KINDER MORGAN, INC.
Form 424B3
June 08, 2012

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Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Class P Common Stock, par value $0.01 per share	$2,008,440,000	$230,167.23

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-179812

PROSPECTUS SUPPLEMENT
(To Prospectus dated March 1, 2012)

63,000,000 Shares

Kinder Morgan, Inc.

Common Stock

The selling stockholders identified in this prospectus supplement are offering 63,000,000 shares of our Class P common stock, referred to as our "common stock." We are not selling any shares of common stock and will not receive any proceeds from this offering. Our common stock is listed on the New York Stock Exchange under the symbol "KMI." On June 5, 2012, the last reported sale price of our common stock on the New York Stock Exchange was $33.02 per share.

Upon completion of this offering, the investors we refer to as the Original Investors will continue to own all of our investor retained stock, which will be convertible into a fixed aggregate of 470,043,494 shares of our common stock, and will also own 63,991,337 shares of common stock, together representing 51.5% of our common stock on a fully-converted basis. Accordingly, following this offering, the Original Investors will continue to be able to exercise control over all matters requiring stockholder approval. See "Description of Our Capital Stock" in this prospectus supplement.

	Per Share	Total
Public offering price	$ 31.88	$ 2,008,440,000
Underwriting discount	$ 0.15	$ 9,450,000
Proceeds to the selling stockholders (before expenses)	$ 31.73	$ 1,998,990,000

Investing in our common stock involves risks. You should review carefully the risk factors identified in the documents incorporated by reference herein for a discussion of important risks you should consider before investing in our common stock. Also, please read the section entitled "Cautionary Statement Regarding Forward-Looking Statements" in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus to which it relates. Any representation to the contrary is a criminal offense.

The underwriter expects to deliver the shares of common stock against payment in New York, New York on June 11, 2012.

Barclays

June 6, 2012

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This document is in two parts. The first part is the prospectus supplement, which provides a brief description of our business and the specific terms of this offering of common stock. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. If the description of the offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

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

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. We urge you to read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus carefully, including the historical financial statements and notes to those financial statements, and the pro forma financial statements, incorporated by reference in this prospectus supplement and the accompanying prospectus. Please read "Risk Factors" and "Information Regarding Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended December 31, 2011 and our subsequently filed Exchange Act reports, and "Cautionary Statement Regarding Forward-Looking Statements" in this prospectus supplement, for more information about important risks that you should consider before investing in our common stock. As used in this prospectus supplement and the accompanying prospectus, the terms "we," "us" and "our" mean Kinder Morgan, Inc. and, unless the context otherwise indicates, include its consolidated subsidiaries.

Kinder Morgan, Inc.

Our Business

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

Effective on May 25, 2012, we completed the acquisition of all of the outstanding shares of El Paso Corporation, referred to as "El Paso." El Paso owns one of North America's largest interstate natural gas pipeline systems and an emerging midstream business. El Paso also owns a 43.5 percent limited partner interest and the 2 percent general partner interest in El Paso Pipeline Partners, L.P., referred to as "EPB." The combined enterprise, including the associated master limited partnerships, KMP and EPB, owns an interest in or operates more than 75,000 miles of pipeline and 180 terminals and represents the largest natural gas pipeline network in the United States, the largest independent transporter of petroleum products in the United States, the largest transporter of CO_2 in the United States, the second largest oil producer in Texas and the largest independent terminal owner/operator in the United States.

In connection with our acquisition of El Paso, we issued approximately 330.2 million shares of common stock and approximately 504.6 million warrants to purchase our common stock and paid approximately $11,550.6 million in cash to former El Paso stockholders and equity award holders. Each warrant entitles the holder to purchase one share of our common stock for an exercise price of $40, payable in cash or by cashless exercise, at any time until May 25, 2017. On May 23, 2012, we announced that our board of directors had approved a warrant repurchase program, authorizing us to repurchase in the aggregate up to $250 million of the warrants we issued in our acquisition of El Paso.

Incorporating the impact of the El Paso acquisition, we expect to declare dividends of at least $1.40 per share for 2012, and intend to recommend to our board of directors a dividend of $0.35 per share for the second quarter of 2012.

