposure across multiple commercial agreements with a single counterparty.

We also have agreements with certain counterparties to our derivative contracts that contain provisions requiring the posting of additional collateral upon a decrease in our credit rating. As of September 30, 2016, based on our current mark to market positions and posted collateral, we estimate that if our credit rating were downgraded one or two notches, we would not be required to post additional collateral.

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Loss

Cumulative revenues, expenses, gains and losses that under GAAP are included within our comprehensive income but excluded from our earnings are reported as "Accumulated other comprehensive loss" within "Stockholders' Equity" in our consolidated balance sheets. Changes in the components of our "Accumulated other comprehensive loss" not including non-controlling interests are summarized as follows (in millions):

	Net unrealized gains/(losses) on cash flow hedge derivatives	Foreign currency translation adjustments	Pension and other postretirement liability adjustments	Total accumulated other comprehensive loss
Balance as of December 31, 2015	$ 219	$ (322)	$ (358)	$ (461)
Other comprehensive (loss) gain before reclassifications	(19)	65	16	62
Gains reclassified from accumulated other comprehensive loss	(158)	—	—	(158)
Net current-period other comprehensive (loss) income	(177)	65	16	(96)
Balance as of September 30, 2016	$ 42	$ (257)	$ (342)	$ (557)

	Net unrealized gains/(losses) on cash flow hedge derivatives	Foreign currency translation adjustments	Pension and other postretirement liability adjustments	Total accumulated other comprehensive loss
Balance as of December 31, 2014	$ 327	$ (108)	$ (236)	$ (17)
Other comprehensive gain (loss) before reclassifications	44	(170)	7	(119)
Gains reclassified from accumulated other comprehensive loss	(192)	—	—	(192)
Net current-period other comprehensive (loss) income	(148)	(170)	7	(311)
Balance as of September 30, 2015	$ 179	$ (278)	$ (229)	$ (328)

6. Fair Value

The fair values of our financial instruments are separated into three broad levels (Levels 1, 2 and 3) based on our assessment of the availability of observable market data and the significance of non-observable data used to determine fair value. Each fair value measurement must be assigned to a level corresponding to the lowest level input that is significant to the fair value measurement in its entirety.

The three broad levels of inputs defined by the fair value hierarchy are as follows:

- Level 1 Inputs—quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date;
- Level 2 Inputs—inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability; and
- Level 3 Inputs—unobservable inputs for the asset or liability. These unobservable inputs reflect the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances (which might include the reporting entity's own data).

Fair Value of Derivative Contracts

The following two tables summarize the fair value measurements of our (i) energy commodity derivative contracts; (ii) interest rate swap agreements; and (iii) cross-currency swap agreements, based on the three levels established by the Codification (in millions). The tables also identify the impact of derivative contracts which we have elected to present on our accompanying consolidated balance sheets on a gross basis that are eligible for netting under master netting agreements.

	Balance sheet asset fair value measurements by level						
	Level 1	Level 2	Level 3	Gross amount	Contracts available for netting	Cash collateral held(b)	Net amount
As of September 30, 2016							
Energy commodity derivative contracts(a)	$ 4	$ 264	$ —	$ 268	$ (25)	$ —	$ 243
Interest rate swap agreements	$ —	$ 738	$ —	$ 738	$ —	$ —	$ 738
Cross-currency swap agreements	$ —	$ 41	$ —	$ 41	$ (14)	$ —	$ 27
As of December 31, 2015							
Energy commodity derivative contracts(a)	$ 48	$ 589	$ 2	$ 639	$ (12)	$ (37)	$ 590
Interest rate swap agreements	$ —	$ 385	$ —	$ 385	$ (8)	$ —	$ 377
Cross-currency swap agreements	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Balance sheet liability fair value measurements by level						
	Level 1	Level 2	Level 3	Gross amount	Contracts available for netting	Collateral posted(c)	Net amount
As of September 30, 2016							
Energy commodity derivative contracts(a)	$ (10)	$ (39)	$ —	$ (49)	$ 25	$ 16	$ (8)
Interest rate swap agreements	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Cross-currency swap agreements	$ —	$ (14)	$ —	$ (14)	$ 14	$ —	$ —
As of December 31, 2015							
Energy commodity derivative contracts(a)	$ (4)	$ (10)	$ (17)	$ (31)	$ 12	$ —	$ (19)
Interest rate swap agreements	$ —	$ (25)	$ —	$ (25)	$ 8	$ —	$ (17)
Cross-currency swap agreements	$ —	$ (52)	$ —	$ (52)	$ —	$ —	$ (52)

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(a) Level 1 consists primarily of New York Mercantile Exchange natural gas futures. Level 2 consists primarily of OTC West Texas Intermediate swaps and options. Level 3 consists primarily of power derivative contracts.

(b) Cash margin deposits held by us associated with our energy commodity contract positions and OTC swap agreements and reported within "Other current liabilities" on our accompanying consolidated balance sheets.

(c) Cash margin deposits posted by us associated with our energy commodity contract positions and OTC swap agreements and reported within "Restricted deposits" on our accompanying consolidated balance sheets.

The table below provides a summary of changes in the fair value of our Level 3 energy commodity derivative contracts (in millions):

Significant unobservable inputs (Level 3)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Derivatives-net asset (liability)				
Beginning of Period	$ —	$ (37)	$ (15)	$ (61)
Total gains or (losses) included in earnings	—	(1)	(9)	(1)
Settlements	—	15	24	39
End of Period	$ —	$ (23)	$ —	$ (23)
The amount of total gains or (losses) for the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets held at the reporting date	$ —	$ —	$ —	$ 2

As of December 31, 2015, our Level 3 derivative assets and liabilities consisted primarily of power derivative contracts (which expired in April 2016), where a significant portion of fair value is calculated from underlying market data that is not readily observable. The derived values use industry standard methodologies that may consider the historical relationships among various commodities, modeled market prices, time value, volatility factors and other relevant economic measures. The use of these inputs results in management's best estimate of fair value and management would not expect materially different valuation results were we to use different input amounts within reasonable ranges.

Fair Value of Financial Instruments

The carrying value and estimated fair value of our outstanding debt balances are disclosed below (in millions):

	September 30, 2016		December 31, 2015	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Total debt	$ 41,462	$ 42,106	$ 43,227	$ 37,481

We used Level 2 input values to measure the estimated fair value of our outstanding debt balances as of both September 30, 2016 and December 31, 2015.

7. Reportable Segments

Financial information by segment follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues				
Natural Gas Pipelines				
Revenues from external customers	$ 2,048	$ 2,176	$ 5,900	$ 6,444
Intersegment revenues	2	8	4	16
CO_2	310	517	916	1,316
Terminals				
Revenues from external customers	484	469	1,436	1,395
Intersegment revenues	—	—	1	1
Products Pipelines				
Revenues from external customers	415	467	1,204	1,388
Intersegment revenues	4	—	12	1
Kinder Morgan Canada	66	68	188	193
Other	(1)	—	—	3
Total segment revenues	3,328	3,705	9,661	10,757
Other revenues	8	10	25	28
Less: Total intersegment revenues	(6)	(8)	(17)	(18)
Total consolidated revenues	$ 3,330	$ 3,707	$ 9,669	$ 10,767

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Segment EBDA(a)				
Natural Gas Pipelines	$ 540	$ 993	$ 2,498	$ 2,936
CO_2	217	29	606	605
Terminals	286	249	831	798
Products Pipelines	293	288	765	811
Kinder Morgan Canada	43	42	123	120
Other	2	(9)	(11)	(55)
Total Segment EBDA	1,381	1,592	4,812	5,215
DD&A	(549)	(617)	(1,652)	(1,725)
Amortization of excess cost of equity investments	(15)	(13)	(45)	(39)
Other revenues	8	10	25	28
General and administrative expense	(171)	(160)	(550)	(540)
Interest expense, net of unallocable interest income	(474)	(539)	(1,386)	(1,525)
Unallocable income tax expense	(363)	(90)	(698)	(470)
Total consolidated net (loss) income	$ (183)	$ 183	$ 506	$ 944

	September 30, 2016	December 31, 2015
Assets		
Natural Gas Pipelines	$ 50,428	$ 53,704
CO_2	4,211	4,706
Terminals	9,838	9,083
Products Pipelines	8,348	8,464
Kinder Morgan Canada	1,568	1,434
Other	309	418
Total segment assets	74,702	77,809
Corporate assets(b)	6,902	6,276
Assets held for sale	—	19
Total consolidated assets	$ 81,604	$ 84,104

(a) We evaluate performance based on each segment's EBDA. Segment EBDA includes revenues, earnings from equity investments, losses on impairments and divestitures of equity investments, net, allocable interest income, and other, net, less operating expenses, allocable income taxes, and other expense (income), net, and losses on impairments and divestitures, net. Operating expenses include natural gas purchases and other costs of sales, operations and maintenance expenses, and taxes, other than income taxes.
(b) Includes cash and cash equivalents, margin and restricted deposits, unallocable interest receivable, prepaid assets and deferred charges, deferred tax assets, risk management assets related to debt fair value adjustments and miscellaneous corporate assets (such as information technology and telecommunications equipment) not allocated to individual segments.

8. Income Taxes

Income tax expense included in our accompanying consolidated statements of income were as follows (in millions, except percentages):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Income tax expense	$ 377	$ 108	$ 744	$ 521
Effective tax rate	194.3%	37.1%	59.5%	35.6%

The effective tax rate for the three and nine months ended September 30, 2016 is higher than the statutory federal rate of 35% primarily due to (i) the tax impact of the sale of a 50% interest in SNG; (ii) state and foreign income taxes; and (iii) the change in the effective state tax rate as a result of the SNG sale. These increases are partially offset by dividend-received deductions from our investment in Florida Gas Pipeline (Citrus) and Plantation Pipe Line. The SNG partial sale transaction generated a taxable gain resulting from non-deductible goodwill attributable to the transaction which generated a deferred tax provision of $269 million.

The effective tax rate for the three months ended September 30, 2015 is higher than the statutory federal rate of 35% primarily due to state and foreign income taxes, partially offset by dividend-received deductions from our investment in Citrus and adjustments to our income tax reserve for uncertain tax positions.

The effective tax rate for the nine months ended September 30, 2015 is marginally higher than the statutory federal rate of 35% primarily due to state and foreign income taxes, partially offset by (i) dividend-received deductions from our investment in Citrus; (ii) the change in the effective state tax rate as a result of the Hiland acquisition; and (iii) adjustments to our income tax reserve for uncertain tax positions.

As of September 30, 2016, the total amount of unrecognized tax benefits including interest and penalties relating to uncertain tax positions is $146 million, a decrease of $27 million from the December 31, 2015 balance of $173 million. This $27 million decrease in unrecognized tax benefits resulted primarily from the settlement of a state tax audit and a certain statute of limitations expiration on another matter.

9. Litigation, Environmental and Other Contingencies

We and our subsidiaries are parties to various legal, regulatory and other matters arising from the day-to-day operations of our businesses or certain predecessor operations that may result in claims against the Company. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves and insurance, that the ultimate resolution of such items will not have a material adverse impact on our business, financial position, results of operations or dividends to our shareholders. We believe we have meritorious defenses to the matters to which we are a party and intend to vigorously defend the Company. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, we conclude the matter should otherwise be disclosed.

Federal Energy Regulatory Commission Proceedings

SFPP

The tariffs and rates charged by SFPP are subject to a number of ongoing proceedings at the FERC, including the complaints and protests of various shippers the most recent of which was filed in late 2015 with the FERC (docketed at

OR16-6) challenging SFPP's filed East Line rates. In general, these complaints and protests allege the rates and tariffs charged by SFPP are not just and reasonable under the Interstate Commerce Act (ICA). In some of these proceedings shippers have challenged the overall rate being charged by SFPP, and in others the shippers have challenged SFPP's index-based rate increases. If the shippers prevail on their arguments or claims, they are entitled to seek reparations (which may reach back up to two years prior to the filing date of their complaints) or refunds of any excess rates paid, and SFPP may be required to reduce its rates going forward. These proceedings tend to be protracted, with decisions of the FERC often appealed to the federal courts. The issues involved in these proceedings include, among others, whether indexed rate increases are justified, and the appropriate level of return and income tax allowance SFPP may include in its rates. On March 22, 2016, the D.C. Circuit issued a decision in *United Airlines, Inc. v. FERC* remanding to FERC for further consideration of two issues: (1) the appropriate data to be used to determine the return on equity for SFPP in the underlying docket, and (2) the just and reasonable return to be provided to a tax pass-through entity that includes an income tax allowance in its underlying cost of service. With respect to the various SFPP related complaints and protest proceedings at the FERC, we estimate that the shippers are seeking approximately $40 million in annual rate reductions and approximately $169 million in refunds. Management believes SFPP has meritorious arguments supporting SFPP's rates and intends to vigorously defend SFPP against these complaints and protests. However, to the extent the shippers are successful in one or more of the complaints or protest proceedings, SFPP estimates that applying the principles of FERC precedent, as applicable, to pending SFPP cases would result in rate reductions and refunds substantially lower than those sought by the shippers.

EPNG

The tariffs and rates charged by EPNG are subject to two ongoing FERC proceedings (the "2008 rate case" and the "2010 rate case"). With respect to the 2008 rate case, the FERC issued its decision (Opinion 517-A) in July 2015. The FERC generally upheld its prior determinations, ordered refunds to be paid within 60 days, and stated that it will apply its findings in Opinion 517-A to the same issues in the 2010 rate case. EPNG has sought federal appellate review of Opinion 517-A. With respect to the 2010 rate case, the FERC issued its decision (Opinion 528-A) on February 18, 2016. The FERC generally upheld its prior determinations, affirmed prior findings of an Administrative Law Judge that certain shippers qualify for lower rates, and required EPNG to file revised pro forma recalculated rates consistent with the terms of Opinions 517-A and 528-A. EPNG and two intervenors sought rehearing of certain aspects of the decision, and the judicial review sought by certain intervenors has been delayed until the FERC issues an order on rehearing. All refund obligations related to the 2008 rate case were satisfied during calendar year 2015. With respect to the 2010 rate case, EPNG believes it has an appropriate reserve related to the findings in Opinions 517-A and 528-A.

Other Commercial Matters

Union Pacific Railroad Company Easements & Related Litigation

SFPP and Union Pacific Railroad Company (UPRR) are engaged in a proceeding to determine the extent, if any, to which the rent payable by SFPP for the use of pipeline easements on rights-of-way held by UPRR should be adjusted pursuant to existing contractual arrangements for the ten-year period beginning January 1, 2004 (*Union Pacific Railroad Company v. Santa Fe Pacific Pipelines, Inc., SFPP, L.P., Kinder Morgan Operating L.P. "D", Kinder Morgan G.P., Inc., et al.,* Superior Court of the State of California for the County of Los Angeles, filed July 28, 2004). In September 2011, the trial judge determined that the annual rent payable as of January 1, 2004 was $14 million, subject to annual consumer price index increases. SFPP appealed the judgment.

By notice dated October 25, 2013, UPRR demanded the payment of $22.3 million in rent for the first year of the next ten-year period beginning January 1, 2014, which SFPP rejected.

On November 5, 2014, the Court of Appeals issued an opinion which reversed the judgment, including the award of prejudgment interest, and remanded the matter to the trial court for a determination of UPRR's property interest in its right-of-way, including whether UPRR has sufficient interest to grant SFPP's easements. UPRR filed a petition for review to the California Supreme Court which was denied. The trial court has not set a date for the retrial.

After the above-referenced decision by the California Court of Appeals which held that UPRR does not own the subsurface rights to grant certain easements and may not be able to collect rent from those easements, a purported class action lawsuit was filed in 2015 in the U.S. District Court for the Southern District of California by private landowners in California who claim to be the lawful owners of subsurface real property allegedly used or occupied by UPRR or SFPP. Substantially similar follow-on lawsuits were filed and are pending in federal courts by landowners in Nevada, Arizona and New Mexico. These suits, which are brought purportedly as class actions on behalf of all landowners who own land in fee adjacent to and underlying the railroad easement under which the SFPP pipeline is located in those respective states, assert claims against UPRR, SFPP, KMGP, and

Kinder Morgan Operating L.P. "D" for declaratory judgment, trespass, ejectment, quiet title, unjust enrichment, accounting, and alleged unlawful business acts and practices arising from defendants' alleged improper use or occupation of subsurface real property. SFPP views these cases as primarily a dispute between UPRR and the plaintiffs. UPRR purported to grant SFPP a network of subsurface pipeline easements along UPRR's railroad right-of-way. SFPP relied on the validity of those easements and paid rent to UPRR for the value of those easements. We believe we have recorded a right-of-way liability sufficient to cover our potential obligation, if any, for back rent.

SFPP and UPRR have engaged in multiple disputes over the circumstances under which SFPP must pay for relocations of its pipeline within the UPRR right-of-way and the safety standards that govern relocations. In 2006, following a bench trial regarding the circumstances under which SFPP must pay for relocations, the judge determined that SFPP must pay for any relocations resulting from any legitimate business purpose of the UPRR. The decision was affirmed on appeal. In addition, UPRR contends that SFPP must comply with the more expensive American Railway Engineering and Maintenance-of-Way Association (AREMA) standards in determining when relocations are necessary and in completing relocations. Each party has sought declaratory relief with respect to its positions regarding the application of these standards with respect to relocations. In 2011, a jury verdict was reached that SFPP was obligated to comply with AREMA standards in connection with a railroad project in Beaumont Hills, California. In 2014, the trial court entered judgment against SFPP, consistent with the jury's verdict. On June 29, 2015, the parties entered into a confidential settlement of all of the claims relating to the project in Beaumont Hills and the case was dismissed.

Since SFPP does not know UPRR's plans for projects or other activities that would cause pipeline relocations, it is difficult to quantify the effects of the outcome of these cases on SFPP. Even if SFPP is successful in advancing its positions, significant relocations for which SFPP must nonetheless bear the cost (i.e., for railroad purposes, with the standards in the federal Pipeline Safety Act applying) could have an adverse effect on our financial position, results of operations, cash flows, and our dividends to our shareholders. These effects could be even greater in the event SFPP is unsuccessful in one or more of these lawsuits.

Gulf LNG Facility Arbitration

On March 1, 2016, Gulf LNG Energy, LLC and Gulf LNG Pipeline, LLC (GLNG) received a Notice of Disagreement and Disputed Statements and a Notice of Arbitration from Eni USA Gas Marketing LLC (Eni USA), one of two companies that entered into a terminal use agreement for capacity of the Gulf LNG Facility in Mississippi for an initial term that is not scheduled to expire until the year 2031. Eni USA is an indirect subsidiary of Eni S.p.A., a multi-national integrated energy company headquartered in Milan, Italy. Pursuant to its Notice of Arbitration, Eni USA seeks declaratory and monetary relief based upon its assertion that (i) the terminal use agreement should be terminated because changes in the U.S. natural gas market since the execution of the agreement in December 2007 have "frustrated the essential purpose" of the agreement and (ii) activities allegedly undertaken by affiliates of Gulf LNG Holdings Group LLC "in connection with a plan to convert the LNG Facility into a liquefaction/export facility have given rise to a contractual right on the part of Eni USA to terminate" the agreement. As set forth in the terminal use agreement, disputes are meant to be resolved by final and binding arbitration. A three-member arbitration panel has been selected and the arbitration hearing is scheduled for January 2017. Eni USA has indicated that it will continue to pay the amounts claimed to be due pending resolution of the dispute. The successful assertion by Eni USA of its claim to terminate or amend its payment obligations under the agreement prior to the expiration of its initial term could have an adverse effect on the business, financial position, results of operations, or cash flows of GLNG and distributions to KMI, a 50% shareholder of GLNG. We view the allegations in the demand for arbitration to be without merit, and we intend to vigorously contest them in the arbitration.

Plains Gas Solutions, LLC v. Tennessee Gas Pipeline Company, L.L.C. et al.

On October 16, 2013, Plains Gas Solutions, LLC (Plains) filed a petition in the 151st Judicial District Court for Harris County, Texas (Case No. 62528) against TGP, Kinetica Partners, LLC and two other Kinetica entities. The suit arises from the sale by TGP of the Cameron System in Louisiana to Kinetica Partners, LLC on September 1, 2013. Plains alleges that defendants breached a straddle agreement requiring that gas on the Cameron System be committed to Plains' Grand Chenier gas-processing facility, that requisite daily volume reports were not provided, that TGP improperly assigned its obligations under the straddle agreement to Kinetica, and that defendants interfered with Plains' contracts with producers. The petition alleges damages of at least $100 million. Under the Amended and Restated Purchase and Sale Agreement with Kinetica, Kinetica is obligated to defend and indemnify TGP in connection with the gas commitment and reporting claims. After agreeing initially to defend and indemnify TGP against such claims, Kinetica withdrew its defense, disputed its indemnity obligation, and settled with Plains. Trial of the remaining claims against TGP is scheduled for January 2017. We intend to vigorously defend the suit and pursue Kinetica, if necessary, for indemnity and costs of defense.

Brinckerhoff v. El Paso Pipeline GP Company, LLC., et al.

In December 2011 (*Brinckerhoff I*), March 2012, (*Brinckerhoff II*), May 2013 (*Brinckerhoff III*) and June 2014 (*Brinckerhoff IV),* derivative lawsuits were filed in Delaware Chancery Court against El Paso Corporation, El Paso Pipeline GP Company, L.L.C., the general partner of EPB, and the directors of the general partner at the time of the relevant transactions. EPB was named in these lawsuits as a "Nominal Defendant." The lawsuits arise from the March 2010, November 2010, May 2012 and June 2011 drop-down transactions involving EPB's purchase of SLNG, Elba Express, CPG and interests in SNG and CIG. The lawsuits allege various conflicts of interest and that the consideration paid by EPB was excessive. Brinckerhoff I and II were consolidated into one proceeding. Motions to dismiss were filed in Brinckerhoff III and Brinckerhoff IV, and such motions remain pending. On June 12, 2014, defendants' motion for summary judgment was granted in Brinckerhoff I, dismissing the case in its entirety. Defendants' motion for summary judgment in Brinckerhoff II was granted in part, dismissing certain claims and allowing the matter to go to trial in late 2014 on the remaining claims. On April 20, 2015, the Court issued a post-trial memorandum opinion (Memorandum Opinion) in Brinckerhoff II entering judgment in favor of all of the defendants other than the general partner of EPB, but finding the general partner liable for breach of contract in connection with EPB's purchase of 49% interests in Elba and SLNG and a 15% interest in SNG in a $1.13 billion drop-down transaction that closed on November 19, 2010 (Fall Dropdown), prior to our acquisition of El Paso Corporation in 2012. In its Memorandum Opinion, the Court determined that EPB suffered damages of $171 million from the Fall Dropdown, which the Court determined to be the amount that EPB overpaid for Elba. We believe the claim is derivative in nature and was extinguished by our acquisition on November 26, 2014, pursuant to a merger agreement, of all of the outstanding common units of EPB that we did not already own. On December 2, 2015, the Court denied our motion to dismiss the remaining claims in Brinckerhoff II based upon our acquisition of all of the outstanding common units of EPB, and held that damages should be calculated by considering the unaffiliated unitholders' ownership percentage as of the effective date of the merger. Based on this ruling, the Court entered judgment on February 4, 2016 in the amount of $100.2 million plus interest at the legal rate for the period from November 15, 2010 until the date of payment, if any payment is ultimately required. We filed an appeal to the Delaware Supreme Court and Brinckerhoff filed a cross-appeal challenging the dismissal of Brinckerhoff I. The appeal has been fully briefed and oral argument was held on October 19, 2016. Execution on the judgment has been stayed until the appeal is decided. At the present time, we do not believe that an ultimate award, if any, will have a material financial impact on our Company. We continue to believe the transactions at issue were appropriate and in the best interests of EPB and we intend to continue to defend the lawsuits vigorously.

Price Reporting Litigation

Beginning in 2003, several lawsuits were filed by purchasers of natural gas against El Paso Corporation, El Paso Marketing L.P. and numerous other energy companies based on a claim under state antitrust law that such defendants conspired to manipulate the price of natural gas by providing false price information to industry trade publications that published gas indices. Several of the cases have been settled or dismissed. The remaining cases, which were pending in Nevada federal court, were dismissed, but the dismissal was reversed by the 9th Circuit Court of Appeals. The U.S. Supreme Court affirmed the 9th Circuit Court of Appeals in a decision dated April 21, 2015, and the cases were then remanded to the Nevada federal court for further consideration and trial, if necessary, of numerous remaining issues. On May 24, 2016, the Court granted a motion for summary judgment dismissing one of the cases in which approximately $500 million in damages has been alleged. In the remaining cases, approximately $1.5 billion in damages have been alleged against all defendants. There remains significant uncertainty regarding the validity of the causes of action, the damages asserted and the level of damages, if any, which may be allocated to us. Therefore, our costs and legal exposure related to the remaining outstanding lawsuits and claims are not currently determinable.

