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

F O R M 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2014**

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 **1-16459**

KINDER MORGAN MANAGEMENT, LLC

(Exact name of registrant as specified in its charter)

Delaware	**76-0669886**
(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 Website, 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. Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) 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 ☑

The number of shares outstanding for each of the registrant’s classes of common equity, as of April 28, 2014 was four voting shares and 127,637,088 listed shares.

KINDER MORGAN MANAGEMENT, LLC AND SUBSIDIARY
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KINDER MORGAN MANAGEMENT, LLC AND SUBSIDIARY

Company Abbreviations

Copano	=	Copano Energy, L.L.C.	KMI	=	Kinder Morgan, Inc. and its majority-owned and controlled subsidiaries
EPNG	=	El Paso Natural Gas Company, L.L.C.	KMP	=	Kinder Morgan Energy Partners, L.P. and its majority-owned and controlled subsidiaries
KMGP	=	Kinder Morgan G.P., Inc.	TGP	=	Tennessee Gas Pipeline Company, L.L.C.

Unless the context otherwise requires, references to “we,” “us,” “our” or “KMR” are intended to mean Kinder Morgan Management, LLC, and its consolidated subsidiary, Kinder Morgan Services LLC.

Common Industry and Other Terms

ASU	=	Accounting Standard Update	GAAP	=	United States Generally Accepted Accounting Principles
CO_2	=	carbon dioxide	LLC	=	limited liability company
FASB	=	Financial Accounting Standards Board	SEC	=	United States Securities and Exchange Commission
FTC	=	Federal Trade Commission			

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, statements expressed or implied concerning future actions, conditions or events, future operating results or the ability to generate sales, income or cash flow, or to pay dividends or to make distributions 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 our operations and those of KMP may differ materially from those expressed in these forward-looking statements. Please see "Information Regarding Forward-Looking Statements" for KMP included in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2014. 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, 2013 (2013 Form 10-K) for a more detailed description of factors that may affect the forward-looking statements. When considering forward-looking statements, one should keep in mind the risk factors described in our 2013 Form 10-K and the KMP Annual Report on Form 10-K for the year ended December 31, 2013 (KMP 2013 Form 10-K.) The 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 MANAGEMENT, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In millions except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Equity in earnings of Kinder Morgan Energy Partners, L.P.	$ 83	$ 110
Income tax expense	32	41
Net income	$ 51	$ 69
Earnings per share		
Basic and diluted	$ 0.40	$ 0.59
Number of shares used in computing earnings per share		
Basic and diluted	127	116

KINDER MORGAN MANAGEMENT, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net income	$ 51	$ 69
Other comprehensive (loss) income, net of tax		
Change in fair value of derivatives utilized for hedging purposes (net of tax benefit of $3 and $2, respectively)	(6)	(4)
Reclassification of change in fair value of derivatives to net income (net of tax (expense) benefit of $(1), and $-, respectively)	2	(1)
Foreign currency translation adjustments (net of tax benefit of $5 and $2, respectively)	(9)	(5)
Total other comprehensive loss	(13)	(10)
Comprehensive income	$ 38	$ 59

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

KINDER MORGAN MANAGEMENT, LLC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In millions except shares)

	March 31, 2014	December 31, 2013
	(Unaudited)	
ASSETS		
Current assets		
Accounts receivable – affiliated party	$ 14	$ 10
Other current assets	1	1
Total current assets	15	11
Investment in Kinder Morgan Energy Partners, L.P.	4,150	4,081
Total Assets	$ 4,165	$ 4,092
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 3	$ 3
Other current liabilities	12	8
Total current liabilities	15	11
Deferred income taxes	98	73
Total Liabilities	113	84
Shareholders' Equity		
Voting shares – unlimited authorized; 4 voting shares issued and outstanding	—	—
Listed shares – unlimited authorized; 127,637,088 and 125,323,730 listed shares issued and outstanding, respectively	6,288	6,113
Retained deficit	(2,226)	(2,108)
Accumulated other comprehensive (loss) income	(10)	3
Total Shareholders' Equity	4,052	4,008
Total Liabilities and Shareholders' Equity	$ 4,165	$ 4,092

