SYNCHRONOSS TECHNOLOGIES INC
Form 4
January 08, 2008

FORM 4

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

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Waldis Stephen G

(Last) (First) (Middle)

750 ROUTE 202, SUITE 600

(Street)

BRIDGEWATER, NJ 08807

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SYNCHRONOSS TECHNOLOGIES INC [SNCR]

3. Date of Earliest Transaction (Month/Day/Year)
01/04/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/04/2008		S		100	D	$ 33.4	1,605,647	D	
Common Stock	01/04/2008		S		100	D	$ 33.46	1,605,547	D	
Common Stock	01/04/2008		S		100	D	$ 33.5	1,605,447	D	
Common Stock	01/04/2008		S		100	D	$ 33.6	1,605,347	D	
Common Stock	01/04/2008		S		100	D	$ 33.71	1,605,247	D	

Common Stock	01/04/2008	S	100	D	$ 33.76	1,605,147	D
Common Stock	01/04/2008	S	100	D	$ 33.79	1,605,047	D
Common Stock	01/04/2008	S	200	D	$ 33.8	1,604,847	D
Common Stock	01/04/2008	S	100	D	$ 33.82	1,604,747	D
Common Stock	01/04/2008	S	100	D	$ 33.83	1,604,647	D
Common Stock	01/04/2008	S	100	D	$ 33.87	1,604,547	D
Common Stock	01/04/2008	S	100	D	$ 33.91	1,604,447	D
Common Stock	01/04/2008	S	100	D	$ 33.92	1,604,347	D
Common Stock	01/04/2008	S	100	D	$ 34.01	1,604,247	D
Common Stock	01/04/2008	S	100	D	$ 34.04	1,604,147	D
Common Stock	01/04/2008	S	200	D	$ 34.05	1,603,947	D
Common Stock	01/04/2008	S	100	D	$ 34.07	1,603,847	D
Common Stock	01/04/2008	S	100	D	$ 34.08	1,603,747	D
Common Stock	01/04/2008	S	100	D	$ 34.13	1,603,647	D
Common Stock	01/04/2008	S	200	D	$ 34.16	1,603,447	D
Common Stock	01/04/2008	S	100	D	$ 34.17	1,603,347	D
Common Stock	01/04/2008	S	100	D	$ 34.24	1,603,247	D
Common Stock	01/04/2008	S	100	D	$ 34.26	1,603,147	D
Common Stock	01/04/2008	S	100	D	$ 34.29	1,603,047	D
Common Stock	01/04/2008	S	300	D	$ 34.32	1,602,747	D
	01/04/2008	S	100	D		1,602,647	D

Common Stock					$ 34.41		
Common Stock	01/04/2008	S	100	D	$ 34.43	1,602,547	D
Common Stock	01/04/2008	S	100	D	$ 34.47	1,602,447	D
Common Stock	01/04/2008	S	100	D	$ 34.48	1,602,347	D
Common Stock	01/04/2008	S	100	D	$ 34.5	1,602,247	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Waldis Stephen G 750 ROUTE 202 SUITE 600 BRIDGEWATER, NJ 08807	X		President and CEO	

Signatures

/s/ Stephen G. Waldis	01/08/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Remarks:

Form 4 Filing - continuation report. Related transactions effected by the Reporting Party on January 4, 2008 are reported on a

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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(In millions, except percentages)

Segment earnings (loss) before depreciation, depletion and amortization expense and amortization of excess cost of equity investments(a)

Natural Gas Pipelines

$

2,317

$

650

$

1,667

256

%

CO2–KMP

700

661

39

6
%
Products Pipelines–KMP
197

340

(143
)

(42
)%
Terminals–KMP
392

381

11

3
%
Kinder Morgan Canada–KMP
243

102

141

138
%
Other
(1
)

(3
)

2

67
%
Segment EBDA(f)

3,848

2,131

1,717

81
%
Depreciation, depletion and amortization expense
(854
)

(607
)

(247
)

(41
)%
Amortization of excess cost of equity investments
(18
)

(4
)

(14
)

(350
)%
Other revenues
18

18

—

—
%
General and administrative expense(g)
(323
)

(630
)

307

49
%
Unallocable interest expense, net of interest income and other, net(h)
(837
)

(480
)

(357
)

(74
)%
Income from continuing operations before income taxes
1,834

428

1,406

329
%
Unallocable income tax expense
(395
)

(86
)

(309
)

(359
)%
Income from continuing operations
1,439

342

1,097

321
 %
Loss from discontinued operations, net of tax(i)
(2
)

(658
)

656

100
 %
Net income (loss)
1,437

(316
)

1,753

555
 %
Net (income) loss attributable to noncontrolling interests
(868
)

211

(1,079
)

(511
)%
Net income (loss) attributable to Kinder Morgan, Inc.
$
569

$
(105
)

$

674

642
%

____

(a) Includes revenues, earnings from equity investments, allocable interest income and other, net, less operating expenses, allocable income taxes, and other expense (income). Operating expenses include natural gas purchases and other costs of sales, operations and maintenance expenses, and taxes other than income taxes. Segment earnings include KMP's allocable income tax expense of $17 million and $11 million for the three months ended June 30, 2013 and 2012, respectively, and $109 million and $19 million for the six months ended June 30, 2013 and 2012, respectively.

(b) 2013 and 2012 amounts include increases in earnings of $399 million and $19 million, respectively, related to the combined effect from all of the 2013 and 2012 certain items impacting EBDA and disclosed below in our management discussion and analysis of segment results.

(c) 2013 and 2012 amounts include increases in expense of $28 million and $383 million, respectively, related to the combined effect from the 2013 and 2012 certain items related to general and administrative expenses disclosed below in "- General and Administrative, Interest, and Noncontrolling Interests."

(d) 2013 and 2012 amounts include increases of $16 million and $11 million, respectively, related to the combined effect from the 2013 and 2012 certain items related to interest expense disclosed below in "—General and Administrative, Interest, and Noncontrolling Interests."

(e) Represents amounts primarily attributable to KMP's FTC Natural Gas Pipelines disposal group and other, net of tax. 2012 amount includes a $327 million non-cash loss from remeasurement of net assets to fair value.

(f) 2013 and 2012 amounts include increases in earnings of $521 million (net of tax expense of $84 million) and $13 million, respectively, related to the combined effect from all of the 2013 and 2012 certain items impacting EBDA and disclosed below in our management discussion and analysis of segment results.

(g) 2013 and 2012 amounts include increases in expense of $16 million and $403 million, respectively, related to the combined effect from the 2013 and 2012 certain items related to general and administrative expenses disclosed below in "- General and Administrative, Interest, and Noncontrolling Interests."

(h) 2013 and 2012 amounts include $23 million and $11 million increases, respectively, related to the combined effect from the 2013 and 2012 certain items related to interest expense disclosed below in "—General and Administrative, Interest, and Noncontrolling Interests."

(i) Represents amounts primarily attributable to KMP's FTC Natural Gas Pipelines disposal group. 2013 amount represents an incremental loss related to the sale of KMP's disposal group effective November 1, 2012. 2012 amount includes a $755 million non-cash loss from a remeasurement of net assets to fair value, net of tax, and $7 million of depreciation and amortization expense. The remaining 2012 amount ($57 million) represents KMP's FTC Natural Gas Pipelines disposal group's EBDA.

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Kinder Morgan, Inc. Form 10-Q

Our income from continuing operations before income taxes increased by $960 million (2,087%) from $46 million in the second quarter of 2012 to $1,006 million in the second quarter of 2013. However, this increase included a $730 million (pre-tax) increase in income from continuing operations before income taxes from the combined effect of the certain items referenced in footnotes (b), (c) and (d) in the above tables.

After adjusting for these items, the remaining $230 million (55%) increase in income from continuing operations before income taxes was primarily due to better performance in the second quarter of 2013 from the Natural Gas Pipelines (primarily due to a full quarter of contributions from the EP operations, including EPB), the CO2-KMP, Products Pipelines-KMP, and Terminals-KMP business segments. The quarterly increase was partially offset by a slight decrease in the Kinder Morgan Canada-KMP business segment.

Our income from continuing operations before income taxes increased by $1,496 million (335%) to $1,943 million in the first six months of 2013 as compared to $447 million in the same period in 2012. However, this increase included a $967 million (pre-tax) increase in income from continuing operations before income taxes from the combined effect of the certain items referenced in footnotes (f), (g) and (h) in the above tables.

After adjusting for these items, the remaining $529 million (62%) increase in income from continuing operations before income taxes was primarily due to better performance in the first half of 2013 from the Natural Gas Pipelines (primarily due to a full six months of contributions from the EP operations, including EPB), the CO2-KMP, Products Pipelines-KMP, and Terminals-KMP business segments.

Natural Gas Pipelines

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In millions, except operating statistics)			
Revenues(a)	$ 2,054	$ 1,000	$ 3,810	$ 1,794
Operating expenses(b)	(1,255)	(622)	(2,183)	(1,230)
Other expense(c)	(7)	—	(7)	—
Earnings from equity investments	70	46	142	89
Interest income and other, net(d)	562	3	559	3
Income tax expense	(3)	(4)	(4)	(6)
EBDA from continuing operations	1,421	423	2,317	650
Discontinued operations(e)	—	(279)	(2)	(650)
EBDA including discontinued operations	$ 1,421	$ 144	$ 2,315	$ —
Natural gas transportation volumes (Bcf)(f)	2,289.6	2,464.2	4,813.1	4,891.5
Natural gas sales volumes (Bcf)(g)	220.0	215.6	432.1	428.4

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(a) Three and six month 2013 amounts include a combined $1 million decrease in revenue related to derivative contracts used to hedge forecasted natural gas, natural gas liquids and crude oil sales.