Kinder Morgan, Inc. Corporate Reorganization Litigation

Certain unitholders of KMP and EPB filed five putative class action lawsuits in the Court of Chancery of the State of Delaware in connection with our November 26, 2014 acquisition, pursuant to three separate merger agreements, of all of the outstanding common units of KMP and EPB and all of the outstanding shares of KMR that we did not already own. The lawsuits were consolidated under the caption *In re Kinder Morgan, Inc. Corporate Reorganization Litigation* (Consolidated Case No. 10093-VCL). On December 12, 2014, the plaintiffs filed a Verified Second Consolidated Amended Class Action Complaint, which purported to assert claims on behalf of both the former EPB unitholders and the former KMP unitholders. The EPB plaintiff alleged that (i) El Paso Pipeline GP Company, L.L.C. (*EPGP*), the general partner of EPB, and the directors of EPGP breached duties under the EPB partnership agreement, including the implied covenant of good faith and fair dealing, by entering into the EPB Transaction; (ii) EPB, E Merger Sub LLC, KMI and individual defendants aided and abetted such breaches; and (iii) EPB, E Merger Sub LLC, KMI, and individual defendants tortiously interfered with the EPB partnership agreement by causing EPGP to breach its duties under the EPB partnership agreement.

The KMP plaintiffs alleged that (i) KMR, KMGP, and individual defendants breached duties under the KMP partnership agreement, including the implied duty of good faith and fair dealing, by entering into the KMP Transaction and by failing to adequately disclose material facts related to the transaction; (ii) KMI aided and abetted such breach; and (iii) KMI, KMP, KMR, P Merger Sub LLC, and individual defendants tortiously interfered with the rights of the plaintiffs and the putative class under the KMP partnership agreement by causing KMGP to breach its duties under the KMP partnership agreement. The complaint sought declaratory relief that the transactions were unlawful and unenforceable, reformation, rescission, rescissory or compensatory damages, interest, and attorneys' and experts' fees and costs. On December 30, 2014, the defendants moved to dismiss the complaint. On April 2, 2015, the EPB plaintiff and the defendants submitted a stipulation and proposed order of dismissal, agreeing to dismiss all claims brought by the EPB plaintiff with prejudice as to the EPB lead plaintiff and without prejudice to all other members of the putative EPB class. The Court entered such order on April 2, 2015.

On August 24, 2015, the Court issued an order granting the defendants' motion to dismiss the remaining counts of the complaint for failure to state a claim. On September 21, 2015, plaintiffs filed a notice of appeal to the Supreme Court of the State of Delaware, captioned *Haynes Family Trust et al. v. Kinder Morgan G.P., Inc. et al.* (Case No. 515). On March 10, 2016, the Delaware Supreme Court affirmed the dismissal of all claims on appeal and this matter is now concluded.

Pipeline Integrity and Releases

From time to time, despite our best efforts, our pipelines experience leaks and ruptures. These leaks and ruptures may cause explosions, fire, and damage to the environment, damage to property and/or personal injury or death. In connection with these incidents, we may be sued for damages caused by an alleged failure to properly mark the locations of our pipelines and/or to properly maintain our pipelines. Depending upon the facts and circumstances of a particular incident, state and federal regulatory authorities may seek civil and/or criminal fines and penalties.

General

As of September 30, 2016 and December 31, 2015, our total reserve for legal matters was $502 million and $463 million, respectively. The reserve primarily relates to various claims from regulatory proceedings arising in our products and natural gas pipeline segments and certain corporate matters.

Environmental Matters

We and our subsidiaries are subject to environmental cleanup and enforcement actions from time to time. In particular, CERCLA generally imposes joint and several liability for cleanup and enforcement costs on current and predecessor owners and operators of a site, among others, without regard to fault or the legality of the original conduct, subject to the right of a liable party to establish a "reasonable basis" for apportionment of costs. Our operations are also subject to federal, state and local laws and regulations relating to protection of the environment. Although we believe our operations are in substantial compliance with applicable environmental laws and regulations, risks of additional costs and liabilities are inherent in pipeline, terminal and CO_2 field and oil field operations, and there can be no assurance that we will not incur significant costs and liabilities. Moreover, it is possible that other developments, such as increasingly stringent environmental laws, regulations and enforcement policies under the terms of authority of those laws, and claims for damages to property or persons resulting from our operations, could result in substantial costs and liabilities to us.

We are currently involved in several governmental proceedings involving alleged violations of environmental and safety regulations, including alleged violations of the Risk Management Program and leak detection and repair requirements of the Clean Air Act. As we receive notices of non-compliance, we attempt to negotiate and settle such matters where appropriate. These alleged violations may result in fines and penalties, but we do not believe any such fines and penalties, individually or in the aggregate, will be material. We are also currently involved in several governmental proceedings involving groundwater and soil remediation efforts under administrative orders or related state remediation programs. We have established a reserve to address the costs associated with the cleanup.

In addition, we are involved with and have been identified as a potentially responsible party in several federal and state superfund sites. Environmental reserves have been established for those sites where our contribution is probable and reasonably estimable. In addition, we are from time to time involved in civil proceedings relating to damages alleged to have occurred as a result of accidental leaks or spills of refined petroleum products, NGL, natural gas and CO_2.

Portland Harbor Superfund Site, Willamette River, Portland, Oregon

In December 2000, the EPA issued General Notice letters to potentially responsible parties including GATX Terminals Corporation (n/k/a KMLT). At that time, GATX owned two liquids terminals along the lower reach of the Willamette River, an industrialized area known as Portland Harbor. Portland Harbor is listed on the National Priorities List and is designated as a Superfund Site under CERCLA. A group of potentially responsible parties formed what is known as the Lower Willamette Group (LWG), of which KMLT is a non-voting member and pays a minimal fee to be part of the group. The LWG agreed to conduct the remedial investigation and feasibility study (RI/FS) leading to the proposed remedy for cleanup of the Portland Harbor site. After a dispute with the EPA concerning certain provision of the FS, the parties agreed that the EPA would complete the FS and that the LWG may dispute the FS within 14 days of the publication of the proposed remedy for cleanup. EPA issued the FS and the Proposed Plan on June 8, 2016. The EPA's Proposed Plan includes a combination of dredging, capping, and enhanced natural recovery. It is expected to take approximately seven years to implement at an estimated present cost of approximately $750 million. Comments on the FS and the Proposed Plan were submitted by the LWG and on our own behalf on September 7, 2016. We anticipate the EPA will issue a Record of Decision (ROD) in mid-2017. KMLT and 90 other parties are involved in a non-judicial allocation process to determine each party's respective share of the cleanup costs. We are participating in the allocation process on behalf of KMLT and KMBT in connection with their current or former ownership or operation of four facilities located in Portland Harbor. The allocation process will follow the issuance of the ROD with an expected completion date of 2018. Until the allocation process is completed, we are unable to reasonably estimate the extent of our liability for the costs related to the design of the proposed remedy and cleanup of the site.

Roosevelt Irrigation District v. Kinder Morgan G.P., Inc., Kinder Morgan Energy Partners, L.P. , U.S. District Court, Arizona

The Roosevelt Irrigation District sued KMGP, KMEP and others under CERCLA for alleged contamination of the water purveyor's wells. The First Amended Complaint sought $175 million in damages from approximately 70 defendants. On August 6, 2013 plaintiffs filed their Second Amended Complaint seeking monetary damages in unspecified amounts and reducing the number of defendants to 26 including KMEP and SFPP. The claims now presented against KMEP and SFPP are related to alleged releases from a specific parcel within the SFPP Phoenix Terminal and the alleged impact of such releases on water wells owned by the plaintiffs and located in the vicinity of the Terminal. We have filed an answer, general denial, and affirmative defenses in response to the Second Amended Complaint and fact discovery is proceeding.

Mission Valley Terminal Lawsuit

In August 2007, the City of San Diego, on its own behalf and purporting to act on behalf of the People of the State of California, filed a lawsuit against us and several affiliates seeking injunctive relief and unspecified damages allegedly resulting from hydrocarbon and methyl tertiary butyl ether (MTBE) impacted soils and groundwater beneath the City's stadium property in San Diego arising from historic operations at the Mission Valley terminal facility. The case was filed in the Superior Court of California, San Diego County and was removed in 2007 to the U.S. District Court, Southern District of California (Case No. 07CV1883WCAB). The City disclosed in discovery that it was seeking approximately $170 million in damages for alleged lost value/lost profit from the redevelopment of the City's property and alleged lost use of the water resources underlying the property. Later, in 2010, the City amended its initial disclosures to add claims for restoration of the site as well as a number of other claims that increased its claim for damages to approximately $365 million.

On November 29, 2012, the Court issued a Notice of Tentative Rulings on the parties' summary adjudication motions. The Court tentatively granted our partial motions for summary judgment on the City's claims for water and real estate damages and the State's claims for violations of California Business and Professions Code § 17200, tentatively denied the City's motion for summary judgment on its claims of liability for nuisance and trespass, and tentatively granted our cross motion for summary judgment on such claims. On January 25, 2013, the Court rendered judgment in favor of all defendants on all claims asserted by the City.

On February 20, 2013, the City of San Diego filed a notice of appeal to the U.S. Court of Appeals for the Ninth Circuit. On May 21, 2015, the Court of Appeals issued a memorandum decision which affirmed the District Court's summary judgment in our favor with respect to the City's claim under California Safe Drinking Water and Toxic Enforcement Act, but reversed both the District Court's summary judgment decision in our favor on the City's remaining claims and the District Court's decision to exclude the City's expert testimony. The Court of Appeals issued a mandate returning the case to the U.S. District Court.

On June 17, 2016, the parties entered into a settlement resolving all claims related to the historical contamination at the City's stadium property. The settlement provides for a $20 million payment to the City, a waiver and release by the City of all

claims which were asserted or could have been asserted in the litigation, and an agreement by defendants to indemnify the City for additional, incremental costs, if any, incurred by the City in the redevelopment of the stadium property or the development of groundwater beneath the stadium property, that would not have been incurred but for the historical releases from the Mission Valley Terminal. By Order dated June 17, 2016, the District Court granted dismissal of the litigation.

This site remains under the regulatory oversight and order of the California Regional Water Quality Control Board (RWQCB). SFPP completed the soil and groundwater remediation at the City of San Diego's stadium property site and conducted quarterly sampling and monitoring through 2015 as part of the compliance evaluation required by the RWQCB. The RWQCB issued a notice of no further action with respect to the stadium property site on May 4, 2016. SFPP's remediation effort is now focused on its adjacent Mission Valley Terminal site.

Uranium Mines in Vicinity of Cameron, Arizona

In the 1950s and 1960s, Rare Metals Inc., a historical subsidiary of EPNG, mined approximately twenty uranium mines in the vicinity of Cameron, Arizona, many of which are located on the Navajo Indian Reservation. The mining activities were in response to numerous incentives provided to industry by the U.S. to locate and produce domestic sources of uranium to support the Cold War-era nuclear weapons program. In May 2012, EPNG received a general notice letter from the EPA notifying EPNG of the EPA's investigation of certain sites and its determination that the EPA considers EPNG to be a potentially responsible party within the meaning of CERCLA. In August 2013, EPNG and the EPA entered into an Administrative Order on Consent and Scope of Work pursuant to which EPNG is conducting a radiological assessment of the surface of the mines. On September 3, 2014, EPNG filed a complaint in the U.S. District Court for the District of Arizona (Case No. 3:14-08165-DGC) seeking cost recovery and contribution from the applicable federal government agencies toward the cost of environmental activities associated with the mines, given the pervasive control of such federal agencies over all aspects of the nuclear weapons program. Defendants filed an answer and counterclaims seeking contribution and recovery of response costs allegedly incurred by the federal agencies in investigating uranium impacts on the Navajo Reservation. The counterclaim of defendant EPA has been settled, and no viable claims for reimbursement by the other defendants are known to exist.

Lower Passaic River Study Area of the Diamond Alkali Superfund Site, Essex, Hudson, Bergen and Passaic Counties, New Jersey

EPEC Polymers, Inc. (EPEC Polymers) and EPEC Oil Company Liquidating Trust (EPEC Oil Trust), former El Paso Corporation entities now owned by KMI, are involved in an administrative action under CERCLA known as the Lower Passaic River Study Area Superfund Site (Site) concerning the lower 17-mile stretch of the Passaic River. It has been alleged that EPEC Polymers and EPEC Oil Trust may be potentially responsible parties (PRPs) under CERCLA based on prior ownership and/or operation of properties located along the relevant section of the Passaic River. EPEC Polymers and EPEC Oil Trust entered into two Administrative Orders on Consent (AOCs) which obligate them to investigate and characterize contamination at the Site. They are also part of a joint defense group (JDG) of approximately 70 cooperating parties which have entered into AOCs and are directing and funding the work required by the EPA. Under the first AOC, draft remedial investigation and feasibility studies (RI/FS) of the Site were submitted to the EPA in 2015, and comments from the EPA are expected by the end of 2016. Under the second AOC, the JDG members conducted a CERCLA removal action at the Passaic River Mile 10.9, and the group is currently conducting EPA-directed post-remedy monitoring in the removal area. We have established a reserve for the anticipated cost of compliance with the AOCs.

On April 11, 2014, the EPA announced the issuance of its Focused Feasibility Study (FFS) for the lower eight miles of the Passaic River Study Area, and its proposed plan for remedial alternatives to address the dioxin sediment contamination from the mouth of Newark Bay to River Mile 8.3. The EPA estimates the cost for the alternatives will range from $365 million to $3.2 billion. The EPA's preferred alternative would involve dredging the river bank-to-bank and installing an engineered cap at an estimated cost of $1.7 billion. On March 4, 2016, the EPA issued its ROD for the lower 8.3 miles of the Passaic River Study area. The final cleanup plan in the ROD is substantially similar to the EPA's preferred alternative announced on April 11, 2014. On October 5, 2016, the EPA entered into an AOC with one member of the PRP group requiring such member to spend $165 million to perform engineering and design work necessary to begin the cleanup of the lower 8.3 miles of the Passaic River. The design work is expected to take four years to complete and the cleanup is expected to take six years to complete.

In addition to the AOC with one member of the PRP group described above, the EPA has notified over 80 other PRPs, including EPEC Polymers and EPEC Oil Trust (the Notice), that the EPA intends to pursue additional agreements with other "major PRPs" and initiate negotiations over cash buyouts with parties whom the EPA does not consider "major PRPs." The Notice creates significant uncertainty as to the implementation and associated costs of the remedy set forth in the FFS and ROD, and provides no guidance as to the EPA's definition of a "major PRP" or the potential amount or range of cash buyouts. There is also uncertainty as to the impact of the RI/FS that the CPG is currently preparing for portions of the Site. The draft RI/

FS was submitted by the CPG earlier in 2015 and proposes a different remedy than the FFS announced by the EPA. Therefore, the scope of potential EPA claims for the lower eight miles of the Passaic River is not reasonably estimable at this time.

Southeast Louisiana Flood Protection Litigation

On July 24, 2013, the Board of Commissioners of the Southeast Louisiana Flood Protection Authority - East (SLFPA) filed a petition for damages and injunctive relief in state district court for Orleans Parish, Louisiana (Case No. 13-6911) against TGP, SNG and approximately 100 other energy companies, alleging that defendants' drilling, dredging, pipeline and industrial operations since the 1930's have caused direct land loss and increased erosion and submergence resulting in alleged increased storm surge risk, increased flood protection costs and unspecified damages to the plaintiff. The SLFPA asserts claims for negligence, strict liability, public nuisance, private nuisance, and breach of contract. Among other relief, the petition seeks unspecified monetary damages, attorney fees, interest, and injunctive relief in the form of abatement and restoration of the alleged coastal land loss including but not limited to backfilling and re-vegetation of canals, wetlands and reef creation, land bridge construction, hydrologic restoration, shoreline protection, structural protection, and bank stabilization. On August 13, 2013, the suit was removed to the U.S. District Court for the Eastern District of Louisiana. On February 13, 2015, the Court granted defendants' motion to dismiss the suit for failure to state a claim, and issued an order dismissing the SLFPA's claims with prejudice. The SLFPA filed a notice of appeal on February 20, 2015. The U.S. Court of Appeals for the Fifth Circuit heard oral argument on February 29, 2016 and we await the Court's decision.

Plaquemines Parish Louisiana Coastal Zone Litigation

On November 8, 2013, the Parish of Plaquemines, Louisiana filed a petition for damages in the state district court for Plaquemines Parish, Louisiana (Docket No. 60-999) against TGP and 17 other energy companies, alleging that defendants' oil and gas exploration, production and transportation operations in the Bastian Bay, Buras, Empire and Fort Jackson oil and gas fields of Plaquemines Parish caused substantial damage to the coastal waters and nearby lands (Coastal Zone) within the Parish, including the erosion of marshes and the discharge of oil waste and other pollutants which detrimentally affected the quality of state waters and plant and animal life, in violation of the State and Local Coastal Resources Management Act of 1978 (Coastal Zone Management Act). As a result of such alleged violations of the Coastal Zone Management Act, Plaquemines Parish seeks, among other relief, unspecified monetary relief, attorney fees, interest, and payment of costs necessary to restore the allegedly affected Coastal Zone to its original condition, including costs to clear, vegetate and detoxify the Coastal Zone. In connection with this suit, TGP has made two tenders for defense and indemnity: (1) to Anadarko, as successor to the entity that purchased TGP's oil and gas assets in Bastian Bay, and (2) to Kinetica, which purchased TGP's pipeline assets in Bastian Bay in 2013. Anadarko has accepted TGP's tender (limited to oil and gas assets), and Kinetica rejected TGP's tender. TGP responded to Kinetica by reasserting TGP's demand for defense and indemnity and reserving its rights. On November 12, 2015, the Plaquemines Parish Council adopted a resolution directing its legal counsel in all its Coastal Zone cases to take all actions necessary to cause the dismissal of all such cases. On April 14, 2016, following interventions in the suit by the Louisiana Department of Natural Resources and Attorney General, the Parish Council passed a resolution rescinding its November 12, 2015 resolution that had directed its counsel to dismiss the suit. We intend to continue to vigorously defend the suit.

Vermilion Parish Louisiana Coastal Zone Litigation

On July 28, 2016, the District Attorney for the 15th Judicial District of Louisiana, purporting to act on behalf of Vermilion Parish and the State of Louisiana, filed suit in the state district court for Vermilion Parish, Louisiana against TGP and 52 other energy companies, alleging that the defendants' oil and gas and transportation operations associated with the development of several fields in Vermilion Parish (Operational Areas) were conducted in violation of the Coastal Zone Management Act. The suit alleges such operations caused substantial damage to the coastal waters and nearby lands (Coastal Zone) of Vermilion Parish, resulting in the release of pollutants and contaminants into the environment, improper discharge of oil field wastes, the improper use of waste pits and failure to close such pits, and the dredging of canals, which resulted in degradation of the Operational Areas, including erosion of marshes and degradation of terrestrial and aquatic life therein. As a result of such alleged violations of the Coastal Zone Management Act, the suit seeks a judgment against the defendants awarding all appropriate damages, the payment of costs to clear, revegetate, detoxify and otherwise restore the Vermilion Parish Coastal Zone, actual restoration of the affected Coastal Zone to its original condition, and reasonable costs and attorney fees. On September 2, 2016, the case was removed to the United Stated District Court for the Western District of Louisiana. On September 20, 2016, the plaintiffs filed a motion to remand the case back to the state district court. A hearing on this motion has been continued until a decision has been reached by the U.S. Court of Appeals for the Fifth Circuit in the *Southeast Louisiana Flood Protection Litigation* discussed above.

General

Although it is not possible to predict the ultimate outcomes, we believe that the resolution of the environmental matters set forth in this note, and other matters to which we and our subsidiaries are a party, will not have a material adverse effect on our business, financial position, results of operations or cash flows. As of September 30, 2016 and December 31, 2015, we have accrued a total reserve for environmental liabilities in the amount of $312 million and $284 million, respectively. In addition, as of both September 30, 2016 and December 31, 2015, we have recorded a receivable of $13 million, for expected cost recoveries that have been deemed probable.

Other Contingencies

SNG's $1,211 million of public debt continues to be subject to our guarantee pursuant to the cross guarantee agreement. As a result of our sale of a 50% equity interest in SNG, and given that we expect the Investment Grade Rating requirement imposed by Section 6(c) of the cross guarantee agreement to be satisfied, our guarantee will be released on December 2, 2016.

10. Recent Accounting Pronouncements

ASU No. 2014-09

On May 28, 2014, the FASB issued ASU Nos. 2014-09, "*Revenue from Contracts with Customers (Topic 606).*" This ASU is designed to create greater comparability for financial statement users across industries and jurisdictions. The provisions of ASU No. 2014-09 include a five-step process by which entities will recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the payment to which an entity expects to be entitled in exchange for those goods or services. The standard also will require enhanced disclosures, provide more comprehensive guidance for transactions such as service revenue and contract modifications, and enhance guidance for multiple-element arrangements. ASU No. 2014-09 will be effective for us as of January 1, 2018. Early adoption is permitted for the interim periods within the adoption year. We are currently reviewing the effect of this ASU on our revenue recognition and assessing the timing of our adoption.

ASU No. 2015-02

On February 18, 2015, the FASB issued ASU No. 2015-02, "*Consolidation (Topic 810) - Amendments to the Consolidated Analysis.*" This ASU focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. We adopted ASU No. 2015-02 effective January 1, 2016 with no material impact to our financial statements.

ASU No. 2015-11

On July 22, 2015, the FASB issued ASU No. 2015-11, "*Inventory (Topic 330): Simplifying the Measurement of Inventory*." This ASU requires entities to subsequently measure inventory at the lower of cost and net realizable value, and defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. ASU No. 2015-11 will be effective for us as of January 1, 2017. We are currently reviewing the effect of ASU No. 2015-11.

ASU No. 2016-02

On February 25, 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*." This ASU requires that lessees will be required to recognize assets and liabilities on the balance sheet for the present value of the rights and obligations created by all leases with terms of more than 12 months. The ASU also will require disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 will be effective for us as of January 1, 2019. We are currently reviewing the effect of ASU No. 2016-02.

ASU No. 2016-05

On March 10, 2016, the FASB issued ASU 2016-05, "*Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*." This ASU clarifies that for the purposes of applying the guidance in Topic 815, a change in the counterparty to a derivative instrument that has been designated as the hedging instrument in an existing hedging relationship would not, in and of itself, be considered a termination of the derivative instrument. We adopted ASU 2016-05 in the first quarter of 2016 with no material impact to our financial statements.

ASU No. 2016-09

On March 30, 2016, the FASB issued ASU 2016-09, *"Compensation - Stock Compensation (Topic 718)."* This ASU was issued as part of the FASB's simplification initiative and affects all entities that issue share-based payment awards to their employees. This ASU covers accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. ASU No. 2016-09 will be effective for us as of January 1, 2017. We are currently reviewing the effect of ASU No. 2016-09.

ASU No. 2016-13

On June 16, 2016, the FASB issued ASU 2016-13, "*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*." This ASU modifies the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology, which will result in the more timely recognition of losses. ASU No. 2016-13 will be effective for us as of January 1, 2020. We are currently reviewing the effect of ASU No. 2016-13.

ASU No. 2016-15

On August 26, 2016, the FASB issued ASU 2016-15, "*Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments (Topic 230)*." This ASU is intended to reduce the diversity in practice around how certain transactions are classified within the statement of cash flows. We adopted ASU No. 2016-15 in the third quarter of 2016 with no material impact to our financial statements.

11. Guarantee of Securities of Subsidiaries

KMI, along with its direct subsidiary KMP, are issuers of certain public debt securities. KMI, KMP and substantially all of KMI's wholly owned domestic subsidiaries, are parties to a cross guarantee agreement whereby each party to the agreement unconditionally guarantees, jointly and severally, the payment of specified indebtedness of each other party to the agreement. Accordingly, with the exception of certain subsidiaries identified as Subsidiary Non-Guarantors, the parent issuer, subsidiary issuer and other subsidiaries are all guarantors of each series of public debt. As a result of the cross guarantee agreement, a holder of any of the guaranteed public debt securities issued by KMI or KMP are in the same position with respect to the net assets, income and cash flows of KMI and the Subsidiary Issuer and Guarantors. The only amounts that are not available to the holders of each of the guaranteed public debt securities to satisfy the repayment of such securities are the net assets, income and cash flows of the Subsidiary Non-Guarantors.

In lieu of providing separate financial statements for subsidiary issuer and guarantor, we have included the accompanying condensed consolidating financial statements based on Rule 3-10 of the SEC's Regulation S-X. We have presented each of the parent and subsidiary issuer in separate columns in this single set of condensed consolidating financial statements.

On September 30, 2016, Copano (previously reflected as a Subsidiary Issuer and Guarantor) repaid the $332 million principal amount of its 7.125% senior notes due 2021. Copano continues to be a subsidiary guarantor under the cross guarantee agreement mentioned above. For all periods presented, financial statement balances and activities for Copano are now reflected within the Subsidiary Guarantor column, and the Subsidiary Issuer and Guarantor-Copano column has been eliminated.

