

KINDER MORGAN INC  
Form 424B3  
February 19, 2003

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Registration No. 333-102873

\$250,000,000

KINDER MORGAN, INC.

OFFER TO EXCHANGE  
6.50% EXCHANGE SENIOR NOTES DUE 2012  
FOR ANY AND ALL OUTSTANDING 6.50% SENIOR NOTES DUE 2012

This prospectus, and accompanying letter of transmittal, relate to our proposed exchange offer. We are offering to exchange up to \$250,000,000 aggregate principal amount of new 6.50% senior notes due 2012, which we call the exchange notes and which will be freely transferable, for any and all outstanding 6.50% senior notes due 2012, which we call the original notes, previously issued in a private offering and which have certain transfer restrictions. The exchange notes are identical to the 6.50% senior notes due 2012 that we issued in November 2002, and which we refer to in this prospectus as the "existing 2002 notes." The exchange offer does not apply to the existing 2002 notes. We expect the exchange notes to bear the same CUSIP number as the existing 2002 notes and to be interchangeable with the existing 2002 notes.

In this prospectus we sometimes refer to the exchange notes and the original notes collectively as the notes.

- The exchange offer expires at 5:00 p.m., New York City time, on March 21, 2003, unless extended.
- The terms of the exchange notes are substantially identical to the terms of the original notes, except that the exchange notes will be freely transferable and issued free of any covenants regarding exchange and registration rights.
- All original notes that are validly tendered and not validly withdrawn will be exchanged.
- Tenders of original notes may be withdrawn at any time prior to expiration of the exchange offer.
- We will not receive any proceeds from the exchange offer.
- The exchange of original notes for exchange notes will not be a taxable event for United States federal income tax purposes.
- Holders of original notes do not have any appraisal or dissenters' rights in connection with the exchange offer.
- Original notes not exchanged in the exchange offer will remain outstanding and be entitled to the benefits of the indenture, but except under certain circumstances, will have no further exchange or registration rights under the registration rights agreement discussed in this prospectus.

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PLEASE SEE "RISK FACTORS" BEGINNING ON PAGE 6 FOR A DISCUSSION OF FACTORS YOU SHOULD CONSIDER IN CONNECTION WITH THE EXCHANGE OFFER.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read this entire prospectus, the accompanying letter of transmittal and related documents and any amendments or supplements to this prospectus carefully before making your investment decision.

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The date of this prospectus is February 19, 2003.

TABLE OF CONTENTS

	PAGE
	----
Summary.....	1
Risk Factors.....	6
The Exchange Offer.....	9
Use of Proceeds.....	20
Summary Historical Financial Data.....	21
Consolidated Ratios of Earnings to Fixed Charges.....	23
Capitalization.....	24
Description of Notes.....	25
Book-Entry, Delivery and Form.....	30
Material United States Federal Income Tax Considerations....	32
Validity of the Exchange Notes.....	33
Experts.....	33
Where You Can Find More Information.....	34
Information Regarding Forward-Looking Statements.....	35
Annex A -- Letter of Transmittal.....	A-1

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YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS OR TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. THIS PROSPECTUS MAY ONLY BE USED WHERE IT IS LEGAL TO SELL THE NOTES. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THOSE DOCUMENTS. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THOSE DATES.

i

SUMMARY

This summary highlights information appearing in other sections of this prospectus. It may not contain all of the information that is important to you. This prospectus includes or incorporates by reference information about the notes, the exchange offer, our business and our financial and operating data. Before making an investment decision, we encourage you to read the entire

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prospectus carefully, including the "Risk Factors" section and the financial statements and the footnotes to those statements, which are incorporated by reference in this prospectus.

KINDER MORGAN, INC.

### BUSINESS DESCRIPTION

We are a Kansas corporation incorporated in 1927 with our common stock listed on the NYSE under the symbol "KMI." We are one of the largest energy storage and transportation companies in the United States, operating, either for ourselves or on behalf of Kinder Morgan Energy Partners, L.P., more than 30,000 miles of natural gas and products pipelines. We own and operate Natural Gas Pipeline Company of America, a major interstate natural gas pipeline system with approximately 10,000 miles of pipelines and associated storage facilities. We own and operate a retail natural gas distribution business serving approximately 233,000 customers in Colorado, Nebraska and Wyoming. We construct, operate and, in some cases, own interests in natural gas-fired electric generation facilities.

We own the general partner of, and a significant limited partner interest in, Kinder Morgan Energy Partners, the largest publicly traded limited partnership in the pipeline industry in terms of market capitalization and the largest independent products pipeline system in the United States in terms of volumes delivered. Kinder Morgan Energy Partners also owns and/or operates a diverse group of assets used in the transportation, storage and processing of energy products, including refined petroleum products pipeline systems with more than 10,000 miles of pipeline and over 32 associated terminals. It owns 10,000 miles of natural gas transportation pipelines and natural gas gathering and storage facilities. Kinder Morgan Energy Partners also transports by pipeline and markets carbon dioxide, commonly called CO(2), to oil fields which use CO(2) to increase production, owns interests in four West Texas oil fields and owns or operates 44 liquid and bulk terminal facilities.

### BUSINESS STRATEGY

Our objective is to grow by:

- providing, for a fee, transportation, storage and handling services which are core to the energy infrastructure of growing markets;
- increasing utilization of assets while controlling costs;
- leveraging economies of scale from incremental acquisitions; and
- maximizing the benefits of our financial structure.

We primarily transport and/or handle products for a fee and generally are not engaged in the unmatched purchase and resale of commodity products. As a result, we do not face significant risks relating directly to movements in commodity prices.

Generally, as utilization of our pipelines and terminals increases, our fee-based revenues increase. Increases in utilization are principally driven by increases in demand for gasoline, jet fuel, natural gas and other energy products transported and handled by us. Increases in demand for these products are generally driven by demographic growth in markets we serve, including the rapidly growing western and southeastern United States.