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

KINDER MORGAN MANAGEMENT, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2014	**2013**
Cash Flows From Operating Activities		
Net income	$ 51	$ 69
Adjustments to reconcile net income to net cash flows from operating activities		
Deferred income taxes	32	41
Equity in earnings of Kinder Morgan Energy Partners, L.P.	(83)	(110)
Changes in components of working capital		
Accounts receivable – affiliated party	(4)	(3)
Other current assets	—	(1)
Accounts payable	—	(1)
Other current liabilities	4	5
Net Cash Provided by Operating Activities	—	—
Cash Flows From Investing Activities		
Purchase of i-units of Kinder Morgan Energy Partners, L.P.	(6)	—
Net Cash Used in Investing Activities	(6)	—
Cash Flows From Financing Activities		
Shares issued	6	—
Net Cash Provided by Financing Activities	6	—
Net Increase in Cash and Cash Equivalents	—	—
Cash and Cash Equivalents, beginning of period	—	—
Cash and Cash Equivalents, end of period	$ —	$ —

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

KINDER MORGAN MANAGEMENT, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions, except share data)
(Unaudited)

	Three Months Ended			
	March 31, 2014		March 31, 2013	
	Shares	Amount	Shares	Amount
Voting Shares				
Beginning Balance	4	$ —	3	$ —
Share distributions	—	—	1	—
Ending Balance	4	—	4	—
Listed Shares				
Beginning Balance	125,323,730	6,113	115,118,335	5,201
Share distributions	2,237,258	169	1,804,595	148
Share issuances	76,100	6	—	—
Tax impact of KMI drop-down to KMP (Note 3)	—	—	—	26
Ending Balance	127,637,088	6,288	116,922,930	5,375
Retained Deficit				
Beginning Balance		(2,108)		(1,755)
Net income		51		69
Share distributions		(169)		(148)
Ending Balance		(2,226)		(1,834)
Accumulated Other Comprehensive (Loss) Income (net of tax)				
Beginning Balance		3		18
Changes in accumulated other comprehensive (loss) income		(13)		(10)
Ending Balance		(10)		8
Total Shareholders' Equity	127,637,092	$ 4,052	116,922,934	$ 3,549

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

KINDER MORGAN MANAGEMENT, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. General

Organization

Kinder Morgan Management, LLC is a publicly traded Delaware LLC that was formed on February 14, 2001. KMGP, which is indirectly wholly owned by KMI, is the general partner of KMP and owns all of our voting shares. KMGP, pursuant to a delegation of control agreement among us, KMGP and KMP, has delegated to us, to the fullest extent permitted under Delaware law and KMP's limited partnership agreement, all of its rights and powers to manage and control the business and affairs of KMP, subject to KMGP's right to approve specified actions. We are a limited partner in KMP through our ownership of its i-units, and manage and control its business and affairs pursuant to the delegation of control agreement. Our success is dependent upon our operation and management of KMP and its resulting performance. See Note 5 for summarized income statement information for KMP.

We have prepared our accompanying unaudited consolidated financial statements under the rules and regulations of the SEC. These rules and regulations conform to the accounting principles contained in the FASB's Accounting Standards Codification. Under such rules and regulations, all significant intercompany items have been eliminated in consolidation. Additionally, we have condensed or omitted certain information and notes normally included in financial statements prepared in conformity with the codification. We believe, however, that our disclosures are adequate to make the information presented not misleading.

