

Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name <u>Kinder Morgan Management, LLC</u>		2 Issuer's employer identification number (EIN) <u>76-0669886</u>	
3 Name of contact for additional information <u>Investor Relations</u>	4 Telephone No. of contact <u>(713) 369-9490</u>	5 Email address of contact <u>Statement 1</u>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <u>1001 Louisiana Street, Suite 1000</u>		7 City, town, or post office, state, and Zip code of contact <u>Houston, TX 77002</u>	
8 Date of action <u>November 26, 2014</u>	9 Classification and description <u>Common Stock</u>		
10 CUSIP number <u>494550100</u>	11 Serial number(s)	12 Ticker symbol <u>KMR</u>	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See Statement 2

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶

The integrated transactions are treated as an exchange of existing common stock of KMR for shares of Common Stock of KMI in a tax-free reorganization under IRC Section 368(a)(1)(E).

Shareholders having different tax bases with respect to the Issuer stock exchanged should consult with a tax advisor in order to identify the tax bases of the particular shares of Common Stock of KMI received pursuant to the transaction.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See Statement 3

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
The merger is treated as a "reorganization" for U.S. federal income tax purposes within the meaning of IRC Section 368(a)(1)(E).

Effects on Shareholders -

- A. IRC Section 354(a)(1) - Exchanges of stock and securities in certain reorganizations
- B. IRC Section 356 - Receipt of additional consideration
- C. IRC Section 358 - Basis to distributees
- D. IRC Section 1001 - Determination of amount of and recognition of gain or loss
- E. IRC Section 302 - Distributions in redemption of stock

Effect on Corporations -



- A. IRC Section 361(a) - Nonrecognition of gain or loss to corporations

18 Can any resulting loss be recognized? ▶ See Statement 4

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
The stock basis adjustment will be taken into account in the tax year of the shareholder during which the exchange occurred (e.g. 2014 for calendar year taxpayers).

Individual taxpayers may be required to file Form 8949, Sales and Other Dispositions of Capital Assets, with their tax returns (Form 1040).

This information does not constitute tax advice, nor does it purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Shareholders are urged to consult their own legal, financial or tax advisor with respect to their individual tax consequences relating to this organizational action.

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	Signature ▶		Date ▶	
Paid Preparer Use Only	Print your name ▶	Jordan Mintz	Title ▶	VP & CTO
	Print/Type preparer's name		Date	
	Firm's name ▶		Check <input type="checkbox"/> if self-employed	Firm's EIN ▶
	Firm's address ▶			Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Kinder Morgan Management, LLC

Attachment to Form 8937

Date of Organizational Action: November 26, 2014

Merger of Kinder Morgan Management LLC and Kinder Morgan, Inc.

Part I – Question 5

Email address of contact

- Post merger date: km_ir@kindermorgan.com

Also refer to links on primary public website for additional contact information:

- | | <u>Link</u> | <u>On Public Website</u> |
|---------------------|------------------|---|
| • Post merger date: | <i>Investors</i> | http://www.kindermorgan.com |

Kinder Morgan Management, LLC

Attachment to Form 8937

Date of Organizational Action: November 26, 2014

Merger of Kinder Morgan Management LLC and Kinder Morgan, Inc.

Part II – Question 14

Effective on November 26, 2014, R Merger Sub LLC, a wholly owned subsidiary of Kinder Morgan, Inc. (“KMI”) (FEIN: 80-0682103), merged with and into Kinder Morgan Management, LLC (“KMR”) (FEIN: 76-0669886) with KMR surviving the merger (“KMR Merger”). (See Statements 2-A, 2-B, and 2-C).