On September 1, 2016, we sold a 50% equity interest in SNG (see further details discussed in Note 2, "Acquisitions and Divestiture"). Subsequent to the transaction, we deconsolidated SNG and now account for our equity interest in SNG as an equity investment. Our wholly owned subsidiary which holds our interest in SNG is reflected within the Subsidiary Guarantors column of these condensed consolidating financial statements.

Excluding fair value adjustments, as of September 30, 2016, Parent Issuer and Guarantor, Subsidiary Issuer and Guarantor-KMP, and Subsidiary Guarantors had $14,325 million, $19,485 million, and $4,947 million, respectively, of Guaranteed Notes outstanding. Included in the Subsidiary Guarantors debt balance as presented in the accompanying September 30, 2016 condensed consolidating balance sheets is approximately $171 million of capital lease obligation that is not subject to the cross guarantee agreement.

The accounts within the Parent Issuer and Guarantor, Subsidiary Issuer and Guarantor-KMP, Subsidiary Guarantors and Subsidiary Non-Guarantors are presented using the equity method of accounting for investments in subsidiaries, including subsidiaries that are guarantors and non-guarantors, for purposes of these condensed consolidating financial statements only.

These intercompany investments and related activity eliminate in consolidation and are presented separately in the accompanying balance sheets and statements of income and cash flows.

A significant amount of each Issuers' income and cash flow is generated by its respective subsidiaries. As a result, the funds necessary to meet its debt service and/or guarantee obligations are provided in large part by distributions or advances it receives from its respective subsidiaries. We utilize a centralized cash pooling program among our majority-owned and consolidated subsidiaries, including the Subsidiary Issuers and Guarantors and Subsidiary Non-Guarantors. The following Condensed Consolidating Statements of Cash Flows present the intercompany loan and distribution activity, as well as cash collection and payments made on behalf of our subsidiaries, as cash activities.

Effective December 31, 2015, Kinder Morgan (Delaware), Inc. and Kinder Morgan Services LLC merged into KMI. As a result of such merger, both entities are no longer Subsidiary Guarantors, and for all periods presented, financial statement balances and activities for Kinder Morgan (Delaware), Inc. and Kinder Morgan Services LLC are reflected within the Parent Issuer and Guarantor column.

Condensed Consolidating Statements of Income and Comprehensive Income
for the Three Months Ended September 30, 2016
(In Millions)
(Unaudited)

	Parent Issuer and Guarantor	Subsidiary Issuer and Guarantor - KMP	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated KMI
Total Revenues	$ 9	$ —	$ 2,953	$ 386	$ (18)	$ 3,330
Operating Costs, Expenses and Other						
Costs of sales	—	—	916	61	(6)	971
Depreciation, depletion and amortization	4	—	466	79	—	549
Other operating expenses	663	—	145	132	(12)	928
Total Operating Costs, Expenses and Other	667	—	1,527	272	(18)	2,448
Operating (loss) income	(658)	—	1,426	114	—	882
Other Income (Expense)						
Earnings from consolidated subsidiaries	963	1,004	99	14	(2,080)	—
Losses from equity investments	—	—	(213)	—	—	(213)
Interest, net	(173)	(6)	(281)	(12)	—	(472)
Amortization of excess cost of equity investments and other, net	(1)	—	(6)	4	—	(3)
Income Before Income Taxes	131	998	1,025	120	(2,080)	194
Income Tax Expense	(319)	(2)	(22)	(34)	—	(377)
Net (Loss) Income	(188)	996	1,003	86	(2,080)	(183)
Net Income Attributable to Noncontrolling Interests	—	—	—	—	(5)	(5)
Net (Loss) Income Attributable to Controlling Interests	(188)	996	1,003	86	(2,085)	(188)
Preferred Stock Dividends	(39)	—	—	—	—	(39)
Net (Loss) Income Available to Common Stockholders	$ (227)	$ 996	$ 1,003	$ 86	$ (2,085)	$ (227)
Net (Loss) Income	$ (188)	$ 996	$ 1,003	$ 86	$ (2,080)	$ (183)
Total other comprehensive loss	(3)	(47)	(32)	(31)	110	(3)
Comprehensive (loss) income	(191)	949	971	55	(1,970)	(186)
Comprehensive income attributable to noncontrolling interests	—	—	—	—	(5)	(5)
Comprehensive (loss) income attributable to controlling interests	$ (191)	$ 949	$ 971	$ 55	$ (1,975)	$ (191)

Condensed Consolidating Statements of Income and Comprehensive Income
for the Three Months Ended September 30, 2015
(In Millions)
(Unaudited)

	Parent Issuer and Guarantor	Subsidiary Issuer and Guarantor - KMP	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated KMI
Total Revenues	$ 9	$ —	$ 3,298	$ 412	$ (12)	$ 3,707
Operating Costs, Expenses and Other						
Costs of sales	—	—	1,007	98	1	1,106
Depreciation, depletion and amortization	6	—	515	96	—	617
Other operating expenses	16	1	1,101	158	(13)	1,263
Total Operating Costs, Expenses and Other	22	1	2,623	352	(12)	2,986
Operating (loss) income	(13)	(1)	675	60	—	721
Other Income (Expense)						
Earnings from consolidated subsidiaries	498	484	40	10	(1,032)	—
Earnings from equity investments	—	—	114	—	—	114
Interest, net	(208)	23	(340)	(15)	—	(540)
Amortization of excess cost of equity investments and other, net	—	—	(5)	1	—	(4)
Income Before Income Taxes	277	506	484	56	(1,032)	291
Income Tax Expense	(91)	(2)	(14)	(1)	—	(108)
Net Income	186	504	470	55	(1,032)	183
Net Loss Attributable to Noncontrolling Interests	—	—	—	—	3	3
Net Income Attributable to Controlling Interests	$ 186	$ 504	$ 470	$ 55	$ (1,029)	$ 186
Net Income	$ 186	$ 504	$ 470	$ 55	$ (1,032)	$ 183
Total other comprehensive loss	(37)	(42)	(7)	(125)	174	(37)
Comprehensive income (loss)	149	462	463	(70)	(858)	146
Comprehensive loss attributable to noncontrolling interests	—	—	—	—	3	3
Comprehensive income (loss) attributable to controlling interests	$ 149	$ 462	$ 463	$ (70)	$ (855)	$ 149

Condensed Consolidating Statements of Income and Comprehensive Income
for the Nine Months Ended September 30, 2016
(In Millions)
(Unaudited)

	Parent Issuer and Guarantor	Subsidiary Issuer and Guarantor - KMP	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated KMI
Total Revenues	$ 26	$ —	$ 8,555	$ 1,127	$ (39)	$ 9,669
Operating Costs, Expenses and Other						
Costs of sales	—	—	2,261	197	(4)	2,454
Depreciation, depletion and amortization	13	—	1,400	239	—	1,652
Other operating expenses	712	4	1,644	600	(35)	2,925
Total Operating Costs, Expenses and Other	725	4	5,305	1,036	(39)	7,031
Operating (loss) income	(699)	(4)	3,250	91	—	2,638
Other Income (Expense)						
Earnings from consolidated subsidiaries	2,373	2,335	174	45	(4,927)	—
Losses from equity investments	—	—	(1)	—	—	(1)
Interest, net	(519)	91	(918)	(38)	—	(1,384)
Amortization of excess cost of equity investments and other, net	—	—	(17)	14	—	(3)
Income Before Income Taxes	1,155	2,422	2,488	112	(4,927)	1,250
Income Tax Expense	(656)	(5)	(32)	(51)	—	(744)
Net Income	499	2,417	2,456	61	(4,927)	506
Net Income Attributable to Noncontrolling Interests	—	—	—	—	(7)	(7)
Net Income Attributable to Controlling Interests	499	2,417	2,456	61	(4,934)	499
Preferred Stock Dividends	(117)	—	—	—	—	(117)
Net Income Available to Common Stockholders	$ 382	$ 2,417	$ 2,456	$ 61	$ (4,934)	$ 382
Net Income	$ 499	$ 2,417	$ 2,456	$ 61	$ (4,927)	$ 506
Total other comprehensive (loss) income	(96)	(208)	(261)	101	368	(96)
Comprehensive income	403	2,209	2,195	162	(4,559)	410
Comprehensive income attributable to noncontrolling interests	—	—	—	—	(7)	(7)
Comprehensive income attributable to controlling interests	$ 403	$ 2,209	$ 2,195	$ 162	$ (4,566)	$ 403

Condensed Consolidating Statements of Income and Comprehensive Income
for the Nine Months Ended September 30, 2015
(In Millions)
(Unaudited)

	Parent Issuer and Guarantor	Subsidiary Issuer and Guarantor - KMP	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated KMI
Total Revenues	$ 28	$ —	$ 9,591	$ 1,184	$ (36)	$ 10,767
Operating Costs, Expenses and Other						
Costs of sales	—	—	2,999	280	2	3,281
Depreciation, depletion and amortization	16	—	1,446	263	—	1,725
Other operating expenses	66	39	2,560	443	(38)	3,070
Total Operating Costs, Expenses and Other	82	39	7,005	986	(36)	8,076
Operating (loss) income	(54)	(39)	2,586	198	—	2,691
Other Income (Expense)						
Earnings from consolidated subsidiaries	1,980	2,033	188	41	(4,242)	—
Earnings from equity investments	—	—	304	—	—	304
Interest, net	(512)	30	(1,013)	(29)	—	(1,524)
Amortization of excess cost of equity investments and other, net	—	—	(13)	7	—	(6)
Income Before Income Taxes	1,414	2,024	2,052	217	(4,242)	1,465
Income Tax Expense	(466)	(6)	(39)	(10)	—	(521)
Net Income	948	2,018	2,013	207	(4,242)	944
Net Loss Attributable to Noncontrolling Interests	—	—	—	—	4	4
Net Income Attributable to Controlling Interests	948	2,018	2,013	207	(4,238)	948
Net Income	$ 948	$ 2,018	$ 2,013	$ 207	$ (4,242)	$ 944
Total other comprehensive loss	(311)	(419)	(351)	(266)	1,036	(311)
Comprehensive income (loss)	637	1,599	1,662	(59)	(3,206)	633
Comprehensive loss attributable to noncontrolling interests	—	—	—	—	4	4
Comprehensive income (loss) attributable to controlling interests	$ 637	$ 1,599	$ 1,662	$ (59)	$ (3,202)	$ 637

Condensed Consolidating Balance Sheets as of September 30, 2016
(In Millions)
(Unaudited)

	Parent Issuer and Guarantor	Subsidiary Issuer and Guarantor - KMP	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated KMI
ASSETS						
Cash and cash equivalents	$ 171	$ —	$ 13	$ 180	$ (7)	$ 357
Other current assets - affiliates	4,577	1,153	12,268	612	(18,610)	—
All other current assets	150	165	2,508	187	(4)	3,006
Property, plant and equipment, net	264	—	30,818	7,698	—	38,780
Investments	665	2	6,567	124	—	7,358
Investments in subsidiaries	27,063	29,831	4,110	4,036	(65,040)	—
Goodwill	13,789	22	5,171	3,181	—	22,163
Notes receivable from affiliates	619	21,729	1,237	375	(23,960)	—
Deferred income taxes	6,865	—	—	—	(2,270)	4,595
Other non-current assets	272	459	4,514	100	—	5,345
Total assets	$ 54,435	$ 53,361	$ 67,206	$ 16,493	$ (109,891)	$ 81,604
LIABILITIES AND STOCKHOLDERS' EQUITY						
Liabilities						
Current portion of debt	$ 786	$ 600	$ 1,435	$ 123	$ —	$ 2,944
Other current liabilities - affiliates	2,303	12,885	2,893	529	(18,610)	—
All other current liabilities	415	283	1,965	448	(11)	3,100
Long-term debt	14,081	19,600	4,161	676	—	38,518
Notes payable to affiliates	1,601	448	20,636	1,275	(23,960)	—
Deferred income taxes	—	—	633	1,637	(2,270)	—
All other long-term liabilities and deferred credits	643	72	890	469	—	2,074
Total liabilities	19,829	33,888	32,613	5,157	(44,851)	46,636
Stockholders' equity						
Total KMI equity	34,606	19,473	34,593	11,336	(65,402)	34,606
Noncontrolling interests	—	—	—	—	362	362
Total stockholders' Equity	34,606	19,473	34,593	11,336	(65,040)	34,968
Total Liabilities and Stockholders' Equity	$ 54,435	$ 53,361	$ 67,206	$ 16,493	$ (109,891)	$ 81,604

Condensed Consolidating Balance Sheets as of December 31, 2015
(In Millions)

	Parent Issuer and Guarantor	Subsidiary Issuer and Guarantor - KMP	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated KMI
ASSETS						
Cash and cash equivalents	$ 123	$ —	$ 12	$ 142	$ (48)	$ 229
Other current assets - affiliates	2,233	1,600	9,410	688	(13,931)	—
All other current assets	126	119	2,161	195	(6)	2,595
Property, plant and equipment, net	252	—	33,032	7,263	—	40,547
Investments	16	2	5,906	116	—	6,040
Investments in subsidiaries	27,401	28,038	3,493	3,320	(62,252)	—
Goodwill	15,089	22	5,508	3,171	—	23,790
Notes receivable from affiliates	850	21,319	2,092	358	(24,619)	—
Deferred income taxes	7,501	—	—	—	(2,178)	5,323
Other non-current assets	215	307	4,951	107	—	5,580
Total assets	$ 53,806	$ 51,407	$ 66,565	$ 15,360	$ (103,034)	$ 84,104
LIABILITIES AND STOCKHOLDERS' EQUITY						
Liabilities						
Current portion of debt	$ 67	$ 500	$ 132	$ 122	$ —	$ 821
Other current liabilities - affiliates	1,328	8,682	3,210	711	(13,931)	—
All other current liabilities	321	458	1,992	527	(54)	3,244
Long-term debt	13,845	20,053	7,825	683	—	42,406
Notes payable to affiliates	2,404	448	20,462	1,305	(24,619)	—
Deferred income taxes	—	—	596	1,582	(2,178)	—
Other long-term liabilities and deferred credits	722	193	909	406	—	2,230
Total liabilities	18,687	30,334	35,126	5,336	(40,782)	48,701
Stockholders' equity						
Total KMI equity	35,119	21,073	31,439	10,024	(62,536)	35,119
Noncontrolling interests	—	—	—	—	284	284
Total stockholders' Equity	35,119	21,073	31,439	10,024	(62,252)	35,403
Total Liabilities and Stockholders' Equity	$ 53,806	$ 51,407	$ 66,565	$ 15,360	$ (103,034)	$ 84,104

Condensed Consolidating Statements of Cash Flows for the Nine Months Ended September 30, 2016
(In Millions)
(Unaudited)

	Parent Issuer and Guarantor	Subsidiary Issuer and Guarantor - KMP	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated KMI
Net cash (used in) provided by operating activities	$ (3,023)	$ 3,903	$ 8,778	$ 681	$ (6,844)	$ 3,495
Cash flows from investing activities						
Acquisitions of assets and investments, net of cash acquired	(2)	—	(331)	—	—	(333)
Capital expenditures	(39)	—	(1,550)	(520)	—	(2,109)
Proceeds from sale of equity interests in subsidiaries, net	—	—	1,402	—	—	1,402
Sale of property, plant and equipment, investments and other net assets, net of removal costs	—	—	250	—	—	250
Contributions to investments	(343)	—	(36)	(10)	—	(389)
Distributions from equity investments in excess of cumulative earnings	1,773	298	127	—	(2,040)	158
Funding to affiliates	(2,354)	(495)	(3,650)	(529)	7,028	—
Other, net	—	(52)	37	(11)	—	(26)
Net cash used in investing activities	(965)	(249)	(3,751)	(1,070)	4,988	(1,047)
Cash flows from financing activities						
Issuances of debt	8,111	—	374	—	—	8,485
Payments of debt	(7,178)	(500)	(1,449)	(8)	—	(9,135)
Restricted cash held in escrow for debt repayment	—	—	(776)	—	—	(776)
Debt issue costs	(13)	—	(1)	(1)	—	(15)
Cash dividends - common shares	(839)	—	—	—	—	(839)
Cash dividends - preferred shares	(115)	—	—	—	—	(115)
Funding from affiliates	4,070	973	1,539	446	(7,028)	—
Contributions from parents	—	—	88	—	(88)	—
Contributions from noncontrolling interests	—	—	—	—	88	88
Distributions to parents	—	(4,127)	(4,801)	(14)	8,942	—
Distributions to noncontrolling interests	—	—	—	—	(17)	(17)
Net cash provided by (used in) financing activities	4,036	(3,654)	(5,026)	423	1,897	(2,324)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	4	—	4
Net increase in cash and cash equivalents	48	—	1	38	41	128
Cash and cash equivalents, beginning of period	123	—	12	142	(48)	229
Cash and cash equivalents, end of period	$ 171	$ —	$ 13	$ 180	$ (7)	$ 357

Condensed Consolidating Statements of Cash Flows for the Nine Months Ended September 30, 2015
(In Millions)
(Unaudited)

	Parent Issuer and Guarantor	Subsidiary Issuer and Guarantor - KMP	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated KMI
Net cash (used in) provided by operating activities	$ (2,387)	$ 5,917	$ 7,140	$ 134	$ (7,297)	$ 3,507
Cash flows from investing activities						
Acquisitions of assets and investments, net of cash acquired	(1,709)	—	(210)	—	—	(1,919)
Capital expenditures	(9)	—	(2,745)	(245)	—	(2,999)
Sale of property, plant and equipment, investments and other net assets, net of removal costs	—	—	45	—	—	45
Contributions to investments	(5)	—	(62)	(7)	5	(69)
Distributions from equity investments in excess of cumulative earnings	1,060	—	113	—	(992)	181
Investment in KMP	(159)	—	—	—	159	—
Funding to affiliates	(2,765)	(7,699)	(6,273)	(518)	17,255	—
Other, net	—	16	5	18	—	39
Net cash used in investing activities	(3,587)	(7,683)	(9,127)	(752)	16,427	(4,722)
Cash flows from financing activities						
Issuances of debt	12,281	—	—	—	—	12,281
Payments of debt	(11,544)	(300)	(42)	(7)	—	(11,893)
Debt issue costs	(20)	—	—	—	—	(20)
Issuances of common shares	3,833	—	—	—	—	3,833
Cash dividends - common shares	(3,084)	—	—	—	—	(3,084)
Repurchases of warrants	(12)	—	—	—	—	(12)
Funding from affiliates	4,528	5,602	6,514	611	(17,255)	—
Contributions from parents	—	156	3	12	(171)	—
Contributions from noncontrolling interests	—	—	—	—	7	7
Distributions to parents	—	(3,706)	(4,480)	(128)	8,314	—
Distributions to noncontrolling interests	—	—	—	—	(25)	(25)
Other, net	—	(1)	—	—	—	(1)
Net cash provided by financing activities	5,982	1,751	1,995	488	(9,130)	1,086
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(7)	—	(7)
Net increase (decrease) in cash and cash equivalents	8	(15)	8	(137)	—	(136)
Cash and cash equivalents, beginning of period	4	15	17	279	—	315
Cash and cash equivalents, end of period	$ 12	$ —	$ 25	$ 142	$ —	$ 179

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General and Basis of Presentation

The following discussion and analysis should be read in conjunction with our accompanying interim consolidated financial statements and related notes included elsewhere in this report, and in conjunction with (i) our consolidated financial statements and related notes and (ii) our management's discussion and analysis of financial condition and results of operations included in our 2015 Form 10-K.

Results of Operations

Overview

Our management evaluates our performance primarily using the measures of Segment EBDA and, as discussed below under "—Non-GAAP Measures," distributable cash flow, or DCF, and Segment EBDA before certain items. Segment EBDA is a useful measure of our operating performance because it measures the operating results of our segments before DD&A and certain expenses that are generally not controllable by our business segment operating managers, such as interest expense, general and administrative expenses, and unallocable interest income and income taxes, as well as net income attributable to noncontrolling interests. Our general and administrative expenses include such items as employee benefits, insurance, rentals, unallocated litigation and environmental expenses, and shared corporate services including accounting, information technology, human resources and legal services.

Consolidated Earnings Results

	Three Months Ended September 30,			
	2016	2015	Earnings increase/(decrease)	
	(In millions, except percentages)			
Segment EBDA(a)				
Natural Gas Pipelines	$ 540	$ 993	$ (453)	(46)%
CO_2	217	29	188	648 %
Terminals	286	249	37	15 %
Products Pipelines	293	288	5	2 %
Kinder Morgan Canada	43	42	1	2 %
Other	2	(9)	11	122 %
Total Segment EBDA(b)	1,381	1,592	(211)	(13)%
DD&A	(549)	(617)	68	11 %
Amortization of excess cost of equity investments	(15)	(13)	(2)	(15)%
Other revenues	8	10	(2)	(20)%
General and administrative expense(c)	(171)	(160)	(11)	(7)%
Interest expense, net of unallocable interest income(d)	(474)	(539)	65	12 %
Income before unallocable income taxes	180	273	(93)	(34)%
Unallocable income tax expense	(363)	(90)	(273)	(303)%
Net (loss) income	(183)	183	(366)	(200)%
Net (income) loss attributable to noncontrolling interests	(5)	3	(8)	(267)%
Net (loss) income attributable to Kinder Morgan, Inc.	(188)	186	(374)	(201)%
Preferred Stock Dividends	(39)	—	(39)	n/a
Net (loss) income available to common stockholders	$ (227)	$ 186	$ (413)	(222)%

	Nine Months Ended September 30,		Earnings increase/(decrease)	
	2016	2015		
	(In millions, except percentages)			
Segment EBDA(a)				
Natural Gas Pipelines	$ 2,498	$ 2,936	$ (438)	(15)%
CO_2	606	605	1	— %
Terminals	831	798	33	4 %
Products Pipelines	765	811	(46)	(6)%
Kinder Morgan Canada	123	120	3	3 %
Other	(11)	(55)	44	80 %
Total Segment EBDA(b)	4,812	5,215	(403)	(8)%
DD&A	(1,652)	(1,725)	73	4 %
Amortization of excess cost of equity investments	(45)	(39)	(6)	(15)%
Other revenues	25	28	(3)	(11)%
General and administrative expense(c)	(550)	(540)	(10)	(2)%
Interest expense, net of unallocable interest income(d)	(1,386)	(1,525)	139	9 %
Income before unallocable income taxes	1,204	1,414	(210)	(15)%
Unallocable income tax expense	(698)	(470)	(228)	(49)%
Net income	506	944	(438)	(46)%
Net (income) loss attributable to noncontrolling interests	(7)	4	(11)	(275)%
Net income attributable to Kinder Morgan, Inc.	499	948	(449)	(47)%
Preferred Stock Dividends	(117)	—	(117)	n/a
Net income available to common stockholders	$ 382	$ 948	$ (566)	(60)%

n/a – not applicable

(a) Includes revenues, earnings from equity investments, allocable interest income and other, net, less operating expenses, allocable income taxes, other expense (income), net, losses on impairments and divestitures, net and losses on impairments and divestitures of equity investments, net. Operating expenses include natural gas purchases and other costs of sales, operations and maintenance expenses, and taxes, other than income taxes. Allocable income tax expenses included in Segment EBDA for the three months ended September 30, 2016 and 2015 were $14 million and $18 million, respectively, and for the nine months ended September 30, 2016 and 2015 were $46 million and $51 million, respectively.

Certain items affecting Total Segment EBDA (see "—Non-GAAP Measures" below)

(b) Three and nine month 2016 amounts include net decreases in earnings of $425 million and $730 million, respectively, and three and nine month 2015 amounts include net decreases in earnings of $247 million and $363 million, respectively, related to the combined effect of the certain items impacting Total Segment EBDA. The extent to which these items affect each of our business segments is discussed below in the footnotes to the tables within "—Segment Earnings Results."

(c) Three and nine month 2016 amounts include net increases in expense of $4 million and $32 million, respectively, and three and nine month 2015 amounts include a decrease in expense of $2 million and an increase in expense of $27 million, respectively, related to the combined effect of the certain items related to general and administrative expense disclosed below in "—General and Administrative, Interest, and Noncontrolling Interests."

(d) Three and nine month 2016 amounts include net decreases in expense of $31 million and $140 million, respectively, and three and nine month 2015 amounts include an increase in expense of $15 million and a decrease in expense of $40 million, respectively, related to the combined effect of the certain items related to interest expense, net of unallocable interest income disclosed below in "—General and Administrative, Interest, and Noncontrolling Interests."