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### RECENT DEVELOPMENTS

On January 15, 2003, we reported unaudited results for the fourth quarter and full year of 2002 that included net income per diluted share of \$2.45 for 2002 compared to \$1.86 in 2001. In addition, we reported diluted earnings per share from continuing operations in 2002 before special items of \$2.85, an increase of 45% from \$1.96 in 2001. Comparable earnings per share for the fourth quarter were \$0.82, an increase of 37% from \$0.60 in 2001. The special items were previously announced non-cash gains and losses that were recorded in the fourth quarter. These items included the reduction in carrying value of certain power assets, income tax adjustments which are primarily the effect of a reduction in the tax rate on the deferred tax account and the net impact of certain other smaller non-recurring gains and losses. After accounting for these special items, diluted earnings per share from continuing operations for 2002 were \$2.50, compared to \$1.97 in 2001. In the fourth quarter, we also recorded a charge to discontinued operations and an extraordinary loss from early extinguishment of debt that reduced income by \$0.05 per diluted share. These unaudited results are shown in the following table.

	THREE MONTHS ENDED DECEMBER 31,		12 MONTHS ENDED DECEMBER 31,	
	2002	2001	2002	2001
Diluted EPS From Continuing Operations Before Special Items.....	\$ 0.82	\$ 0.60	\$ 2.85	\$ 1.96
Special Items:				
Adjustment to Carrying Value of Power Assets.....	(0.68)	--	(0.68)	--
Income Tax Adjustments.....	0.42	--	0.34	--
Miscellaneous.....	(0.01)	--	(0.01)	0.01
Diluted EPS from Continuing Operations.....	0.55	0.60	2.50	1.97
Discontinued Operations.....	(0.04)	--	(0.04)	--
Extraordinary Loss on Early Retirement of Debt.....	(0.01)	--	(0.01)	(0.11)
Diluted Earnings per Common Share.....	\$ 0.50	\$ 0.60	\$ 2.45	\$ 1.86

Effective October 1, 2002, we purchased for \$105.5 million in cash the stock of the Questar Pipeline Company affiliate that indirectly owns the 50% interest in TransColorado Gas Transmission Company that we did not already own. This acquisition settled all outstanding and previously disclosed litigation between Questar and us. As a result of this transaction, we now own 100% of the stock of TransColorado Gas Transmission Company.

### OFFICES

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

### THE EXCHANGE OFFER

#### Registration Rights

Agreement..... We sold \$250 million in aggregate principal

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amount of original notes to qualified institutional buyers as defined in Rule 144A under the Securities Act through Wachovia Securities, Inc. and Barclays Capital Inc., as initial purchasers. We entered into a registration rights agreement with the initial purchasers which grants the holders of the original notes certain exchange and registration rights. The exchange offer made hereby is intended to satisfy such exchange rights.

The Exchange Offer..... \$1,000 principal amount of exchange notes in exchange for each \$1,000 principal amount of original notes. As of the date hereof, \$250 million aggregate principal amount of the original notes are outstanding. We will issue exchange notes to holders on the earliest practicable date following the Expiration Date.

Resales of the Exchange Notes.....

Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, we believe that, except as described below, the exchange notes issued pursuant to the exchange offer may be offered for resale, resold and otherwise transferred by a holder thereof, other than any such holder that is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such exchange notes are acquired in the ordinary course of such holder's business and that such holder has no arrangement or understanding with any person to participate in the distribution of such exchange notes.

Each broker-dealer that receives exchange notes pursuant to the exchange offer in exchange for original notes that such broker-dealer acquired for its own account as a result of market-making activities or other trading activities, other than original notes acquired directly from us or our affiliates, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

If we receive certain notices in the letter of transmittal, this prospectus, as it may be amended or supplemented from time to time, may be used for the appropriate time period by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of

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market-making activities or other trading activities and not acquired directly from us. We have agreed that, if we receive certain notices in the letter of transmittal, we will make this prospectus available to any such broker-dealer for use in connection with any such resale.

The letter of transmittal requires broker-dealers tendering original notes in the exchange offer to indicate whether such broker-dealer acquired the original notes for its own account as a

3

result of market-making activities or other trading activities, other than original notes acquired directly from us or any of our affiliates. If no broker-dealer indicates that the original notes were so acquired, we have no obligation under the registration rights agreement to maintain the effectiveness of the registration statement past the consummation of the exchange offer or to allow the use of this prospectus for such resales. See "The Exchange Offer -- Registration Rights" and "-- Resale of the Exchange Notes; Plan of Distribution."

Expiration Date..... The exchange offer expires at 5:00 p.m., New York City time, on March 21, 2003, unless we extend the exchange offer in our sole discretion, in which case the term "Expiration Date" means the latest date and time to which the exchange offer is extended.

Conditions to the Exchange Offer..... The exchange offer is subject to certain conditions which we may waive. See "The Exchange Offer -- Conditions to the Exchange Offer."

Procedures for Tendering the Original Notes..... Each holder of original notes wishing to accept the exchange offer must complete, sign and date the accompanying letter of transmittal in accordance with the instructions contained in this prospectus and in the letter of transmittal, and mail or otherwise deliver such letter of transmittal together with the original notes and any other required documentation to the exchange agent identified below under "Exchange Agent" at the address set forth in this prospectus. By executing the letter of transmittal, a holder will make certain representations to us. See "The Exchange Offer -- Registration Rights" and "-- Procedures for Tendering Original Notes."

Special Procedures for Beneficial Owners..... Any beneficial owner whose original notes are

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registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct the registered holder to tender on such beneficial owner's behalf. See "The Exchange Offer -- Procedures for Tendering Original Notes."

Guaranteed Delivery  
Procedures.....

Holders of original notes who wish to tender their original notes when those securities are not immediately available or who cannot deliver their original notes, the letter of transmittal or any other documents required by the letter of transmittal to the exchange agent prior to the Expiration Date must tender their original notes according to the guaranteed delivery procedures set forth in "The Exchange Offer -- Procedures for Tendering Original Notes -- Guaranteed Delivery."

Withdrawal Rights.....