Background and Investors

KMP was formed in 1992, and its general partner was acquired by Richard D. Kinder and William V. Morgan in 1997. We were formed in 2006 in connection with a transaction we refer to as the "Going Private Transaction," and prior to our initial public offering in February 2011, were owned

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by individuals and entities we refer to collectively as the "Original Investors." The Original Investors are:

- Richard D. Kinder, our Chairman and Chief Executive Officer;

- investment funds advised by, or affiliated with, Goldman, Sachs & Co. (which funds we refer to as "Goldman Sachs"), Highstar Capital LP, The Carlyle Group and Riverstone Holdings LLC, which we refer to collectively as the "Sponsor Investors;"

- Fayez Sarofim, one of our directors, and investment entities affiliated with him, and an investment entity affiliated with Michael C. Morgan, another of our directors, and William V. Morgan, one of our founders, whom we refer to collectively as the "Original Stockholders;" and

- a number of other members of our management, whom we refer to collectively as "Other Management."

Our capital stock consists of common stock, Class A shares, Class B shares and Class C shares. The Class A shares, Class B shares and Class C shares are owned by the Original Investors and are collectively referred to as "investor retained stock." Following the completion of this offering, the remaining shares of our investor retained stock will be convertible into a fixed aggregate of 470,043,494 shares of our common stock, and we will have 1,036,977,011 shares of common stock outstanding following this offering on a fully-converted basis. In the aggregate, our investor retained stock is entitled to receive a dividend per share on a fully-converted basis equal to the dividend per share on our common stock. The conversion of shares of investor retained stock into shares of common stock does not increase our total fully-converted shares outstanding, or impact the aggregate dividends we pay or the dividends we pay per share on our common stock. As a result, the holders of our common stock are not diluted by the conversion of the investor retained stock into shares of our common stock.

Certain of the Sponsor Investors are the selling stockholders in this offering and will convert some of their investor retained stock into the common stock they sell.

The Class A shares represent capital contributed by the Original Investors at the time of the Going Private Transaction. The Class B shares and Class C shares represent incentive compensation that is held by members of management, including Mr. Kinder only in the case of the Class B shares. Holders of our common stock do not bear any of the direct economic cost of this incentive compensation arrangement and are not diluted as a result.

Offices

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

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The Offering

Common stock offered by the selling stockholders	63,000,000 shares.
Common stock to be outstanding immediately after this offering	566,933,517 shares.
Common stock into which outstanding shares of investor retained stock will be convertible immediately after this offering	470,043,494 shares.
Common stock to be outstanding immediately after this offering on a fully-converted basis	1,036,977,011 shares.
Use of Proceeds	We will not receive any of the proceeds from the sale of shares in this offering.
Price	$31.88 per share.
New York Stock Exchange symbol	KMI
Dividend policy	Our dividend policy provides that, subject to applicable law, we will pay quarterly cash dividends generally representing the cash we receive from our subsidiaries less any cash disbursements and reserves established by our board of directors, including for general and administrative expenses, interest and cash taxes. Our current quarterly dividend rate is $0.32 per share, or $1.28 per share on an annualized basis, based on the quarterly dividend paid by us on May 16, 2012 for the first quarter of 2012, but as noted above, we expect to declare dividends of at least $1.40 per share for 2012. We generally pay dividends on our common stock the business day after we receive quarterly distributions from KMP and EPB, which are paid within 45 days following each March 31, June 30, September 30 and December 31. We expect to declare and pay the first dividend payable on the common stock offered by this prospectus supplement in the third quarter of 2012. See "Price Range of Common Stock and Dividends" and "Dividend Policy" in this prospectus supplement.
Voting rights	Holders of common stock are entitled to one vote per share. As to the investor retained stock, holders of Class A shares are entitled to one vote per share, and holders of Class B shares and Class C shares are entitled to $^{1}/_{10}$th of a vote per share on the election of directors. Upon completion of this offering, the investor retained stock will represent approximately 45.8% of the voting power of all of our outstanding capital stock with respect to the election of directors and the Original Investors will own shares of common stock representing an additional approximately 6.1% of such voting power. See "Description of Our Capital Stock" in this prospectus supplement.