The certain item totals reflected in footnotes (b), (c) and (d) to the tables above accounted for $138 million of the decrease in income before unallocable income taxes for the third quarter of 2016, as compared to the same prior year period (representing the difference between decreases of $398 million and $260 million in income before unallocable income taxes for the third quarters of 2016 and 2015, respectively) and a decrease of $272 million in income before unallocable income taxes for the nine months ended September 30, 2016, when compared to the same prior year period (representing the difference between decreases of $622 million and $350 million in income before unallocable income taxes for the nine months ended September 30, 2016 and 2015, respectively). After giving effect to these certain items, the remaining increases in income before unallocable income taxes from the prior year quarter and year-to-date were $45 million (8%) and $62 million (4%), respectively. The quarter-to-date increase from 2015 reflects decreased DD&A expense and interest expense, net of allocable interest income and increased results in our Terminals and Products Pipelines business segments, mostly offset by unfavorable commodity prices affecting our CO_2 business segment and unfavorable results in our Natural Gas Pipelines business segment. The year-to-date increase from 2015 reflects increased results in our Products Pipelines, Terminals, and Natural Gas Pipelines business segments and decreased DD&A expense and interest expense, net of allocable interest income, mostly offset by

unfavorable commodity prices affecting our CO_2 business segment. The quarter-to-date and year-to-date decreases in DD&A were primarily driven by lower DD&A in our CO_2 business segment. The quarter-to-date and year-to-date decreases in interest expense were due to lower weighted average debt balances, partially offset by a slightly higher overall weighted average interest rate on outstanding debt, respectively.

Non-GAAP Financial Measures

Our non-GAAP performance measures are DCF, both in the aggregate and per share, and Segment EBDA before certain items. Certain items are items that are required by GAAP to be reflected in net income, but typically either (i) do not have a cash impact (for example, asset impairments), or (ii) by their nature are separately identifiable from our normal business operations and in our view are likely to occur only sporadically (for example certain legal settlements, hurricane impacts and casualty losses).

Our non-GAAP performance measures described below should not be considered alternatives to GAAP net income or other GAAP measures and have important limitations as analytical tools. Our computations of DCF and Segment EBDA before certain items may differ from similarly titled measures used by others. You should not consider these non-GAAP performance measures in isolation or as substitutes for an analysis of our results as reported under GAAP. DCF should not be used as an alternative to net cash provided by operating activities computed under GAAP. Management compensates for the limitations of these non-GAAP performance measures by reviewing our comparable GAAP measures, understanding the differences between the measures and taking this information into account in its analysis and its decision making processes.

Distributable Cash Flow

DCF is a significant performance measure used by us and by external users of our financial statements to evaluate our performance and to measure and estimate the ability of our assets to generate cash earnings after servicing our debt and preferred stock dividends, paying cash taxes and expending sustaining capital, that could be used for discretionary purposes such as common stock dividends, stock repurchases, retirement of debt, or expansion capital expenditures. Management uses this performance measure and believes it provides users of our financial statements a useful performance measure reflective of our business's ability to generate cash earnings to supplement the comparable GAAP measure. We believe the GAAP measure most directly comparable to DCF is net income available to common stockholders. A reconciliation of DCF to net income available to common stockholders is provided in the table below. DCF per share is DCF divided by average outstanding shares, including restricted stock awards that participate in dividends.

Segment EBDA Before Certain Items

Segment EBDA before certain items is used by management in its analysis of segment performance and management of our business. General and administrative expenses are generally not under the control of our segment operating managers, and therefore, are not included when we measure business segment operating performance. We believe Segment EBDA before certain items is a significant performance metric because it provides us and external users of our financial statements additional insight into the ability of our segments to generate segment cash earnings on an ongoing basis. We believe it is useful to investors because it is a performance measure that management uses to allocate resources to our segments and assess each segment's performance. We believe the GAAP measure most directly comparable to Segment EBDA before certain items is segment earnings before DD&A and amortization of excess cost of equity investments (Segment EBDA).

In the tables for each of our business segments under "— Segment Earnings Results" below, Segment EBDA before certain items is calculated by adjusting the Segment EBDA for the applicable certain item amounts, which are totaled in the tables and described in the footnotes to those tables.

Reconciliation of Net Income Available to Common Stockholders to DCF

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
	(In millions, except per share amounts)			
Net (loss) Income Available to Common Stockholders	$ (227)	$ 186	$ 382	$ 948
Add/(Subtract):				
Certain items before book tax(a)	398	260	624	350
Book tax certain items(b)	172	(95)	70	(136)
Certain items after book tax	570	165	694	214
Noncontrolling interest certain items(c)	—	(6)	(9)	(20)
Net income available to common stockholders before certain items	343	345	1,067	1,142
Add/(Subtract):				
DD&A expense(d)	653	708	1,961	2,004
Total book taxes(e)	230	224	745	713
Cash taxes(f)	(22)	(3)	(61)	(19)
Other items(g)	11	7	31	23
Sustaining capital expenditures(h)	(134)	(152)	(379)	(397)
DCF	$ 1,081	$ 1,129	$ 3,364	$ 3,466
Weighted average common shares outstanding for dividends(i)	2,239	2,210	2,237	2,189
DCF per common share	$ 0.48	$ 0.51	$ 1.50	$ 1.58
Declared dividend per common share	$ 0.125	$ 0.510	$ 0.375	$ 1.480

(a) Consists of certain items summarized in footnotes (b) through (d) to the "—Results of Operations—Consolidated Earnings Results" tables included above, and described in more detail below in the footnotes to tables included in both our management's discussion and analysis of segment results and "—General and Administrative, Interest, and Noncontrolling Interests."

(b) Represents income tax provision on certain items, plus discrete income tax certain items. For the three and nine months ended September 30, 2016, discrete income tax items included a $276 million increase in tax expense primarily due to the impact of the sale of a 50% interest in SNG discussed in Note 8 "Income Taxes" to our consolidated financial statements.

(c) Represents noncontrolling interests share of certain items.

(d) Includes DD&A and amortization of excess cost of equity investments. Three and nine month 2016 amounts also include $89 million and $264 million, respectively, and three and nine month 2015 amounts also include $78 million and $240 million, respectively, of our share of certain equity investees' DD&A.

(e) Excludes book tax certain items and includes income tax allocated to the segments. Three and nine month 2016 amounts also include $25 million and $71 million, respectively, and three and nine month 2015 amounts also include $21 million and $56 million, respectively, of our share of taxable equity investees' book tax expense.

(f) Three and nine month 2016 amounts include $(25) million and $(59) million, respectively, and three and nine month 2015 amounts include $(2) million and $(8) million, respectively, of our share of taxable equity investees' cash taxes. The nine months ended September 30, 2015 also excludes a $195 million income tax refund received.

(g) Consists primarily of non-cash compensation associated with our restricted stock program.

(h) Three and nine month 2016 amounts include $(24) million and $(66) million, respectively, and three and nine month 2015 amounts include $(16) million and $(50) million, respectively, of our share of equity investees' sustaining capital expenditures.

(i) Includes restricted stock awards that participate in common share dividends and dilutive effect of warrants, as applicable.

Segment Earnings Results

Natural Gas Pipelines

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions, except operating statistics)			
Revenues(a)	$ 2,050	$ 2,184	$ 5,904	$ 6,460
Operating expenses	(1,199)	(1,289)	(3,142)	(3,688)
(Loss) gain on impairments and divestitures, net(b)	(78)	2	(199)	(90)
Other income	—	—	—	3
Earnings from equity investments(b)	111	91	273	264
Loss on impairments of equity investments(b)	(350)	—	(356)	(26)
Interest income and Other, net	8	6	23	18
Income tax expense	(2)	(1)	(5)	(5)
Segment EBDA(b)	540	993	2,498	2,936
Certain items(b)	417	(18)	547	91
Segment EBDA before certain items	$ 957	$ 975	$ 3,045	$ 3,027

Change from prior period	Increase/(Decrease)			
Revenues before certain items	$ (115)	(5)%	$ (538)	(8)%
Segment EBDA before certain items	$ (18)	(2)%	$ 18	1 %

	2016	2015	2016	2015
Natural gas transport volumes (BBtu/d)(c)	28,144	28,438	28,162	28,076
Natural gas sales volumes (BBtu/d)(d)	2,438	2,445	2,350	2,416
Natural gas gathering volumes (BBtu/d)(e)	2,935	3,541	3,044	3,554
Crude/condensate gathering volumes (MBbl/d)(f)	283	343	310	340

Certain items affecting Segment EBDA

(a) Three and nine month 2016 amounts include decreases in revenue of $2 million and $34 million, respectively, and three and nine month 2015 amounts include increases in revenue of $17 million and $23 million, respectively, related to non-cash mark-to-market derivative contracts used to hedge forecasted natural gas, NGL and crude oil sales. Nine month 2016 amount also includes an increase in revenue of $39 million associated with revenue collected on a customer's early buyout of a long-term natural gas storage contract.

(b) In addition to the revenue certain items described in footnote (a) above: three and nine month 2016 amounts also include (i) a $350 million impairment of our equity investment in MEP; (ii) an $84 million pre-tax loss on the sale of a 50% interest in our SNG natural gas pipeline system; (iii) an increase in earnings of $18 million related to the early termination of a customer contract at an equity investee; and (iv) an increase in earnings of $1 million and a decrease in earnings $17 million, respectively, from other certain items. Nine month 2016 amount also includes decreases in earnings of (i) $106 million of project write-offs; and (ii) $13 million related to an equity investment impairment. Three and nine month 2015 amounts also include increases in earnings of $1 million and $4 million, respectively, from other certain items. Nine month 2015 amount also includes a decrease in earnings of (i) $102 million related to certain losses on impairments and divestitures; and (ii) $26 million of impairments on equity investments, partially offset by an increase in earnings of $10 million related to a gain on the sale of a long-lived asset.

Other

(c) Includes pipeline volumes for Kinder Morgan North Texas Pipeline LLC, Monterrey, TransColorado Gas Transmission Company LLC (TransColorado), MEP, KMLP, Fayetteville Express Pipeline LLC, TGP, EPNG, South Texas Midstream, the Texas Intrastate Natural Gas Pipeline operations, CIG, Wyoming Interstate Company, L.L.C., CPG, SNG, Elba Express, Sierrita Gas Pipeline LLC, Natural Gas Pipeline Company of America LLC, Citrus and Ruby Pipeline, L.L.C. Joint venture throughput is reported at our ownership share. Volumes for acquired pipelines are included at our ownership share for the entire period, however, EBDA contributions from acquisitions are included only for the periods subsequent to their acquisition.

(d) Represents volumes for the Texas Intrastate Natural Gas Pipeline operations and Kinder Morgan North Texas Pipeline LLC.

(e) Includes Oklahoma Midstream, South Texas Midstream, Eagle Ford Gathering LLC, North Texas Midstream, Camino Real Gathering Company, L.L.C. (Camino Real), Kinder Morgan Altamont LLC, KinderHawk Field Services LLC (KinderHawk), Endeavor, Bighorn Gas Gathering L.L.C., Webb Duval Gatherers, Fort Union Gas Gathering L.L.C., EagleHawk Field Services LLC (EagleHawk), Red Cedar Gathering Company and Hiland Midstream throughput volumes. Joint venture throughput is reported at our ownership share. Volumes for acquired pipelines are included at our ownership share for the entire period.

(f) Includes Hiland Midstream, EagleHawk and Camino Real. Joint Venture throughput is reported at our ownership share. Volumes for acquired pipelines are included at our ownership share for the entire period.

Below are the changes in both Segment EBDA before certain items and revenues before certain items, in the comparable three and nine month periods ended September 30, 2016 and 2015:

Three months ended September 30, 2016 versus Three months ended September 30, 2015

	Segment EBDA before certain items increase/(decrease)		Revenues before certain items increase/(decrease)	
	(In millions, except percentages)			
SNG	$ (24)	(23)%	$ (48)	(34)%
South Texas Midstream	(14)	(17)%	(60)	(18)%
KinderHawk	(10)	(33)%	(10)	(29)%
CIG	(9)	(13)%	(9)	(10)%
KMLP	(8)	(133)%	(8)	(100)%
EPNG	(8)	(7)%	(17)	(10)%
CPG	(5)	(38)%	(5)	(28)%
TransColorado	(3)	(43)%	(4)	(44)%
TGP	45	21 %	49	17 %
Hiland Midstream	13	35 %	(9)	(6)%
Texas Intrastate Natural Gas Pipeline Operations	11	15 %	3	— %
All others (including eliminations)	(6)	(3)%	3	2 %
Total Natural Gas Pipelines	$ (18)	(2)%	$ (115)	(5)%

Nine months ended September 30, 2016 versus Nine months ended September 30, 2015

	Segment EBDA before certain items increase/(decrease)		Revenues before certain items increase/(decrease)	
	(In millions, except percentages)			
SNG	$ (30)	(9)%	$ (57)	(13)%
South Texas Midstream	(43)	(17)%	(190)	(20)%
KinderHawk	(39)	(37)%	(40)	(33)%
CIG	(19)	(8)%	(20)	(7)%
KMLP	(23)	(135)%	(25)	(100)%
EPNG	—	— %	(8)	(2)%
CPG	(17)	(39)%	(18)	(31)%
TransColorado	(11)	(48)%	(12)	(43)%
TGP	151	22 %	186	21 %
Hiland Midstream	53	56 %	25	7 %
Texas Intrastate Natural Gas Pipeline Operations	10	4 %	(365)	(16)%
All others (including eliminations)	(14)	(2)%	(14)	(2)%
Total Natural Gas Pipelines	$ 18	1 %	$ (538)	(8)%

The changes in Segment EBDA for our Natural Gas Pipelines business segment are further explained by the following discussion of the significant factors driving Segment EBDA before certain items in the comparable three and nine month periods ended September 30, 2016 and 2015:

- decreases of $24 million (23%) and $30 million (9%), respectively, from SNG primarily due to our sale of 50% interest in SNG to Southern Company on September 1, 2016;

- decreases of $14 million (17%) and $43 million (17%), respectively, from South Texas Midstream primarily due to lower volumes, which resulted in decreases in revenue of approximately $60 million and $190 million, respectively, partially offset by decreases in costs of sales;
- decreases of $10 million (33%) and $39 million (37%), respectively, from KinderHawk due to lower volumes;
- decreases of $9 million (13%) and $19 million (8%), respectively, from CIG primarily due to a recent rate case settlement and lower firm reservation revenues due to contract expirations and contract renewals at lower rates;
- decreases of $8 million (133%) and $23 million (135%), respectively, from KMLP as a result of a customer contract buyout in the fourth quarter of 2015;
- decrease of $8 million (7%) and flat, respectively, from EPNG. The quarter-to-date decrease was largely due to increased pipeline integrity costs. Year-to-date results were affected by an increase in transportation revenues from capacity sales in the Permian and mainline, offset by increased pipeline integrity costs. Revenues for both quarter-to-date and year-to-date were also lower due to decreased natural gas sales, which were largely offset by the associated cost of sales;
- decreases of $5 million (38%) and $17 million (39%), respectively, from CPG primarily due to lower transport revenues as a result of contract expirations;
- decreases of $3 million (43%) and $11 million (48%), respectively, from TransColorado primarily due to lower transport revenues as a result of contract expirations;
- increases of $45 million (21%) and $151 million (22%), respectively, from TGP primarily due to expansion projects placed in service during 2015 and favorable 2016 firm transport revenues;
- increases of $13 million (35%) and $53 million (56%), respectively, from Hiland Midstream primarily due to favorable margins on renegotiated contracts, along with results of a full nine months from our February 2015 Hiland acquisition; and
- increases of $11 million (15%) and $10 million (4%), respectively, from our Texas intrastate natural gas pipeline operations (including the operations of its Kinder Morgan Tejas, Border, Kinder Morgan Texas, North Texas and Mier-Monterrey Mexico pipeline systems) primarily due to higher storage margins partially offset by lower transportation margins as a result of lower volumes. The year-to-date decrease in revenues of $365 million resulted primarily from a decrease in sales revenue due to lower commodity prices which was largely offset by a corresponding decrease in costs of sales.

CO_2

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions, except operating statistics)			
Revenues(a)	$ 310	$ 517	$ 916	$ 1,316
Operating expenses	(102)	(104)	(302)	(328)
Loss on impairments and divestitures, net(b)	—	(388)	(20)	(397)
Earnings from equity investments(b)	9	5	14	17
Income tax expense	—	(1)	(2)	(3)
Segment EBDA(b)	217	29	606	605
Certain items(b)	12	253	73	244
Segment EBDA before certain items	$ 229	$ 282	$ 679	$ 849
Change from prior period	Increase/(Decrease)			
Revenues before certain items	$ (60)	(16)%	$ (207)	(18)%
Segment EBDA before certain items	$ (53)	(19)%	$ (170)	(20)%
Southwest Colorado CO_2 production (gross)(Bcf/d)(c)	1.2	1.2	1.2	1.2
Southwest Colorado CO_2 production (net)(Bcf/d)(c)	0.6	0.6	0.6	0.6
SACROC oil production (gross)(MBbl/d)(d)	28.9	32.5	29.7	34.4
SACROC oil production (net)(MBbl/d)(e)	24.1	27.1	24.8	28.7
Yates oil production (gross)(MBbl/d)(d)	17.9	18.9	18.5	18.9
Yates oil production (net)(MBbl/d)(e)	7.9	7.6	8.2	8.2
Katz, Goldsmith, and Tall Cotton oil production (gross)(MBbl/d)(d)	6.9	6.0	6.9	5.6
Katz, Goldsmith and Tall Cotton oil production (net)(MBbl/d)(e)	5.8	5.0	5.8	4.7
NGL sales volumes (net)(MBbl/d)(e)	10.6	10.5	10.3	10.3
Realized weighted-average oil price per Bbl(f)	$ 62.12	$ 74.18	$ 61.27	$ 73.19
Realized weighted-average NGL price per Bbl(g)	$ 18.03	$ 16.29	$ 16.42	$ 18.96

Certain items affecting Segment EBDA

(a) Three and nine month 2016 amounts include unrealized losses of $12 million and $40 million, respectively, and three and nine month 2015 amounts include unrealized gains of $135 million and $143 million, respectively, related to derivative contracts used to hedge forecasted commodity sales. Nine month 2015 amount also includes a favorable adjustment of $10 million related to carried working interest at McElmo Dome.

(b) In addition to the revenue certain items described in footnote (a) above: nine month 2016 amount also includes a decrease of $12 million in equity earnings for our share of a project write-off recorded by an equity investee and a $21 million increase in expense related to source and transportation project write-offs, and three and nine month 2015 amounts also include decreases in earnings for both periods of a $378 million impairment charge associated with our Goldsmith oil and gas field driven primarily by lower crude prices, and a $10 million impairment charge associated with our Cottonwood Canyon CO_2 source project. Nine month 2015 amount also includes a decrease in earnings of $9 million related to an impairment charge associated with the pending sale of excess construction pipe.

Other

(c) Includes McElmo Dome and Doe Canyon sales volumes.

(d) Represents 100% of the production from the field. We own approximately 97% working interest in the SACROC unit, an approximately 50% working interest in the Yates unit, an approximately 99% working interest in the Katz unit, a 100% interest in the Tall Cotton field and a 99% working interest in the Goldsmith Landreth unit.

(e) Net after royalties and outside working interests.

(f) Includes all crude oil production properties.

(g) Includes production attributable to leasehold ownership and production attributable to our ownership in processing plants and third party processing agreements.

Below are the changes in both Segment EBDA before certain items and revenues before certain items, in the comparable three and nine month periods ended September 30, 2016 and 2015.

Three months ended September 30, 2016 versus Three months ended September 30, 2015

	Segment EBDA before certain items increase/(decrease)		Revenues before certain items increase/(decrease)	
	(In millions, except percentages)			
Source and Transportation Activities	$ (7)	(9)%	$ (10)	(10)%
Oil and Gas Producing Activities	(46)	(23)%	(52)	(17)%
Intrasegment eliminations	—	— %	2	17 %
Total CO_2	$ (53)	(19)%	$ (60)	(16)%

Nine months ended September 30, 2016 versus Nine months ended September 30, 2015

	Segment EBDA before certain items increase/(decrease)		Revenues before certain items increase/(decrease)	
	(In millions, except percentages)			
Source and Transportation Activities	$ (21)	(9)%	$ (29)	(10)%
Oil and Gas Producing Activities	(149)	(25)%	(188)	(20)%
Intrasegment eliminations	—	— %	10	27 %
Total CO_2	$ (170)	(20)%	$ (207)	(18)%

The changes in Segment EBDA for our CO_2 business segment are further explained by the significant factors driving Segment EBDA before certain items in the comparable three and nine month periods ended September 30, 2016 and 2015, which factors include lower revenues of $49 million and $166 million, respectively, from lower commodity prices and $13 million and $50 million, respectively, of decreased volumes, partially offset by (i) $7 million and $37 million, respectively, in reduced operating costs, and severance and ad valorem tax expenses; and (ii) $2 million and $9 million, respectively, primarily related to increased earnings from an equity investee.

Terminals

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions, except operating statistics)			
Revenues(a)	$ 484	$ 469	$ 1,437	$ 1,396
Operating expenses	(194)	(221)	(580)	(599)
Loss on impairments and divestitures, net(b)	(4)	—	(21)	—
Other income (expense)	—	1	—	(1)
Earnings from equity investments	6	7	17	16
Interest income and Other, net	2	1	3	7
Income tax expense	(8)	(8)	(25)	(21)
Segment EBDA(b)	286	249	831	798
Certain items(b)	(1)	14	6	—
Segment EBDA before certain items	$ 285	$ 263	$ 837	$ 798
Change from prior period	Increase/(Decrease)			
Revenues before certain items	$ 15	3%	$ 38	3%
Segment EBDA before certain items	$ 22	8%	$ 39	5%
Bulk transload tonnage (MMtons)(c)	17.2	16.9	46.3	48.9
Ethanol (MMBbl)	17.3	15.0	48.9	47.3
Liquids leasable capacity (MMBbl)	88.9	81.5	88.9	81.5
Liquids utilization %(d)	95.6%	93.1%	95.6%	93.1%

Certain items affecting Segment EBDA

(a) Three and nine month 2016 amounts include increases in revenue of $6 million and $22 million, respectively, and three and nine month 2015 amounts include increases in revenue of $6 million and $19 million, respectively, from the amortization of a fair value adjustment (associated with the below market contracts assumed upon acquisition) from our Jones Act tankers.

(b) In addition to the revenue certain items described in footnote (a) above: three and nine month 2016 amounts also include increases in expense of $5 million and $8 million, respectively, related to other certain items, and nine month 2016 amount also includes $20 million related to losses on impairments and divestitures, and three and nine month 2015 amounts also include (i) increases in expenses of $22 million for both periods due to a certain coal customer's bankruptcy related to revenues recognized in prior years but not yet collected; (ii) increases in earnings of $1 million and $4 million, respectively, associated with a liability adjustment related to a litigation matter; and (iii) an increase in earnings of $1 million and a decrease in earnings of $1 million, respectively from other certain items.

Other

(c) Includes our proportionate share of joint venture tonnage.

(d) The ratio of our actual leased capacity to our estimated potential capacity.

Below are the changes in both Segment EBDA before certain items and revenues before certain items, in the comparable three and nine month periods ended September 30, 2016 and 2015.

Three months ended September 30, 2016 versus Three months ended September 30, 2015

	Segment EBDA before certain items increase/(decrease)		Revenues before certain items increase/(decrease)	
	(In millions, except percentages)			
Marine Operations	$ 15	65 %	$ 21	55 %
Lower River	7	70 %	(1)	(3)%
Northeast	3	9 %	4	7 %
Gulf Liquids	1	2 %	3	4 %
Gulf Bulk	(9)	(36)%	(12)	(29)%
All others (including intrasegment eliminations and unallocated income tax expenses)	5	4 %	—	— %
Total Terminals	$ 22	8 %	$ 15	3 %

Nine months ended September 30, 2016 versus Nine months ended September 30, 2015

	Segment EBDA before certain items increase/(decrease)		Revenues before certain items increase/(decrease)	
	(In millions, except percentages)			
Marine Operations	$ 37	53 %	$ 52	46 %
Lower River	(4)	(8)%	(11)	(11)%
Northeast	10	13 %	13	9 %
Gulf Liquids	15	8 %	18	7 %
Gulf Bulk	(32)	(41)%	(37)	(29)%
All others (including intrasegment eliminations and unallocated income tax expenses)	13	4 %	3	— %
Total Terminals	$ 39	5 %	$ 38	3 %

The changes in Segment EBDA for our Terminals business segment are further explained by the following discussion of the significant factors driving Segment EBDA before certain items in the comparable three and nine month periods ended September 30, 2016 and 2015:

- increases of $15 million (65%) and $37 million (53%), respectively, from our Marine Operations related to the incremental earnings from the December 2015, May 2016 and July 2016 deliveries of the Jones Act tankers, the *"Lone Star State," "Magnolia State,"* and *"Garden State,"* respectively, and increased charter rates on the *"Empire State"* and *"Evergreen State"* Jones Act tankers, partially offset by off-hire days on the *"Pelican State"* Jones Act tanker;
- increase of $7 million (70%) and a decrease of $4 million (8%), respectively, from our Lower River terminals, primarily due to an $8 million write-off of a certain coal customer's accounts receivable which occurred in the third quarter of 2015 offset by the decreased revenues and earnings of $3 million and $17 million, respectively, due to certain coal customer bankruptcies;
- increases of $3 million (9%) and $10 million (13%), respectively, from our Northeast terminals, primarily due to contributions from two terminals acquired as part of the BP Products North America Inc. acquisition which was completed in February 2016;
- increases of $1 million (2%) and $15 million (8%), respectively, from our Gulf Liquids terminals, primarily related to higher volumes as a result of various expansion projects, including marine infrastructure improvements at our Galena Park, Pasadena, and North Docks terminals, as well as higher rates and ancillary service activities on existing business;
- decreases of $9 million (36%) and $32 million (41%), respectively, from our Gulf Bulk terminals, driven by decreased revenues and earnings of $10 million and $35 million, respectively, due to certain coal customer bankruptcies.