(b) Six month 2013 amount includes $1 million increase in expense related to hurricane clean-up and repair activities. Three month 2013 amount includes $1 million decrease in expense related to severance adjustment. Three and six month 2013 amounts also include (i) a $2 million decrease in EBDA related to SNG's sales and use tax audit interest and penalties; and (ii) a $2 million decrease in EBDA related to SNG’s offshore assets hurricane repair costs.

(c)

Three and six month 2013 amounts represent $7 million loss related to assets sold, which had been revalued as part of the going-private transaction and recorded in the application of the purchase method of accounting.

(d) Three and six month 2013 amounts include (i) a $558 million gain from the remeasurement of KMP's previously held 50% equity interest in Eagle Ford to fair value, (ii) a $3 million and $6 million, respectively, decrease in EBDA related to the amortization of regulatory assets associated with SNG's sale of certain assets in November 2012;

(e) Represents EBDA attributable to KMP's FTC Natural Gas Pipelines disposal group. Six month 2013 amount represents a $2 million loss from the sale of net assets. Three and six month 2012 amounts include non-cash losses of $327 million and $755 million, respectively, from the remeasurement of net assets to fair value, and also include revenues of $62 million and $133 million, respectively.

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(f) Includes pipeline volumes for TransColorado Gas Transmission Company LLC, Midcontinent Express Pipeline LLC, Kinder Morgan Louisiana Pipeline LLC, FEP, TGP, EPNG, Copano South Texas, the Texas intrastate natural gas pipeline group, EPB, Florida Gas Transmission Company, and Ruby Pipeline L.L.C. Volumes for acquired pipelines are included for all periods.

(g) Represents Texas intrastate natural gas pipeline group volumes.

For the three and six months ended June 30, 2013, the certain items described in the footnotes to the table above (i) increased the Natural Gas Pipelines business segment's EBDA (including discontinued operations) by $871 million and $1,292 million, respectively; and (ii) decreased segment revenues (including discontinued operations) by $1 million for both 2013 periods when compared to the same year earlier periods. Following is information related to the increases and decreases, in the comparable three and six month periods of 2013 and 2012 and including discontinued operations, in the segment's remaining (i) $406 million (86%) and $1,023 million (135%) increases in EBDA; and (ii) $993 million (94%) and $1,884 million (98%) increases in operating revenues:

Three months ended June 30, 2013 versus Three months ended June 30, 2012

	EBDA increase/(decrease)		Revenues increase/(decrease)	
	(In millions, except percentages)			
EPB	$162	131 %	$210	141 %
TGP	117	172 %	151	153 %
EPNG	65	230 %	79	165 %
Copano operations	58	n/a	196	n/a
Eagle Ford(a)	22	534 %	70	n/a
Other KMI owned assets(b)	14	119 %	—	n/a
EP Midstream asset operations	17	881 %	29	286 %
Texas Intrastate Natural Gas Pipeline Group	5	7 %	422	75 %
Kinder Morgan Treating operations	(6)	(28)%	(14)	(33)%
All others (including eliminations)	—	— %	(88)	(109)%
Total Natural Gas Pipelines-continuing operations	454	107 %	1,055	106 %
Discontinued operations(c)	(48)	(100)%	(62)	(100)%
Total Natural Gas Pipelines-including discontinued operations	$406	86 %	$993	94 %

Six months ended June 30, 2013 versus Six months ended June 30, 2012

	EBDA increase/(decrease)		Revenues increase/(decrease)	
	(In millions, except percentages)			
EPB	$478	387 %	$596	400 %
TGP	338	496 %	417	421 %
EPNG	163	578 %	209	434 %
Copano operations	58	n/a	196	n/a
Other KMI owned assets(b)	35	203 %	n/a	n/a
EP Midstream asset operations	38	1,954 %	69	671 %
Eagle Ford(a)	30	521 %	70	n/a
Texas Intrastate Natural Gas Pipeline Group	1	— %	566	46 %
Kinder Morgan Treating operations	(11)	(28)%	(16)	(21)%
All others (including eliminations)	(2)	(1)%	(90)	(55)%
Total Natural Gas Pipelines-continuing operations	1,128	174 %	2,017	112 %
Discontinued operations(c)	(105)	(100)%	(133)	(100)%
Total Natural Gas Pipelines-including discontinued operations	$1,023	135 %	$1,884	98 %

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n/a – not applicable

(a) Equity investment until May 1, 2013. On that date, as part of KMP's Copano acquisition, it acquired the remaining 50% ownership interest that it did not already own. Prior to that date, KMP recorded earnings under the equity method of accounting, but it received distributions in amounts essentially equal to equity earnings plus depreciation and amortization expenses less sustaining capital expenditures.

(b) Represents EBDA and revenues from those EP subsidiaries not included in KMP or EPB, and including equity-method investments.

(c) Represents amounts attributable to KMP's FTC Natural Gas Pipelines disposal group.

The increases (primarily incremental earnings from the EP acquisition effective in May 25, 2012) and decreases in our Natural Gas Pipelines business segment's EBDA from continuing operations in the second quarter and first half of 2013 compared to the second quarter and first half of 2012 were attributable to the following:

incremental earnings of $162 million (131%) and $478 million (387%), respectively, from EPB;

incremental earnings of $117 million (172%) and $338 million (496%), respectively, from TGP;

incremental earnings of $65 million (230%) and $163 million (578%), respectively, from EPNG;

incremental earnings of $14 million (119%) and $35 million (203%), respectively, from the other KMI owned assets;

incremental earnings of $17 million (881%) and $38 million (1,954%), respectively, from EP Midstream assets;

incremental earnings of $58 million and $58 million, respectively, from the operations of Copano, which KMP acquired effective May 1, 2013 (but excluding Copano's 50% ownership interest in Eagle Ford which is included below with the 50% interest that KMP already owned);

incremental earnings of $22 million (534%) and $30 million (521%), respectively, from KMP's total (100%) Eagle Ford natural gas gathering operations, due mainly to the incremental 50% ownership interest it acquired as part of its acquisition of Copano effective May 1, 2013;

increases of $5 million (7%) and $1 million, respectively, from KMP's Texas intrastate natural gas pipeline group. The increases were driven by higher transport margins (primarily related to Eagle Ford) and lower operating expenses (due mainly to the timing of pipeline integrity expenses), but partially offset by lower natural gas processing margins (due mainly to lower natural gas liquids prices), and for the comparable six month periods, by lower storage margins (due mainly to timing differences on storage settlements). The growth in revenues across both comparable three and six

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month periods reflect higher natural gas sales revenues, driven by higher natural gas sales prices in the second quarter of 2013, relative to the second quarter of 2012. However, because KMP's intrastate group both purchases and sells significant volumes of natural gas, and because the group generally sells natural gas in the same price environment in which it is purchased, the increases in its natural gas sales revenues were largely offset by corresponding increases in its natural gas purchase costs; and

decreases of $6 million (28%) and $11 million (28%), respectively, from KMP's natural gas treating operations, primarily due to lower margins from treating equipment manufacturing.

The period-to-period decreases in EBDA from discontinued operations was due to the sale of KMP's FTC Natural Gas Pipelines disposal group to Tallgrass effective November 1, 2012. For further information about this sale, see Note 1 "General-Basis of Presentation-FTC Natural Gas Pipelines Disposal Group - Discontinued Operations" to our consolidated financial statements included elsewhere in this report.

CO2–KMP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In millions, except operating statistics)			
Revenues(a)	$460	$413	$889	$830
Operating expenses	(107)	(98)	(199)	(185)
Other income(b)	—	7	—	7
Earnings from equity investments	7	7	13	13
Interest income and Other, net	—	(1)	—	(1)
Income tax expense	(2)	(1)	(3)	(3)
EBDA	$358	$327	$700	$661
Southwest Colorado CO_2 production (gross)(Bcf/d)(c)	1.2	1.2	1.2	1.2
Southwest Colorado CO_2 production (net)(Bcf/d)(c)	0.5	0.5	0.5	0.5
SACROC oil production (gross)(MBbl/d)(d)	30.0	28.4	30.4	27.6
SACROC oil production (net)(MBbl/d)(e)	25.0	23.6	25.3	23.0
Yates oil production (gross)(MBbl/d)(d)	20.7	20.8	20.6	21.0
Yates oil production (net)(MBbl/d)(e)	9.2	9.2	9.1	9.3
Katz oil production (gross)(MBbl/d)(d)	2.5	1.8	2.3	1.6
Katz oil production (net)(MBbl/d)(e)	2.1	1.5	1.9	1.4
Natural gas liquids sales volumes (net)(MBbl/d)(e)	9.6	9.5	9.9	9.3
Realized weighted-average oil price per Bbl(f)	$94.20	$85.96	$90.55	$88.25
Realized weighted-average natural gas liquids price per Bbl(g)	$44.17	$49.44	$45.36	$55.22

(a) Three and six month 2013 amounts include unrealized gains of $7 million and $9 million, respectively, and six month 2012 amount includes unrealized losses of $3 million, all relating to derivative contracts used to hedge forecasted crude oil sales.

(b) Three and six month 2012 amounts represent the gain from the sale of KMP's ownership interest in the Claytonville oil field.

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

(d) Represents 100% of the production from the field. KMP owns an approximately 97% working interest in the SACROC unit, an approximately 50% working interest in the Yates unit, and an approximately 99% working interest in the Katz Strawn unit.

(e) Net to KMP, after royalties and outside working interests.