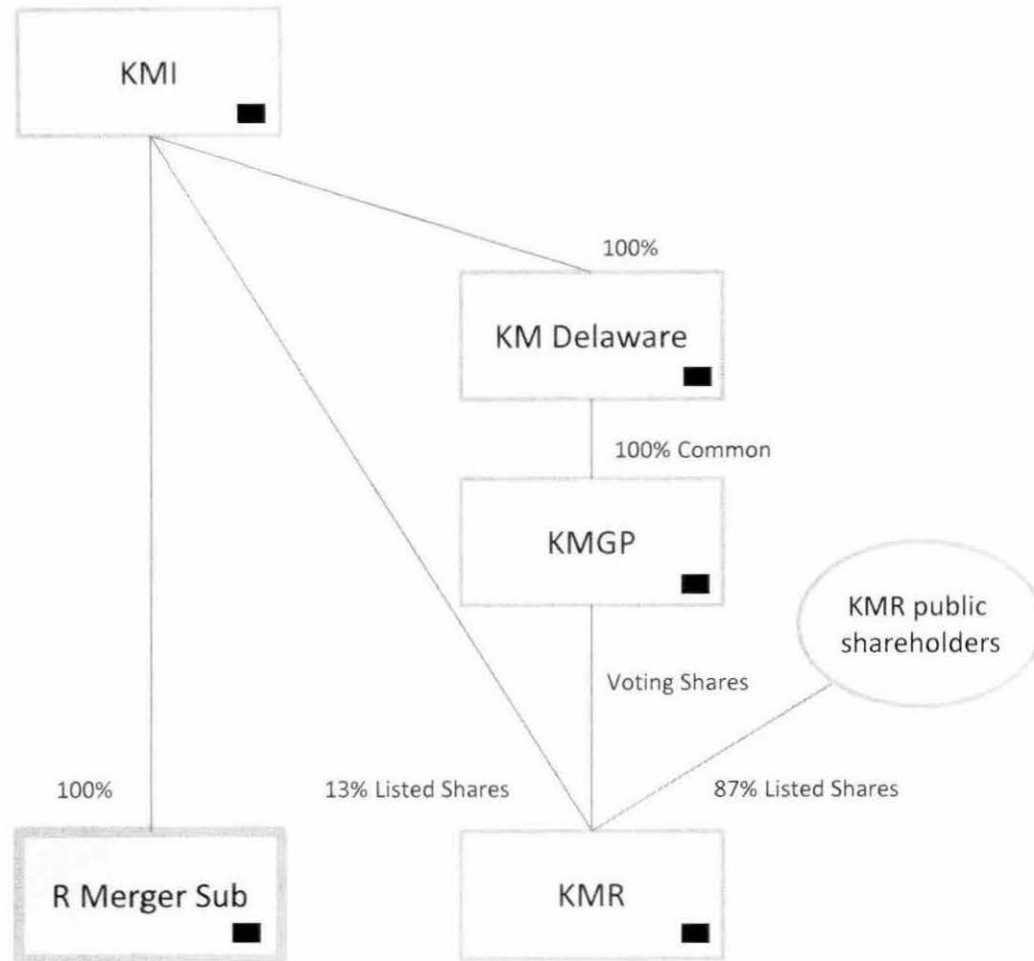
At the effective time of the KMR merger, each KMR Listed Share issued and outstanding (excluding KMR listed shares owned by KMI or its subsidiaries) was converted into the right to receive 2.4849 shares of KMI common stock.

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

Note: Ownership structure is simplified for each series of transactions for purposes of illustration