Tenders of original notes pursuant to the exchange offer may be withdrawn at any time prior to the Expiration Date.

Acceptance of Original Notes  
and Delivery of Exchange  
Notes.....

We will accept for exchange any and all original notes that are properly tendered in the exchange offer, and not withdrawn, prior

4

to the exchange offer's Expiration Date. The exchange notes issued pursuant to the exchange offer will be issued on the earliest practicable date following our acceptance for exchange of original notes. See "The Exchange Offer -- Terms of the Exchange Offer."

Exchange Agent.....

Wachovia Bank, National Association is serving as exchange agent in connection with the exchange offer.

Federal Income Tax  
Considerations.....

The exchange of original notes for exchange notes pursuant to the exchange offer will not be treated as a taxable exchange for federal income tax purposes. See "Material United States Federal Income Tax Considerations."

5

RISK FACTORS

You should carefully consider the risks described below, in addition to other information contained or incorporated by reference in this prospectus. Realization of any of the following risks could have a material adverse effect on our business, financial condition, cash flows and results of operations.

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WE ARE HIGHLY DEPENDENT UPON THE EARNINGS AND DISTRIBUTIONS OF KINDER MORGAN ENERGY PARTNERS, L.P. For 2001, approximately 40% of our income before interest and income taxes was attributable to our general and limited partner interests in Kinder Morgan Energy Partners, L.P. A significant decline in Kinder Morgan Energy Partners' earnings and/or cash distributions would have a corresponding negative impact on us.

COMPETITION COULD ULTIMATELY LEAD TO LOWER LEVELS OF PROFITS AND ADVERSELY IMPACT OUR ABILITY TO RECONTRACT FOR EXPIRING TRANSPORTATION CAPACITY AT FAVORABLE RATES. For 2001, approximately 56% of our income before interest and income taxes was attributable to the results of operations of Natural Gas Pipeline Company of America, an interstate pipeline that is a major supplier to the Chicago, Illinois area. In recent periods, interstate pipeline competitors of Natural Gas Pipeline Company of America have constructed or expanded pipeline capacity into the Chicago area, although additional take-away capacity has also been constructed. To the extent that an excess of supply into this market area is created and persists, Natural Gas Pipeline Company of America's ability to recontract for expiring transportation capacity at favorable rates could be impaired.

OUR LARGE AMOUNT OF FLOATING RATE DEBT MAKES US VULNERABLE TO INCREASES IN INTEREST RATES. At September 30, 2002, we had approximately \$1.9 billion of debt subject to floating interest rates. Should interest rates increase significantly, our earnings would be adversely affected.

THE RATES WE CHARGE SHIPPERS ON OUR PIPELINE SYSTEMS ARE SUBJECT TO REGULATORY APPROVAL AND OVERSIGHT. Regulators and shippers on our pipelines have rights to challenge the rates we charge under certain circumstances prescribed by applicable regulations. We can provide no assurance that we will not face challenges to the rates we receive on our pipeline systems in the future.

SUSTAINED PERIODS OF WEATHER INCONSISTENT WITH NORMAL IN AREAS SERVED BY OUR NATURAL GAS TRANSPORTATION AND DISTRIBUTION OPERATIONS CAN CREATE VOLATILITY IN OUR EARNINGS. Weather-related factors such as temperature and rainfall at certain times of the year affect our earnings in our natural gas transportation and retail natural gas distribution businesses. Sustained periods of temperatures and rainfall that differ from normal can create volatility in our earnings.

PROPOSED RULEMAKING BY THE FEDERAL ENERGY REGULATORY COMMISSION OR OTHER REGULATORY AGENCIES HAVING JURISDICTION COULD ADVERSELY IMPACT OUR INCOME AND OPERATIONS. For example, on September 27, 2001, FERC issued a Notice of Proposed Rulemaking in Docket No. RM01-10. The proposed rule would expand FERC's current standards of conduct to include a regulated transmission provider and all of its energy affiliates. It is not known whether FERC will issue a final rule in this docket and, if it does, whether as a result we could incur increased costs and increased difficulty in our operations. Generally speaking, new regulations or different interpretations of existing regulations applicable to our assets could have a negative impact on our business, financial condition and results of operations.

ENVIRONMENTAL REGULATION COULD RESULT IN INCREASED OPERATING AND CAPITAL COSTS FOR US. Our business operations are subject to federal, state and local laws and regulations relating to environmental protection. If an accidental leak or spill occurs from our pipelines or at our storage or other facilities, we may have to pay a significant amount to clean up the leak or spill or pay for government penalties, liability to government agencies for natural resource damage, personal injury or property damage to private parties or significant business interruption. The resulting costs and liabilities could negatively affect our level of earnings and cash flow. In addition, emission controls required under federal and state environmental laws could require significant capital expenditures at our facilities. The impact of Environmental Protection



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Agency standards or future environmental measures on us could increase our costs significantly if

6

environmental laws and regulations become stricter. Since the costs of environmental regulation are already significant, additional regulation could negatively affect our business.

We own or operate numerous properties that have been used for many years in connection with pipeline activities. While we have utilized operating and disposal practices that were standard in the industry at the time, hydrocarbons or other wastes may have been released on our properties or on other properties where such wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose management and disposal of hydrocarbons or other wastes was not under our control. These properties and the wastes disposed thereon may be subject to laws such as the Comprehensive Environmental Response, Compensation, and Liability Act, also known as CERCLA or the Superfund law, which impose joint and several liability without regard to fault or the legality of the original conduct. Under such laws and implementing regulations, we could be required to remove or remediate previously disposed wastes or property contamination, including groundwater contamination caused by prior owners or operators. Imposition of such liability schemes could have a material adverse impact our operations and financial position.

THE DISTRESSED FINANCIAL CONDITION OF SOME OF OUR CUSTOMERS COULD HAVE AN ADVERSE IMPACT ON US IN THE EVENT THESE CUSTOMERS ARE UNABLE TO PAY US FOR THE SERVICES WE PROVIDE. Some of our customers are experiencing severe financial problems. The bankruptcy of one or more of them, or some other similar proceeding or liquidity constraint, might make it unlikely that we would be able to collect all or a significant portion of amounts owed by these customers.