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Risk Factors	An investment in our common stock involves risks. Please read "Risk Factors" and "Information Regarding Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended December 31, 2011 and our subsequently filed Exchange Act reports, and "Cautionary Statement Regarding Forward-Looking Statements" in this prospectus supplement. Realization of any of those risks or adverse results from the listed matters could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Unless otherwise indicated, references in this prospectus supplement to the number of shares of common stock to be outstanding immediately after this offering exclude:

- 13,644,569 shares of common stock issuable in the future under our equity compensation plans, consisting of 13,400,229 and 244,340 shares of common stock reserved for issuance under our Stock Incentive Plan and Stock Compensation Plan for Non-Employee Directors, respectively, and

- a maximum of 504,598,998 shares of common stock issuable upon exercise of outstanding warrants that were issued to former El Paso stockholders in our acquisition of El Paso, as that number may be reduced by our open-market repurchases.

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USE OF PROCEEDS

All of the shares of common stock being sold in this offering are being sold by the selling stockholders. See "Selling Stockholders." We will not receive any of the proceeds from this offering.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock has been listed on the New York Stock Exchange since our initial public offering in February 2011 under the symbol "KMI." The following table sets forth the high and low sales prices of the common stock, as reported by the NYSE, and the amount of dividends declared on each share of common stock in respect of the periods indicated.

	Price Range		Cash
	High	Low	Dividends(1)
2012			
Second quarter (through June 5, 2012)	$ 40.25	$ 31.60	(2)
First quarter	39.25	31.76	$ 0.32
2011			
Fourth quarter	32.25	24.66	0.31
Third quarter	29.45	23.51	0.30
Second quarter	29.97	26.87	0.30
First quarter	32.14	29.50	0.14(3)

(1) Represents cash dividends attributable to the quarter. Cash dividends declared in respect of a calendar quarter are paid in the following calendar quarter.

(2) The cash dividend for this quarter has not yet been declared. We will declare and pay the first cash divided on each share of our common stock after this offering in the third quarter of 2012.

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

The last reported sale price of our common stock on the New York Stock Exchange on June 5, 2012 was $33.02 per share. As of June 5, 2012, there were approximately 4,600 stockholders of record of our common stock. This number does not include stockholders whose shares are held in street name by other entities. The actual number of stockholders is greater than the number of holders of record.

We expect to declare and pay the first dividend payable on the common stock offered by this prospectus supplement in the third quarter of 2012, and intend to recommend to our board of directors that such dividend be $0.35 per share. However, the actual amount of dividends will depend on many factors. See "Dividend Policy."

DIVIDEND POLICY

Our board of directors has adopted the dividend policy set forth in our shareholders agreement, which provides that, subject to applicable law, we will pay quarterly cash dividends on all classes of our capital stock equal to the cash we receive from our subsidiaries and other sources less any cash disbursements and reserves established by a majority vote of our board of directors, including for general and administrative expenses, interest and cash taxes. The division of our dividends among our classes of capital stock is in accordance with our charter. Our board of directors may declare dividends by a majority vote in accordance with our dividend policy pursuant to our bylaws. This policy reflects our judgment that our stockholders would be better served if we distributed to them a substantial

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portion of our cash. As a result, we may not retain a sufficient amount of cash to fund our operations or to finance unanticipated capital expenditures or growth opportunities, including acquisitions.

Dividends on our common stock are not cumulative. Dividends on our investor retained stock generally are paid at the same time as dividends on our common stock and are based on the aggregate number of shares of common stock into which our investor retained stock is convertible on the record date for the applicable dividend. The portion of our dividends payable on the three classes of our investor retained stock may vary among those classes, but the variations will not affect the dividends we pay on our common stock since the total number of shares of common stock into which our investor retained stock could convert in the aggregate was fixed on the closing of our initial public offering. Following the completion of this offering, our remaining Class A shares, Class B shares and Class C shares will be convertible into an aggregate of 470,043,494 shares of our common stock, which will represent 45.3% of our common stock on a fully-converted basis. See "Description of Our Capital Stock Classes of Common Stock Dividends" in this prospectus supplement.