(f) Includes all of KMP's crude oil production properties.

(g)

Includes production attributable to leasehold ownership and production attributable to KMP's ownership in processing plants and third-party processing agreements.

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The CO2–KMP segment’s primary businesses involve the production, marketing and transportation of both CO2 and crude oil, and the production and marketing of natural gas and natural gas liquids. We refer to the segment’s two primary businesses as its Oil and Gas Producing Activities and its Sales and Transportation Activities.

The certain items described in footnotes (a) and (b) to the table above (i) increased segment EBDA by $5 million in the first half of 2013; and (ii) increased segment revenues by $7 million and $12 million, respectively, in the second quarter and first half of 2013, when compared to the same periods of 2012. For each of the segment's two primary businesses, following is information related to the increases and decreases, in the comparable three and six month periods of 2013 and 2012, in the segment's (i) $31 million (10%) and remaining $34 million (5%) increases in EBDA; and (ii) remaining $40 million (10%) and $47 million (6%) increases in operating revenues:

Three months ended June 30, 2013 versus Three months ended June 30, 2012

	EBDA increase/(decrease)		Revenues increase/(decrease)	
	(In millions, except percentages)			
Oil and Gas Producing Activities	$29	13 %	$40	12 %
Sales and Transportation Activities	2	2 %	2	1 %
Intrasegment eliminations	—	— %	(2)	(11)%
Total CO2–KMP	$31	10 %	$40	10 %

Six months ended June 30, 2013 versus Six months ended June 30, 2012

	EBDA increase/(decrease)		Revenues increase/(decrease)	
	(In millions, except percentages)			
Oil and Gas Producing Activities	$27	6 %	$45	7 %
Sales and Transportation Activities	7	4 %	6	3 %
Intrasegment eliminations	—	— %	(4)	(13)%
Total CO2–KMP	$34	5 %	$47	6 %

The growth in earnings across both comparable three and six month periods from the CO_2-KMP business segment was driven by strong second quarter 2013 results from KMP's oil and gas producing activities, largely due to higher crude oil sales revenues. In the comparable three and six month periods of 2013 and 2012, sales revenues from U.S. crude oil increased $45 million (16%) and $56 million (10%), respectively, due to both higher average oil price realizations and higher sales volumes. When compared to the same periods of 2012, KMP's realized weighted average price per barrel of crude oil increased by almost 10% in the second quarter of 2013, and by 3% in the first six months of 2013 (had KMP not used energy derivative contracts to transfer commodity price risk, its crude oil sales prices would have averaged $93.51 and $89.32 per barrel in the second quarter and first six months of 2013, respectively, and $87.45 and $93.92 per barrel in the second quarter and first six months of 2012, respectively). The period-to-period increases in oil sales revenues were also favorably impacted by increases in oil sales volumes of 6% and 7%, respectively, due primarily to a general year-over-year increase in production at both the SACROC and Katz field units, and partly to the inclusion of one month of production from the Goldsmith Landreth unit, acquired effective June 1, 2013. Additionally, the overall increases in segment results for the comparable three and six month periods were partially offset by decreases of $4 million (10%) and $11 million (12%), respectively, in plant product sales revenues, due to decreases of 11% and 18%, respectively, in KMP’s realized weighted average price per barrel of natural gas liquids.

EBDA from the segment's sales and transportation activities were relatively flat across both comparable second quarter periods, but increased by $7 million (4%) in the first half of 2013 versus the first half of 2012. The increase was driven by (i) higher reimbursable project revenues, largely related to the completion of prior expansion projects on the Central Basin pipeline system; (ii) higher CO_2 sales revenues, due to an almost 3% increase in average sales prices; and (iii) higher third party storage revenues at the Yates field unit.

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Products Pipelines–KMP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In millions, except operating statistics)			
Revenues	$443	$331	$897	$554
Operating expenses(a)	(439)	(184)	(720)	(241)
Other expense(b)	(5)	—	(5)	(2)
Earnings from equity investments	11	10	23	19
Interest income and Other, net	2	8	2	10
Income tax benefit	—	1	—	—
EBDA	$12	$166	$197	$340
Gasoline (MMBbl)(c)	105.6	99.7	203.4	194.8
Diesel fuel (MMBbl)	36.8	35.8	69.6	69.4
Jet fuel (MMBbl)	27.7	28.8	54.9	55.7
Total refined product volumes (MMBbl)(d)	170.1	164.3	327.9	319.9
Natural gas liquids (MMBbl)(e)	8.0	7.2	17.8	14.6
Condensate (MMBbl)(f)	2.6	—	4.6	—
Total delivery volumes (MMBbl)	180.7	171.5	350.3	334.5
Ethanol (MMBbl)(g)	9.7	7.8	18.4	15.1

(a) Three and six month 2013 amounts include a $162 million increase in expense associated with rate case liability adjustments. Six month 2013 amount also includes a $15 million increase in expense associated with a legal liability adjustment related to a certain West Coast terminal environmental matter.

(b) Three and six month 2013 amounts represent the loss from the write-off of assets at KMP’s Los Angeles Harbor West Coast terminal. Also, six month 2012 amount represents $2 million decrease in segment earnings related to assets sold, which had been revalued as part of the going-private transaction and recorded in the application of the purchase method of accounting.

(c) Volumes include ethanol pipeline volumes.

(d) Includes Pacific, Plantation, Calnev, and Central Florida pipeline volumes.

(e) Includes Cochin and Cypress pipeline volumes.

(f) Includes Crude Oil & Condensate pipeline volumes.

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

When compared to the same periods of 2012, the certain items described in footnotes (a) and (b) to the table above decreased the Products Pipelines–KMP business segment's EBDA by $167 million and $180 million, respectively, in the second quarter and first six months of 2013. Following is information related to the increases and decreases, in the comparable three and six month periods of both years, in the segment's (i) remaining $13 million (8%) and $37 million (11%) increases in EBDA; and (ii) $112 million (34%) and $343 million (62%) increases in operating revenues:

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Three months ended June 30, 2013 versus Three months ended June 30, 2012

	EBDA increase/(decrease)		Revenues increase/(decrease)	
	(In millions, except percentages)			
Transmix operations	$9	216 %	$96	80 %
Southeast terminal operations	3	20 %	5	21 %
Crude & Condensate Pipeline	1	82 %	5	n/a
Plantation Pipeline	1	9 %	—	n/a
Cochin Pipeline	(1)	(6)%	7	47 %
Pacific operations	(6)	(9)%	(4)	(4)%
All others (including eliminations)	6	12 %	3	5 %
Total Products Pipelines-KMP	$13	8 %	$112	34 %

Six months ended June 30, 2013 versus Six months ended June 30, 2012

	EBDA increase/(decrease)		Revenues increase/(decrease)	
	(In millions, except percentages)			
Transmix operations	$15	431 %	$308	234 %
Cochin Pipeline	13	39 %	20	59 %
Crude & Condensate Pipeline	4	149 %	10	n/a
Plantation Pipeline	3	12 %	—	n/a
Southeast terminal operations	3	9 %	6	12 %
Pacific operations	(7)	(5)%	(5)	(2)%
All others (including eliminations)	6	6 %	4	3 %
Total Products Pipelines-KMP	$37	11 %	$343	62 %

The primary increases and decreases in the Products Pipelines–KMP business segment's EBDA in the comparable three and six month periods of 2013 and 2012 included the following:

increases of $9 million (216%) and $15 million (431%), respectively, from KMP's transmix processing operations. The increases were driven by (i) higher margins on processing volumes, due mainly to favorable pricing; (ii) incremental earnings from third-party sales of excess renewable identification numbers (RINS), generated through KMP's ethanol blending operations; and (iii) incremental income due to the recognition of unfavorable net carrying value adjustments to product inventory in the first half of 2012. The period-to-period increases in revenues were due mainly to the expiration of certain transmix fee-based processing agreements since the second quarter of 2012. Due to the expiration of these contracts, KMP now directly purchases incremental transmix volumes and sell incremental volumes of refined products, resulting in both higher revenues and higher costs of sales expenses;

increases of $3 million (20%) and $3 million (9%), respectively, from KMP's Southeast terminal operations, driven by higher margins from ethanol blending operations, and higher revenues from both butane blending and refined products and bio-fuels throughput volumes;

incremental earnings of $1 million (82%) and $4 million (149%), respectively, from KMP's Kinder Morgan Crude Oil & Condensate Pipeline, which began transporting crude oil and condensate volumes from the Eagle Ford shale gas formation in South Texas to multiple terminaling facilities along the Texas Gulf Coast in October 2012;

increases of $1 million (9%) and $3 million (12%), respectively, from KMP's approximate 51% interest in the Plantation pipeline system-due largely to higher transportation revenues driven by increases in system delivery volumes of 9% and 10%, respectively, and by higher average tariff rates since the end of the second quarter of 2012.

a decrease of $1 million (6%) and an increase of $13 million (39%), respectively, from KMP's Cochin Pipeline. The quarter-to-quarter decrease was due mainly to lower non-operating income, resulting from the favorable settlement of a

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pipeline access dispute in the second quarter of 2012. However, earnings increased across both the comparable three and six month periods due to increases in operating revenues, driven by increases in pipeline throughput volumes of 10% and 55%, respectively, which includes incremental ethane/propane volumes as a result of pipeline modification projects completed in June 2012; and

decreases of $6 million (9%) and $7 million (5%), respectively, from KMP's Pacific operations, primarily attributable to a reduction in mainline transportation revenues recorded in the second quarter of 2013. The reduction in transport revenues related to rate reductions associated with various interstate and California intrastate rate case decisions.