Our accompanying unaudited consolidated financial statements reflect normal adjustments, and also recurring adjustments that are, in the opinion of management, necessary for a fair statement of our financial results for the interim periods, 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 interim consolidated financial statements in conjunction with our consolidated financial statements and related notes included in our 2013 Form 10-K. For additional information, see the KMP 2013 Form 10-K and KMP's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

Significant KMP Transactions

On May 1, 2013, KMP completed the acquisition of Copano, for a total purchase price of approximately $5.2 billion, including the assumption of debt and all other liabilities. It was a 100% unit for unit transaction with an exchange ratio of 0.4563 KMP common units for each Copano common unit. Copano, a midstream natural gas company with operations primarily in Texas, Oklahoma and Wyoming, provides comprehensive services to natural gas producers, including natural gas gathering, processing, treating and natural gas liquids fractionation.

Effective March 1, 2013, KMP acquired from KMI the remaining 50% ownership interest it did not already own in both EPNG and the El Paso midstream assets or Kinder Morgan Altamont LLC (formerly, El Paso Midstream Investment Company, L.L.C.), which we refer to in this report as the midstream assets, for an aggregate consideration of approximately $1.7 billion (including KMP's proportional share of assumed debt borrowings as of March 1, 2013). In this report, we refer to this acquisition of assets by KMP from KMI as the March 2013 drop-down transaction and the combined group of assets acquired by KMP from KMI as the March 2013 drop-down asset group. KMP acquired its initial 50% ownership interest in the midstream assets from an investment vehicle affiliated with Kohlberg Kravis Roberts and Co. L.P. effective June 1, 2012.

KMI acquired all of the assets included in the drop-down asset group as part of its May 25, 2012 acquisition of El Paso Corporation. KMI accounted for its acquisition of the drop-down asset group under the acquisition method of accounting, and KMP accounted for the drop-down transaction as a combination of entities under common control. Accordingly, the KMP information in Note 5 has been prepared to reflect the transfer of EPNG and the remaining 50% of ownership interests in the midstream assets from KMI to KMP as if such transfers had taken place on the date when EPNG and the midstream assets met the accounting requirements for entities under common control-May 25, 2012 for EPNG and June 1, 2012 for the midstream assets. Specifically, KMP (i) consolidates its now 100% investments in the drop-down asset group as of the effective dates of common control, recognizing the acquired assets and assumed liabilities at KMI's carrying value (including all of KMI's purchase accounting adjustments); (ii) recognized any difference between its purchase price and the carrying value of the net assets it acquired as an adjustment to its Partners' Capital (specifically, as an adjustment to its general partner's and its noncontrolling interests' capital interests); and (iii) retrospectively adjusted its consolidated financial statements, for any date after the effective dates of common control.

Additionally, because KMI both controls KMP and consolidates KMP's financial statements into its consolidated financial statements as a result of its ownership of KMP's general partner, KMP fully allocated to its general partner (i) the earnings of the drop-down asset group for the periods beginning on the effective dates of common control (described above) and ending March 1, 2013 and (ii) incremental severance expense related to KMI's acquisition of El Paso Corporation and allocated to KMP from KMI. These amounts are reported in "General Partner's interest in pre-acquisition income from operations and severance expense of March 2013 drop-down asset group" in Note 5. The severance expense allocated to KMP was associated with the drop-down asset group; however, KMP does not have any obligation to, nor did KMP pay any amounts related to this expense.

For all periods beginning after the acquisition date of March 1, 2013, KMP allocated its earnings (including the earnings from the drop-down asset group) to all of its partners according to its partnership agreements.

Accounting for Investments in KMP

We use the equity method of accounting for our investment in KMP, a publicly traded limited partnership, with its common units traded on the New York Stock Exchange under the symbol "KMP." We record, in the period in which it is earned, our share of the earnings of KMP attributable to the i-units we own. We receive distributions from KMP in the form of additional i-units, which increase the number of i-units we own. We issue additional shares (or fractions thereof) to our existing shareholders in an amount equal to the additional i-units received from KMP. At March 31, 2014, through our ownership of KMP i-units, we owned approximately 28.1% of all of KMP's outstanding limited partner interests.