Products Pipelines

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions, except operating statistics)			
Revenues(a)	$ 419	$ 467	$ 1,216	$ 1,389
Operating expenses(b)	(138)	(188)	(432)	(607)
Loss on impairments and divestitures, net(c)	(1)	—	(74)	(1)
Earnings from equity investments	12	10	40	32
Gain on divestiture of equity investment(d)	—	—	12	—
Interest income and Other, net	—	2	—	5
Income tax benefit (expense)	1	(3)	3	(7)
Segment EBDA(a)(b)(c)(d)	293	288	765	811
Certain items(a)(b)(c)(d)	1	(1)	112	(4)
Segment EBDA before certain items	$ 294	$ 287	$ 877	$ 807
Change from prior period	Increase/(Decrease)			
Revenues before certain items	$ (47)	(10)%	$ (173)	(13)%
Segment EBDA before certain items	$ 7	2 %	$ 70	9 %
Gasoline (MMBbl)(e)	97.4	93.2	280.9	275.5
Diesel fuel (MMBbl)	32.9	34.1	94.7	96.7
Jet fuel (MMBbl)	27.9	26.7	79.0	77.8
Total refined product volumes (MMBbl)(f)	158.2	154.0	454.6	450.0
NGL (MMBbl)(g)	9.9	10.0	28.9	29.4
Crude and condensate (MMBbl)(h)	28.8	27.3	87.6	70.9
Total delivery volumes (MMBbl)	196.9	191.3	571.1	550.3
Ethanol (MMBbl)(i)	10.1	10.7	30.9	31.1

Certain items affecting Segment EBDA

(a) Three month 2015 amount includes an increase in revenue of $1 million related to an unrealized swap gain.

(b) Nine month 2016 amount includes increases in expense of $31 million of rate case liability estimate adjustments associated with pre-2016 revenues and $20 million related to a legal settlement. Nine month 2015 amount includes a decrease in expense of $4 million related to a certain Pacific operations litigation matter.

(c) Three and nine month 2016 amounts include $1 million and $9 million, respectively, of non-cash impairment charges related to the sale of a Transmix facility and nine month 2016 amount also includes an increase in expense of $64 million related to the Palmetto project write-off.

(d) Nine month 2016 amount includes a $12 million gain related to the sale of an equity investment.

Other

(e) Volumes include ethanol pipeline volumes.

(f) Includes Pacific, Plantation Pipe Line Company, Calnev, and Central Florida pipeline volumes. Joint venture throughput is reported at our ownership share.

(g) Includes Cochin and Cypress pipeline volumes. Joint venture throughput is reported at our ownership share.

(h) Includes Kinder Morgan Crude & Condensate, Double Eagle Pipeline LLC and Double H pipeline volumes. Joint venture throughput is reported at our ownership share.

(i) Represents total ethanol volumes, including ethanol pipeline volumes included in gasoline volumes above.

Below are the changes in both Segment EBDA before certain items and revenues before certain items, in the comparable three and nine month periods ended September 30, 2016 and 2015.

Three months ended September 30, 2016 versus Three months ended September 30, 2015

	Segment EBDA before certain items increase/(decrease)		Revenues before certain items increase/(decrease)	
	(In millions, except percentages)			
KMCC - Splitter	$ 3	25 %	$ 4	27 %
Crude & Condensate Pipeline	2	4 %	(1)	(2)%
Double H pipeline	2	17 %	4	27 %
Transmix	2	25 %	(59)	(50)%
Plantation Pipe Line	1	7 %	—	— %
All others (including eliminations)	(3)	(2)%	5	2 %
Total Products Pipelines	$ 7	2 %	$ (47)	(10)%

Nine months ended September 30, 2016 versus Nine months ended September 30, 2015

	Segment EBDA before certain items increase/(decrease)		Revenues before certain items increase/(decrease)	
	(In millions, except percentages)			
KMCC - Splitter	$ 21	95%	$ 29	116 %
Crude & Condensate Pipeline	29	22%	27	19 %
Double H pipeline	10	33%	16	42 %
Transmix	2	8%	(261)	(62)%
Plantation Pipe Line	6	15%	—	— %
All others (including eliminations)	2	—%	16	2 %
Total Products Pipelines	$ 70	9%	$ (173)	(13)%

The changes in Segment EBDA for our Products Pipelines business segment are further explained by the following discussion of the significant factors driving Segment EBDA before certain items in the comparable three and nine month periods ended September 30, 2016 and 2015:

- increases of $3 million (25%) and $21 million (95%), respectively, from our KMCC - Splitter due to first and second phases being in full operation for 2016. Start up of first phase was in March 2015 and second phase was in July 2015;
- increases of $2 million (4%) and $29 million (22%), respectively, from our Kinder Morgan Crude & Condensate Pipeline driven primarily by an increase in pipeline throughput volumes from existing customers and additional volumes associated with expansion projects;
- increases of $2 million (17%) and $10 million (33%), respectively, due to a full nine months of results from our Double H pipeline, which began operations in March 2015;
- increases of $2 million (25%) and $2 million (8%), respectively, from our Transmix processing operations. The decreases in revenues of $59 million and $261 million, respectively, and associated decreases in costs of goods sold were driven by lower sales volumes; and
- increases of $1 million (7%) and $6 million (15%), respectively, from our equity investment in Plantation Pipe Line primarily due to higher transportation revenues and lower operating costs.

Kinder Morgan Canada

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions, except operating statistics)			
Revenues	$ 66	$ 68	$ 188	$ 193
Operating expenses	(21)	(22)	(60)	(64)
Interest income and Other, net	3	1	12	6
Income tax expense	(5)	(5)	(17)	(15)
Segment EBDA	$ 43	$ 42	$ 123	$ 120
Change from prior period	Increase/(Decrease)			
Revenues	$ (2)	(3)%	$ (5)	(3)%
Segment EBDA	$ 1	2 %	$ 3	3 %
Transport volumes (MMBbl)(a)	30.7	29.5	88.1	86.9

(a) Represents Trans Mountain pipeline system volumes.

For the comparable three and nine month periods of 2016 and 2015, the Kinder Morgan Canada business segment had increases in Segment EBDA of $1 million (2%) and $3 million (3%), respectively.

Other

This segment contributed earnings of $2 million and loss of $11 million for the three and nine months ended September 30, 2016, respectively, and contributed losses of $9 million and $55 million for the three and nine months ended September 30, 2015, respectively. The three and nine months ended September 30, 2016 earnings and loss included certain items which increased Segment EBDA by $4 million and $8 million, respectively; and three and nine month 2015 losses included certain items of a $1 million increase in earnings and a $32 million decrease in earnings, respectively. The nine month 2015 certain items related primarily to a certain litigation matter. After taking into effect the certain items, the losses for the three and nine months ended September 30, 2016 decreased by $8 million and $4 million, respectively, when compared with the same prior year periods.

General and Administrative, Interest, and Noncontrolling Interests

	Three Months Ended September 30,			
	2016	2015	Increase/(decrease)	
	(In millions, except percentages)			
General and administrative expense(a)(d)	$ 171	$ 160	$ 11	7 %
Certain items(a)	(4)	2	(6)	(300)%
Management fee reimbursement(d)	(8)	(10)	2	20 %
General and administrative expense before certain items	$ 159	$ 152	$ 7	5 %
Unallocable interest expense net of interest income and other, net(b)	$ 474	$ 539	$ (65)	(12)%
Certain items(b)	31	(15)	46	307 %
Unallocable interest expense net of interest income and other, net, before certain items	$ 505	$ 524	$ (19)	(4)%
Net income (loss) attributable to noncontrolling interests	$ 5	$ (3)	$ 8	267 %
Noncontrolling interests associated with certain items(c)	—	6	(6)	(100)%
Net income attributable to noncontrolling interests before certain items	$ 5	$ 3	$ 2	67 %

	Nine Months Ended September 30,			
	2016	2015	Increase/(decrease)	
	(In millions, except percentages)			
General and administrative expense(a)(d)	$ 550	$ 540	$ 10	2 %
Certain items(a)	(32)	(27)	(5)	(19)%
Management fee reimbursement(d)	(25)	(28)	3	11 %
General and administrative expense before certain items	$ 493	$ 485	$ 8	2 %
Unallocable interest expense net of interest income and other, net(b)	$ 1,386	$ 1,525	$ (139)	(9)%
Certain items(b)	140	40	100	250 %
Unallocable interest expense net of interest income and other, net, before certain items	$ 1,526	$ 1,565	$ (39)	(2)%
Net income (loss) attributable to noncontrolling interests	$ 7	$ (4)	$ 11	275 %
Noncontrolling interests associated with certain items(c)	9	20	(11)	(55)%
Net income attributable to noncontrolling interests before certain items	$ 16	$ 16	$ —	— %

Certain items

(a) Three and nine month 2016 amounts include (i) a decrease in expense of $1 million and an increase in expense of $7 million, respectively, related to certain corporate legal matters; (ii) increases in expense of $1 million and $13 million, respectively, related to severance costs; and (iii) increases in expense of $4 million and $12 million, respectively, related to acquisition costs. Three and nine month 2015 amounts include increases in expense of (i) $1 million and $41 million, respectively, related to certain corporate legal matters; and (ii) $2 million and $14 million, respectively, related to costs associated with our Hiland acquisition. Partially offsetting these three and nine month 2015 increases are decreases in expense of $5 million and $28 million, respectively, related to pension credit income.

(b) Three and nine month 2016 amounts include (i) decreases in interest expense of $47 million and $84 million, respectively, related to debt fair value adjustments associated with acquisitions; and (ii) an increase in interest expense of $16 million and a decrease in interest expense of $56 million, respectively, related to non-cash true-ups of our estimates of swap ineffectiveness. Three and nine month 2015 amounts include increases in interest expense of $33 million and $3 million, respectively, related to non-cash true-ups of our estimates of swap ineffectiveness and decreases in interest expense of $18 million and $53 million, respectively, related to debt fair value adjustments associated with acquisitions. Nine month 2015 amount also includes a decrease in interest expense of $13 million associated with a certain Pacific operations litigation matter and a $23 million increase in interest expense for a non-cash adjustment related to a certain legal matter.

(c) Nine month 2016 amount includes a loss of $9 million, and nine month 2015 amount includes a loss of $14 million associated with Natural Gas Pipelines segment certain items and disclosed above in "—Natural Gas Pipelines." Three and nine month 2015 amounts include a $6 million loss associated with a terminals segment certain item and disclosed above in "—Terminals."

Other

(d) Three and nine month 2016 amounts include $8 million and $25 million, respectively, and three and nine month 2015 amounts include $10 million and $28 million, respectively, of general and administrative management fee revenues from an equity investee. These amounts were recorded to the "Product sales and other" caption with the offsetting expenses primarily included in the "General and administrative" expense caption in our accompanying consolidated statements of income.

General and administrative expenses before certain items for the three and nine months ended September 30, 2016, as compared to the respective prior periods increased $7 million and $8 million, respectively. The quarter-to-date increase from 2015 was primarily driven by higher benefit costs partially offset by higher capitalized costs and lower labor expenses. The year-to-date increase from 2015 was primarily driven by higher benefit costs and lower capitalized costs partially offset by lower labor and outside services expenses.

In the table above, we report our interest expense as "net," meaning that we have subtracted unallocated interest income. Our consolidated interest expense net of interest income and other, net before certain items for the three and nine months ended September 30, 2016, as compared to the respective prior periods decreased $19 million and $39 million, respectively. The decreases in interest expense were due to lower weighted average debt balances, partially offset by a slightly higher overall weighted average interest rate on our outstanding debt.

We use interest rate swap agreements to convert a portion of the underlying cash flows related to our long-term fixed rate debt securities (senior notes) into variable rate debt in order to achieve our desired mix of fixed and variable rate debt. As of September 30, 2016 and December 31, 2015, approximately 28% and 27%, respectively, of our debt balances (excluding debt fair value adjustments) were subject to variable interest rates—either as short-term or long-term variable rate debt obligations or

as fixed-rate debt converted to variable rates through the use of interest rate swaps. For more information on our interest rate swaps, see Note 5 "Risk Management—*Interest Rate Risk Management*" to our consolidated financial statements.

Net income attributable to noncontrolling interests, represents the allocation of our consolidated net income attributable to all outstanding ownership interests in our consolidated subsidiaries that are not owned by us. Net income attributable to noncontrolling interests before certain items for the three and nine months ended September 30, 2016 as compared to the respective prior periods increased $2 million and was flat, respectively.

Income Taxes

The $269 million and $223 million increases in tax expense for the three and nine months ended September 30, 2016 as compared to the same periods in 2015 were primarily due to the impact of the sale of a 50% interest in SNG discussed in Note 8 "Income Taxes" to our consolidated financial statements, partially offset by lower 2016 pre-tax earnings.

Liquidity and Capital Resources

General

As of September 30, 2016, we had $357 million of "Cash and cash equivalents," an increase of $128 million (56%) from December 31, 2015. We believe our cash position, remaining borrowing capacity on our credit facility (discussed below in "—Short-term Liquidity"), and cash flows from operating activities are adequate to allow us to manage our day-to-day cash requirements and anticipated obligations as discussed further below.

We have consistently generated strong cash flow from operations, providing a source of funds of $3,495 million and $3,507 million in the first nine months of 2016 and 2015, respectively. The period-to-period decrease is discussed below in "Cash Flows—Operating Activities". We have relied on cash provided from operations to fund our operations as well as our debt service, sustaining capital expenditures, and dividend payments, and during 2016, to fund our expansion capital expenditures.

On September 1, 2016, we completed the sale of a 50% interest in our SNG natural gas pipeline system to Southern Company, receiving proceeds of approximately $1.4 billion. Inclusive of existing SNG debt, the transaction equates to an SNG total enterprise value of $4.15 billion. We used the proceeds from this transaction to reduce outstanding debt. As of September 1, 2016, SNG had $1,211 million of debt outstanding (including a current portion of $500 million) which is no longer consolidated on our balance sheet. In addition to repaying outstanding commercial paper and credit facility borrowings, proceeds from the sale of the 50% interest in SNG were also used on September 30, 2016 to repay the $332 million principal amount of Copano's 7.125% notes due 2021, and on October 1, 2016, to repay the $749 million principal amount of Hiland's 7.25% senior notes due 2020 (see Note 3 "Debt").

On January 26, 2016, we announced the issuance of a new $1.0 billion unsecured term loan facility and the expansion of our revolving credit facility from $4.0 billion to $5.0 billion. The proceeds of the three-year unsecured term loan facility were used to refinance maturing long-term debt.

On August 16, 2016, CIG completed a private offering of $375 million in principal amount of 4.15% senior notes due August 15, 2026. We received net proceeds of $372 million from the offering and used the proceeds from the sale of the notes to reduce debt incurred as the result of the repayment of CIG's senior notes that matured in 2015 and for general corporate purposes.

In general, we expect that our short-term liquidity needs will be met primarily through retained cash from operations or short-term borrowings. We also expect that our current common stock dividend level will allow us to use retained cash to fund our growth projects in 2016. Moreover, by continuing to focus on high-grading our growth project backlog to allocate capital to the highest return opportunities, we do not expect to need to access the capital markets to fund our growth projects for the foreseeable future beyond 2016.

Short-term Liquidity

As of September 30, 2016, our principal sources of short-term liquidity are (i) our $5.0 billion revolving credit facility and associated $4.0 billion commercial paper program and (ii) cash from operations. The loan commitments under our revolving credit facility can be used for working capital and other general corporate purposes and as a backup to our commercial paper program. Borrowings under our commercial paper program and letters of credit reduce borrowings allowed under our credit

facility. We provide for liquidity by maintaining a sizable amount of excess borrowing capacity under our credit facility and, as previously discussed, have consistently generated strong cash flows from operations.

Our short-term debt as of September 30, 2016 was $2,944 million, primarily consisting of $2,790 million of senior notes that mature in the next year. We intend to refinance our short-term debt through additional credit facility borrowings, commercial paper borrowings, or by issuing new long-term debt or paying down short-term debt using cash retained from operations or received from asset sales. Our short-term debt balance as of December 31, 2015 was $821 million.

We had working capital (defined as current assets less current liabilities) deficits of $2,681 million and $1,241 million as of September 30, 2016 and December 31, 2015, respectively. Our current liabilities may include short-term borrowings used to finance our expansion capital expenditures, which we may periodically replace with long-term financing and/or partially pay down using retained cash from operations. The overall $1,440 million (116%) unfavorable change from year-end 2015 was primarily due to a net increase in our current portion of long term debt, offset partially by a favorable change in cash and restricted deposits resulting from proceeds received from our sale of a 50% interest in SNG. Generally, our working capital balance varies due to factors such as the timing of scheduled debt payments, timing differences in the collection and payment of receivables and payables, the change in fair value of our derivative contracts, and changes in our cash and cash equivalent balances as a result of excess cash from operations after payments for investing and financing activities.

Capital Expenditures

We account for our capital expenditures in accordance with GAAP. We also distinguish between capital expenditures that are maintenance/sustaining capital expenditures and those that are expansion capital expenditures (which we also refer to as discretionary capital expenditures). Expansion capital expenditures are those expenditures which increase throughput or capacity from that which existed immediately prior to the addition or improvement, and are not deducted in calculating DCF (see "Results of Operations—Distributable Cash Flow"). With respect to our oil and gas producing activities, we classify a capital expenditure as an expansion capital expenditure if it is expected to increase capacity or throughput (i.e., production capacity) from the capacity or throughput immediately prior to the making or acquisition of such additions or improvements. Maintenance capital expenditures are those which maintain throughput or capacity. The distinction between maintenance and expansion capital expenditures is a physical determination rather than an economic one, irrespective of the amount by which the throughput or capacity is increased.

Budgeting of maintenance capital expenditures is done annually on a bottom-up basis. For each of our assets, we budget for and make those maintenance capital expenditures that are necessary to maintain safe and efficient operations, meet customer needs and comply with our operating policies and applicable law. We may budget for and make additional maintenance capital expenditures that we expect to produce economic benefits such as increasing efficiency and/or lowering future expenses. Budgeting and approval of expansion capital expenditures are generally made periodically throughout the year on a project-by-project basis in response to specific investment opportunities identified by our business segments from which we generally expect to receive sufficient returns to justify the expenditures. Generally, the determination of whether a capital expenditure is classified as maintenance/sustaining or as expansion capital expenditures is made on a project level. The classification of our capital expenditures as expansion capital expenditures or as maintenance capital expenditures is made consistent with our accounting policies and is generally a straightforward process, but in certain circumstances can be a matter of management judgment and discretion. The classification has an impact on cash available to pay dividends because capital expenditures that are classified as expansion capital expenditures are not deducted from DCF, while those classified as maintenance capital expenditures are. See "—Common Dividends."

Our capital expenditures for the nine months ended September 30, 2016, and the amount we expect to spend for the remainder of 2016 to sustain and grow our businesses are as follows:

	Nine Months Ended September 30, 2016	2016 Remaining	Total
		(In millions)	
Sustaining capital expenditures(a)	$ 379	$ 170	$ 549
Discretionary capital expenditures(b)(c)	$ 2,121	$ 602	$ 2,723

(a) Nine-months 2016, 2016 Remaining, and Total 2016 amounts include $66 million, $28 million, and $94 million, respectively, for our proportionate share of sustaining capital expenditures of unconsolidated joint ventures.
(b) Nine-months 2016 amount includes an increase of $588 million of discretionary capital expenditures of unconsolidated joint ventures (including a NGPL Holdings LLC contribution) and acquisitions (primarily BP terminals acquisition) and divestitures and a decrease of a combined $263 million of net changes from accrued capital expenditures and contractor retainage.
(c) 2016 Remaining amount includes our contributions to certain unconsolidated joint ventures and small acquisitions and divestitures, net of contributions estimated from unaffiliated joint venture members for consolidated investments.

Off Balance Sheet Arrangements

Other than commitments for the purchase of property, plant and equipment discussed below, there have been no material changes in our obligations with respect to other entities that are not consolidated in our financial statements that would affect the disclosures presented as of December 31, 2015 in our 2015 Form 10-K. KMI expects to be released from its guarantor obligation with respect to SNG's $1,211 million of public notes in December of 2016.

Commitments for the purchase of property, plant and equipment as of September 30, 2016 and December 31, 2015 were $1,567 million and $1,229 million, respectively. The $338 million increase is primarily the result of our increase in various capital commitments associated with our natural gas pipeline business segment.

Cash Flows

Operating Activities

The net decrease of $12 million in cash provided by operating activities for the nine months of 2016 compared to the respective 2015 period was primarily attributable to:

- a $139 million decrease in cash from overall net income after adjusting our period-to-period $438 million decrease in net income for non-cash items primarily consisting of the following: (i) net losses on impairments and divestitures (see discussion above in "—Results of Operations"); (ii) losses on impairment and disposals of equity investments primarily due to the impairment of our equity investment in MEP (see discussion above in "—Results of Operations"); (iii) changes in DD&A expenses (including amortization of excess cost of equity investments) and deferred income taxes; and (iv) change in earnings from equity investments; and
- a $127 million increase associated with net changes in non-current assets and liabilities offset partially by a net decrease in working capital items. The net increase in non-current assets and liabilities was driven, in large part, by realized gains on derivative contracts used to hedge forecasted natural gas, NGL and crude oil sales. The decrease in working capital was primarily due to a non-recurring $195 million income tax refund and a $73 million payment under a take-or-pay contract that we received in 2015, offset partially by higher cash flow due to the timing of payments from our trade payables.

Investing Activities

The $3,675 million net decrease in cash used in investing activities for the nine months of 2016 compared to the respective 2015 period was primarily attributable to:

- a $1,586 million decrease in expenditures for acquisitions and investments in 2016 compared to the respective 2015 period. The overall decrease in acquisitions was primarily related to the $324 million portion of the purchase price we paid in 2016 for the BP terminals acquisition, versus $1,706 million (net of cash assumed) and $158 million we paid for the Hiland and Vopak acquisitions, respectively, in the 2015 period;
- a $1,402 million net increase in cash due to proceeds from the sale of a 50% equity interest in SNG;

- an $890 million reduction in capital expenditures; and
- a $205 million increase in cash from proceeds of sales of other long-lived assets; partially offset by,
- a $320 million increase in contributions to equity investments in 2016 compared to the respective 2015 period, primarily due to a $312 million contribution to our 50% investment in NGPL Holdings LLC in 2016; and
- a $101 million decrease in cash primarily due to unfavorable changes in restricted deposits associated with our hedging activities.

Financing Activities

The net decrease of $3,410 million in cash provided by financing activities for the nine months of 2016 compared to the respective 2015 period was primarily attributable to:

- a $3,833 million decrease in cash resulting from the issuances of our Class P shares under our equity distribution agreement in 2015 and no activity in 2016;
- a $1,033 million net decrease in net debt proceeds. See Note 3 "Debt" for further information regarding our debt activity;
- a $776 million decrease in cash resulting from cash held in "Restricted deposits" at September 30, 2016 for an October 1, 2016 debt repayment; and
- a $115 million decrease in cash due to dividends paid to our mandatory convertible preferred shareholders in 2016; partially offset by,
- a $2,245 million reduction in dividend payments paid to our common shareholders; and
- an $81 million increase in contributions provided by noncontrolling interests, primarily reflecting the contributions received from BP for its 25% share of a newly formed joint venture.

Common Dividends

We expect to declare common dividends of $0.50 per share on our common stock for 2016 ($0.125/quarter).