Terminals–KMP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In millions, except operating statistics)			
Revenues	$344	$343	$681	$684
Operating expenses(a)	(169)	(164)	(326)	(324)
Other income(b)	28	13	28	12
Earnings from equity investments	5	5	12	11
Interest income and Other, net(c)	1	1	2	1
Income tax expense	(3)	(3)	(5)	(3)
EBDA	$206	$195	$392	$381
Bulk transload tonnage (MMtons)(d)	22.0	25.7	44.0	49.8
Ethanol (MMBbl)	15.6	16.3	30.8	34.2
Liquids leaseable capacity (MMBbl)	62.1	60.4	62.1	60.4
Liquids utilization %(e)	94.2%	92.2%	94.2%	92.2%

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(a) Three and six month 2013 amounts include increases in expense of $13 million and $14 million, respectively, related to hurricane clean-up and repair activities at KMP's New York Harbor and Mid-Atlantic terminals.

(b) Three and six month 2013 amounts include a $28 million casualty indemnification gain related to 2012 hurricane activity at KMP's New York Harbor and Mid-Atlantic terminals. Three and six month 2012 amounts include a $12 million casualty indemnification gain related to a 2010 casualty at KMP's Myrtle Grove, Louisiana, International Marine Terminal Facility. Also, three and six month 2013 amounts include $1 million decreases in segment earnings, and six month 2012 amount includes a $1 million decrease in segment earnings, all relating to assets sold, which had been revalued as part of the going-private transaction and recorded in the application of the purchase method of accounting.

(c) Three and six month 2013 amounts include a $1 million casualty indemnification gain related to 2012 hurricane activity at KMP's New York Harbor and Mid-Atlantic terminals.

(d) Volumes for acquired terminals are included for all periods and include KMP's proportionate share of joint venture tonnage.

(e) The ratio of KMP's actual leased capacity to its estimated potential capacity.

The Terminals–KMP business segment includes the operations of the petroleum, chemical and other liquids terminal facilities (other than those included in the Products Pipelines–KMP segment), and all of the coal, petroleum coke, fertilizer, steel, ores and other dry-bulk material services facilities. For both the three and six months ended June 30, 2013, the certain items described in footnotes (a), (b) and (c) to the table above increased segment EBDA by $3 million when compared to the same two periods of 2012. Following is information related to the increases and decreases, in the comparable three and six month periods of both years, in the segment's (i) remaining $8 million (4%) and $8 million (2%) increases in EBDA; and (ii) $1 million increase and $3 million decrease, respectively, in operating revenues:

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Three months ended June 30, 2013 versus Three months ended June 30, 2012

	EBDA increase/(decrease)		Revenues increase/(decrease)	
	(In millions, except percentages)			
Gulf Liquids	$7	13 %	$9	16 %
Northeast	2	12 %	1	2 %
Gulf Bulk	2	13 %	1	3 %
Mid-Atlantic	(5)	(23)%	(8)	(19)%
All others (including intrasegment eliminations and unallocated income tax expenses)	2	2 %	(2)	(1)%
Total Terminals–KMP	$8	4 %	$1	— %

Six months ended June 30, 2013 versus Six months ended June 30, 2012

	EBDA increase/(decrease)		Revenues increase/(decrease)	
	(In millions, except percentages)			
Gulf Liquids	$8	8 %	$13	11 %
Northeast	4	10 %	1	1 %
West	3	10 %	4	8 %
Mid-Atlantic	(5)	(11)%	(7)	(10)%
Gulf Bulk	(1)	(2)%	(5)	(7)%
All others (including intrasegment eliminations and unallocated income tax expenses)	(1)	(1)%	(9)	(3)%
Total Terminals–KMP	$8	2 %	$(3)	— %

For both comparable three and six month periods, the overall increases in EBDA from the Terminals -KMP segment were driven by incremental contributions from KMP's Gulf Liquids terminals, which primarily store and transfer refined petroleum products and petrochemicals along the U.S. Gulf Coast. The increases in earnings were largely related to higher liquids warehousing revenues from KMP's Pasadena, Texas liquids facility, mainly due to high gasoline export demand and to new and incremental customer agreements at higher rates. For all terminals included in the Terminals -KMP business segment, total liquids leaseable capacity increased to 62.1 million barrels at the end of the second quarter of 2013, up 3% from a capacity of 60.4 million barrels at the end of the second quarter of 2012. The increase was mainly due to the acquisition of KMP’s Norfolk and Chesapeake, Virginia facilities from Allied Terminals in June 2013. At the same time, KMP's overall liquids utilization capacity rate increased 2% since the end of the second quarter of 2012.

The period-to-period increases in earnings from KMP's Northeast terminal operations were driven by incremental contributions from its Carteret and Perth Amboy New Jersey liquids facilities. Carteret benefited primarily from higher non-operating income in the second quarter of 2013, due to insurance indemnifications received for 2012 terminal business interruptions caused by Hurricane Sandy. KMP's Perth Amboy terminal benefited from higher revenues, due mainly to additional and restructured customer contracts at higher rates.
Earnings from KMP's Gulf Bulk terminals increased in the second quarter of 2013, but decreased slightly in the first half of the year, when compared to the same year-earlier periods. The quarter-to-quarter increase was chiefly due to higher revenues from KMP's Port of Houston facility, driven by a 59% increase in coal transfer volumes due primarily to additional customer business. The year-over-year decrease in earnings was driven by lower volumes from

petroleum coke handling operations, due in large part to refinery and coker shutdowns as a result of turnarounds taken in the first half of 2013.

Earnings from KMP's West region terminals were flat across the comparable three month periods, but increased across the comparable six month periods mainly due to higher revenues from KMP's North 40 Edmonton, Canada crude oil tank farm. The increase related primarily to incremental ancillary terminal services.

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The overall increases in segment EBDA in both comparable three and six month periods were partially offset by lower earnings in the second quarter of 2013 from KMP's Mid-Atlantic terminal facilities due primarily to lower coal transfer volumes. For all terminals combined, overall coal volumes decreased by 21% in the second quarter of 2013 and by 12% in the first half of 2012, when compared to the same year-earlier periods. The decreases were due largely to some weakening in the coal export market, relative to prior periods, and partly to scheduled maintenance at KMP's Pier IX facility in Newport News, Virginia in the second quarter of 2013.

Kinder Morgan Canada–KMP

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In millions, except operating statistics)			
Revenues	$75	$73	$147	$146
Operating expenses	(27)	(23)	(52)	(47)
Earnings from equity investments	—	1	4	2
Interest income and Other, net(a)	11	4	241	7
Income tax expense(b)	(9)	(3)	(97)	(6)
EBDA	$50	$52	$243	$102
Transport volumes (MMBbl)(c)	26.8	26.9	53.6	51.8

(a) Six month 2013 amount includes a $225 million gain from the sale of KMP's equity and debt investments in the Express pipeline system.
(b) Six month 2013 amount includes an $84 million increase in expense related to the gain associated with the sale of KMP's equity and debt investments in the Express pipeline system described in footnote (a).
(c) Represents Trans Mountain pipeline system volumes.

The Kinder Morgan Canada–KMP business segment includes the operations of the Trans Mountain and Jet Fuel pipeline systems, and until March 14, 2013, the effective date of sale, KMP's one-third ownership interest in the Express crude oil pipeline system. The certain items relating to KMP's sale of Express (described in the footnotes (a) and (b) to the table above) increased segment EBDA by $141 million in the first half of 2013, when compared to the first half of 2012. For each of the segment's three primary businesses, following is information related to both the remaining changes in EBDA and the increases in revenues in the comparable three and six month periods of 2013 and 2012:

Three months ended June 30, 2013 versus Three months ended June 30, 2012

	EBDA increase/(decrease)		Revenues increase/(decrease)	
	(In millions, except percentages)			
Express Pipeline(a)	$1	22%	n/a	n/a
Trans Mountain Pipeline	(3)	(5)%	$2	3%
Jet Fuel Pipeline	—	—%	—	—%
Total Kinder Morgan Canada–KMP	$(2)	(4)%	$2	3%

Six months ended June 30, 2013 versus Six months ended June 30, 2012

	EBDA	Revenues

	increase/(decrease)		increase/(decrease)	
	(In millions, except percentages)			
Express Pipeline(a)	$2	27 %	n/a	n/a
Trans Mountain Pipeline	(2)	(2)%	$1	1 %
Jet Fuel Pipeline	—	— %	—	— %
Total Kinder Morgan Canada–KMP	$—	— %	$1	1 %

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(a) Equity investment, accordingly, KMP records earnings under the equity method of accounting. However, KMP sold its debt and equity investments in Express effective March 14, 2013.

EBDA from the Kinder Morgan Canada -KMP business segment were essentially unchanged across both comparable three and six month periods of 2013 and 2012. The period-to-period decreases in Trans Mountain's EBDA were mainly due to higher income tax expenses in the second quarter of 2013, largely related to general increases in British Columbia's income tax rates since the end of the second quarter of 2012. The higher tax expenses more than offset incremental non-operating income from both allowances for funds used during construction (representing an estimate of the cost of capital funded by equity contributions) and higher management incentive fees earned from the operation of the Express pipeline system prior to its sale.

Earnings from KMP's equity investment in the Express pipeline system were essentially flat across the comparable second quarter periods, as higher foreign currency gains offset lower equity earnings and lower interest income (due to the sale of its equity and debt investments in Express). The increase in earnings across the comparable six month periods was primarily due to higher currency gains (on both higher U.S. denominated cash balances and Express' outstanding, short-term, intercompany borrowings payable in U.S. dollars), and partly due to higher equity earnings as a result of both Canadian and U.S delivery volumes on the Express portion of the system moving at higher transportation rates in the first quarter of 2013, relative to the first quarter of 2012.