INCREASED REGULATORY REQUIREMENTS RELATING TO THE INTEGRITY OF OUR PIPELINES WILL REQUIRE US TO SPEND ADDITIONAL MONEY TO COMPLY WITH THESE REQUIREMENTS. Through our regulated pipeline businesses, we are subject to extensive laws and regulations related to pipeline integrity. Compliance with existing regulations requires significant expenditures. Additional laws and regulations that may be enacted in the future could significantly increase the amount of these expenditures.

THERE IS NO PUBLIC MARKET FOR THE NOTES AND YOU CANNOT BE SURE AN ACTIVE TRADING MARKET FOR THE NOTES WILL DEVELOP. The original notes have not been registered under the Securities Act, and may not be resold by purchasers thereof unless the original notes are subsequently registered or an exemption from the registration requirements of the Securities Act is available. There can be no assurance, even following registration or exchange of the original notes for exchange notes, that an active trading market for the original notes or the exchange notes will exist. At the time of the private placement of the original notes, the initial purchasers advised us that they intended to make a market in the original notes and, if issued, the exchange notes. However, the initial purchasers are not obligated to make a market in the original notes or the exchange notes, and any such market-making may be discontinued at any time at the sole discretion of the initial purchasers. No assurance can be given as to the liquidity of or trading market for the original notes or the exchange notes.

The liquidity of any market for the notes will depend upon the number of holders of the notes, our performance, the market for similar securities, the interest of securities dealers in making a market in the notes and other factors.

THE MARKET VALUE OF YOUR ORIGINAL NOTES MAY BE LOWER IF YOU DO NOT EXCHANGE

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YOUR ORIGINAL NOTES OR FAIL TO PROPERLY TENDER YOUR ORIGINAL NOTES FOR EXCHANGE.

CONSEQUENCES OF FAILURE TO EXCHANGE. To the extent that original notes are tendered and accepted for exchange pursuant to the exchange offer, the trading market for original notes that remain outstanding may be significantly more limited, which might adversely affect the liquidity of the original notes not tendered for exchange. The extent of the market and the availability of price quotations for original notes will depend upon a number of factors, including the number of holders of original notes remaining at such time and the interest in maintaining a market in such original notes on the part of securities firms. An issue of securities with a smaller outstanding market value available for trading, called the "float," may command a lower price than would a comparable issue of securities with a greater float. Therefore, the market price for original notes that are not exchanged in the exchange offer may be affected adversely to

7

the extent that the amount of original notes exchanged pursuant to the exchange offer reduces the float. The reduced float also may tend to make the trading price of the original notes that are not exchanged more volatile.

CONSEQUENCES OF FAILURE TO PROPERLY TENDER. Issuance of the exchange notes in exchange for the original notes pursuant to the exchange offer will be made following the prior satisfaction, or waiver, of the conditions set forth in "The Exchange Offer -- Conditions to the Exchange Offer" and only after timely receipt by the exchange agent of such original notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, holders of original notes desiring to tender such original notes in exchange for exchange notes should allow sufficient time to ensure timely delivery of all required documentation. Neither we, the exchange agent nor any other person is under any duty to give notification of defects or irregularities with respect to the tenders of original notes for exchange. Original notes that may be tendered in the exchange offer but which are not validly tendered will, following the consummation of the exchange offer, remain outstanding and will continue to be subject to the same transfer restrictions currently applicable to such original notes.

8

### THE EXCHANGE OFFER

#### REGISTRATION RIGHTS

At the closing of the offering of the original notes, we entered into the registration rights agreement with the initial purchasers pursuant to which we agreed, for the benefit of the holders of the original notes, at our cost,

- within 120 days after the date of the original issuance of the original notes, to file an exchange offer registration statement with the SEC with respect to the exchange offer for the exchange notes, and
- to use our reasonable efforts to cause the exchange offer registration statement to be declared effective under the Securities Act within 210 days after the date of original issuance of the original notes.

Upon the exchange offer registration statement being declared effective, we agreed to offer the exchange notes in exchange for surrender of the original notes. We agreed to keep the exchange offer open for not less than 30 days, or longer if required by applicable law.

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For each original note surrendered to us pursuant to the exchange offer, the holder of such original note will receive an exchange note having a principal amount equal to that of the surrendered original note. Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the original note surrendered in exchange therefor or, if no interest has been paid on such original note, from the date of its original issue. The registration rights agreement also provides an agreement to include in the prospectus for the exchange offer certain information necessary to allow a broker-dealer who holds original notes that were acquired for its own account as a result of market-making activities or other ordinary course trading activities (other than original notes acquired directly from us or one of our affiliates) to exchange such original notes pursuant to the exchange offer and to satisfy the prospectus delivery requirements in connection with resales of exchange notes received by such broker-dealer in the exchange offer. We agreed to maintain the effectiveness of the registration statement for these purposes for 120 days after the consummation of the exchange offer.

The preceding agreement is needed because any broker-dealer who acquires original notes for its own account as a result of market-making activities or other trading activities is required to deliver a prospectus meeting the requirements of the Securities Act. This prospectus covers the offer and sale of the exchange notes pursuant to the exchange offer made pursuant to this prospectus and the resale of exchange notes received in the exchange offer by any broker-dealer who held original notes acquired for its own account as a result of market-making activities or other trading activities other than original notes acquired directly from us or one of our affiliates.

Under existing interpretations of the staff of the SEC contained in several no-action letters to third parties, the exchange notes will in general be freely tradeable after the exchange offer without further registration under the Securities Act. However, any purchaser of original notes who is an "affiliate" of ours or who intends to participate in the exchange offer for the purpose of distributing the related exchange notes

- will not be able to rely on the interpretation of the staff of the SEC,
- will not be able to tender its original notes in the exchange offer, and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Each holder of the original notes, other than certain specified holders, who wishes to exchange original notes for exchange notes in the exchange offer will be required to make certain representations, including that

- it is not an affiliate of ours,

9

- any exchange notes to be received by it were acquired in the ordinary course of its business, and
- at the time of commencement of the exchange offer, it has no arrangement with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes.