Our board of directors may amend, revoke or suspend our dividend policy at any time and for any reason, which would require a supermajority board approval while the Sponsor Investors maintain prescribed ownership thresholds. During that time, supermajority approval would also be required to declare and pay any dividends that are not in accordance with our dividend policy. There is nothing in our dividend policy or our governing documents that prohibits us from borrowing to pay dividends. See "Description of Our Capital Stock Certain Other Provisions of Our Charter and Bylaws and Delaware Law Supermajority Board Approval" in this prospectus supplement. The actual amount of dividends to be paid on our capital stock will depend on many factors, including our financial condition and results of operations, liquidity requirements, market opportunities, our capital requirements, legal, regulatory and contractual constraints, tax laws and other factors. In particular, distributions received from KMP will continue to be the most significant source of our cash available to pay dividends, and our ability to pay and increase dividends to our stockholders is primarily dependent on distributions received from KMP.

Our 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. We pay our dividends after we receive quarterly distributions from KMP and EPB, which are paid within 45 days after the end of each quarter, generally on or about the 15th day of each February, May, August and November. Therefore, our dividend generally will be paid on or about the 16th day of each February, May, August and November. If the day after we receive KMP's and EPB's distributions is not a business day, we expect to pay our dividend on the business day immediately following.

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CAPITALIZATION

The following table sets forth our consolidated cash and capitalization as of March 31, 2012:

- on an actual basis,
- on an as adjusted basis after giving effect to our acquisition of El Paso, and
- on an as further adjusted basis after giving effect to the consummation of this offering.

You should read this table together with the other information in this prospectus supplement, including the historical and pro forma consolidated financial statements and notes to those financial statements, incorporated by reference in this prospectus supplement.

	March 31, 2012		
	Actual	As Adjusted	As Further Adjusted
	(Unaudited) (Dollars in millions, except per share amounts)		
Cash and cash equivalents(1)	$ 494	$ 853	$ 853
Kinder Morgan, Inc. and its subsidiaries (excluding KMP, El Paso and their respective subsidiaries):			
Notes payable and current portion of long-term debt	$ 1,235	$ 1,610	$ 1,610
Long-term debt, excluding current portion(2)(3)	2,048	7,048	7,048
El Paso and its subsidiaries (including EPB and its subsidiaries):			
Notes payable and current portion of long-term debt		361	361
Long-term debt, excluding current portion(2)		13,139	13,139
KMP and its subsidiaries:			
Notes payable and current portion of long-term debt	891	891	891
Long-term debt, excluding current portion(2)	12,156	12,156	12,156
Total long-term debt, including current portion	16,330	35,205	35,205
Stockholders' equity:			
Common stock, $0.01 par value, 2,000,000,000 shares authorized; 170,922,605 shares issued and outstanding, actual; 501,077,281 shares issued and outstanding, as adjusted; 566,933,517 shares issued and outstanding, as further adjusted	2	5	6
Class A shares, $0.01 par value, 707,000,000 shares authorized; 535,972,387 shares issued and outstanding, actual and as adjusted; 470,043,494 shares issued and outstanding, as further adjusted	5	5	5
Class B shares, $0.01 par value, 100,000,000 shares authorized, 94,132,596 shares issued and outstanding, actual and as adjusted; 93,579,094 shares issued and outstanding as further adjusted	1	1	1
Class C shares, $0.01 par value, 2,462,927 shares authorized, 2,318,258 shares issued and outstanding, actual and as adjusted; 2,317,387 shares issued and outstanding as further adjusted			
Preferred stock, $0.01 par value, 10,000,000 shares authorized, none outstanding			
Additional paid-in capital	3,438	14,811	14,811
Retained earnings (deficit)	(202)	(375)	(375)
Accumulated other comprehensive loss	(128)	(128)	(128)
Total Kinder Morgan, Inc. stockholders' equity	3,116	14,319	14,320
Noncontrolling interests	5,006	8,803	8,803

Total capitalization	$	24,452	$	58,327	$	58,328

(1) Includes $491 million of cash and cash equivalents of KMP and its subsidiaries. Also includes $156 million of cash and cash equivalents of EPB and its subsidiaries, as adjusted and as further adjusted.

(2) Excluding fair value of interest rate swaps.

(3) Includes Kinder Morgan G.P., Inc.'s $100 million of Series A Fixed-to-Floating Rate Term Cumulative Preferred Stock due 2057.

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SELLING STOCKHOLDERS

The following table sets forth information known to us regarding the beneficial ownership of our common stock by the selling stockholders, both immediately prior to and after giving effect to this offering. Beneficial ownership is determined in accordance with the rules of the SEC. Based on information provided to us, except as indicated in the footnotes to this table, the selling stockholders have sole voting and investment power with respect to the shares indicated.