Other

Our other segment activities include those operations that were acquired from EP on May 25, 2012 and are primarily related to several physical natural gas contracts with power plants associated with EP’s legacy trading activities. These contracts obligate EP to sell natural gas to these plants and have various expiration dates ranging from 2012 to 2028. There were losses of $5 million and $1 million, respectively, from this segment for the second quarter and first half of 2013. There was a loss of $3 million from this segment for the period from May 25, 2012 to June 30, 2012.

General and Administrative, Interest, and Noncontrolling Interests

	Three Months Ended June 30,			
	2013	2012	Increase/(decrease)	
	(In millions, except percentages)			
KMI general and administrative expense(a)(b)	$(2)	$292	$(294)	(101)%
KMP general and administrative expense(c)	163	171	(8)	(5)%
EPB general and administrative expense(d)	22	38	(16)	(42)%
Consolidated general and administrative expense	$183	$501	$(318)	(63)%
KMI interest expense, net of unallocable interest income(e)	$137	$107	$30	28%
KMP interest expense, net of unallocable interest income(f)	215	160	55	34%
EPB interest expense, net of unallocable interest income(d)	76	31	45	145%
Unallocable interest expense net of interest income and other, net	$428	$298	$130	44%
KMR noncontrolling interests	$67	$(30)	$97	323%
KMP noncontrolling interests(g)	382	(112)	494	441%

EPB noncontrolling interests(d)	55	25	30	120 %
Net income (loss) attributable to noncontrolling interests	$504	$(117)	$621	531 %

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	Six Months Ended June 30,			
	2013	2012	Increase/(decrease)	
	(In millions, except percentages)			
KMI general and administrative expense(a)(b)	$(16)	$314	$(330)	(105)%
KMP general and administrative expense(c)	297	278	19	7%
EPB general and administrative expense(d)	42	38	4	11%
Consolidated general and administrative expense	$323	$630	$(307)	(49)%
KMI interest expense, net of unallocable interest income(e)	$269	$150	$119	79%
KMP interest expense, net of unallocable interest income(f)	417	299	118	39%
EPB interest expense, net of unallocable interest income(d)	151	31	120	387%
Unallocable interest expense net of interest income and other, net	$837	$480	$357	74%
KMR noncontrolling interests	$127	$(52)	$179	344%
KMP noncontrolling interests(g)	609	(184)	793	431%
EPB noncontrolling interests(d)	132	25	107	428%
Net income (loss) attributable to noncontrolling interests	$868	$(211)	$1,079	511%

(a) Three and six month 2013 amounts include decreases in expense of (i) $14 million and $29 million, respectively, related to EP post-merger pension credits; (ii) $5 million and $11 million, respectively, elimination of intercompany rent expense included in KMP and EPB general and administrative expenses; (iii) $5 million for six month 2013 for an overaccrual related to The Oil Insurance Limited exit premium; and (iv) $3 million for six month 2013 related to grantor trust credit; partially offset by increases in expense of (i) $4 million and $5 million, respectively, related to the EP acquisition; and (ii) $1 million and $3 million, respectively, related to rent expense on unoccupied space. Three and six month 2012 amounts include $279 million and $289 million, respectively, of pre-tax expenses associated with the EP acquisition and EP Energy sale, which primarily consists of (i) $54 million in employee severance, retention and bonus costs; (ii) $87 million of accelerated EP stock based compensation allocated to the post-combination period under applicable GAAP rules; (iii) $37 million in advisory fees; and (iv) $81 million and $90 million, respectively, for the three and six months ended June 30, 2012 for legal fees and litigation reserves.

(b) The NGPL Holdco LLC fixed fee revenues of $9 million for both three months ended June 30, 2013 and 2012, and of $18 million for both six months ended June 30, 2013 and 2012, have been included in the "Product sales and other" caption in our accompanying consolidated statements of income with the offsetting expenses primarily included in the "General and administrative" expense caption in our accompanying consolidated statements of income.

(c) Three and six month 2013 amounts include (i) increases in expense of $28 million and $32 million, respectively, associated with unallocated legal expenses and certain asset and business acquisition costs; and (ii) increases in severance expense of $4 million and $5 million, respectively, associated with the asset drop-down groups and allocated to KMP from us (however, KMP does not have any obligation, nor did it pay any amounts related to this expense). Six month 2013 amount also includes a $9 million increase in expense attributable to KMP's drop-down asset groups for periods prior to the acquisition dates. Three and six month 2012 amounts include an increase in expense of $73 million (including $66 million of EP acquisition expenses for employee severance, retention and bonus costs) attributable to KMP's drop-down asset groups for periods prior to the acquisition dates. Six month 2012 amount also includes a $1 million increase in unallocated severance expense associated with certain Terminal operations.

(d)

Includes expenses and transactions for the periods after the May 25, 2012 EP acquisition date. 2013 and 2012 amounts include $1 million and $29 million, respectively, in severance allocated to EPB from us; however, EPB does not have any obligation, nor did it pay any amounts related to this expense.

(e) Three and six month 2013 amounts include (i) $15 and $18 million, respectively, of amortization of capitalized financing fees which are associated with KMI's remaining debt issued to finance the cash portion of the EP acquisition purchase price; and (ii) $3 million and $7 million, respectively, of interest on margin for marketing contracts. 2012 amounts include $11 million of amortization expense on the EP acquisition bridge-loan financing fees.

(f) Three and six month 2013 amounts include a $2 million decrease in interest expense associated with debt fair value adjustments recorded in purchase accounting for KMP’s Copano acquisition. Six month 2013 amount also includes a $15 million increase in interest expense, and three and six month 2012 amounts include a $19 million increase in interest expense, all attributable to KMP’s drop-down asset groups for periods prior to the acquisition dates.

(g) Three and six month 2013 amounts include increases of $3 million and $5 million, respectively, in net income attributable to KMP’s noncontrolling interests, and the three and six month 2012 amounts include an increase of $1 million and a decrease of $3 million, respectively, in net income attributable to KMP’s noncontrolling interests, all related to the combined effect from all of the three and six month 2013 and 2012 certain items previously disclosed in the footnotes to the tables included above in “-Results of Operations.”

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Items not attributable to any segment include general and administrative expenses, unallocable interest income and income tax expense, interest expense, and net income (loss) attributable to noncontrolling interests. Our general and administrative expenses include such items as unallocated salaries and employee-related expenses, employee benefits, payroll taxes, insurance, office supplies and rentals, unallocated litigation and environmental expenses, and shared corporate services-including accounting, information technology, human resources and legal services. These expenses are generally not controllable by our business segment operating managers and therefore are not included when we measure business segment operating performance. For this reason and because we manage our business based on our reportable business segments and not on the basis of our ownership structure, we do not specifically allocate our general and administrative expenses to our business segments. As discussed previously, we use segment EBDA internally as a measure of profit and loss used for evaluating segment performance, and each of our segment’s EBDA includes all costs directly incurred by that segment.

Combined, the certain items described in footnotes (a) and (b) to the table above decreased KMI’s general and administrative expenses by $293 million and $329 million, respectively, in the second quarter and first half of 2013, when compared with the same prior year periods. Excluding the certain items discussed above, KMI’s general and administrative expenses for both the second quarter and first half of 2013 when compared to the same prior year periods was essentially flat.

For the three and six months ended June 30, 2013, the certain items described in footnote (c) to the table above accounted for decreases of $41 million and $28 million, respectively, in KMP’s general and administrative expenses, when compared to the same two periods a year ago. The remaining $33 million (34%) and $47 million (23%), respectively, period-to-period increases in expense were driven by KMP’s acquisition of additional businesses, primarily associated with acquisition of both the drop down asset groups from us, effective August 1, 2012 and March 1, 2013, and its acquisition of Copano, effective May 1. 2013.

In the table above, we report our interest expense as “net,” meaning that we have subtracted unallocated interest income and capitalized interest from our interest expense to arrive at one interest amount. Combined, the certain items described in footnote (e) to the table above increased KMI’s interest expense by $7 million and $14 million, respectively, in the second quarter and first half of 2013, when compared with the same prior year periods. Our remaining interest expense, net of interest income, increased by $23 million (24%) and $105 million (76%), respectively, in the second quarter and first half of 2013 when compared with the same prior year periods. This increase in KMI’s interest expense was primarily due to interest expense incurred in 2013 from (i) KMI's remaining debt issued to finance the cash portion of the May 2012 EP acquisition purchase price; and (ii) debt assumed in the EP acquisition, see Notes 2 and 3 “Acquisitions” and “ Debt” respectively, to our consolidated financial statements included elsewhere in this report.

After taking into effect the certain item described in footnote (f) to the table above, KMP’s net interest expense increased $76 million (54%) and $124 million (44%), respectively, in the second quarter and first six months of 2013, when compared to the same year-earlier periods. The increases were due to both higher average debt levels and higher effective interest rates.

For the three and six months ended June 30, 2013, KMP’s average debt balance increased by 25% and 23%, respectively, when compared to the same prior year periods. The increases were largely due to the capital expenditures, business acquisitions (including debt assumed from the drop-down transactions), and joint venture contributions KMP has made since the end of the second quarter of 2012. KMP also realized increases of 9% and 8%, respectively, in the weighted average interest rate on all of its borrowings in the second quarter and first half of 2013, when compared to the same 2012 periods (including both short-term and long-term borrowing amounts, KMP’s average interest rate increased from 4.27% for the second quarter of 2012 to 4.64% for the second quarter of 2013, and increased from 4.25% for the first half of 2012 to 4.61% for the first half of 2013). The increases were driven by higher interest rates on the debt obligations KMP assumed as part of the drop-down transactions.