In the event that any changes in law or the applicable interpretations of the staff of the SEC do not permit us to effect the exchange offer, or if for any other reason the exchange offer is not consummated within 210 days of the

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date of issuance and sale of the original notes, or the exchange offer is not available to the initial purchasers based upon an opinion of counsel, we will, at our cost,

- as promptly as practicable, file a shelf registration statement (which may be an amendment of the registration statement of which this prospectus is a part) covering resales of the original notes,
- use all reasonable efforts to cause the shelf registration statement to be declared effective under the Securities Act, and
- use all reasonable efforts to keep effective the shelf registration statement until two years after the date of original issuance of the original notes, or, if Rule 144(k) under the Securities Act is amended to provide a shorter restricted period, such shorter period, or until all original notes have been sold.

We will, in the event of the filing of a shelf registration statement, provide to each holder of the original notes copies of the prospectus which is a part of the shelf registration statement, notify each such holder when the shelf registration statement for the original notes has become effective, and take certain other actions as are required to permit unrestricted resales of the original notes. A holder of original notes that sells such original notes pursuant to the shelf registration statement generally will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement which are applicable to such holder, including certain indemnification obligations. In addition, each holder of the original notes will be required to deliver information to be used in connection with the shelf registration statement and to provide comments on the shelf registration statement within the time periods set forth in the registration rights agreement in order to have their original notes included in the shelf registration statement and to benefit from the provisions regarding liquidated damages set forth in the following paragraph.

We will pay liquidated damages on the original notes upon the occurrence of any of the following events:

- if the exchange offer registration statement or shelf registration statement is not filed within 120 days following the date of original issuance of the original notes, then commencing on the 121st day after the date of original issuance of the original notes, liquidated damages shall accrue on the original notes over and above the otherwise applicable interest rate at a rate of .25% per year;
- if an exchange offer registration statement or a shelf registration statement is filed and is not declared effective within 210 days following the date of original issuance of the original notes, then commencing on the 211th day after the date of original issuance of the original notes, liquidated damages shall accrue on the original notes over and above the otherwise applicable interest rate at a rate of .25% per year; or
- if either:

(A) we have not issued exchange notes for all original notes validly tendered in accordance with the terms of the exchange offer on or prior to 45 business days after the date on which the exchange offer registration statement was declared effective; or

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(B) the shelf registration statement has been declared effective but such shelf registration statement ceases to be effective at any time:

(1) prior to the expiration of the second anniversary of the date of original issuance of the original notes, or, if Rule 144(k) is amended to provide a shorter restrictive period, such shorter period, and

(2) while any registrable securities are outstanding, then liquidated damages shall accrue on the original notes over and above the otherwise applicable interest rate at a rate of .25% per year commencing on the 46th business day after such effective date, in the case of (A) above, or the day such shelf registration statement ceases to be effective, in the case of (B) above.

The foregoing circumstances under which we may be required to pay liquidated damages are not cumulative. In no event will the liquidated damages rate on the original notes exceed .25% per year. Further, any liquidated damages will cease to accrue when all of the events described above have been cured or upon the expiration of the second anniversary of the date of original issuance of the original notes, or, if Rule 144(k) is amended to provide a shorter restrictive period, the shorter period. For purposes of clarifying the foregoing provisions, the registration rights agreement states that liquidated damages shall not accrue at any time that there are no registrable securities outstanding. The receipt of liquidated damages will be the sole monetary remedy available to a holder if we fail to meet these obligations.

This summary of the material provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is filed as an exhibit to the registration statement of which this prospectus is a part.

Except as set forth above, after consummation of the exchange offer, holders of original notes which are the subject of the exchange offer have no registration or exchange rights under the registration rights agreement. See "-- Consequences of Failure to Exchange," and "-- Resale of the Exchange Notes; Plan of Distribution."

### CONSEQUENCES OF FAILURE TO EXCHANGE

The original notes which are not exchanged for exchange notes pursuant to the exchange offer and are not included in a resale prospectus which, if required, will be filed as part of an amendment to the registration statement of which this prospectus is a part, will remain restricted securities and subject to restrictions on transfer. Accordingly, such original notes may only be resold

(1) to us, upon redemption thereof or otherwise,

(2) so long as the original notes are eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act, purchasing for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or other transfer is being made in reliance on Rule 144A,

(3) in an offshore transaction in accordance with Regulation S under the Securities Act,

(4) pursuant to an exemption from registration in accordance with Rule

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144, if available, under the Securities Act,

(5) in reliance on another exemption from the registration requirements of the Securities Act, or

(6) pursuant to an effective registration statement under the Securities Act.

In all of the situations discussed above, the resale must be in accordance with any applicable securities laws of any state of the United States and subject to certain requirements of the registrar or co-

11

registrar being met, including receipt by the registrar or co-registrar of a certification and, in the case of (3), (4) and (5) above, an opinion of counsel reasonably acceptable to us and the registrar.

To the extent original notes are tendered and accepted in the exchange offer, the principal amount of outstanding original notes will decrease with a resulting decrease in the liquidity in the market for the original notes. Accordingly, the liquidity of the market of the original notes could be adversely affected. See "Risk Factors -- Consequences of Failure to Exchange."

### TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, a copy of which is attached to this prospectus as Annex A, we will accept any and all original notes validly tendered and not withdrawn prior to the Expiration Date. We will issue \$1,000 principal amount of exchange notes in exchange for each \$1,000 principal amount of original notes accepted in the exchange offer. Holders may tender some or all of their original notes pursuant to the exchange offer. However, original notes may be tendered only in integral multiples of \$1,000 principal amount.