Three months ended	Total quarterly dividend per share for the period		Date of declaration	Date of record	Date of dividend
December 31, 2015	$	0.125	January 20, 2016	February 1, 2016	February 16, 2016
March 31, 2016	$	0.125	April 20, 2016	May 2, 2016	May 16, 2016
June 30, 2016	$	0.125	July 20, 2016	August 1, 2016	August 15, 2016
September 30, 2016	$	0.125	October 19, 2016	November 1, 2016	November 15, 2016

The actual amount of common dividends to be paid on our capital stock will depend on many factors, including our financial condition and results of operations, liquidity requirements, business prospects, capital requirements, legal, regulatory and contractual constraints, tax laws, Delaware laws and other factors. See Item 1A. "Risk Factors—*The guidance we provide for our anticipated dividends is based on estimates. Circumstances may arise that lead to conflicts between using funds to pay anticipated dividends or to invest in our business."* of our 2015 Form 10-K. All of these matters will be taken into consideration by our board of directors in declaring dividends.

Our common stock dividends are not cumulative. Consequently, if dividends on our common stock are not paid at the intended levels, our common stockholders are not entitled to receive those payments in the future. Our common stock dividends generally are expected to be paid on or about the 15th day of each February, May, August and November.

Preferred Dividends

Dividends on our mandatory convertible preferred stock are payable on a cumulative basis when, as and if declared by our board of directors (or an authorized committee thereof) at an annual rate of 9.750% of the liquidation preference of $1,000 per share on January 26, April 26, July 26 and October 26 of each year, commencing on January 26, 2016 to, and including, October 26, 2018. We may pay dividends in cash or, subject to certain limitations, in shares of common stock or any combination of cash and shares of common stock. The terms of the mandatory convertible preferred stock provide that, unless full cumulative dividends have been paid or set aside for payment on all outstanding mandatory convertible preferred stock for all prior dividend periods, no dividends may be declared or paid on common stock.

Period		Total dividend per share for the period	Date of declaration	Date of record	Date of dividend
October 30, 2015 through January 25, 2016	$	23.291667	November 17, 2015	January 11, 2016	January 26, 2016
January 26, 2016 through April 25, 2016	$	24.375000	January 20, 2016	April 11, 2016	April 26, 2016
April 26, 2016 through July 25, 2016	$	24.375000	April 20, 2016	July 11, 2016	July 26, 2016
July 26, 2016 through October 25, 2016	$	24.375000	July 20, 2016	October 11, 2016	October 26, 2016

The cash dividend of $24.375 per share of our mandatory convertible preferred stock is equivalent to $1.21875 per depository share.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in market risk exposures that would affect the quantitative and qualitative disclosures presented as of December 31, 2015, in Item 7A in our 2015 Form 10-K. For more information on our risk management activities, see Item 1, Note 5 "Risk Management" to our consolidated financial statements.

Item 4. Controls and Procedures.

As of September 30, 2016, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon and as of the date of the evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as and when required, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. There has been no change in our internal control over financial reporting during the quarter ended September 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

See Part I, Item 1, Note 9 to our consolidated financial statements entitled "Litigation, Environmental and Other Contingencies" which is incorporated in this item by reference.

Item 1A. Risk Factors.

There have been no material changes in the risk factors disclosed in Part I, Item 1A in our 2015 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in exhibit 95.1 to this quarterly report.

Item 5. Other Information.

None.

Item 6. Exhibits.

3.1	*	Amended and Restated Certificate of Incorporation of KMI (filed as Exhibit 3.1 to KMI's Quarterly Report on Form 10‑Q for the three months ended June 30, 2015 (file No. 001-35081)).
3.2	*	Amended and Restated Bylaws of KMI (filed as Exhibit 3.1 to KMI's Current Report on Form 8‑K, filed January 26, 2016 (File No. 001-35081)).
10.1		Cross Guarantee Agreement, dated as of November 26, 2014, among Kinder Morgan, Inc. and certain of its subsidiaries, with schedules updated as of September 30, 2016.
31.1		Certification by Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2		Certification by Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1		Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2		Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95.1		Mine Safety Disclosures.
101		Interactive data files pursuant to Rule 405 of Regulation S-T: (i) our Consolidated Statements of Income for the three and nine months ended September 30, 2016 and 2015; (ii) our Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2016 and 2015; (iii) our Consolidated Balance Sheets as of September 30, 2016 and December 31, 2015; (iv) our Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 and 2015; (v) our Consolidated Statements of Stockholders' Equity for the nine months ended September 30, 2016 and 2015; and (vi) the notes to our Consolidated Financial Statements.

* Asterisk indicates exhibit incorporated by reference as indicated; all other exhibits are filed herewith, except as noted otherwise.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KINDER MORGAN, INC.
Registrant

Date: October 21, 2016

By: /s/ Kimberly A. Dang

Kimberly A. Dang
Vice President and Chief Financial Officer
(principal financial and accounting officer)

Exhibit 10.1

CROSS GUARANTEE AGREEMENT

This CROSS GUARANTEE AGREEMENT is dated as of November 26, 2014 (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), by each of the signatories listed on the signature pages hereto and each of the other entities that becomes a party hereto pursuant to Section 19 (the "Guarantors" and individually, a "Guarantor"), for the benefit of the Guaranteed Parties (as defined below).

W I T N E S S E T H:

WHEREAS, Kinder Morgan, Inc., a Delaware corporation ("KMI"), and certain of its direct and indirect Subsidiaries have outstanding senior, unsecured Indebtedness and may from time to time issue additional senior, unsecured Indebtedness;

WHEREAS, each Guarantor, other than KMI, is a direct or indirect Subsidiary of KMI;

WHEREAS, each Guarantor desires to provide the guarantee set forth herein with respect to the Indebtedness of such Guarantors that constitutes the Guaranteed Obligations; and

WHEREAS, each Guarantor acknowledges that it will derive substantial direct and indirect benefit from the making of the guarantees hereby;

NOW, THEREFORE, in consideration of the premises, the Guarantors hereby agree with each other for the benefit of the Guaranteed Parties as follows:

1. Defined Terms.

(a) As used in this Agreement, the following terms have the meanings specified below:

"Agreement" has the meaning provided in the preamble hereto.

"Bankruptcy Code" means Title 11 of the United States Code, as now or hereafter in effect, or any successor thereto.

"Capital Stock" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated) of such Person's equity, including (i) all common stock and preferred stock, any limited or general partnership interest and any limited liability company member interest, (ii) beneficial interests in trusts, and (iii) any other interest or participation that confers upon a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person.

"CFC" means a Person that is a "controlled foreign corporation" within the meaning of Section 957 of the Internal Revenue Code of 1986, as amended.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Consolidated Assets" means, at the date of any determination thereof, the total assets of KMI and its Subsidiaries as set forth on a consolidated balance sheet of KMI and its Subsidiaries for their most recently completed fiscal quarter, prepared in accordance with GAAP.

"Consolidated Tangible Assets" means, at the date of any determination thereof, Consolidated Assets after deducting therefrom the value, net of any applicable reserves and accumulated

amortization, of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth, or on a pro forma basis would be set forth, on a consolidated balance sheet of KMI and its Subsidiaries for their most recently completed fiscal quarter, prepared in accordance with GAAP.

"Domestic Subsidiary" means any Subsidiary of KMI organized under the laws of any jurisdiction within the United States.

"Excluded Subsidiary" means (i) any Subsidiary that is not a Wholly-owned Domestic Operating Subsidiary, (ii) any Domestic Subsidiary that is a Subsidiary of a CFC or any Domestic Subsidiary (including a disregarded entity for U.S. federal income tax purposes) substantially all of whose assets (held directly or through Subsidiaries) consist of Capital Stock of one or more CFCs or Indebtedness of such CFCs, (iii) any Immaterial Subsidiary, (iv) any Subsidiary listed on Schedule III, (v) each of Calnev Pipe Line LLC, SFPP, L.P., Kinder Morgan G.P., Inc. and EPEC Realty, Inc. and each of its Subsidiaries, (vi) any other Subsidiary that is not a Guarantor under the Revolving Credit Agreement Guarantee, (vii) any not-for-profit Subsidiary, (viii) any Subsidiary that is prohibited by a Requirement of Law from guaranteeing the Guaranteed Obligations, and (ix) any Subsidiary acquired by KMI or its Subsidiaries after the date of this Agreement to the extent, and so long as, the financing documentation governing any existing Indebtedness of such Subsidiary that survives such acquisition prohibits such Subsidiary from guaranteeing the Guaranteed Obligations; *provided*, that notwithstanding the foregoing, any Subsidiary that is party to the Revolving Credit Agreement Guarantee or that Guarantees any senior notes or senior debt securities issued by KMI (other than pursuant to this Agreement) shall not constitute an Excluded Subsidiary for so long as such Guarantee is in effect.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee is or becomes illegal.

"GAAP" means generally accepted accounting principles in the United States of America from time to time, including as set forth in the opinions, statements and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra national bodies such as the European Union or the European Central Bank).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness

or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; *provided* that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee Termination Date" has the meaning set forth in Section 2(d).

"Guaranteed Obligations" means the Indebtedness set forth on Schedule I hereto, as such schedule may be amended from time to time in accordance with the terms of this Agreement; *provided* that the term "Guaranteed Obligations" shall exclude any Excluded Swap Obligations.

"Guaranteed Parties" means, collectively, (i) in the case of Guaranteed Obligations that are governed by trust indentures, the holders (as that term is defined in the applicable trust indenture) of such Guaranteed Obligations, (ii) in the case of Guaranteed Obligations that are governed by loan agreements, credit agreements, or similar agreements, the lenders providing such loans or credit, and (iii) in the case of Guaranteed Obligations with respect to Hedging Agreements, the counterparties under such agreements.

"Guarantor" has the meaning provided in the preamble hereto. Schedule II hereto, as such schedule may be amended from time to time in accordance with the terms of this Agreement, sets forth the name of each Guarantor.

"Hedging Agreement" means a financial instrument, agreement or security which hedges or is used to hedge or manage the risk associated with a change in interest rates, foreign currency exchange rates or commodity prices (but excluding any purchase, swap, derivative contract or similar agreement relating to power, electricity or any related commodity product).

"Immaterial Subsidiary" means any Subsidiary that is not a Material Subsidiary.

"Indebtedness" means, collectively, (i) any senior, unsecured obligation created or assumed by any Person for borrowed money, including all obligations of such Person evidenced by bonds, debentures, notes or similar instruments (other than surety, performance and guaranty bonds), and (ii) all payment obligations of any Person with respect to obligations under Hedging Agreements.

"Investment Grade Rating" means a rating equal to or higher than Baa3 by Moody's and BBB- by S&P; *provided, however,* that if (i) either of Moody's or S&P changes its rating system, such ratings shall be the equivalent ratings after such changes or (ii) Moody's or S&P shall not make a rating of a Guaranteed Obligation publicly available, the references above to Moody's or S&P or both of them, as the case may be, shall be to a nationally recognized U.S. rating agency or agencies, as the case may be, selected by KMI and the references to the ratings categories above shall be to the corresponding rating categories of such rating agency or rating agencies, as the case may be.

"Issuer" means the issuer, borrower, or other applicable primary obligor of a Guaranteed Obligation.

"KMI" has the meaning provided in the recitals hereto.

"Lien" means, with respect to any asset (i) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, and (ii) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

"Material Subsidiary" means, as at any date of determination, any Subsidiary of KMI whose total tangible assets (for purposes of the below, when combined with the tangible assets of such Subsidiary's Subsidiaries, after eliminating intercompany obligations) as at such date of determination are greater than or equal to 5% of Consolidated Tangible Assets as of the last day of the fiscal quarter most recently ended for which financial statements of KMI have been filed with the SEC.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Operating Subsidiary" means any operating company that is a Subsidiary of KMI.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Qualified ECP Guarantor" means, in respect of any Swap Obligation, each Guarantor that has total assets exceeding $10,000,000 at the time the relevant Guarantee becomes effective with respect to such Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Rating Agencies" means Moody's and S&P; *provided* that, if at the relevant time neither Moody's nor S&P shall be rating the relevant Guaranteed Obligation, then "Rating Agencies" shall mean another nationally recognized rating service that rates such Guaranteed Obligation.

"Rating Date" means the date immediately prior to the earlier of (i) the occurrence of a Release Event and (ii) public notice of the intention to effect a Release Event.

"Rating Decline" means, with respect to a Guaranteed Obligation, the occurrence of the following on, or within 90 days after, the date of the occurrence of a Release Event or of public notice of the intention to effect a Release Event (which period may be extended so long as the rating of such Guaranteed Obligation is under publicly announced consideration for possible downgrade by either of the Rating Agencies): (i) in the event such Guaranteed Obligation is assigned an Investment Grade Rating by both Rating Agencies on the Rating Date, the rating of such Guaranteed Obligation by one or both of the Rating Agencies shall be below an Investment Grade Rating; or (ii) in the event such Guaranteed Obligation is rated below an Investment Grade Rating by either of the Rating Agencies on the Rating Date, any such below-Investment Grade Rating of such Guaranteed Obligation shall be decreased by one or more gradations (including gradations within rating categories as well as between rating categories).

"Release Event" has the meaning set forth in Section 6(b).

"Requirement of Law" means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other directive or requirement (whether or not having the force of law), including environmental laws, energy regulations and occupational, safety and health standards or controls, of any Governmental Authority.

"Revolving Credit Agreement" means the Revolving Credit Agreement, dated as of September 19, 2014, among KMI, the lenders party thereto and Barclays Bank PLC, as administrative agent, as such credit agreement may be amended, modified, supplemented or restated from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid or extended from time to time (whether with the original agents and lenders or other agents or lenders or trustee or otherwise, and whether provided under the original credit agreement or other credit agreements or note indentures or otherwise), including, without limitation, increasing the amount of available borrowings or other Indebtedness thereunder.

"Revolving Credit Agreement Guarantee" means the Guarantee Agreement, dated as of November 26, 2014, made by the Subsidiaries of KMI party thereto in favor of Barclays Bank PLC, as administrative agent, for the benefit of the lenders and the issuing banks under the Revolving Credit Agreement, as such guarantee agreement may be amended, modified, supplemented or restated from time to time, and as it may be replaced or renewed from time to time in connection with any amendment, modification, supplement, restatement, refunding, refinancing, restructuring, replacement, renewal, repayment, or extension of any Revolving Credit Agreement from time to time.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"SEC" means the United States Securities and Exchange Commission.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partner interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent. Unless the context otherwise clearly requires, references in this Agreement to a "Subsidiary" or the "Subsidiaries" refer to a Subsidiary or the Subsidiaries of KMI. Notwithstanding the foregoing, Plantation Pipe Line Company, a Delaware and Virginia corporation, shall not be a Subsidiary of KMI until such time as its assets and liabilities, profit or loss and cash flow are required under GAAP to be consolidated with those of KMI.

"Swap Obligation" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Wholly-owned Domestic Operating Subsidiary" means any Wholly-owned Subsidiary that constitutes (i) a Domestic Subsidiary and (ii) an Operating Subsidiary.

"Wholly-owned Subsidiary" means a Subsidiary of which all issued and outstanding Capital Stock (excluding in the case of a corporation, directors' qualifying shares) is directly or indirectly owned by KMI.

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this

Agreement, and Section references are to Sections of this Agreement unless otherwise specified. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Guarantee.

(a) Subject to the provisions of Section 2(b), each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees, as primary obligor and not merely as surety, for the benefit of the Guaranteed Parties, the prompt and complete payment when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligations; *provided* that each Guarantor shall be released from its respective guarantee obligations under this Agreement as provided in Section 6(b). Upon the failure of an Issuer to punctually pay any Guaranteed Obligation, each Guarantor shall, upon written demand by the applicable Guaranteed Party to such Guarantor, pay or cause to be paid such amounts.

(b) Anything herein to the contrary notwithstanding, the maximum liability of each Guarantor hereunder shall in no event exceed the amount that can be guaranteed by such Guarantor under the Bankruptcy Code or any applicable laws relating to fraudulent conveyances, fraudulent transfers or the insolvency of debtors after giving full effect to the liability under this Agreement and its related contribution rights set forth in this Section 2, but before taking into account any liabilities under any other Guarantees.

(c) Each Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder (as a result of the limitations set forth in Section 2(b) or elsewhere in this Agreement) without impairing this Agreement or affecting the rights and remedies of any Guaranteed Party hereunder.

(d) No payment or payments made by any Issuer, any of the Guarantors, any other guarantor or any other Person or received or collected by any Guaranteed Party from any Issuer, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of any Guaranteed Obligation shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder, which shall, notwithstanding any such payment or payments, other than payments made by such Guarantor in respect of such Guaranteed Obligation or payments received or collected from such Guarantor in respect of such Guaranteed Obligation, remain liable for the Guaranteed Obligations up to the maximum liability of such Guarantor hereunder until all Guaranteed Obligations (other than any contingent indemnity obligations not then due and any letters of credit that remain outstanding which have been fully cash collateralized or otherwise back-stopped to the reasonable satisfaction of the applicable issuing bank) shall have been discharged by payment in full or shall have been deemed paid and discharged by defeasance pursuant to the terms of the instruments governing such Guaranteed Obligations (the "Guarantee Termination Date").

(e) If and to the extent required in order for the obligations of any Guarantor hereunder to be enforceable under applicable federal, state and other laws relating to the insolvency of debtors, the maximum liability of such Guarantor hereunder shall be limited to the greatest amount which can lawfully be guaranteed by such Guarantor under such laws, after giving effect to any rights of contribution, reimbursement and subrogation arising hereunder. Each Guarantor acknowledges and agrees

that, to the extent not prohibited by applicable law, (i) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right under such laws to reduce, or request any judicial relief that has the effect of reducing, the amount of its liability under this Agreement, (ii) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right to enforce the limitation set forth in this Section 2(e) or to reduce, or request judicial relief reducing, the amount of its liability under this Agreement, and (iii) the limitation set forth in this Section 2 (e) may be enforced only to the extent required under such laws in order for the obligations of such Guarantor under this Agreement to be enforceable under such laws and only by or for the benefit of a creditor, representative of creditors or bankruptcy trustee of such Guarantor or other Person entitled, under such laws, to enforce the provisions hereof.

3. Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder (including by way of set-off rights being exercised against it), such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder who has not paid its proportionate share of such payment as set forth in this Section 3. To the extent that any Guarantor shall be required hereunder to pay any portion of any Guaranteed Obligation guaranteed hereunder exceeding the greater of (a) the amount of the value actually received by such Guarantor and its Subsidiaries from such Guaranteed Obligation and (b) the amount such Guarantor would otherwise have paid if such Guarantor had paid the aggregate amount of such Guaranteed Obligation guaranteed hereunder (excluding the amount thereof repaid by the Issuer of such Guaranteed Obligation) in the same proportion as such Guarantor's net worth on the date enforcement is sought hereunder bears to the aggregate net worth of all the Guarantors on such date, then such Guarantor shall be reimbursed by such other Guarantors for the amount of such excess, pro rata, based on the respective net worth of such other Guarantors on such date; *provided* that any Guarantor's right of reimbursement shall be subject to the terms and conditions of Section 5 hereof. For purposes of determining the net worth of any Guarantor in connection with the foregoing, all Guarantees of such Guarantor other than pursuant to this Agreement will be deemed to be enforceable and payable after its obligations pursuant to this Agreement. The provisions of this Section 3 shall in no respect limit the obligations and liabilities of any Guarantor to the Guaranteed Parties, and each Guarantor shall remain liable to the Guaranteed Parties for the full amount guaranteed by such Guarantor hereunder.

4. No Right of Set-off. No Guaranteed Party shall have, as a result of this Agreement, any right of set-off against any amount owing by such Guaranteed Party to or for the credit or the account of a Guarantor.

5. No Subrogation. Notwithstanding any payment or payments made by any of the Guarantors hereunder, no Guarantor shall be entitled to be subrogated to any of the rights (or if subrogated by operation of law, such Guarantor hereby waives such rights to the extent permitted by applicable law) of any Guaranteed Party against any Issuer or any other Guarantor or any collateral security or guarantee or right of offset held by any Guaranteed Party for the payment of any Guaranteed Obligation, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from any Issuer or any other Guarantor in respect of payments made by such Guarantor hereunder, until the Guarantee Termination Date. If any amount shall be paid to any Guarantor on account of such subrogation, contribution or reimbursement rights at any time prior to the Guarantee Termination Date, such amount shall be held by such Guarantor in trust for the applicable Guaranteed Parties, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the applicable Guaranteed Parties in the exact form received by such Guarantor (duly indorsed by such

Guarantor to the applicable Guaranteed Parties if required), to be applied against the applicable Guaranteed Obligation, whether due or to become due.

6. Amendments, etc. with Respect to the Guaranteed Obligations; Waiver of Rights; Release.

(a) Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, (i) any demand for payment of any Guaranteed Obligation made by any Guaranteed Party may be rescinded by such party and any Guaranteed Obligation continued, (ii) a Guaranteed Obligation, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, allowed to lapse, surrendered or released by any Guaranteed Party, (iii) the instruments governing any Guaranteed Obligation may be amended, modified, supplemented or terminated, in whole or in part, and (iv) any collateral security, guarantee or right of offset at any time held by any Guaranteed Party for the payment of any Guaranteed Obligation may be sold, exchanged, waived, allowed to lapse, surrendered or released. No Guaranteed Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Guaranteed Obligations or for this Agreement or any property subject thereto. When making any demand hereunder against any Guarantor, a Guaranteed Party may, but shall be under no obligation to, make a similar demand on the Issuer of the applicable Guaranteed Obligation or any other Guarantor or any other person, and any failure by a Guaranteed Party to make any such demand or to collect any payments from such Issuer or any other Guarantor or any other person or any release of such Issuer or any other Guarantor or any other person shall not relieve any Guarantor in respect of which a demand or collection is not made or any Guarantor not so released of its several obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of any Guaranteed Party against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

(b) A Guarantor shall be automatically released from its guarantee hereunder upon release of such Guarantor from the Revolving Credit Agreement Guarantee, including upon consummation of any transaction resulting in such Guarantor ceasing to constitute a Subsidiary or upon any Guarantor becoming an Excluded Subsidiary (such transaction or event, a "Release Event").

(c) Upon the occurrence of a Release Event, each Guaranteed Obligation for which such released Guarantor was the Issuer shall be automatically released from the provisions of this Agreement and shall cease to constitute a Guaranteed Obligation hereunder; *provided* that in the case of any Guaranteed Obligation that has been assigned an Investment Grade Rating by the Rating Agencies, such Guaranteed Obligation shall be so released, effective as of the 91st day after the occurrence of the Release Event, if and only if a Rating Decline with respect to such Guaranteed Obligation does not occur.

7. Guarantee Absolute and Unconditional.

(a) Each Guarantor waives any and all notice of the creation, contraction, incurrence, renewal, extension, amendment, waiver or accrual of any of the Guaranteed Obligations, and notice of or proof of reliance by any Guaranteed Party upon this Agreement or acceptance of this Agreement. To the fullest extent permitted by applicable law, each Guarantor waives diligence, promptness, presentment, protest and notice of protest, demand for payment or performance, notice of default or nonpayment, notice of acceptance and any other notice in respect of the Guaranteed Obligations or any part of them, and any defense arising by reason of any disability or other defense of any Issuer or any of the Guarantors

with respect to the Guaranteed Obligations. Each Guarantor understands and agrees that this Agreement shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (i) the validity, regularity or enforceability of any of the Guaranteed Obligations, the indenture, loan agreement, note or other instrument evidencing or governing any of the Guaranteed Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Guaranteed Party, (ii) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to or be asserted by any Issuer against any Guaranteed Party or (iii) any other circumstance whatsoever (with or without notice to or knowledge of any Issuer or such Guarantor) that constitutes, or might be construed to constitute, an equitable or legal discharge of any Issuer for any of the Guaranteed Obligations, or of such Guarantor under this Agreement, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against any Guarantor, any Guaranteed Party may, but shall be under no obligation to, pursue such rights and remedies as it may have against the Issuer or any other Person or against any collateral security or guarantee for the Guaranteed Obligations or any right of offset with respect thereto, and any failure by any Guaranteed Party to pursue such other rights or remedies or to collect any payments from the Issuer or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Issuer or any such other Person or any such collateral security, guarantee or right of offset, shall not relieve such Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the other Guaranteed Parties against such Guarantor.

(b) This Agreement shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon each Guarantor and the successors and assigns thereof and shall inure to the benefit of the Guaranteed Parties and their respective successors, indorsees, transferees and assigns until the Guarantee Termination Date.

8. Reinstatement. This Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by any Guaranteed Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Issuer or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Issuer or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

9. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the applicable Guaranteed Parties without set-off or counterclaim in dollars.