I. KMI Acquisition of KMR

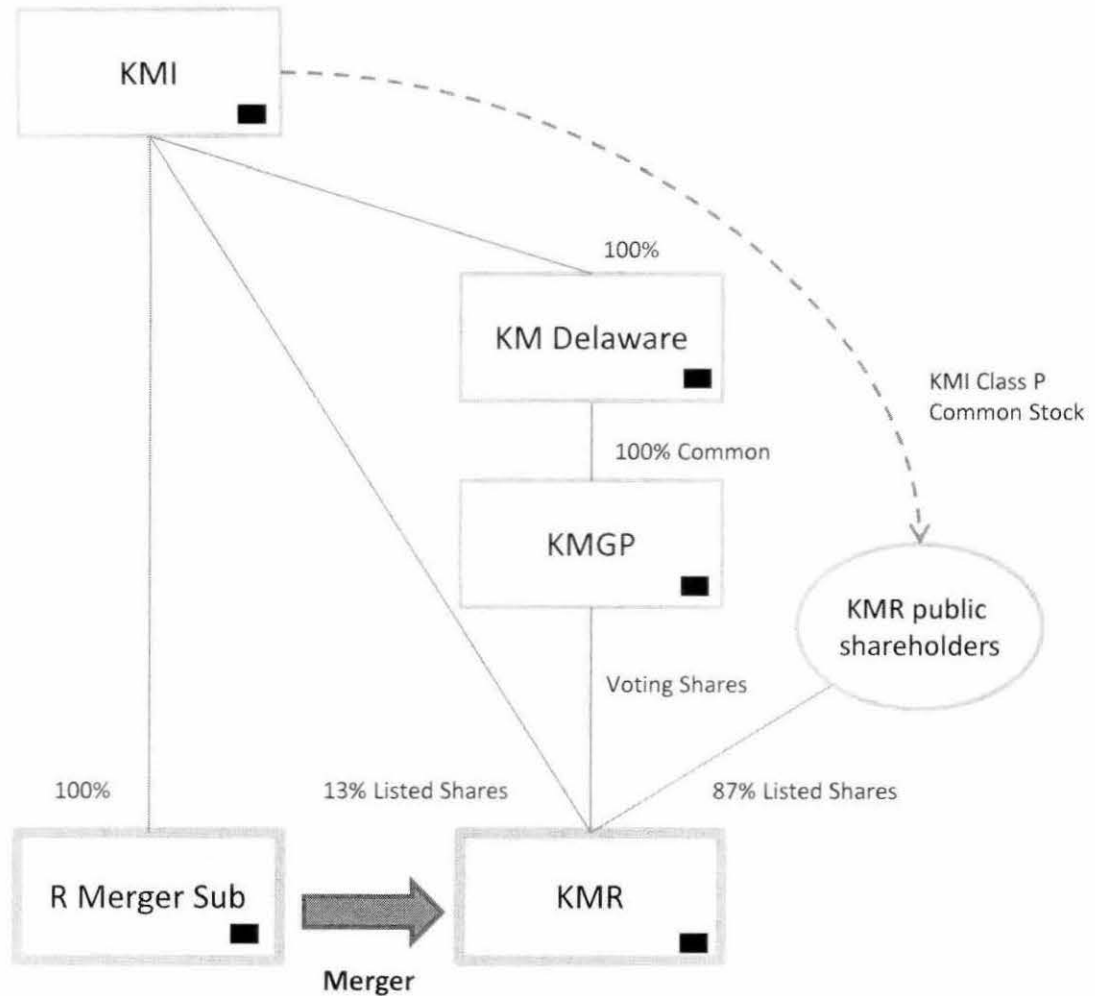
Step 1: Prior to the Closing Date, KMI forms R Merger Sub and checks the box to treat R Merger Sub as a corporation for federal income tax purposes.



I. KMI Acquisition of KMR

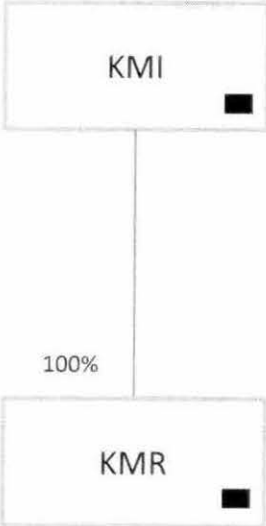
Step 2: R Merger Sub merges with and into KMR with KMR surviving the merger (referred to as the “**KMR Merger**”).

In the KMR Merger each Listed Share not owned by KMI or its subsidiaries and each Voting Share owned by KMGP will be converted into the right to receive KMI Class P Common Stock.



I. KMI Acquisition of KMR

Result after Step 2



Kinder Morgan Management, LLC

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Merger of Kinder Morgan Management LLC and Kinder Morgan, Inc.

Part II – Question 16

The tax basis conversion calculation is 1:2.4849 ratio.

The consideration to be paid each holder is based on the valuation set forth in the KMR Proxy Statement/Prospectus dated October 22, 2014.

A U.S. holder will have an aggregate adjusted tax basis in the shares of KMI common stock received in the KMR merger, including any fractional share of KMI common stock for which cash is received, equal to the aggregate adjusted tax basis of the KMR shares surrendered by that holder in the KMR merger.

Kinder Morgan Management, LLC

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Part II – Question 18

A U.S. holder will not recognize any gain or loss as a result of the receipt of shares of KMI common stock in the KMR merger except for any gain or loss recognized with respect to cash received in lieu of a fractional share of KMI common stock. The receipt of cash (if any) in lieu of a fractional share of KMI common stock will be treated as having received the fractional share of KMI common stock pursuant to the transaction and then as having sold that fractional share of KMI common stock for cash. A U.S. holder will recognize gain or loss on any cash received in lieu of a fractional share of KMI common stock equal to the difference between the amount of cash received in lieu of the fractional share and the portion of the U.S. holder's adjusted tax basis of the KMR shares surrendered that is allocable to the fractional share of KMI common stock. Such gain or loss generally will be long-term capital gain or loss if the holding period in the KMR shares is more than twelve months as of the closing date of the KMR merger.

A U.S. holder's holding period for the shares of KMI common stock received in the KMR merger will include the U.S. holder's holding period for the KMR shares surrendered therefor.