Selling Stockholder	Number of Shares Beneficially Owned Immediately Prior to Completion of this Offering(1)	Percentage of Total Shares Outstanding Beneficially Owned Before Completion of this Offering(2)	Number of Shares Being Offered	Number of Shares Beneficially Owned After Completion of this Offering(1)	Percentage of Total Shares Outstanding Beneficially Owned After Completion of this Offering(2)
The Goldman Sachs Group, Inc.(3)	134,826,138	13.0%	36,695,835	96,750,011	9.3%
Carlyle Group Management L.L.C.(4)	51,246,481	4.9	12,700,000	37,797,632	3.6
Investment funds associated with Carlyle/Riverstone Global Energy and Power Fund III, L.P.(5)	51,246,481	4.9	13,604,165	36,842,564	3.6

(1) Consists of the number of Class A shares owned by the selling stockholders, and assumes that such Class A shares are convertible into shares of our common stock on a one-for-one basis. The selling stockholders will convert some of their Class A shares into the shares of common stock they sell in this offering. As described in "Description of Our Capital Stock Classes of Common Stock General" and " Voluntary Conversion," the actual number of shares of our common stock into which such Class A shares will convert will grow smaller, to the extent the Class B shares and Class C shares convert into common stock, depending on the total value received with respect to our Class A shares, Class B shares and Class C shares. As a result of this offering, some of our Class C shares and Class B shares will automatically convert into common stock, effectively causing the Class A shares converted by the Selling Stockholders in connection with this offering to convert at less than a one-for-one basis.

(2) Immediately prior to the offering we had 1,037,049,668 shares of common stock, and immediately after the offering we will have 1,036,977,011 shares of common stock, issued and outstanding on a fully-converted basis. The decrease in the number of shares issued and outstanding on a fully-converted basis is due to our election to make distributions in cash in lieu of common stock that would otherwise be issuable as a result of the automatic conversion of Class B and Class C shares held in a plan for the benefit of certain of our Canadian employees. Percentage calculated by dividing the number in the column to the immediate left by such number of outstanding shares on a fully-converted basis. See "Description of Our Capital Stock Classes of Common Stock" for a description of the conversion provisions of our Class A, Class B and Class C shares.

(3) Immediately prior to completion of this offering, consists of 16,227,644 Class A shares owned by GS Capital Partners V Fund, L.P.; 8,382,523 Class A shares owned by GSCP V Offshore Knight Holdings, L.P., which is controlled by GS Capital Partners V Offshore Fund, L.P.; 5,564,682 Class A shares owned by GS Capital Partners V Institutional, L.P.; 643,371 Class A shares owned by GSCP V Germany Knight Holdings, L.P., which is controlled by GS Capital Partners V GmbH & Co. KG; 15,764,854 Class A shares owned by GS Capital Partners VI Fund, L.P., 13,112,651 Class A shares owned by GSCP VI Offshore Knight Holdings, L.P., which is controlled by GS Capital Partners VI Offshore Fund, L.P.; 4,335,066 Class A shares owned by GS Capital Partners VI Parallel, L.P.; 560,283 Class A shares owned by GSCP VI Germany Knight