2. Earnings per Share

Both basic and diluted earnings per share are computed based on the weighted-average number of shares outstanding during each period, adjusted for share splits. There are no securities outstanding that may be converted into or exercised for shares.

3. Capitalization

As discussed above in Note 1, KMI completed the March 2013 drop-down transaction with KMP during the first quarter of 2013. This transaction was treated as an intercompany transfer of assets between KMI (an affiliate and shareholder of us) and KMP. Our and KMI's accounting policy is to apply the look-through method of recording deferred taxes on the outside book tax basis difference in its investments without regard to non-deductible goodwill. The adjustment to our deferred tax liability as a result of the intercompany transaction (including the associated transfer of non-deductible goodwill to KMP) is reflected as an offset to our shareholders' equity. As a result of this transaction, we recorded a decrease to our deferred tax liability and offsetting increase to our shareholders equity in the amount of $26 million.

On May 4, 2012, we entered into an equity distribution agreement with Credit Suisse Securities (USA) LLC (Credit Suisse). Pursuant to the provisions of the equity distribution agreement, we may sell from time to time through Credit Suisse, as our sales agent, our shares having an aggregate offering amount of up to $500 million. During the three months ended March 31, 2014, we issued 76,100 of our shares pursuant to our equity distribution agreement with Credit Suisse. We received net proceeds of $6 million from the issuance of these shares and we used the proceeds to purchase additional KMP i-units.

Sales of shares pursuant to our equity distribution agreement are made by means of ordinary brokers' transactions on the New York Stock Exchange at market prices, in block transactions or as otherwise agreed between us and Credit Suisse. Under the terms of this agreement, we also may sell shares to Credit Suisse as principal for its own account at a price agreed upon at the time of the sale. Any sale of shares to Credit Suisse as principal would be pursuant to the terms of a separate agreement between us and Credit Suisse.

Our equity distribution agreement provides us the right, but not the obligation, to sell shares in the future, at prices we deem appropriate. We retain at all times complete control over the amount and the timing of each sale, and we will designate the maximum number of shares to be sold through Credit Suisse, on a daily basis or otherwise as we and Credit Suisse agree. Credit Suisse will then use its reasonable efforts to sell, as our sales agent and on our behalf, all of the designated shares. We may instruct Credit Suisse not to sell shares if the sales cannot be effected at or above the price designated by us in any such instruction. Either we or Credit Suisse may suspend the offering of shares pursuant to the agreement by notifying the other party.

Share Distributions

Under the terms of our LLC agreement, except in connection with our liquidation, we do not pay distributions on our shares in cash but instead make distributions on our shares in additional shares or fractions of shares. At the same time KMP makes a distribution on its common units and i-units, we distribute on each of our shares that fraction of a share determined by dividing the amount of the cash distribution to be made by KMP on each common unit by the average closing market price of a share determined for the ten-trading day period ending on the trading day immediately prior to the ex-dividend date for our shares. The following table presents share distributions we have paid or declared in the three months ended March 31, 2014 and 2013.

	Three Months Ended March 31,	
	2014	2013
Equivalent distribution value per share declared for the period(a)	$ 1.38	$ 1.30
Total number of additional shares declared for the period(b)	2,386,814	1,726,952
Equivalent distribution value per share paid in the period(a)	$ 1.36	$ 1.29
Total number of additional share distributions paid in the period(b)	2,237,258	1,804,596

(a) This is the cash distribution for each KMP common unit declared for the period or paid in the period, as applicable, indicated and is used to calculate our distribution of shares as discussed above. Because of this calculation, the market value of the shares distributed on the date of distribution may be less or more than the cash distribution per common unit of KMP.

(b) Three months ended March 31, 2014 includes a share distribution declared on April 16, 2014, payable on May 15, 2014 to shareholders of record as of April 30, 2014. This share distribution of 0.018700 shares per outstanding share (2,386,814 total shares) was determined by dividing $1.38, the cash amount to be distributed per KMP common unit by $73.796, the average of our shares' closing market prices from April 11-25, 2014, the ten consecutive trading days preceding the date on which our shares began to trade ex-dividend under the rules of the New York Stock Exchange.