10. Representations and Warranties. Each Guarantor hereby represents and warrants to each Guaranteed Party that the following representations and warranties are true and correct in all material respects as of the date of this Agreement or as of the date such Guarantor became a party to this Agreement, as applicable:

(a) such Guarantor (i) is a corporation, partnership or limited liability company duly organized or formed, validly existing and in good standing under the laws of the state of its incorporation, organization or formation, (ii) has all requisite corporate, partnership, limited liability company or other power and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted and (iii) is duly qualified to do business and is in good standing in every jurisdiction in which the failure to be so qualified would have a material adverse effect on its ability to perform its obligations under this Agreement;

(b) such Guarantor has all requisite corporate (or other organizational) power and authority to execute and deliver and to perform its obligations under this Agreement, and all such actions have been duly authorized by all necessary proceedings on its behalf;

(c) this Agreement has been duly and validly executed and delivered by or on behalf of such Guarantor and constitutes the valid and legally binding agreement of such Guarantor, enforceable against such Guarantor in accordance with its terms, except (i) as may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, fraudulent conveyance or other similar laws relating to or affecting the enforcement of creditors' rights generally, and by general principles of equity (including principles of good faith, reasonableness, materiality and fair dealing) which may, among other things, limit the right to obtain equitable remedies (regardless of whether considered in a proceeding in equity or at law) and (ii) as to the enforceability of provisions for indemnification for violation of applicable securities laws, limitations thereon arising as a matter of law or public policy;

(d) no authorization, consent, approval, license or exemption of or registration, declaration or filing with any Governmental Authority is necessary for the valid execution and delivery of, or the performance by such Guarantor of its obligations hereunder, except those that have been obtained and such matters relating to performance as would ordinarily be done in the ordinary course of business after the date of this Agreement or as of the date such Guarantor became a party to this Agreement, as applicable; and

(e) neither the execution and delivery of, nor the performance by such Guarantor of its obligations under, this Agreement will (i) breach or violate any applicable Requirement of Law, (ii) result in any breach or violation of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of its property or assets (other than Liens created or contemplated by this Agreement) pursuant to the terms of, any indenture, mortgage, deed of trust, agreement or other instrument to which it or any of its Subsidiaries is party or by which any of its properties or assets, or those of any of its Subsidiaries is bound or to which it is subject, except for breaches, violations and defaults under clauses (i) and (ii) that neither individually nor in the aggregate could reasonably be expected to result in a material adverse effect on its ability to perform its obligations under this Agreement, or (iii) violate any provision of the organizational documents of such Guarantor.

11. Rights of Guaranteed Parties. Each Guarantor acknowledges and agrees that any changes in the identity of the Persons from time to time comprising the Guaranteed Parties gives rise to an equivalent change in the Guaranteed Parties, without any further act. Upon such an occurrence, the persons then comprising the Guaranteed Parties are vested with the rights, remedies and discretions of the Guaranteed Parties under this Agreement.

12. Notices.

(a) All notices, requests, demands and other communications to any Guarantor pursuant hereto shall be in writing and mailed, telecopied or delivered to such Guarantor in care of KMI, 1001 Louisiana Street, Suite 1000, Houston, Texas 77002, Attention: Treasurer, Telecopy: (713) 445-8302.

(b) KMI will provide a copy of this Agreement, including the most recently amended schedules and supplements hereto, to any Guaranteed Party upon written request to the address set forth in Section 12(a); *provided, however*, that KMI's obligations under this Section 12(b) shall be deemed satisfied if KMI has filed a copy of this Agreement, including the most recently amended schedules and

supplements hereto, with the SEC within three months preceding the date on which KMI receives such written request.

13. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with KMI.

14. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

15. Integration. This Agreement represents the agreement of each Guarantor with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by any Guaranteed Party relative to the subject matter hereof not expressly set forth or referred to herein.

16. Amendments; No Waiver; Cumulative Remedies.

(a) None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the affected Guarantors and KMI.

(b) The Guarantors may amend or supplement this Agreement by a written instrument executed by all Guarantors:

(i) to cure any ambiguity, defect or inconsistency;

(ii) to reflect a change in the Guarantors or the Guaranteed Obligations made in accordance with this Agreement;

(iii) to make any change that would provide any additional rights or benefits to the Guaranteed Parties or that would not adversely affect the legal rights hereunder of any Guaranteed Party in any material respect; or

(iv) to conform this Agreement to any change made to the Revolving Credit Agreement or to the Revolving Credit Agreement Guarantee.

Except as set forth in this clause (b) or otherwise provided herein, the Guarantors may not amend, supplement or otherwise modify this Agreement prior to the Guarantee Termination Date without the prior written consent of the holders of the majority of the outstanding principal amount of the Guaranteed Obligations (excluding obligations with respect to Hedging Agreements). Notwithstanding the foregoing, in the case of an amendment that would reasonably be expected to adversely, materially and disproportionately affect Guaranteed Parties with Guaranteed Obligations existing under Hedging Agreements relative to the other Guaranteed Parties, the foregoing exclusion of obligations with respect to Hedging Agreements shall not apply, and the outstanding principal amount attributable to each such Guaranteed Party's Guaranteed Obligations shall be deemed to be equal to the termination payment that

would be due to such Guaranteed Party as if the valuation date were an "Early Termination Date" under and calculated in accordance with each applicable Hedging Agreement.

(c) No Guaranteed Party shall by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any Guaranteed Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by a Guaranteed Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that such Guaranteed Party would otherwise have on any future occasion.

(d) The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

17. Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

18. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Guarantor and shall inure to the benefit of the Guaranteed Parties and their respective successors and permitted assigns, except that no Guarantor may assign, transfer or delegate any of its rights or obligations under this Agreement except pursuant to a transaction permitted by the Revolving Credit Agreement and in connection with a corresponding assignment under the Revolving Credit Agreement Guarantee.

19. Additional Guarantors.

(a) KMI shall cause each Subsidiary (other than any Excluded Subsidiary) formed or otherwise purchased or acquired after the date of this Agreement (including each Subsidiary that ceases to constitute an Excluded Subsidiary after the date of this Agreement) to execute a supplement to this Agreement and become a Guarantor within 45 days of the occurrence of the applicable event specified in this Section 19(a).

(b) Each Subsidiary of KMI that becomes, at the request of KMI, or that is required pursuant to Section 19(a) to become, a party to this Agreement shall become a Guarantor, with the same force and effect as if originally named as a Guarantor herein, for all purposes of this Agreement upon execution and delivery by such Subsidiary of a written supplement substantially in the form of Annex A hereto. The execution and delivery of any instrument adding an additional Guarantor as a party to this Agreement shall not require the consent of any other Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Agreement.

20. Additional Guaranteed Obligations. Any Indebtedness issued by a Guarantor or for which a Guarantor otherwise becomes obligated after the date of this Agreement shall become a Guaranteed Obligation upon the execution by all Guarantors of a notation of guarantee substantially in the form of Annex B hereto, which shall be affixed to the instrument or instruments evidencing such Indebtedness. Each such notation of guarantee shall be signed on behalf of each Guarantor by a duly authorized officer prior to the authentication or issuance of such Indebtedness.

21. GOVERNING LAW. **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

22. Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Guarantor to honor all of its obligations under this Agreement in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 22 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 22, or otherwise under this Agreement, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until the Guarantee Termination Date. Each Qualified ECP Guarantor intends that this Section 22 constitute, and this Section 22 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

[Signature pages follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered by its duly authorized officer or other representative as of the day and year first above written.

KINDER MORGAN, INC.

By: /s/ Anthony B. Ashley
Name: Anthony B. Ashley
Title: Treasurer

AGNES B CRANE, LLC
AMERICAN PETROLEUM TANKERS II LLC
AMERICAN PETROLEUM TANKERS III LLC
AMERICAN PETROLEUM TANKERS IV LLC
AMERICAN PETROLEUM TANKERS LLC
AMERICAN PETROLEUM TANKERS PARENT LLC
AMERICAN PETROLEUM TANKERS V LLC
AMERICAN PETROLEUM TANKERS VI LLC
AMERICAN PETROLEUM TANKERS VII LLC
APT FLORIDA LLC
APT INTERMEDIATE HOLDCO LLC
APT NEW INTERMEDIATE HOLDCO LLC
APT PENNSYLVANIA LLC
APT SUNSHINE STATE LLC
AUDREY TUG LLC
BEAR CREEK STORAGE COMPANY, L.L.C.
BETTY LOU LLC
CAMINO REAL GATHERING COMPANY, L.L.C.
CANTERA GAS COMPANY LLC
CDE PIPELINE LLC
CENTRAL FLORIDA PIPELINE LLC
CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.
CIG GAS STORAGE COMPANY LLC
CIG PIPELINE SERVICES COMPANY, L.L.C.
CIMMARRON GATHERING LLC
COLORADO INTERSTATE GAS COMPANY, L.L.C.
COLORADO INTERSTATE ISSUING CORPORATION
COPANO DOUBLE EAGLE LLC
COPANO ENERGY FINANCE CORPORATION
COPANO ENERGY, L.L.C.
COPANO ENERGY SERVICES/UPPER GULF COAST LLC
COPANO FIELD SERVICES GP, L.L.C.
COPANO FIELD SERVICES/NORTH TEXAS, L.L.C.
COPANO FIELD SERVICES/SOUTH TEXAS LLC
COPANO FIELD SERVICES/UPPER GULF COAST LLC
COPANO LIBERTY, LLC
COPANO NGL SERVICES (MARKHAM), L.L.C.
COPANO NGL SERVICES LLC
COPANO PIPELINES GROUP, L.L.C.

COPANO PIPELINES/NORTH TEXAS, L.L.C.
COPANO PIPELINES/ROCKY MOUNTAINS, LLC
COPANO PIPELINES/SOUTH TEXAS LLC
COPANO PIPELINES/UPPER GULF COAST LLC
COPANO PROCESSING LLC
COPANO RISK MANAGEMENT LLC
COPANO/WEBB-DUVAL PIPELINE LLC
CPNO SERVICES LLC
DAKOTA BULK TERMINAL, INC.
DELTA TERMINAL SERVICES LLC
EAGLE FORD GATHERING LLC
EL PASO CHEYENNE HOLDINGS, L.L.C.
EL PASO CITRUS HOLDINGS, INC.
EL PASO CNG COMPANY, L.L.C.
EL PASO ENERGY SERVICE COMPANY, L.L.C.
EL PASO LLC
EL PASO MIDSTREAM GROUP LLC
EL PASO NATURAL GAS COMPANY, L.L.C.
EL PASO NORIC INVESTMENTS III, L.L.C.
EL PASO PIPELINE CORPORATION
EL PASO PIPELINE GP COMPANY, L.L.C.
EL PASO PIPELINE HOLDING COMPANY, L.L.C.
EL PASO PIPELINE LP HOLDINGS, L.L.C.
EL PASO PIPELINE PARTNERS, L.P.
By El Paso Pipeline GP Company, L.L.C., its general partner
EL PASO PIPELINE PARTNERS OPERATING COMPANY, L.L.C.
EL PASO RUBY HOLDING COMPANY, L.L.C.
EL PASO TENNESSEE PIPELINE CO., L.L.C.
ELBA EXPRESS COMPANY, L.L.C.
ELIZABETH RIVER TERMINALS LLC
EMORY B CRANE, LLC
EPBGP CONTRACTING SERVICES LLC
EP ENERGY HOLDING COMPANY
EP RUBY LLC
EPTP ISSUING CORPORATION
FERNANDINA MARINE CONSTRUCTION MANAGEMENT LLC
FRANK L. CRANE, LLC
GENERAL STEVEDORES GP, LLC
GENERAL STEVEDORES HOLDINGS LLC
GLOBAL AMERICAN TERMINALS LLC
HAMPSHIRE LLC
HARRAH MIDSTREAM LLC
HBM ENVIRONMENTAL, INC.
ICPT, L.L.C
J.R. NICHOLLS LLC
JAVELINA TUG LLC
JEANNIE BREWER LLC
JV TANKER CHARTERER LLC
KINDER MORGAN (DELAWARE), INC.
KINDER MORGAN 2-MILE LLC
KINDER MORGAN ADMINISTRATIVE SERVICES TAMPA LLC
KINDER MORGAN ALTAMONT LLC

KINDER MORGAN AMORY LLC
KINDER MORGAN ARROW TERMINALS HOLDINGS, INC.
KINDER MORGAN ARROW TERMINALS, L.P.
By Kinder Morgan River Terminals, LLC, its general partner
KINDER MORGAN BALTIMORE TRANSLOAD TERMINAL LLC
KINDER MORGAN BATTLEGROUND OIL LLC
KINDER MORGAN BORDER PIPELINE LLC
KINDER MORGAN BULK TERMINALS, INC.
KINDER MORGAN CARBON DIOXIDE TRANSPORTATION COMPANY
KINDER MORGAN CO2 COMPANY, L.P.
By Kinder Morgan G.P., Inc., its general partner
KINDER MORGAN COCHIN LLC
KINDER MORGAN COLUMBUS LLC
KINDER MORGAN COMMERCIAL SERVICES LLC
KINDER MORGAN CRUDE & CONDENSATE LLC
KINDER MORGAN CRUDE OIL PIPELINES LLC
KINDER MORGAN CRUDE TO RAIL LLC
KINDER MORGAN CUSHING LLC
KINDER MORGAN DALLAS FORT WORTH RAIL TERMINAL LLC
KINDER MORGAN ENDEAVOR LLC
KINDER MORGAN ENERGY PARTNERS, L.P.
By Kinder Morgan G.P., Inc., its general partner
KINDER MORGAN EP MIDSTREAM LLC
KINDER MORGAN FINANCE COMPANY LLC
KINDER MORGAN FLEETING LLC
KINDER MORGAN FREEDOM PIPELINE LLC
KINDER MORGAN KEYSTONE GAS STORAGE LLC
KINDER MORGAN KMAP LLC
KINDER MORGAN LAS VEGAS LLC
KINDER MORGAN LINDEN TRANSLOAD TERMINAL LLC
KINDER MORGAN LIQUIDS TERMINALS LLC
KINDER MORGAN LIQUIDS TERMINALS ST. GABRIEL LLC
KINDER MORGAN MARINE SERVICES LLC
KINDER MORGAN MATERIALS SERVICES, LLC
KINDER MORGAN MID ATLANTIC MARINE SERVICES LLC
KINDER MORGAN NATGAS O&M LLC
KINDER MORGAN NORTH TEXAS PIPELINE LLC
KINDER MORGAN OPERATING L.P. “A”
By Kinder Morgan G.P., Inc., its general partner
KINDER MORGAN OPERATING L.P. “B”
By Kinder Morgan G.P., Inc., its general partner
KINDER MORGAN OPERATING L.P. “C”
By Kinder Morgan G.P., Inc., its general partner
KINDER MORGAN OPERATING L.P. “D”
By Kinder Morgan G.P., Inc., its general partner
KINDER MORGAN PECOS LLC
KINDER MORGAN PECOS VALLEY LLC
KINDER MORGAN PETCOKE GP LLC

KINDER MORGAN PETCOKE, L.P.
By Kinder Morgan Petcoke GP LLC, its general partner
KINDER MORGAN PETCOKE LP LLC
KINDER MORGAN PETROLEUM TANKERS LLC
KINDER MORGAN PIPELINE LLC
KINDER MORGAN PIPELINES (USA) INC.
KINDER MORGAN PORT MANATEE TERMINAL LLC
KINDER MORGAN PORT SUTTON TERMINAL LLC
KINDER MORGAN PORT TERMINALS USA LLC
KINDER MORGAN PRODUCTION COMPANY LLC
KINDER MORGAN RAIL SERVICES LLC
KINDER MORGAN RESOURCES II LLC
KINDER MORGAN RESOURCES III LLC
KINDER MORGAN RESOURCES LLC
KINDER MORGAN RIVER TERMINALS LLC
KINDER MORGAN SERVICES LLC
KINDER MORGAN SEVEN OAKS LLC
KINDER MORGAN SOUTHEAST TERMINALS LLC
KINDER MORGAN TANK STORAGE TERMINALS LLC
KINDER MORGAN TEJAS PIPELINE LLC
KINDER MORGAN TERMINALS, INC.
KINDER MORGAN TEXAS PIPELINE LLC
KINDER MORGAN TEXAS TERMINALS, L.P.
By General Stevedores GP, LLC, its general partner
KINDER MORGAN TRANSMIX COMPANY, LLC
KINDER MORGAN TREATING LP
By KM Treating GP LLC, its general partner
KINDER MORGAN URBAN RENEWAL, L.L.C.
KINDER MORGAN UTICA LLC
KINDER MORGAN VIRGINIA LIQUIDS TERMINALS LLC
KINDER MORGAN WINK PIPELINE LLC
KINDERHAWK FIELD SERVICES LLC
KM CRANE LLC
KM DECATUR, INC.
KM EAGLE GATHERING LLC
KM GATHERING LLC
KM KASKASKIA DOCK LLC
KM LIQUIDS TERMINALS LLC
KM NORTH CAHOKIA LAND LLC
KM NORTH CAHOKIA SPECIAL PROJECT LLC
KM NORTH CAHOKIA TERMINAL PROJECT LLC
KM SHIP CHANNEL SERVICES LLC
KM TREATING GP LLC
KM TREATING PRODUCTION LLC
KMBT LLC
KMGP CONTRACTING SERVICES LLC
KMGP SERVICES COMPANY, INC.
KN TELECOMMUNICATIONS, INC.
KNIGHT POWER COMPANY LLC
LOMITA RAIL TERMINAL LLC
MILWAUKEE BULK TERMINALS LLC
MJR OPERATING LLC
MOJAVE PIPELINE COMPANY, L.L.C.
MOJAVE PIPELINE OPERATING COMPANY, L.L.C.
MR. BENNETT LLC

[Signature Page to Cross Guarantee]

MR. VANCE LLC
NASSAU TERMINALS LLC
NGPL HOLDCO INC.
NS 307 HOLDINGS INC.
PADDY RYAN CRANE, LLC
PALMETTO PRODUCTS PIPE LINE LLC
PI 2 PELICAN STATE LLC
PINNEY DOCK & TRANSPORT LLC
QUEEN CITY TERMINALS LLC
RAHWAY RIVER LAND LLC
RAZORBACK TUG LLC
RCI HOLDINGS, INC.
RIVER TERMINALS PROPERTIES GP LLC
RIVER TERMINAL PROPERTIES, L.P.
By River Terminals Properties GP LLC, its general partner
SCISSORTAIL ENERGY, LLC
SNG PIPELINE SERVICES COMPANY, L.L.C.
SOUTHERN GULF LNG COMPANY, L.L.C.
SOUTHERN LIQUEFACTION COMPANY LLC
SOUTHERN LNG COMPANY, L.L.C.
SOUTHERN NATURAL GAS COMPANY, L.L.C.
SOUTHERN NATURAL ISSUING CORPORATION
SOUTHTEX TREATERS LLC
SOUTHWEST FLORIDA PIPELINE LLC
SRT VESSELS LLC
STEVEDORE HOLDINGS, L.P.
By Kinder Morgan Petcoke GP LLC, its general partner
TAJON HOLDINGS, INC.
TEJAS GAS, LLC
TEJAS NATURAL GAS, LLC
TENNESSEE GAS PIPELINE COMPANY, L.L.C.
TENNESSEE GAS PIPELINE ISSUING CORPORATION
TEXAN TUG LLC
TGP PIPELINE SERVICES COMPANY, L.L.C.
TRANS MOUNTAIN PIPELINE (PUGET SOUND) LLC
TRANSCOLORADO GAS TRANSMISSION COMPANY LLC
TRANSLOAD SERVICES, LLC
UTICA MARCELLUS TEXAS PIPELINE LLC
WESTERN PLANT SERVICES, INC.
WYOMING INTERSTATE COMPANY, L.L.C.

By: /s/ Anthony B. Ashley
Anthony Ashley
Vice President

Exhibit 10.1

ANNEX A TO
THE CROSS GUARANTEE AGREEMENT

SUPPLEMENT NO. [ ] dated as of [ ] to the CROSS GUARANTEE AGREEMENT dated as of [ ] (the "Agreement"), among each of the Guarantors listed on the signature pages thereto and each of the other entities that becomes a party thereto pursuant to Section 19 of the Agreement (each such entity individually, a "Guarantor" and, collectively, the "Guarantors"). Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

A. The Guarantors consist of Kinder Morgan, Inc., a Delaware corporation ("KMI"), and certain of its direct and indirect Subsidiaries, and the Guarantors have entered into the Agreement in order to provide guarantees of certain of the Guarantors' senior, unsecured Indebtedness outstanding from time to time.

B. Section 19 of the Agreement provides that additional Subsidiaries may become Guarantors under the Agreement by execution and delivery of an instrument in the form of this Supplement. Each undersigned Subsidiary (each a "New Guarantor") is executing this Supplement at the request of KMI or in accordance with the requirements of the Agreement to become a Guarantor under the Agreement.

Accordingly, each New Guarantor agrees as follows:

SECTION 1. In accordance with Section 19 of the Agreement, each New Guarantor by its signature below becomes a Guarantor under the Agreement with the same force and effect as if originally named therein as a Guarantor and each New Guarantor hereby (a) agrees to all the terms and provisions of the Agreement applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct on and as of the date hereof. Each reference to a Guarantor in the Agreement shall be deemed to include each New Guarantor. The Agreement is hereby incorporated herein by reference.

SECTION 2. Each New Guarantor represents and warrants to the Guaranteed Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with KMI. This Supplement shall become effective as to each New Guarantor when KMI shall have received a counterpart of this Supplement that bears the signature of such New Guarantor.

SECTION 4. Except as expressly supplemented hereby, the Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 6. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All notices, requests and demands pursuant hereto shall be made in accordance with Section 12 of the Agreement. All communications and notices hereunder to each New Guarantor shall be given to it in care of KMI at the address set forth in Section 12 of the Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, each New Guarantor has duly executed this Supplement to the Agreement as of the day and year first above written.

____
as Guarantor

By:______________________________
Name:
Title:

Exhibit 10.1

ANNEX B TO
THE CROSS GUARANTEE AGREEMENT

FORM OF NOTATION OF GUARANTEE

Subject to the limitations set forth in the Cross Guarantee Agreement, dated as of [•] (the "Guarantee Agreement"), the undersigned Guarantors hereby certify that this [Indebtedness] constitutes a Guaranteed Obligation, entitled to all the rights as such set forth in the Guarantee Agreement. The Guarantors may be released from their guarantees upon the terms and subject to the conditions provided in the Guarantee Agreement. Capitalized terms used but not defined in this notation of guarantee have the meanings assigned such terms in the Guarantee Agreement, a copy of which will be provided to [a holder of this instrument] upon request to [Issuer].

Schedule I of the Guarantee Agreement is hereby deemed to be automatically updated to include this [Indebtedness] thereon as a Guaranteed Obligation.