We, and our subsidiary KMP, swap a portion of our long-term fixed rate debt securities (senior notes) into variable rate debt in order to achieve our desired mix of fixed and variable rate debt. As of June 30, 2013, approximately 39% of KMI's and 31% of KMP's debt balances (excluding the debt fair value adjustments) were subject to variable interest rates—either as short-term or long-term variable rate debt obligations or as long-term fixed-rate debt converted to variable rates through the use of interest rate swap agreements. For more information on our interest rate swaps, see Note 5 "Risk Management—Interest Rate Risk Management" to our consolidated financial statements included elsewhere in this report.

EPB's 2012 interest expense represents amounts incurred from the May 25, 2012 EP acquisition date through June 30, 2012.

Net income (loss) attributable to noncontrolling interests, which represents the allocation of our consolidated net income (or loss) attributable to all outstanding ownership interests in our consolidated subsidiaries (primarily KMP and EPB) that are

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not held by us, increased $621 million (531%) and $1,079 million (511 %), respectively, for the second quarter and first half of 2013 as compared with the same prior year periods. The increase was primarily due to our noncontrolling interest's portion of (i) KMP's $558 million gain from the remeasurement of its previously held 50% equity interest in Eagle Ford to fair value; (ii) KMP's $141 million after-tax gain on the sale of its investments in the Express pipeline system; (iii) the additional income from EP assets acquired by KMP from us; and (iv) the second quarter and first half of 2012 included $327 million and $755 million, respectively, net of tax non-cash loss from a remeasurement of KMP's FTC Natural Gas Pipeline disposal group net assets to fair value.

Income Taxes

Our total tax expense from continuing operations for the six months ended June 30, 2013 and 2012 is $504 million and $105 million, respectively. The $399 million increase in tax expense was primarily due to (i) higher 2013 income attributable to KMI primarily as a result of our investments in KMP and EPB; (ii) tax expense as a result of KMP's 2013 sale of its one-third interest in the Express-Platte pipeline; (iii) a decrease in our share of non-tax deductible goodwill associated with our investment in KMP primarily due to KMP's acquisition of Copano, and (iv) KMI's amortization of the deferred charge. These increases to tax expense are partially offset by (i) higher cash distributions associated with investments for which we receive dividend-received deductions and (ii) the tax benefit in 2013 due to a decrease in our deferred state rate as a result of the drop-down of our 50% ownership interests in EPNG and EP midstream assets and KMP's Copano acquisition.

Total tax expense for the three months ended June 30, 2013 is approximately $225 million as compared with tax expense of $9 million for the same period of 2012. The $216 million increase in tax expense is due primarily due to (i) higher income in 2013 attributable to KMI as a result of our investments in KMP and EPB and expenses incurred by us in 2012 in connection with the EP acquisition and (ii) a decrease in our share of non-tax deductible goodwill associated with our investment in KMP primarily due to KMP's acquisition of Copano.

Financial Condition

General

As of June 30, 2013, we had a combined $1,017 million of "Cash and cash equivalents" on our consolidated balance sheet (included elsewhere in this report), an increase of $303 million (42%) from December 31, 2012. As of June 30, 2013, KMI had approximately $319 million of borrowing capacity available under its $1.75 billion senior secured revolving credit facility, KMP had approximately $1.1 billion of borrowing capacity available under its $2.7 billion senior unsecured revolving credit facility and EPB (through its wholly-owned subsidiary, El Paso Pipeline Partners Operating Company, L.L.C. (EPPOC)) had approximately $990 million of borrowing capacity available under its $1.0 billion senior unsecured revolving credit facility (see below in "—Short-term Liquidity"). We believe our cash position and our remaining borrowing capacity are adequate to allow us to manage our day-to-day cash requirements and anticipated obligations.

We have relied primarily on cash provided from operations to fund our operations as well as our debt interest payments, sustaining capital expenditures, and quarterly dividend payments and our subsidiaries' quarterly distributions.

Expansion capital expenditures, acquisitions and debt principal payments, as such debt principal payments become due, have historically been funded by us and our subsidiaries through (i) additional borrowings (including commercial paper issuances by KMP); (ii) the issuance of additional common stock by us; (iii) issuance of shares by KMR with proceeds used for its purchase of additional KMP i-units; and (iv) issuance of common units by KMP or EPB.

In addition, KMP has funded a portion of its historical expansion capital expenditures with retained cash, which results primarily from including i-units owned by KMR in the determination of KMP's cash distributions per unit, but paying quarterly distributions on i-units in additional i-units rather than cash and from waived incentive distributions to KMGP, KMP's general partner (discussed further below in "—KMP").

Credit Ratings and Capital Market Liquidity

Our and our subsidiaries' credit ratings affect our ability to access the public and private debt markets (including the commercial paper market by KMP), as well as the terms and pricing of our debt (see Part II, Item 1A "Risk Factors"). Based on our and our subsidiaries' credit ratings as discussed below, we and our subsidiaries expect that our respective short-term liquidity needs will be met primarily through short-term borrowings. Nevertheless, our and our subsidiaries' ability to satisfy financing requirements or fund planned capital expenditures (including planned expenditures of our joint ventures) will depend

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upon future operating performance, which will be affected by prevailing economic conditions in the energy pipeline and terminals industries and other financial and business factors, some of which are beyond our control.

On February 27, 2013, Moody's modified its rating on KMI's senior secured debt ratings from a negative to a stable outlook.

Currently, KMP's long-term corporate debt credit rating is BBB (stable), Baa2 (stable) and BBB (stable), at S&P, Moody's and Fitch, respectively. KMP's short-term corporate debt credit rating is A-2 (susceptible to adverse economic conditions, however, capacity to meet financial commitments is satisfactory), Prime-2 (strong ability to repay short-term debt obligations) and F2 (good quality grade with satisfactory capacity to meet financial commitments), at S&P, Moody's and Fitch, respectively. Currently, EPB's long-term corporate debt rating is BBB- (stable), Ba1 (positive), and BBB- (stable), at S&P, Moody's and Fitch, respectively.

Short-term Liquidity

As of June 30, 2013, our principal sources of short-term liquidity were (i) KMI's $1.75 billion senior secured revolving credit facility; (ii) KMP's $2.7 billion senior unsecured revolving credit facility with a diverse syndicate of banks that matures May 1, 2018 (which replaced KMP's previous $2.2 billion senior unsecured revolving bank credit facility that was due July 1, 2016); (iii) KMP's $2.7 billion short-term commercial paper program (which is supported by its credit facility, with the amount available for borrowing under its credit facility being reduced by its outstanding commercial paper borrowings and letters of credit); (iv) EPB's $1.0 billion senior unsecured revolving credit facility; and (v) cash from operations. The loan commitments under the facilities can be used to fund borrowings for the respective entity's general corporate or partnership purposes, and KMP's facility can be used as a backup for its commercial paper program. In addition, EPB's credit facility is expandable to $1.5 billion for certain expansion projects and acquisitions. We provide for additional liquidity by maintaining a sizable amount of excess borrowing capacity related to our credit facilities (discussed following). Additionally, we have consistently generated strong cash flow from operations, providing a source of funds of $1,717 million and $1,013 million in the first six months of 2013 and 2012, respectively (the period-to-period increase is discussed below in "—Operating Activities").

The following represents our primary revolving credit facilities that were available to KMI and its subsidiaries (KMP and EPB), debt outstanding under the credit facilities, including commercial paper borrowings, and available borrowing capacity under the facilities after deducting (i) outstanding letters of credit; and (ii) outstanding borrowings under KMI and EPB's credit facilities, and KMP's commercial paper program (supported by its credit facility).

	June 30, 2013	
	Debt outstanding	Available borrowing capacity
	(In millions)	
Credit Facilities		
KMI		
$1.75 billion, six-year secured revolver, due December 2014	$1,354	$319
KMP		
$2.7 billion, five-year unsecured revolver, due May 2018	$1,369	$1,127
EPB		
$1.0 billion, five-year secured revolver, due May 2016	$—	$990

Our combined balance of short-term debt as of June 30, 2013 was $3,964 million, primarily consisting of (i) $2,723 million combined outstanding borrowings under KMI's $1.75 billion credit facility and KMP's $2.7 billion commercial paper program; and (ii) $500 million in principal amount of KMP's 5.0% senior notes that mature December 15, 2013. KMP intends to refinance its current short-term debt through a combination of long-term debt, equity, and/or the issuance of additional commercial paper borrowings or credit facility borrowings to replace maturing commercial paper and current maturities. KMI intends to refinance its short-term debt through additional credit facility borrowings to replace maturing credit facility borrowings, issuing new long-term debt, or with proceeds from asset sales. Our combined balance of short-term debt as of December 31, 2012 was $2,401 million.

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We had working capital deficits of $3,561 million and $1,554 million as of June 30, 2013 and December 31, 2012, respectively. The overall $2,007 million (129%) unfavorable change from year-end 2012 was primarily due to a net increase in our credit facility borrowings and KMP's commercial paper borrowings, the sale of the Express System and BBPP Holdings Ltda which were included at December 31, 2012 within "Assets held for sale" in our consolidated balance sheet included elsewhere in this report and an increase in "Accrued other current liabilities," due largely to certain transportation rate case liabilities being reclassified from long-term liabilities to short-term liabilities. Generally, our working capital balance varies due to factors such as the timing of scheduled debt payments, timing differences in the collection and payment of receivables and payables, the change in fair value of our derivative contracts, and changes in our combined cash and cash equivalent balances as a result of our or our subsidiaries' debt or equity issuances (discussed below in "—Long-term Financing").