4. Business Activities and Related Party Transactions

We do not receive a fee for our services under the delegation of control agreement, nor do we receive any margin or profit when we are reimbursed for expenses incurred. We incurred, on behalf of KMP, approximately $94 million and $82 million of expenses during the three months ended March 31, 2014 and 2013, respectively. The expense reimbursements by KMP to us are accounted for as a reduction to the expense incurred by us. At March 31, 2014 and December 31, 2013, $14 million and $10 million, respectively, primarily receivables from KMP, are recorded in the caption "Accounts receivable – affiliated party" in the accompanying interim consolidated balance sheets.

One of our affiliates provides, and incurs expense with respect to, payroll and related services to KMP. These expenses are reimbursed by KMP at cost. These expenses totaled approximately $125 million and $122 million during the three months ended March 31, 2014 and 2013, respectively.

5. Summarized Income Statement Information for KMP

Following is summarized income statement information for KMP (in millions).

	Three Months Ended March 31,	
	2014	2013
Revenues	$ 3,652	$ 2,661
Operating costs, expenses and other	2,719	1,877
Operating income	$ 933	$ 784
Net income(a)	$ 754	$ 792
Net income attributable to KMP	746	783
General Partner’s interest in pre-acquisition income from operations and severance expense of March 2013 drop-down asset group	(5)	17
Remaining General Partner’s interest in income from continuing operations	452	402
Limited Partners’ interest in net income	299	364

(a) The three month 2013 amount includes (i) an increase of $62 million attributable to KMP’s drop-down asset group for periods prior to its acquisition date of March 1, 2013 and (ii) a $141 million after-tax gain from the sale of KMP’s equity and debt investments in the Express pipeline system.

Notwithstanding the consolidation of KMP and its subsidiaries into KMI’s financial statements, except as explicitly disclosed, KMI is not liable for, and its assets are not available to satisfy, the obligations of KMP and/or its subsidiaries and vice versa. Responsibility for settlements of obligations reflected in KMI’s or KMP’s financial statements are a legal determination based on the entity that incurs the liability.

6. Income Taxes

We are an LLC that has elected to be treated as a corporation for federal income tax purposes. Our income taxes consist solely of deferred income tax. Deferred income tax assets and liabilities are recognized for temporary differences between the basis of our assets and liabilities for financial and tax reporting purposes. We have excluded non-deductible goodwill associated with our investment in KMP. Currently, our only such temporary difference results from our investment in KMP. Changes in tax legislation are included in the relevant computations in the period in which such changes are effective.

Income taxes included in our interim consolidated statements of income are as follows (in millions, except percentages):

	Three Months Ended March 31,	
	2014	2013
Income tax expense	$ 32	$ 41
Effective tax rate	38.6%	37.3%

For the three months ended March 31, 2014 and 2013, our effective tax rate was higher than the statutory federal rate of 35% primarily due to a decrease in our share of non-deductible goodwill associated with our investment in KMP and state income taxes.

7. Legal Proceedings

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 KMR 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, case number 37-2007-00073033-CU-OR-CTL. On September 26, 2007, we removed the case to the U.S. District Court, Southern District of California, case number 07CV1883WCAB. The City disclosed in discovery that it is 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 their 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 of this case to the U.S. Court of Appeals for the Ninth Circuit. The appeal is currently pending.

This site has been, and currently is, under the regulatory oversight and order of the California Regional Water Quality Control Board (RWQCB). SFPP continues to conduct an extensive remediation effort at the City's stadium property site.

On May 7, 2013, the City of San Diego filed a writ of mandamus to the California Superior Court seeking an order from the Court setting aside the RWQCB's approval of our permit request to increase the discharge of water from our groundwater treatment system to the City of San Diego's municipal storm sewer system. KMP is coordinating with the RWQCB to oppose the City's writ.