The form and terms of the exchange notes are the same as the form and terms of the original notes, except that

- the exchange notes will have been registered under the Securities Act and will not bear legends restricting their transfer pursuant to the Securities Act, and
- except as otherwise described above, holders of the exchange notes will not be entitled to the rights of holders of original notes under the registration rights agreement.

The exchange notes will evidence the same debt as the original notes which they replace, and will be issued under, and be entitled to the benefits of, the indenture which governs all of the notes.

Solely for reasons of administration and for no other purpose, we have fixed the close of business on February 19, 2003 as the record date for the exchange offer for purposes of determining the persons to whom this prospectus and the letter of transmittal will be mailed initially. Only a registered holder of original notes or such holder's legal representative or attorney-in-fact as reflected on the records of the trustee under the indenture may participate in the exchange offer. There will be no fixed record date for determining registered holders of the original notes entitled to participate in the exchange offer.

Holders of the original notes do not have any appraisal or dissenters'

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rights under Kansas law or the indenture in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC thereunder.

We shall be deemed to have accepted validly tendered original notes when, as and if we have given oral or written notice thereof to the exchange agent. The exchange agent will act as agent for the tendering holders of the original notes for the purposes of receiving the exchange notes. The exchange notes delivered pursuant to the exchange offer will be issued on the earliest practicable date following our acceptance for exchange of original notes.

If any tendered original notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth in this prospectus or otherwise, certificates for any such unaccepted original notes will be returned, without expense, to the tendering holder of the original notes as promptly as practicable after the Expiration Date.

Holders who tender original notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of the original notes pursuant to the exchange offer. We will pay all charges and expenses, other than certain applicable taxes, in connection with the exchange offer. See "-- Fees and Expenses."

12

### EXPIRATION DATE; EXTENSIONS; AMENDMENTS

The term "Expiration Date" with respect to the exchange offer shall mean 5:00 p.m., New York City time, on March 21, 2003, unless we, in our sole discretion, extend the exchange offer, in which case the term "Expiration Date" shall mean the latest date and time to which the exchange offer is extended.

In order to extend the exchange offer, we will notify the exchange agent of any extension by oral or written notice and will make a public announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date of the exchange offer.

We reserve the right, in our sole discretion,

- to delay accepting any original notes,
- to extend the exchange offer,
- if any of the conditions set forth below under "-- Conditions to the Exchange Offer" have not been satisfied, to terminate the exchange offer, or
- to amend the terms of the exchange offer in any manner.

We may effect any such delay, extension or termination by giving oral or written notice thereof to the exchange agent.

Except as specified in the second paragraph under this heading, any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by a public announcement thereof. If the exchange offer is amended in a manner determined by us to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement that will be distributed to the registered holders of the original notes. The exchange offer will then be extended for a period of five to 10 business days, as

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required by law, depending upon the significance of the amendment and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during such five to 10 business day period.

Without limiting the manner in which we may choose to make a public announcement of any delay, extension, termination or amendment of the exchange offer, we shall not have an obligation to publish, advertise, or otherwise communicate any such public announcement, other than by making a timely release of the announcement to the Dow Jones News Service.

### PROCEDURES FOR TENDERING ORIGINAL NOTES

Tenders of Original Notes. The tender by a holder of original notes pursuant to any of the procedures set forth below will constitute the tendering holder's acceptance of the terms and conditions of the exchange offer.

Our acceptance for exchange of original notes tendered pursuant to any of the procedures described below will constitute a binding agreement between such tendering holder and us in accordance with the terms and subject to the conditions of the exchange offer. Only holders are authorized to tender their original notes. The procedures by which original notes may be tendered by beneficial owners that are not holders will depend upon the manner in which the original notes are held.

DTC has authorized DTC participants that are beneficial owners of original notes through DTC to tender their original notes as if they were holders. To effect a tender, DTC participants should either (1) complete and sign the letter of transmittal or a facsimile thereof, have the signature thereon guaranteed if required by Instruction 1 of the letter of transmittal, and mail or deliver the letter of transmittal or such facsimile pursuant to the procedures for book-entry transfer set forth below under "-- Book-Entry Delivery Procedures," or (2) transmit their acceptance to DTC through the DTC Automated Tender Offer Program ("ATOP"), for which the transaction will be eligible, and follow the procedures for book-entry transfer, set forth below under "-- Book-Entry Delivery Procedures."

13

Tender of Original Notes Held in Physical Form. To tender effectively original notes held in physical form pursuant to the exchange offer,

- a properly completed letter of transmittal applicable to such notes (or a facsimile thereof) duly executed by the holder thereof, and any other documents required by the letter of transmittal, must be received by the exchange agent at one of its addresses set forth below, and tendered original notes must be received by the exchange agent at such address (or delivery effected through the deposit of original notes into the exchange agent's account with DTC and making book-entry delivery as set forth below) on or prior to the Expiration Date of the exchange offer, or
- the tendering holder must comply with the guaranteed delivery procedures set forth below.

LETTERS OF TRANSMITTAL OR ORIGINAL NOTES SHOULD BE SENT ONLY TO THE EXCHANGE AGENT AND SHOULD NOT BE SENT TO US.

Tender of Original Notes Held Through a Custodian. To tender effectively original notes that are held of record by a custodian bank, depository, broker, trust company or other nominee, the beneficial owner thereof must instruct such holder to tender the original notes on the beneficial owner's behalf. A letter of instructions from the record owner to the beneficial owner may be included in



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the materials provided along with this prospectus which may be used by the beneficial owner in this process to instruct the registered holder of such owner's original notes to effect the tender.

Tender of Original Notes Held Through DTC. To tender effectively original notes that are held through DTC, DTC participants should either

- properly complete and duly execute the letter of transmittal (or a facsimile thereof), and any other documents required by the letter of transmittal, and mail or deliver the letter of transmittal or such facsimile pursuant to the procedures for book-entry transfer set forth below, or
- transmit their acceptance through ATOP, for which the transaction will be eligible, and DTC will then edit and verify the acceptance and send an Agent's Message to the exchange agent for its acceptance.