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Holdings, L.P., which is controlled by GS Capital Partners VI GmbH & Co. KG; 6,784,786 Class A Shares owned by GS Global Infrastructure Partners I, L.P.; 724,828 Class A shares owned by GS Institutional Infrastructure Partners I, L.P.; 19,227,228 Class A shares owned by GS Infrastructure Knight Holdings, L.P., which is controlled by GS International Infrastructure Partners I, L.P.; 16,886,427 Class A shares owned by Goldman Sachs KMI Investors, L.P.; 23,245,978 Class A shares owned by GSCP KMI Investors, L.P.; 3,365,816 Class A shares owned by GSCP KMI Investors Offshore, L.P. (collectively the "GS Entities"). The Goldman Sachs Group, Inc. and certain affiliates, including Goldman, Sachs & Co., may be deemed to directly or indirectly own the 134,826,138 Class A shares which are owned directly or indirectly by the GS Entities, of which affiliates of The Goldman Sachs Group, Inc. and Goldman, Sachs & Co. are the general partner, limited partner or the managing partner. Goldman, Sachs & Co. is the investment manager for certain of the GS Entities. Goldman, Sachs & Co. is a direct and indirect wholly owned subsidiary of The Goldman Sachs Group, Inc. The Goldman Sachs Group, Inc., Goldman, Sachs & Co. and the GS Entities share voting power and investment power with certain of their respective affiliates. Our directors Henry Cornell and Kenneth Pontarelli are managing directors of Goldman, Sachs & Co. Each of Mr. Cornell, Mr. Pontarelli, The Goldman Sachs Group, Inc., Goldman, Sachs & Co. and the GS Entities disclaims beneficial ownership of the shares owned directly or indirectly by the GS Entities except to the extent of their pecuniary interest therein, if any. The address of the GS Entities, The Goldman Sachs Group, Inc., Goldman, Sachs & Co., Mr. Cornell and Mr. Pontarelli is 200 West Street, 28th Floor, New York, New York 10282.

(4)

Immediately prior to completion of this offering, consists of 46,933,698 Class A shares owned by Carlyle Partners IV Knight, L.P. and 4,312,782 Class A shares owned by CP IV Coinvestment, L.P. TC Group IV, L.P. is the general partner of Carlyle Partners IV Knight, L.P. and CP IV Coinvestment, L.P. TC Group IV, L.L.C is the general partner of TC Group IV, L.P. TC Group Cayman Investment Holdings Sub L.P. is the managing member of TC Group IV, L.L.C. TC Group Cayman Investment Holdings, L.P. is the general partner of TC Group Cayman Investment Holdings Sub L.P. Carlyle Holdings II L.P. is the general partner of TC Group Cayman Investment Holdings, L.P. Carlyle Holdings II GP L.L.C. is the general partner of Carlyle Holdings II L.P. The Carlyle Group L.P. is the managing member of Carlyle Holdings II GP L.L.C. Carlyle Group Management L.L.C. is the general partner of The Carlyle Group L.P. Carlyle Group Management L.L.C. is managed by its board of directors: William E. Conway, Jr., Daniel A. D'Aniello, David M. Rubenstein, Jay S. Fishman, Lawton W. Fitt, James H. Hance, Jr., Janet Hill, Edward J. Matthias, Dr. Thomas S. Robertson and William J. Shaw. In such capacity, these individuals may be deemed to share beneficial ownership of the Class A shares held of record by Carlyle Partners IV Knight, L.P. and CP IV Coinvestment, L.P. Such individuals expressly disclaim any such beneficial ownership. The business address of TC Group Cayman Investment Holdings, L.P. and TC Group Cayman Investment Holdings Sub L.P. is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands. The business address of each of the other Carlyle entities is c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004-2505.

(5)

Immediately prior to completion of this offering, consists of 7,442,137 Class A shares owned by C/R Energy III Knight Non-U.S. Partnership, L.P. (Knight Partnership), 25,623,240 Class A shares owned by C/R Knight Partners, L.P. (Knight Partners), 17,318,221 Class A shares owned by Carlyle/Riverstone Knight Investment Partnership, L.P. ("Knight Investment Partnership" and together with Knight Partnership and Knight Partners, the "Carlyle/Riverstone Funds"), 711,382 Class A shares owned by Riverstone Energy Coinvestment III, L.P. (Riverstone Coinvestment) and 151,500 Class A shares owned by Carlyle Energy Coinvestment III, L.P. (Carlyle Coinvestment). C/R Energy GP III, LLC exercises investment discretion and control over the shares held by each of Knight Partnership, Knight Partners and Knight Investment Partnership through their mutual general partner, Carlyle/Riverstone Energy Partners III, L.P., of which C/R Energy GP III, LLC is