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

General

We are a publicly traded Delaware LLC, formed on February 14, 2001, that has elected to be treated as a corporation for federal income tax purposes. Our voting shares are owned by KMGP, of which KMI owns all the outstanding common equity. KMGP is the general partner of KMP.

Business

KMGP has delegated to us, to the fullest extent permitted under Delaware law and KMP's limited partnership agreement, all of its rights and powers to manage and control the business and affairs of KMP, subject to KMGP's right to approve specified actions.

See Note 1 to our consolidated financial statements included elsewhere in this report regarding the drop-down of assets from KMI to KMP.

Financial Condition

As indicated by the accompanying interim consolidated balance sheets, there has been no material change in our financial condition during the current quarter.

Results of Operations

Our results of operations consist of the offsetting expenses and receipts associated with our managing and controlling the business and affairs of KMP and our equity in the earnings of KMP attributable to the i-units we own. At March 31, 2014, through our ownership of i-units, we owned approximately 28.1% of all of KMP's outstanding limited partner interests. We use the equity method of accounting for our investment in KMP and record earnings as described below. Our percentage ownership in KMP changes over time upon the distribution of additional i-units to us or upon issuances of additional common units or other equity securities by KMP.

Our earnings, as reported in the accompanying interim consolidated statements of income, represent equity in earnings of KMP attributable to the i-units we own, reduced by a deferred income tax provision. The deferred income tax provision is calculated based on the book/tax basis difference created by our recognition, under GAAP, of our share of the earnings of KMP. Our earnings per share (both basic and diluted) is our net income divided by our weighted-average number of outstanding shares during each period presented. There are no securities outstanding that may be converted into or exercised for our shares.

Following is summarized income statement information and segment earnings contribution by business segment for KMP. This information should be read in conjunction with the KMP 2013 Form 10-K, and the KMP Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

KMP

	Three Months Ended March 31,	
	2014	2013
	(In millions)	
Segment earnings before depreciation, depletion, amortization expense and amortization of excess cost of equity investments(a)		
Natural Gas Pipelines(b)	$ 719	$ 557
CO_2	363	342
Products Pipelines	208	185
Terminals	214	186
Kinder Morgan Canada(c)	48	193
Total segment earnings before depreciation, depletion, amortization expense and amortization of excess cost of equity investments	1,552	1,463
Depreciation, depletion and amortization	(401)	(328)
Amortization of excess cost of equity investments	(3)	(2)
General and administrative expense	(153)	(134)
Interest expense, net of unallocable interest income	(239)	(202)
Unallocable income tax expense	(2)	(3)
Income from continuing operations	754	794
Loss from discontinued operations	—	(2)
Net income	754	792
Net income attributable to noncontrolling interests	(8)	(9)
Net income attributable to KMP	$ 746	$ 783
General Partner's interest in pre-acquisition income from operations and severance expense of March 2013 drop-down asset group	$ (5)	$ 17
Remaining General Partner's interest in income from continuing operations	452	402
Limited Partners' interest in net income	299	364

(a) Includes revenues, earnings from equity investments, allocable interest income and other, net, less operating expenses, allocable income taxes and other income, net. Operating expenses include natural gas purchases and other costs of sales, operations and maintenance expenses, and taxes, other than income taxes.

(b) 2013 amount includes an increase of $62 million attributable to KMP's drop-down asset group for periods prior to its acquisition date of March 1, 2013.
(c) 2013 amount includes a $141 million, net of tax, gain from the sale of KMP's equity and debt investments in the Express pipeline system.

For the three months ended March 31, 2014 and 2013, KMP reported limited partners' interest in net income of $299 million and $364 million. We reported net income for the three months ended March 31, 2014 and 2013 of $51 million and $69 million, respectively.