Delivery of tendering original notes held through DTC must be made to the exchange agent pursuant to the book-entry delivery procedures set forth below or the tendering DTC participant must comply with the guaranteed delivery procedures set forth below.

THE METHOD OF DELIVERY OF ORIGINAL NOTES AND LETTERS OF TRANSMITTAL, ANY REQUIRED SIGNATURE GUARANTEES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH DTC AND ANY ACCEPTANCE OR AGENT'S MESSAGE TRANSMITTED THROUGH ATOP, IS AT THE ELECTION AND RISK OF THE PERSON TENDERING ORIGINAL NOTES AND DELIVERING LETTERS OF TRANSMITTAL. EXCEPT AS OTHERWISE PROVIDED IN THE LETTER OF TRANSMITTAL, DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF DELIVERY IS BY MAIL, IT IS SUGGESTED THAT THE HOLDER USE PROPERLY INSURED, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, AND THAT THE MAILING BE MADE SUFFICIENTLY IN ADVANCE OF THE EXPIRATION DATE TO PERMIT DELIVERY TO THE EXCHANGE AGENT PRIOR TO SUCH DATE.

Except as provided below, unless the original notes being tendered are deposited with the exchange agent on or prior to the Expiration Date (accompanied by a properly completed and duly executed letter of transmittal or a properly transmitted Agent's Message), we may, at our option, reject such tender. Exchange of exchange notes for original notes will be made only against deposit of the tendered original notes and delivery of all other required documents.

Book-Entry Delivery Procedures. The exchange agent will establish accounts with respect to the original notes at DTC for purposes of the exchange offer within two business days after the date of this prospectus, and any financial institution that is a participant in DTC may make book-entry delivery of the original notes by causing DTC to transfer such original notes into the exchange agent's account in accordance with DTC's procedures for such transfer. However, although delivery of original notes may be effected through book-entry at DTC, the letter of transmittal (or facsimile thereof), with any required

signature guarantees or an Agent's Message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the exchange agent at one or more of its addresses set forth in this prospectus on or prior to the Expiration Date, or compliance must be made with the guaranteed delivery procedures described below. Delivery of documents to DTC does not constitute delivery to the exchange agent. The confirmation of a book-entry transfer into the exchange agent's account at DTC as described above is referred to herein as a "Book-Entry Confirmation."

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The term "Agent's Message" means a message transmitted by DTC to, and received by, the exchange agent and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from each participant in DTC tendering the original notes and that such participant has received the letter of transmittal and agrees to be bound by the terms of the letter of transmittal and we may enforce such agreement against such participant.

Signature Guarantees. Signatures on all letters of transmittal must be guaranteed by a recognized member of the Medallion Signature Guarantee Program or by any other "eligible guarantor institution," as such term is defined in Rule 17Ad-15 promulgated under the Exchange Act (each of the foregoing, an "Eligible Institution"), unless the original notes tendered thereby are tendered

- by a registered holder of original notes (or by a participant in DTC whose name appears on a DTC security position listing as the owner of such original notes) who has not completed either the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal, or
- for the account of an Eligible Institution.

See Instruction 1 of the letter of transmittal. If the original notes are registered in the name of a person other than the signer of the letter of transmittal or if original notes not accepted for exchange or not tendered are to be returned to a person other than the registered holder, then the signatures on the letter of transmittal accompanying the tendered original notes must be guaranteed by an Eligible Institution as described above. See Instructions 1 and 5 of the letter of transmittal.

Guaranteed Delivery. If a holder desires to tender original notes pursuant to the exchange offer and time will not permit the letter of transmittal, certificates representing such original notes and all other required documents to reach the exchange agent, or the procedures for book-entry transfer cannot be completed, on or prior to the Expiration Date of the exchange offer, such original notes may nevertheless be tendered if all three of the following conditions are satisfied:

- the tender is made by or through an Eligible Institution;
- a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by us, or an Agent's Message with respect to guaranteed delivery that is accepted by us, is received by the exchange agent on or prior to the Expiration Date, as provided below; and
- the certificates for the tendered original notes, in proper form for transfer (or a Book-Entry Confirmation of the transfer of such original notes into the exchange agent's account at DTC as described above), together with the letter of transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees and any other documents required by the letter of transmittal or a properly transmitted Agent's Message, are received by the exchange agent within two business days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be sent by hand delivery, telegram, facsimile transmission or mail to the exchange agent and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, delivery of exchange notes by the exchange agent for original notes tendered and accepted for exchange

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pursuant to the exchange offer will, in all cases, be made only after timely receipt by the exchange agent of such original notes (or Book-Entry Confirmation of the transfer of such original notes into the exchange agent's account at DTC as described above), and

15

the letter of transmittal (or facsimile thereof) with respect to such original notes, properly completed and duly executed, with any required signature guarantees and any other documents required by the letter of transmittal, or a properly transmitted Agent's Message.

Determination of Validity. All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered original notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all original notes not properly tendered or any original notes our acceptance of which, in the opinion of our counsel, would be unlawful.

We also reserve the right to waive any defects, irregularities or conditions of tender as to particular original notes. The interpretation of the terms and conditions of our exchange offer (including the instructions in the letter of transmittal) by us will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within such time as we shall determine.

Although we intend to notify holders of defects or irregularities with respect to tenders of original notes through the exchange agent, neither we, the exchange agent nor any other person is under any duty to give such notice, nor shall they incur any liability for failure to give such notification. Tenderees of original notes will not be deemed to have been made until such defects or irregularities have been cured or waived.

Any original notes received by the exchange agent that are not validly tendered and as to which the defects or irregularities have not been cured or waived, or if original notes are submitted in a principal amount greater than the principal amount of original notes being tendered by such tendering holder, such unaccepted or non-exchanged original notes will either be

- returned by the exchange agent to the tendering holders, or
- in the case of original notes tendered by book-entry transfer into the exchange agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures described below, credited to an account maintained with such Book-Entry Transfer Facility.