[GUARANTORS],
as Guarantor

By: ______________________________
Name:
Title:

Exhibit 10.1

SCHEDULE I

Guaranteed Obligations
Current as of: September 30, 2016

Issuer	Indebtedness	Maturity
Kinder Morgan, Inc.	7.00% bonds	June 15, 2017
Kinder Morgan, Inc.	2.00% notes	December 1, 2017
Kinder Morgan, Inc.	6.00% notes	January 15, 2018
Kinder Morgan, Inc.	7.00% bonds (Sonat)	February 1, 2018
Kinder Morgan, Inc.	7.25% bonds	June 1, 2018
Kinder Morgan, Inc.	3.05% notes	December 1, 2019
Kinder Morgan, Inc.	6.50% bonds	September 15, 2020
Kinder Morgan, Inc.	5.00% notes	February 15, 2021
Kinder Morgan, Inc.	1.500% notes	March 16, 2022
Kinder Morgan, Inc.	5.625% notes	November 15, 2023
Kinder Morgan, Inc.	4.30% notes	June 1, 2025
Kinder Morgan, Inc.	6.70% bonds (Coastal)	February 15, 2027
Kinder Morgan, Inc.	2.250% notes	March 16, 2027
Kinder Morgan, Inc.	6.67% debentures	November 1, 2027
Kinder Morgan, Inc.	7.25% debentures	March 1, 2028
Kinder Morgan, Inc.	6.95% bonds (Coastal)	June 1, 2028
Kinder Morgan, Inc.	8.05% bonds	October 15, 2030
Kinder Morgan, Inc.	7.80% bonds	August 1, 2031
Kinder Morgan, Inc.	7.75% bonds	January 15, 2032
Kinder Morgan, Inc.	5.30% notes	December 1, 2034
Kinder Morgan, Inc.	7.75% bonds (Coastal)	October 15, 2035
Kinder Morgan, Inc.	6.40% notes	January 5, 2036
Kinder Morgan, Inc.	7.42% bonds (Coastal)	February 15, 2037
Kinder Morgan, Inc.	5.55% notes	June 1, 2045
Kinder Morgan, Inc.	5.050% notes	February 15, 2046
Kinder Morgan, Inc.	7.45% debentures	March 1, 2098
Kinder Morgan Energy Partners, L.P.	6.00% bonds	February 1, 2017
Kinder Morgan Energy Partners, L.P.	5.95% bonds	February 15, 2018
Kinder Morgan Energy Partners, L.P.	9.00% bonds	February 1, 2019
Kinder Morgan Energy Partners, L.P.	2.65% bonds	February 1, 2019
Kinder Morgan Energy Partners, L.P.	6.85% bonds	February 15, 2020
Kinder Morgan Energy Partners, L.P.	5.30% bonds	September 15, 2020
Kinder Morgan Energy Partners, L.P.	5.80% bonds	March 1, 2021
Kinder Morgan Energy Partners, L.P.	3.50% bonds	March 1, 2021
Kinder Morgan Energy Partners, L.P.	4.15% bonds	March 1, 2022
Kinder Morgan Energy Partners, L.P.	3.95% bonds	September 1, 2022
Kinder Morgan Energy Partners, L.P.	3.45% bonds	February 15, 2023
Kinder Morgan Energy Partners, L.P.	3.50% bonds	September 1, 2023
Kinder Morgan Energy Partners, L.P.	4.15% bonds	February 1, 2024
Kinder Morgan Energy Partners, L.P.	4.25% bonds	September 1, 2024
Kinder Morgan Energy Partners, L.P.	7.40% bonds	March 15, 2031
Kinder Morgan Energy Partners, L.P.	7.75% bonds	March 15, 2032
Kinder Morgan Energy Partners, L.P.	7.30% bonds	August 15, 2033
Kinder Morgan Energy Partners, L.P.	5.80% bonds	March 15, 2035
Kinder Morgan Energy Partners, L.P.	6.50% bonds	February 1, 2037
Kinder Morgan Energy Partners, L.P.	6.95% bonds	January 15, 2038

Exhibit 10.1

Schedule I
(Guaranteed Obligations)
Current as of: September 30, 2016

Issuer	Indebtedness	Maturity
Kinder Morgan Energy Partners, L.P.	6.50% bonds	September 1, 2039
Kinder Morgan Energy Partners, L.P.	6.55% bonds	September 15, 2040
Kinder Morgan Energy Partners, L.P.	6.375% bonds	March 1, 2041
Kinder Morgan Energy Partners, L.P.	5.625% bonds	September 1, 2041
Kinder Morgan Energy Partners, L.P.	5.00% bonds	August 15, 2042
Kinder Morgan Energy Partners, L.P.	5.00% bonds	March 1, 2043
Kinder Morgan Energy Partners, L.P.	5.50% bonds	March 1, 2044
Kinder Morgan Energy Partners, L.P.	5.40% bonds	September 1, 2044
Kinder Morgan Energy Partners, L.P.[1]	6.50% bonds	April 1, 2020
Kinder Morgan Energy Partners, L.P.[1]	5.00% bonds	October 1, 2021
Kinder Morgan Energy Partners, L.P.[1]	4.30% bonds	May 1, 2024
Kinder Morgan Energy Partners, L.P.[1]	7.50% bonds	November 15, 2040
Kinder Morgan Energy Partners, L.P.[1]	4.70% bonds	November 1, 2042
Tennessee Gas Pipeline Company, L.L.C.	7.50% bonds	April 1, 2017
Tennessee Gas Pipeline Company, L.L.C.	7.00% bonds	March 15, 2027
Tennessee Gas Pipeline Company, L.L.C.	7.00% bonds	October 15, 2028
Tennessee Gas Pipeline Company, L.L.C.	8.375% bonds	June 15, 2032
Tennessee Gas Pipeline Company, L.L.C.	7.625% bonds	April 1, 2037
El Paso Natural Gas Company, L.L.C.	5.95% bonds	April 15, 2017
El Paso Natural Gas Company, L.L.C.	8.625% bonds	January 15, 2022
El Paso Natural Gas Company, L.L.C.	7.50% bonds	November 15, 2026
El Paso Natural Gas Company, L.L.C.	8.375% bonds	June 15, 2032
Colorado Interstate Gas Company, L.L.C.	4.15% notes	August 15, 2026
Colorado Interstate Gas Company, L.L.C.	6.85% bonds	June 15, 2037
Southern Natural Gas Company, L.L.C.	5.90% bonds[2]	April 1, 2017
Southern Natural Gas Company, L.L.C.	4.40% bonds[2]	June 15, 2021
Southern Natural Gas Company, L.L.C.	7.35% bonds[2]	February 15, 2031
Southern Natural Gas Company, L.L.C.	8.00% bonds[2]	March 1, 2032
El Paso Tennessee Pipeline Co. L.L.C.	7.25% bonds	December 15, 2025
Other	KM LQT IRBs-Stolt floating rate bonds	January 15, 2018
Other	5.50% KM Columbus MBFC notes	September 1, 2022
Other	Cora industrial revenue bonds	April 1, 2024
Hiland Partners Holdings LLC and Hiland Partners Finance Corp.	7.25% notes[3]	October 1, 2020
Hiland Partners Holdings LLC and Hiland Partners Finance Corp.	5.50% notes	May 15, 2022

(1) The original issuer, El Paso Pipeline Partners, L.P. merged with and into Kinder Morgan Energy Partners, L.P. effective January 1, 2015.

(2) Subject to the Investment Grade Rating requirement imposed by Section 6(c), these Guaranteed Obligations will be released automatically effective December 2, 2016.

(3) The 7.25% notes were redeemed effective October 1, 2016.

Schedule I
(Guaranteed Obligations)
Current as of: September 30, 2016

Hedging Agreements[1]

Issuer	**Guaranteed Party**	**Date**
Kinder Morgan, Inc.	Bank of America, N.A.	August 29, 2001
Kinder Morgan, Inc.	BNP Paribas	September 15, 2016
Kinder Morgan, Inc.	Citibank, N.A.	March 14, 2002
Kinder Morgan, Inc.	J. Aron & Company	December 23, 2011
Kinder Morgan, Inc.	SunTrust Bank	August 29, 2001
Kinder Morgan, Inc.	Barclays Bank PLC	November 26, 2014
Kinder Morgan, Inc.	Bank of Tokyo-Mitsubishi, Ltd., New York Branch	November 26, 2014
Kinder Morgan, Inc.	Canadian Imperial Bank of Commerce	November 26, 2014
Kinder Morgan, Inc.	Compass Bank	March 24, 2015
Kinder Morgan, Inc.	Credit Agricole Corporate and Investment Bank	November 26, 2014
Kinder Morgan, Inc.	Credit Suisse International	November 26, 2014
Kinder Morgan, Inc.	Deutsche Bank AG	November 26, 2014
Kinder Morgan, Inc.	ING Capital Markets LLC	November 26, 2014
Kinder Morgan, Inc.	JPMorgan Chase Bank, N.A.	February 19, 2015
Kinder Morgan, Inc.	Mizuho Capital Markets Corporation	November 26, 2014
Kinder Morgan, Inc.	Royal Bank of Canada	November 26, 2014
Kinder Morgan, Inc.	The Bank of Nova Scotia	November 26, 2014
Kinder Morgan, Inc.	The Royal Bank of Scotland PLC	November 26, 2014
Kinder Morgan, Inc.	Societe Generale	November 26, 2014
Kinder Morgan, Inc.	UBS AG	November 26, 2014
Kinder Morgan, Inc.	Wells Fargo Bank, N.A.	November 26, 2014
Kinder Morgan Energy Partners, L.P.	Bank of America, N.A.	April 14, 1999
Kinder Morgan Energy Partners, L.P.	Bank of Tokyo-Mitsubishi, Ltd., New York Branch	November 23, 2004
Kinder Morgan Energy Partners, L.P.	Barclays Bank PLC	November 18, 2003
Kinder Morgan Energy Partners, L.P.	Canadian Imperial Bank of Commerce	August 4, 2011
Kinder Morgan Energy Partners, L.P.	Citibank, N.A.	March 14, 2002
Kinder Morgan Energy Partners, L.P.	Credit Agricole Corporate and Investment Bank	June 20, 2014
Kinder Morgan Energy Partners, L.P.	Credit Suisse International	May 14, 2010
Kinder Morgan Energy Partners, L.P.	Deutsche Bank AG	April 2, 2009
Kinder Morgan Energy Partners, L.P.	ING Capital Markets LLC	September 21, 2011

[1] Guaranteed Obligations with respect to Hedging Agreements include International Swaps and Derivatives Association Master Agreements (“ISDAs”) and all transactions entered into pursuant to any ISDA listed on this Schedule I.

Schedule I
(Guaranteed Obligations)
Current as of: September 30, 2016

Hedging Agreements[1]

Issuer	Guaranteed Party	Date
Kinder Morgan Energy Partners, L.P.	J. Aron & Company	November 11, 2004
Kinder Morgan Energy Partners, L.P.	JPMorgan Chase Bank	August 29, 2001
Kinder Morgan Energy Partners, L.P.	Mizuho Capital Markets Corporation	July 11, 2014
Kinder Morgan Energy Partners, L.P.	Morgan Stanley Capital Services Inc.	March 10, 2010
Kinder Morgan Energy Partners, L.P.	Royal Bank of Canada	March 12, 2009
Kinder Morgan Energy Partners, L.P.	The Royal Bank of Scotland PLC	March 20, 2009
Kinder Morgan Energy Partners, L.P.	The Bank of Nova Scotia	August 14, 2003
Kinder Morgan Energy Partners, L.P.	Societe Generale	July 18, 2014
Kinder Morgan Energy Partners, L.P.	SunTrust Bank	March 14, 2002
Kinder Morgan Energy Partners, L.P.	UBS AG	February 23, 2011
Kinder Morgan Energy Partners, L.P.	Wells Fargo Bank, N.A.	July 31, 2007
Kinder Morgan Texas Pipeline LLC	Barclays Bank PLC	January 10, 2003
Kinder Morgan Texas Pipeline LLC	BNP Paribas	March 2, 2005
Kinder Morgan Texas Pipeline LLC	Canadian Imperial Bank of Commerce	December 18, 2006
Kinder Morgan Texas Pipeline LLC	Citibank, N.A.	February 22, 2005
Kinder Morgan Texas Pipeline LLC	Credit Suisse International	August 31, 2012
Kinder Morgan Texas Pipeline LLC	Deutsche Bank AG	June 13, 2007
Kinder Morgan Texas Pipeline LLC	ING Capital Markets LLC	April 17, 2014
Kinder Morgan Production LLC	J. Aron & Company	June 12, 2006
Kinder Morgan Texas Pipeline LLC	J. Aron & Company	June 8, 2000
Kinder Morgan Texas Pipeline LLC	JPMorgan Chase Bank, N.A.	September 7, 2006
Kinder Morgan Texas Pipeline LLC	Macquarie Bank Limited	September 20, 2010
Kinder Morgan Texas Pipeline LLC	Merrill Lynch Commodities, Inc.	October 24, 2001
Kinder Morgan Texas Pipeline LLC	Morgan Stanley Capital Group Inc.	January 15, 2004
Kinder Morgan Texas Pipeline LLC	Natixis	June 13, 2011
Kinder Morgan Texas Pipeline LLC	Phillips 66 Company	March 30, 2015
Kinder Morgan Texas Pipeline LLC	Royal Bank of Canada	May 6, 2009
Kinder Morgan Texas Pipeline LLC	The Bank of Nova Scotia	May 8, 2014
Kinder Morgan Texas Pipeline LLC	Shell Trading (US) Company	November 14, 2011
Kinder Morgan Texas Pipeline LLC	Societe Generale	January 14, 2003
Kinder Morgan Texas Pipeline LLC	Wells Fargo Bank, N.A.	June 1, 2013
Copano Risk Management, LLC	Citibank, N.A.	July 21, 2008
Copano Risk Management, LLC	J. Aron & Company	December 12, 2005
Copano Risk Management, LLC	Morgan Stanley Capital Group Inc.	May 4, 2007
Copano Risk Management, LLC	Wells Fargo Bank, N.A.	October 19, 2007

[1] Guaranteed Obligations with respect to Hedging Agreements include International Swaps and Derivatives Association Master Agreements (“ISDAs”) and all transactions entered into pursuant to any ISDA listed on this Schedule I.

Exhibit 10.1

SCHEDULE II

Guarantors
Current as of: September 30, 2016

Agnes B Crane, LLC
American Petroleum Tankers II LLC
American Petroleum Tankers III LLC
American Petroleum Tankers IV LLC
American Petroleum Tankers LLC
American Petroleum Tankers Parent LLC
American Petroleum Tankers V LLC
American Petroleum Tankers VI LLC
American Petroleum Tankers VII LLC
American Petroleum Tankers VIII LLC
American Petroleum Tankers IX LLC
American Petroleum Tankers X LLC
American Petroleum Tankers XI LLC
APT Florida LLC
APT Intermediate Holdco LLC
APT New Intermediate Holdco LLC
APT Pennsylvania LLC
APT Sunshine State LLC
Audrey Tug LLC
Betty Lou LLC
Camino Real Gathering Company, L.L.C.
Cantera Gas Company LLC
CDE Pipeline LLC
Central Florida Pipeline LLC
Cheyenne Plains Gas Pipeline Company, L.L.C.
CIG Gas Storage Company LLC
CIG Pipeline Services Company, L.L.C.
Colorado Interstate Gas Company, L.L.C.
Colorado Interstate Issuing Corporation
Copano Double Eagle LLC
Copano Energy Finance Corporation
Copano Energy Services/Upper Gulf Coast LLC
Copano Energy, L.L.C.
Copano Field Services GP, L.L.C.
Copano Field Services/North Texas, L.L.C.
Copano Field Services/South Texas LLC
Copano Field Services/Upper Gulf Coast LLC
Copano Liberty, LLC
Copano NGL Services (Markham), L.L.C.
Copano NGL Services LLC
Copano Pipelines Group, L.L.C.
Copano Pipelines/North Texas, L.L.C.
Copano Pipelines/Rocky Mountains, LLC
Copano Pipelines/South Texas LLC
Copano Pipelines/Upper Gulf Coast LLC
Copano Processing LLC
Copano Risk Management LLC
Copano/Webb-Duval Pipeline LLC
CPNO Services LLC
Dakota Bulk Terminal, Inc.
Delta Terminal Services LLC
Eagle Ford Gathering LLC
El Paso Cheyenne Holdings, L.L.C.
El Paso Citrus Holdings, Inc.
El Paso CNG Company, L.L.C.
El Paso Energy Service Company, L.L.C.
El Paso LLC
El Paso Midstream Group LLC
El Paso Natural Gas Company, L.L.C.
El Paso Noric Investments III, L.L.C.
El Paso Ruby Holding Company, L.L.C.
El Paso Tennessee Pipeline Co., L.L.C.
Elba Express Company, L.L.C.
Elba Liquefaction Company, L.L.C.
Elizabeth River Terminals LLC
Emory B Crane, LLC
EP Ruby LLC
EPBGP Contracting Services LLC
EPTP Issuing Corporation
Fernandina Marine Construction Management LLC
Frank L. Crane, LLC
General Stevedores GP, LLC
General Stevedores Holdings LLC
Glenpool West Gathering LLC
Global American Terminals LLC
Hampshire LLC
Harrah Midstream LLC
HBM Environmental, Inc.
Hiland Crude, LLC
Hiland Partners Finance Corp.
Hiland Partners Holdings LLC
ICPT, L.L.C
Independent Trading & Transportation Company I, L.L.C.
J.R. Nicholls LLC
Javelina Tug LLC
Jeannie Brewer LLC
JV Tanker Charterer LLC
Kinder Morgan 2-Mile LLC
Kinder Morgan Administrative Services Tampa LLC
Kinder Morgan Altamont LLC

Exhibit 10.1

Schedule II
(Guarantors)
Current as of: June 30, 2016

Kinder Morgan Amory LLC
Kinder Morgan Arrow Terminals Holdings, Inc.
Kinder Morgan Arrow Terminals, L.P.
Kinder Morgan Baltimore Transload Terminal LLC
Kinder Morgan Battleground Oil LLC
Kinder Morgan Border Pipeline LLC
Kinder Morgan Bulk Terminals LLC
Kinder Morgan Carbon Dioxide Transportation Company
Kinder Morgan CO2 Company, L.P.
Kinder Morgan Cochin LLC
Kinder Morgan Columbus LLC
Kinder Morgan Commercial Services LLC
Kinder Morgan Contracting Services LLC
Kinder Morgan Crude & Condensate LLC
Kinder Morgan Crude Oil Pipelines LLC
Kinder Morgan Crude to Rail LLC
Kinder Morgan Cushing LLC
Kinder Morgan Dallas Fort Worth Rail Terminal LLC
Kinder Morgan Endeavor LLC
Kinder Morgan Energy Partners, L.P.
Kinder Morgan EP Midstream LLC
Kinder Morgan Finance Company LLC
Kinder Morgan Fleeting LLC
Kinder Morgan Freedom Pipeline LLC
Kinder Morgan Galena Park West LLC
Kinder Morgan, Inc.
Kinder Morgan Keystone Gas Storage LLC
Kinder Morgan KMAP LLC
Kinder Morgan Las Vegas LLC
Kinder Morgan Linden Transload Terminal LLC
Kinder Morgan Liquids Terminals LLC
Kinder Morgan Liquids Terminals St. Gabriel LLC
Kinder Morgan Louisiana Pipeline Holding LLC
Kinder Morgan Louisiana Pipeline LLC
Kinder Morgan Marine Services LLC
Kinder Morgan Materials Services, LLC
Kinder Morgan Mid Atlantic Marine Services LLC
Kinder Morgan NatGas O&M LLC
Kinder Morgan NGL LLC
Kinder Morgan NGPL Holdings LLC
Kinder Morgan North Texas Pipeline LLC
Kinder Morgan Operating L.P. "A"
Kinder Morgan Operating L.P. "B"
Kinder Morgan Operating L.P. "C"
Kinder Morgan Operating L.P. "D"
Kinder Morgan Pecos LLC
Kinder Morgan Pecos Valley LLC
Kinder Morgan Petcoke GP LLC
Kinder Morgan Petcoke LP LLC
Kinder Morgan Petcoke, L.P.
Kinder Morgan Petroleum Tankers LLC
Kinder Morgan Pipeline LLC
Kinder Morgan Port Manatee Terminal LLC
Kinder Morgan Port Sutton Terminal LLC
Kinder Morgan Port Terminals USA LLC
Kinder Morgan Production Company LLC
Kinder Morgan Rail Services LLC
Kinder Morgan Resources II LLC
Kinder Morgan Resources III LLC
Kinder Morgan Resources LLC
Kinder Morgan River Terminals LLC
Kinder Morgan Seven Oaks LLC
Kinder Morgan SNG Operator LLC
Kinder Morgan Southeast Terminals LLC
Kinder Morgan Scurry Connector LLC
Kinder Morgan Tank Storage Terminals LLC
Kinder Morgan Tejas Pipeline LLC
Kinder Morgan Terminals, Inc.
Kinder Morgan Terminals Wilmington LLC
Kinder Morgan Texas Pipeline LLC
Kinder Morgan Texas Terminals, L.P.
Kinder Morgan Transmix Company, LLC
Kinder Morgan Treating LP
Kinder Morgan Urban Renewal, L.L.C.
Kinder Morgan Utica LLC
Kinder Morgan Virginia Liquids Terminals LLC
Kinder Morgan Wink Pipeline LLC
KinderHawk Field Services LLC
KM Crane LLC
KM Decatur, Inc.
KM Eagle Gathering LLC
KM Gathering LLC
KM Kaskaskia Dock LLC
KM Liquids Terminals LLC
KM North Cahokia Land LLC
KM North Cahokia Special Project LLC
KM North Cahokia Terminal Project LLC
KM Ship Channel Services LLC
KM Treating GP LLC
KM Treating Production LLC
KMBT LLC
KMGP Services Company, Inc.
KN Telecommunications, Inc.
Knight Power Company LLC
Lomita Rail Terminal LLC
Milwaukee Bulk Terminals LLC
MJR Operating LLC

Exhibit 10.1

Schedule II
(Guarantors)
Current as of: June 30, 2016

Mojave Pipeline Company, L.L.C.
Mojave Pipeline Operating Company, L.L.C.
Mr. Bennett LLC
Mr. Vance LLC
Nassau Terminals LLC
Paddy Ryan Crane, LLC
Palmetto Products Pipe Line LLC
PI 2 Pelican State LLC
Pinney Dock & Transport LLC
Queen City Terminals LLC
Rahway River Land LLC
Razorback Tug LLC
RCI Holdings, Inc.
River Terminals Properties GP LLC
River Terminal Properties, L.P.
ScissorTail Energy, LLC
SNG Pipeline Services Company, L.L.C.
Southern Gulf LNG Company, L.L.C.
Southern Liquefaction Company LLC
Southern LNG Company, L.L.C.
Southern Oklahoma Gathering LLC
SouthTex Treaters LLC
Southwest Florida Pipeline LLC
SRT Vessels LLC
Stevedore Holdings, L.P.
Tajon Holdings, Inc.
Tejas Gas, LLC
Tejas Natural Gas, LLC
Tennessee Gas Pipeline Company, L.L.C.
Tennessee Gas Pipeline Issuing Corporation
Texan Tug LLC
TGP Pipeline Services Company, L.L.C.
Trans Mountain Pipeline (Puget Sound) LLC
TransColorado Gas Transmission Company LLC
Transload Services, LLC
Utica Marcellus Texas Pipeline LLC
Western Plant Services, Inc.
Wyoming Interstate Company, L.L.C.

SCHEDULE III

Excluded Subsidiaries

ANR Real Estate Corporation
Coastal Eagle Point Oil Company
Coastal Oil New England, Inc.
Colton Processing Facility
Coscol Petroleum Corporation
El Paso CGP Company, L.L.C.
El Paso Energy Capital Trust I
El Paso Energy E.S.T. Company
El Paso Energy International Company
El Paso Marketing Company, L.L.C.
El Paso Merchant Energy North America Company, L.L.C.
El Paso Merchant Energy-Petroleum Company
El Paso Reata Energy Company, L.L.C.
El Paso Remediation Company
El Paso Services Holding Company
EPEC Corporation
EPEC Oil Company Liquidating Trust
EPEC Polymers, Inc.
EPED Holding Company
KN Capital Trust I
KN Capital Trust III
Mesquite Investors, L.L.C.

Note: The Excluded Subsidiaries listed on this Schedule III may also be Excluded Subsidiaries pursuant to other exceptions set forth in the definition of "Excluded Subsidiary".

Exhibit 31.1

KINDER MORGAN, INC. AND SUBSIDIARIES
CERTIFICATION PURSUANT TO RULE 13A-14(A) OR 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven J. Kean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kinder Morgan, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 21, 2016

/s/ Steven J. Kean
Steven J. Kean
President and Chief Executive Officer

Exhibit 31.2

KINDER MORGAN, INC. AND SUBSIDIARIES
CERTIFICATION PURSUANT TO RULE 13A-14(A) OR 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kimberly A. Dang, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kinder Morgan, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 21, 2016

/s/ Kimberly A. Dang
Kimberly A. Dang
Vice President and Chief Financial Officer

Exhibit 32.1

KINDER MORGAN, INC. AND SUBSIDIARIES
Exhibit 32.1 - CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Kinder Morgan, Inc. (the "Company") for the quarterly period ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Kinder Morgan, Inc. and will be retained by Kinder Morgan, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: October 21, 2016

/s/ Steven J. Kean
Steven J. Kean
President and Chief Executive Officer

Exhibit 32.2

KINDER MORGAN, INC. AND SUBSIDIARIES
Exhibit 32.2 - CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Kinder Morgan, Inc. (the "Company") for the quarterly period ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Kinder Morgan, Inc. and will be retained by Kinder Morgan, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: October 21, 2016

/s/ Kimberly A. Dang
Kimberly A. Dang
Vice President and Chief Financial Officer

Exhibit 95.1

KINDER MORGAN, INC. AND SUBSIDIARIES
EXHIBIT 95.1 - MINE SAFETY DISCLOSURES

This exhibit contains the information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The following table provides information about citations, orders and notices issued under the Federal Mine Safety and Health Act of 1977 (the Mine Act) by the federal Mine Safety and Health Administration (MSHA) for our mines during the three months ended September 30, 2016.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104 (d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104 (e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
1103225 Cahokia	—	—	—	—	—	$ —	—	No	No	—	—	—
1518234 Grand Rivers	—	—	—	—	—	$ —	—	No	No	—	—	—

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The dollar value represents the total dollar value of all MSHA citations issued and assessed at this time for the two MSHA regulated terminals noted above. The value includes S&S and non-S&S citations issued during the three months ended September 30, 2016.

The MSHA citations, orders and assessments reflected above are those initially issued or proposed by MSHA. They do not reflect subsequent changes in the level of severity of a citation or order or the value of an assessment that may occur as a result of proceedings conducted in accordance with MSHA rules.

As of September 30, 2016, there was no pending legal actions before the Federal Mine Safety and Health Review Commission involving any of our mines other than actions filed under the following docket numbers (all of which are contests of citations or orders under Section 104 of the Mine Act):

- Grand Rivers Terminal, Mine ID#1518234
    - Docket 2016-382 Citation #9047305 (see below for settlement negotiation)

During the three months ended September 30, 2016, the following legal actions before the Federal Mine Safety and Health Review Commission involving our mines were resolved:

- Grand Rivers Terminal, Mine ID#1518234
    - Docket 2016-382 Citation #9047305
      Negotiated settlement for S&S citation in the amount of $650. Settlement is pending final sign off.