Our net income for the three months ended March 31, 2013 includes an increase of $27 million, net of tax, which relates to our share of KMP's $141 million, net of tax, gain from the sale of its equity and debt investments in the Express pipeline system.

Liquidity and Capital Resources

Our authorized capital structure consists of two classes of interests: (1) our listed shares and (2) our voting shares, collectively referred to in this document as our "shares." Additional classes of interests may be approved by our board and holders of a majority of our shares, excluding shares held by KMI and its affiliates.

The number of our shares outstanding will at all times equal the number of i-units of KMP outstanding, all of which we own. Under the terms of our LLC agreement, except in connection with our liquidation, we do not pay cash distributions on our shares in cash but we make distributions on our shares in additional shares or fractions of shares. At the same time KMP makes a distribution on its common units and i-units, we distribute on each of our shares that fraction of a share determined by dividing the amount of the cash distribution to be made by KMP on each common unit by the average closing market price of a share determined for a ten-trading day period ending on the trading day immediately prior to the ex-dividend date for our shares. See Note 3 of the accompanying notes to consolidated financial statements for further discussion of our share distribution activity.

We expect that our expenditures associated with managing and controlling the business and affairs of KMP and the reimbursement for these expenditures received by us from KMP will continue to be equal. As stated above, the distributions we expect to receive on the i-units we own will be in the form of additional i-units. Therefore, we expect neither to generate nor to require significant amounts of cash in ongoing operations. We currently have no debt and have no plans to incur any debt. Any cash received from the sale of additional shares will immediately be used to purchase additional i-units. Accordingly, we do not anticipate any other sources or needs for additional liquidity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The nature of our business and operations is such that no activities or transactions of the type requiring discussion under this item are conducted or entered into.

Item 4. Controls and Procedures.

As of March 31, 2014, 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 March 31, 2014 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 Note 7 “Legal Proceedings” to our consolidated financial statements.

Item 1A. Risk Factors.

There have been no material changes in or additions to the risk factors disclosed in Part I, Item 1A “Risk Factors” in our 2013 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.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

31.1	—	Certification by CEO 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 CFO 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 CEO 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 CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	—	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) our Consolidated Statements of Income for the three months ended March 31, 2014 and 2013; (ii) our Consolidated Statements of Comprehensive Income for the three months ended March 31, 2014 and 2013; (iii) our Consolidated Balance Sheets as of March 31, 2014 and December 31, 2013; (iv) our Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2013; (v) our Consolidated Statements of Shareholders Equity for the three months ended March 31, 2014 and 2013; and (vi) the notes to our Consolidated Financial Statements.

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.

By: **KINDER MORGAN MANAGEMENT, LLC,**
(registrant)

April 29, 2014

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

Exhibit 31.1

KINDER MORGAN MANAGEMENT, LLC
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, Richard D. Kinder, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kinder Morgan Management, LLC;
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: April 29, 2014

/s/ Richard D. Kinder

Richard D. Kinder
Chairman and Chief Executive Officer

Exhibit 31.2

KINDER MORGAN MANAGEMENT, LLC
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 Management, LLC;
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: April 29, 2014

/s/ Kimberly A. Dang

Kimberly A. Dang
Vice President and Chief Financial Officer

Exhibit 32.1

KINDER MORGAN MANAGEMENT, LLC
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 Management, LLC (the “Company”) for the quarterly period ending March 31, 2014, 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 Energy Partners, L.P. and will be retained by Kinder Morgan Management, LLC and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: April 29, 2014

/s/ Richard D. Kinder
Richard D. Kinder
Chairman and Chief Executive Officer

Exhibit 32.2

KINDER MORGAN MANAGEMENT, LLC
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 Management, LLC (the "Company") for the quarterly period ending March 31, 2014, 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 Energy Partners, L.P. and will be retained by Kinder Morgan Management, LLC and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: April 29, 2014

/s/ Kimberly A. Dang

Kimberly A. Dang
Vice President and Chief Financial Officer