Long-term Financing

As of June 30, 2013 and December 31, 2012, the balances of long-term debt, including the current portion and the preferred interest in the general partner of KMP, but excluding debt fair value adjustments was $30,586 million and $30,154 million, respectively. To date, our and our subsidiaries' debt balances have not adversely affected our operations, our ability to grow or our ability to repay or refinance our indebtedness.

We used proceeds from the recent drop-down transaction to pay down our EP acquisition debt. Proceeds from the March 2013 drop-down transaction were used to pay down $947 million of the EP acquisition debt in the first quarter of 2013 and we paid down an additional $239 million in the second quarter of 2013 using proceeds from the sale of the remainder of the EPC building note to third parties. We anticipate that we will continue to reduce this debt balance with proceeds from future drop-down transactions.

Based on our historical record, we believe that our capital structure will continue to allow us to achieve our business objectives. We and our subsidiaries, including KMP and EPB, are subject, however, to conditions in the equity and debt markets and there can be no assurance we will be able or willing to access the public or private markets for equity and/or long-term senior notes in the future. If we were unable or unwilling to access the equity markets, we would be required to either restrict expansion capital expenditures and/or potential future acquisitions or pursue debt financing alternatives, some of which could involve higher costs or negatively affect our or our subsidiaries' credit ratings. Furthermore, our subsidiaries' ability to access the public and private debt markets is affected by their respective credit ratings (as discussed above in "—Credit Ratings and Capital Market Liquidity").

KMI and some of its direct and indirect subsidiaries (referred to as the Combined Other Guarantor Subsidiaries), guarantee the payment of certain of El Paso LLC's (formerly known as El Paso Corporation) outstanding debt. As of the successor date of August 13, 2012, each series of El Paso LLC outstanding notes totaling approximately $4.1 billion in aggregate principal amount is guaranteed on a senior unsecured basis by KMI and the Combined Other Guarantor Subsidiaries. See Note 15 "Guarantee of Securities of Subsidiaries" to our consolidated financial statements included elsewhere in this report.

As of June 30, 2013, the outstanding borrowings of Copano consist of a single series of unsecured senior notes with an aggregate principal amount of $510 million. The notes mature in full on April 1, 2021. The notes have a fixed annual stated interest rate of 7.125%, and interest is payable semiannually on April 1 and October 1 of each year. Kinder Morgan Energy Partners, L.P. has guaranteed the payment of Copano's notes. As part of KMP's Copano purchase price, KMP valued the debt equal to $589 million as of May 1, 2013, representing the present value of amounts to be paid determined using an approximate interest rate of 4.79%. Additionally, the indenture governing the notes contains several options that allow Copano to redeem all or part of the notes prior to the stated maturity. One such option provides that at any time prior to April 1, 2014, Copano may redeem up to 35% of the aggregate principal amount of the notes at a redemption price of 107.125% of the principal amount, plus accrued and unpaid interest, with proceeds Copano receives from equity offerings. Copano expects to exercise this option sometime in the third quarter of 2013, and following its exercise, to redeem 35% of the aggregate principal amount of the notes ($179 million). Currently, KMP expects that Copano will fund this redemption with net cash proceeds KMP receives from the sales of additional common units and i-units. Other indenture provisions allow KMP to redeem all or part of the notes, together with accrued and unpaid interest, (i) at any time prior to April 1, 2016 at a stated make-whole redemption price; or (ii) on or after April 1, 2016 at stated redemption prices. Furthermore, if KMP sells certain of Copano's assets or experience specific kinds of changes of control, KMP must offer to repurchase the notes.

For additional information about our debt-related transactions in the first six months of 2013, see Note 3 “Debt” to our consolidated financial statements included elsewhere in this report. For additional information regarding our debt securities, see Note 8 “Debt” to our consolidated financial statements included in our 2012 Form 10-K.

Capital Expenditures

We define sustaining capital expenditures as capital expenditures which do not increase the capacity of an asset, and generally, we and our subsidiaries (including KMP and EPB) fund our sustaining capital expenditures with cash flows from operations. In addition to utilizing cash generated from their own operations, certain of our subsidiaries can each fund their own cash requirements for expansion capital expenditures with proceeds from issuing their own long-term notes or with proceeds from contributions received from us or their other member owners.

All of our, and our subsidiaries', capital expenditures, with the exception of sustaining capital expenditures, are classified as discretionary. Generally, KMP's and EPB's discretionary capital expenditures are initially funded through borrowings under the respective revolving credit facilities of KMP and EPB, or for KMP its commercial paper program, until the amount borrowed is of a sufficient size to cost effectively offer either debt, or equity, or both. For the year 2013, we expect to invest over $4 billion for our capital expansion program, which includes small acquisitions and contributions to joint ventures, but excludes KMP's acquisition of Copano.

Our capital expenditures for the six months ended June 30, 2013, and the amount we forecast to spend for 2013 to sustain and grow our business are as follows:

	Six Months Ended June 30, 2013	Remaining 2013	Full Year 2013
Sustaining capital expenditures (a)			
KMP	$118	$230	$348
EPB	15	29	44
KMI	19	37	56
Total sustaining capital expenditures	$152	$296	$448
Discretionary capital expenditures (b)	$1,642	$2,653	$4,295

(a) Six months ended June 30, 2013, Remaining 2013, and Full Year 2013 include $19 million, $39 million, and $58 million for our proportionate share of sustaining capital expenditures of unconsolidated joint ventures, respectively.
(b) Includes discretionary capital expenditures of unconsolidated joint ventures and acquisitions (excluding KMP's acquisition of Copano), which amounted to $430 million for the six months ended June 30, 2013.

Cash Flows

The following table summarizes our net cash flows from operating, investing and financing activities for each period presented.

	Six Months Ended June 30, 2013		
	2013	2012	increase/(decrease)
	(In millions)		
Net cash provided by (used in):			
Operating activities	$1,717	$1,013	$ 704
Investing activities	(1,100)	(5,790)	4,690
Financing activities	(294)	5,043	(5,337)
Effect of exchange rate changes on cash	(20)	(2)	(18)

Net increase in cash and cash equivalents	$303	$264	$ 39

Operating Activities

The net increase of $704 million (69%) in cash provided by operating activities in the six months ended June 30, 2013

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compared to the respective 2012 period was primarily attributable to:

a $1 billion increase in cash from overall higher net income after adjusting our period-to-period $1.8 billion increase in net income for non-cash items primarily consisting of lower losses from both the sale and the remeasurement of net assets to fair value; the first six months 2013 gain on the sale of our investments in the Express Pipeline System; deferred income taxes, depreciation, depletion and amortization; and an increase in transportation rate case liabilities and legal liabilities; and

a $305 million decrease associated with net changes in working capital items and non-current assets and liabilities, and other non-cash income and expense items. The decrease includes (i) a $152 million net decrease in cash due to unfavorable changes in the collection and payment of trade and related party receivables and payables (including cash book overdrafts) and natural gas transportation and exchange imbalance receivables and payables due primarily to the timing of invoices received from customers and paid to vendors and suppliers; and (ii) a $36 million decrease in cash due to lower net dock premiums and toll collections received from KMP's Trans Mountain pipeline system customers, due to lower shipper bids for dock space, driven by market price conditions.

Investing Activities

The $4,690 million net increase in cash provided by investing activities in the six months ended June 30, 2013 compared to the respective 2012 period was primarily attributable to:

a $4,714 million increase from the acquisitions of assets and investments from unrelated parties primarily driven by the $4,970 million net outlay of cash in 2012 for the EP acquisition;

a $528 million decrease in cash due to higher capital expenditures, as described above in "—Capital Expenditures;" and

a combined $491 million increase from the proceeds received in the first quarter of 2013 from both KMP's sale of the investments in the Express pipeline system (as discussed in Note 2 "Acquisitions and Divestiture—Express Pipeline System" to our consolidated financial statements included elsewhere in this report) and our sale of BBPP Holdings Ltda.

Financing Activities

The net decrease of $5,337 million in cash provided by financing activities in the six months ended June 30, 2013 compared to the respective 2012 period was primarily attributable to:

a $5,532 million net decrease in cash from overall debt financing activities primarily due to (i) a $5,288 million decrease due to net proceeds received from the EP acquisition debt issued in the second quarter of 2012; (ii) a $1,171 million decrease resulting from the $1,186 million of repayments made on the acquisition debt in 2013, primarily funded by the cash portion of the drop-down transactions, compared to $15 million of repayments made on the EP acquisition debt in 2012. Further information regarding the drop-down transactions and the acquisition debt are discussed in Note 2 "Acquisitions and Divestitures—Drop-Down of EP Assets to KMP" and Note 3 "Debt—KMI," respectively, to our consolidated financial statements included elsewhere in this report; and (iii) a $933 million net increase in our and our subsidiaries' other debt repayments and debt issuances, as summarized below.