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the sole general partner. Riverstone Coinvestment GP LLC, a subsidiary of Riverstone Holdings, LLC, exercises investment discretion and control over the shares held by Riverstone Coinvestment, subject to contractual commitments that Riverstone Coinvestment invest and divest side-by-side with the Carlyle/Riverstone Funds. Carlyle Energy Coinvestment III GP, L.L.C., a subsidiary of TCG Holdings, L.L.C., exercises investment discretion and control over the shares held by Carlyle Coinvestment, subject to contractual commitments that Carlyle Coinvestment invest and divest side-by-side with the Carlyle/Riverstone Funds. C/R Energy GP III, LLC is managed by a managing committee comprising Daniel A. D'Aniello, William E. Conway, Jr., David M. Rubenstein and Edward J. Mathias, as Carlyle designees, and Pierre F. Lapeyre, Jr., David M. Leuschen and Michael B. Hoffman, as Riverstone designees. Actions of the managing committee require consent of at least five members of the managing committee, including at least one Carlyle designee and one Riverstone designee. The members of the managing committee of C/R Energy GP III, LLC may be deemed to share beneficial ownership of the shares beneficially owned by C/R Energy GP III, LLC. Such individuals expressly disclaim any such beneficial ownership. The principal address and principal offices of the Carlyle/Riverstone Funds and Riverstone Coinvestment and certain affiliates is 712 Fifth Avenue, 51st Floor, New York, NY 10019. The principal address and principal offices of Carlyle Coinvestment, TCG Holdings, L.L.C. and certain affiliates is c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004-2505.

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DESCRIPTION OF OUR CAPITAL STOCK

The following information is a summary of the material terms of our certificate of incorporation and bylaws and the shareholders agreement between us and certain of our investors, all of which are on file with the SEC and incorporated herein by reference. This summary does not purport to be complete and may not contain all of the information about our certificate of incorporation and bylaws and the shareholders agreement that is important to you. We encourage you to read carefully our certificate of incorporation and bylaws and the shareholders agreement in their entirely. See "Where You Can Find More Information" in the accompanying prospectus for information on how to obtain copies of these documents.

General

Our authorized capital stock consists of:

- 2,000,000,000 shares of Class P common stock, $0.01 par value per share, which we refer to in this prospectus supplement as our "common stock," 501,077,281 of which were outstanding as of June 1, 2012;
- 707,000,000 shares of Class A convertible common stock, $0.01 par value per share, issued in nine series, which we refer to in this prospectus supplement as our "Class A shares," 535,972,387 of which were outstanding as of June 1, 2012, and none of the rest of which may be reissued;
- 100,000,000 shares of Class B convertible common stock, $0.01 par value per share, issued in nine series, which we refer to in this prospectus supplement as our "Class B shares," 94,132,596 of which were outstanding as of June 1, 2012, and none of the rest of which may be reissued;
- 2,462,927 shares of Class C convertible common stock, $0.01 par value per share, issued in nine series, which we refer to in this prospectus supplement as our "Class C shares," 2,318,258 of which were outstanding as of June 1, 2012, and none of the rest of which may be reissued; and
- 10,000,000 shares of preferred stock, $0.01 par value per share, none of which were outstanding as of June 1, 2012.

Classes of Common Stock

General

As of June 1, 2012, the Class A shares, the Class B shares and the Class C shares were convertible into a total of 535,972,387 shares of common stock, which represented 51.7% of our outstanding shares of common stock on a fully-converted basis (not including any shares of common stock issuable upon any exercises of warrants issued in our acquisition of El Paso). The number of shares of common stock into which the Class A shares, Class B shares and Class C shares will convert is determined in accordance with our certificate of incorporation. As described under " Voluntary Conversion Automatic Conversion of Class B Shares and Class C Shares," the relative portion of the total number of shares of common stock issuable upon conversion to the holders of the Class A shares, the Class B shares and the Class C shares, respectively, and the portion of our dividends to be received by the holders of the Class A shares, the Class B shares and the Class C shares, respectively, will depend on the total value that has been received by such holders in connection with dividends and conversions of such shares into shares of common stock. Because the aggregate amount of common stock into which the Class A shares, Class B shares and Class C shares can convert is fixed, however, neither conversions of any Class A shares, Class B shares or Class C shares into common stock, nor the portion of our distributions that may be received by the Class B shares or Class C shares rather than the Class A shares, will impact the per share distribution paid on our common stock or the aggregate distributions we pay to our stockholders. The conversion of Class B shares and Class C shares into shares of common stock will result in a corresponding decrease in the number of shares of common

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stock into which our Class A shares will be able to convert because the Class A shares, Class B shares and Class C shares are convertible into a fixed aggregate number of shares of our common stock.