	KMI	KMP	EPB	Total
Debt issuances	$(431)	$1,420	$—	$989
Debt repayments	614	(767)	97	(56)
Net cash increase	$183	$653	$97	$933

Additional information regarding our and our subsidiaries debt activities is discussed in Note 3 "Debt;"

a $333 million decrease in cash due to higher dividend payments;

a $248 million decrease in cash associated with distributions to non-controlling interests, primarily reflecting the increased distributions to common unit owners by KMP and EPB. Further information regarding KMP and EPB's distributions are included in Note 4 "Stockholders' Equity-Noncontrolling Interests—Distributions" in our consolidated financial statements included elsewhere in this report; and

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a $792 million increase in contributions provided by non-controlling interests, (discussed in Note 4 “Stockholders' Equity -Noncontrolling Interests-Contributions” to our consolidated financial statements included elsewhere in this report), primarily reflecting the following: (i) the $907 million proceeds KMP received, after commissions and underwriting expenses, from the sales of additional KMP common units in the first half of 2013, (including $73 million received for i-units that KMR purchased using the proceeds from the sale of its common shares versus the $277 million KMP received from the sales of additional KMP common units in the comparable 2012 period, (ii) the $73 million contributions KMP received from its Battleground Oil Specialty Terminal Company LLC (BOSTCO) partners in the first half of 2013; and (iii) the $85 million of proceeds EPB received from its issuance of common units in the first half of 2013.

KMP

At June 30, 2013, we owned, directly, and indirectly in the form of i-units corresponding to the number of shares of KMR we owned, approximately 43 million limited partner units of KMP. These units, which consist of 23 million common units, 5 million Class B units and 15 million i-units, represent approximately 10.0% of the total outstanding limited partner interests of KMP. In addition, we indirectly own all the common equity of the general partner of KMP, which holds an effective 2% combined interest in KMP and its operating partnerships. Together, at June 30, 2013, our limited partner and general partner interests represented approximately 11.8% of KMP’s total equity interests and represented an approximate 50% economic interest in KMP. This difference results from the existence of incentive distribution rights held by KMGP, the general partner of KMP.

KMP’s partnership agreement requires that it distribute 100% of “Available Cash,” as defined in its partnership agreement, to its partners within 45 days following the end of each calendar quarter. Our 2012 Form 10-K contains additional information concerning KMP’s partnership distributions, including the definition of “Available Cash,” the manner in which its total distributions are divided between KMGP, as the general partner of KMP, and KMP’s limited partners, and the form of distributions to all of its partners, including its noncontrolling interests.

For further information about the partnership distributions KMP paid in the second quarters of 2013 and 2012 (for the first quarterly periods of 2013 and 2012, respectively), see Note 4 “Stockholders’ Equity—Noncontrolling Interests—Distributions” to our consolidated financial statements included elsewhere in this report.

On July 17, 2013, KMP declared a cash distribution of $1.32 per unit for the second quarter of 2013 (an annualized rate of $5.28 per unit). This distribution is 7% higher than the $1.23 per unit distribution KMP made for the second quarter of 2012.

On May 13, 2013, KMP announced an increase in the amount of cash distributions it expects to declare for the year 2013. Currently, KMP expects to declare cash distributions of $5.33 per unit for 2013, up from its 2013 published annual budget amount of $5.28 per unit. The increase was primarily based on projected contributions from KMP’s Copano acquisition, which closed on May 1, 2013. KMP expects the Copano acquisition to be modestly accretive to KMP in 2013, given the partial year, and due to additional cost savings, KMP now estimates the incremental impact from Copano to be slightly higher than its initial projections at the time the acquisition was announced. KMP’s current expected distributions of $5.33 per unit represent a 7% increase over its cash distributions of $4.98 per unit for 2012. KMP expects the Copano acquisition to be approximately $0.10 per unit accretive to KMP for at least the next five years beginning in 2014. Please read “—Information Regarding Forward-Looking Statements” below.

As a result of KMP’s Copano acquisition, KMGP, as general partner of KMP, has agreed to forego $75 million of its incremental incentive distributions in 2013 (foregoing equal amounts $25 million from each of its second, third and fourth quarter incentive distribution amounts), and intends to forgo incentive distribution amounts of $120 million in 2014, $120 million in 2015, $110 million in 2016, and annual amounts thereafter decreasing by $5 million per year from the 2016 level.

Although the majority of the cash generated by KMP's assets is fee based and is not sensitive to commodity prices, the CO2–KMP business segment is exposed to commodity price risk related to the price volatility of crude oil and natural gas liquids, and while KMP hedges the majority of its crude oil production, it does have exposure on its unhedged volumes, the majority of which are natural gas liquids volumes. KMP's 2013 budget assumes an average WTI crude oil price of approximately $91.68 per barrel (with some minor adjustments for timing, quality and location differences) in 2013, and based on the actual prices it has received through the date of this report and the forward price curve for WTI (adjusted for the same factors used in KMP's 2013 budget), KMP currently expects the average price of WTI crude oil will be approximately $96.36 per barrel in 2013. For 2013, KMP expects that every $1 change in the average WTI crude oil price per barrel will impact the

CO2–KMP segment's cash flows by approximately $6 million (or approximately 0.1% of KMP's combined business segments' anticipated EBDA). This sensitivity to the average WTI price is very similar to what KMP experienced in 2012.

EPB

As of June 30, 2013, we owned approximately 90 million limited partner units of EPB, representing approximately 41% of the total equity interests of EPB. In addition, we are the sole owner of the general partner of EPB, which holds an effective 2% interest in EPB, including all of EPB's incentive distribution rights.
EPB's partnership agreement requires that it distribute 100% of "Available Cash", as defined in its partnership agreement, to its partners within 45 days following the end of each calendar quarter. Our 2012 Form 10-K contains additional information concerning EPB's partnership distribution.
On July 17, 2013, EPB declared a cash distribution of $0.63 per unit for the second quarter of 2013 (an annualized rate of $2.52 per unit). EPB expects to declare cash distributions of $2.55 per unit for 2013.
Off Balance Sheet Arrangements

There have been no material changes in our obligations with respect to other entities that are not consolidated in our financial statements that would affect the disclosures presented as of December 31, 2012 in our 2012 Form 10-K.

Recent Accounting Pronouncements

Please refer to Note 13, "Recent Accounting Pronouncements" to our consolidated financial statements included elsewhere in this report for information concerning recent accounting pronouncements.

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, express 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 are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond our ability to control or predict.
See Part I, Item 1A. "Risk Factors" and Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations-Information Regarding Forward-Looking Statements" in our 2012 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 2012 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in market risk exposures that would affect the quantitative and qualitative disclosures presented as of December 31, 2012, in Item 7A in our 2012 Form 10-K. For more information on our risk management activities, see Note 5 “Risk Management” to our consolidated financial statements included elsewhere in this report.

Item 4. Controls and Procedures.

As of June 30, 2013, 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

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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 June 30, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Kinder Morgan, Inc. Form 10-Q

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Part I, Item 1, Note 11 to our consolidated financial statements entitled “Litigation, Environmental and Other Contingencies,” which is incorporated in this item by reference.

Item 1A. Risk Factors.

There have been no material changes in or additions to the risk factors disclosed in Part I, Item 1A “Risk Factors” in our 2012 Form 10-K.

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

Our Purchases of Our Warrants

Period	Total number of warrants repurchased (a)	Average price of warrants repurchased (a)	Total number of warrants purchased as part of publicly announces plans (b)	Maximum number (or approximate dollar value) of warrants that may yet be purchased under the plans for programs (b)
April 1 to April 30, 2013	—	$—	82,618,598	$12,742,179
May 1 to May 31, 2013	4,511,670	$5.76	84,881,746	$—
June 1 to June 30, 2013	4,300,000	$5.78	84,881,746	$—
Total	8,811,670	$5.77	84,881,746	$—

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(a) Includes an additional 6,548,522 warrants repurchased from May 1, 2013 to June 30, 2013 for $38 million as authorized by KMI’s board of directors, separate and apart from the publicly announced repurchase programs discussed in footnote (b) below.

(b) 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 warrants. As of May 2013, we completed the repurchase of $250 million of warrants pursuant to this publicly announced repurchase program. On July 17, 2013, we announced that our board of directors had approved a separate share and warrant repurchase program authorizing us to repurchase in the aggregate up to $350 million of additional shares of our common stock and warrants.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

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

Item 5. Other Information.

In connection with our initial public offering in 2011, we entered into severance agreements with several executive officers, including Kimberly A. Dang, Steven J. Kean and Thomas A. Martin (but not including Richard D. Kinder), each of whom is a “named executive officer.” In addition, Mr. Kinder has been party to an employment agreement with us and our predecessors since 1999. Effective August 1, 2013, we terminated the severance agreements with each of our current executive officers, including Ms. Dang, Mr. Kean and Mr. Martin, and the employment agreement with Mr. Kinder.

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Item 6. Exhibits.

4.1 *	—	Certain instruments with respect to the long-term debt of Kinder Morgan, Inc. and its consolidated subsidiaries that relate to debt that does not exceed 10% of the total assets of Kinder Morgan, Inc. and its consolidated subsidiaries are omitted pursuant to Item 601(b) (4) (iii) (A) of Regulation S-K, 17 C.F.R. sec.229.601. Kinder Morgan, Inc. hereby agrees to furnish supplementally to the Securities and Exchange Commission a copy of each such instrument upon request (filed as Exhibit 4.1 to Kinder Morgan Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 1-35081)).
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.
95.1	—	Mine Safety Disclosures.
101	—	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) our Consolidated Statements of Income for the three and six months ended June 30, 2013 and 2012; (ii) our Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2013 and 2012; (iii) our Consolidated Balance Sheets as of June 30, 2013 and December 31, 2012; (iv) our Consolidated Statements of Cash Flows for the six months ended June 30, 2013 and 2012; (v) our Consolidated Statements of Stockholders' Equity for the six months ended June 30, 2013 and 2012; and (vi) the notes to our Consolidated Financial Statements.

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

SIGNATURE

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

KINDER MORGAN, INC.
Registrant

Date: August 2, 2013

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