By tendering, each registered holder will represent to us that, among other things,

(1) the exchange notes to be acquired by the holder and any beneficial owner(s) of the original notes in connection with the exchange offer are being acquired by the holder and any beneficial owner(s) in the ordinary course of business of the holder and any beneficial owner(s),

(2) the holder and each beneficial owner are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in a distribution of the exchange notes,

(3) the holder and each beneficial owner acknowledge and agree that (x) any person participating in the exchange offer for the purpose of distributing the exchange notes must comply with the registration and

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prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction with respect to the exchange notes acquired by such person and cannot rely on the position of the Staff of the SEC set forth in no-action letters that are discussed herein under "-- Resale of the Exchange Notes; Plan of Distribution," and (y) any broker-dealer that receives exchange notes for its own account in exchange for original notes pursuant to the exchange offer must deliver a prospectus in connection with any resale of such exchange notes, but by so acknowledging, the holder shall not be deemed to admit that, by delivering a prospectus, it is an "underwriter" within the meaning of the Securities Act,

(4) neither the holder nor any beneficial owner is an "affiliate," as defined under Rule 405 of the Securities Act, of ours except as otherwise disclosed to us in writing, and

16

(5) the holder and each beneficial owner understands that a secondary resale transaction described in clause (3) above should be covered by an effective registration statement containing the selling securityholder information required by Item 507 of Regulation S-K of the SEC.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "-- Resale of the Exchange Notes; Plan of Distribution."

### WITHDRAWAL OF TENDERS

Except as otherwise provided in this prospectus and the letter of transmittal, tenders of original notes pursuant to the exchange offer may be withdrawn, unless therefore accepted for exchange as provided in the exchange offer, at any time prior to the Expiration Date of the exchange offer.

To be effective, a written or facsimile transmission notice of withdrawal must be received by the exchange agent at its address set forth in this prospectus prior to the Expiration Date of the exchange offer. Any such notice of withdrawal must

- specify the name of the person having deposited the original notes to be withdrawn,
- identify the original notes to be withdrawn, including the certificate number or numbers of the particular certificates evidencing the original notes (unless such original notes were tendered by book-entry transfer), and aggregate principal amount of such original notes, and
- be signed by the holder in the same manner as the original signature on the letter of transmittal (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the trustee under the indenture register the transfer of the original notes into the name of the person withdrawing such original notes.

If original notes have been delivered pursuant to the procedures for book-entry transfer set forth in "-- Procedures for Tendering Original Notes -- Book-Entry Delivery Procedures," any notice of withdrawal must specify the name and number of the account at the appropriate book-entry transfer facility to be credited with such withdrawn original notes and must otherwise comply with such book-entry transfer facility's procedures.

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If the original notes to be withdrawn have been delivered or otherwise identified to the exchange agent, a signed notice of withdrawal meeting the requirements discussed above is effective immediately upon written or facsimile notice of withdrawal even if physical release is not yet effected. A withdrawal of original notes can only be accomplished in accordance with these procedures.

All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by us in our sole discretion, which determination shall be final and binding on all parties. No withdrawal of original notes will be deemed to have been properly made until all defects or irregularities have been cured or expressly waived. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or revocation, nor shall we or they incur any liability for failure to give any such notification. Any original notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer and no exchange notes will be issued with respect thereto unless the original notes so withdrawn are retendered. Properly withdrawn original notes may be retendered by following one of the procedures described above under "-- Procedures for Tendering Original Notes" at any time prior to the Expiration Date of the exchange offer.

Any original notes which have been tendered but which are not accepted for exchange due to the rejection of the tender due to uncured defects or the prior termination of the exchange offer, or which have been validly withdrawn, will be returned to the holder thereof unless otherwise provided in the letter of transmittal, as soon as practicable following the Expiration Date of the exchange offer or, if so requested in the notice of withdrawal, promptly after receipt by us of notice of withdrawal without cost to such holder.

17

### CONDITIONS TO THE EXCHANGE OFFER

The exchange offer shall not be subject to any conditions, other than that

- the SEC has issued an order or orders declaring the indenture governing the notes qualified under the Trust Indenture Act of 1939,
- the exchange offer, or the making of any exchange by a holder, does not violate applicable law or any applicable interpretation of the staff of the SEC,
- no action or proceeding shall have been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer, which, in our judgment, might impair our ability to proceed with the exchange offer,
- there shall not have been adopted or enacted any law, statute, rule or regulation which, in our judgment, would materially impair our ability to proceed with the exchange offer, or
- there shall not have occurred any material change in the financial markets in the United States or any outbreak of hostilities or escalation thereof or other calamity or crisis the effect of which on the financial markets of the United States, in our judgment, would materially impair our ability to proceed with the exchange offer.

If we determine in our sole discretion that any of the conditions to the exchange offer are not satisfied, we may

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- refuse to accept any original notes and return all tendered original notes to the tendering holders,
- extend the exchange offer and retain all original notes tendered prior to the Expiration Date applicable to the exchange offer, subject, however, to the rights of holders to withdraw such original notes (see "-- Withdrawal of Tenders"), or
- waive such unsatisfied conditions with respect to the exchange offer and accept all validly tendered original notes which have not been withdrawn.

If such waiver constitutes a material change to the exchange offer, we will promptly disclose such waiver by means of a prospectus supplement that will be distributed to the registered holders, and will extend the exchange offer for a period of five to 10 business days, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during such five to 10 business day period.

18

### EXCHANGE AGENT

Wachovia Bank, National Association, the trustee under the indenture governing the notes, has been appointed as exchange agent for the exchange offer. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for Notices of Guaranteed Delivery and other documents should be directed to the exchange agent addressed as follows:

By Mail:

Wachovia Bank, National Association  
Customer Information Center  
Corporate Trust Operations -- NC1153  
1525 West W.T. Harris Boulevard -- 3C3  
Charlotte, NC 28288  
Attention: Marsha Rice

By Facsimile:

(704) 590-7628  
Confirm by  
Telephone:  
(704) 590-7413

By Hand:

Wachovia Bank, National Association  
Customer Information Center  
Corporate Trust Operations -- NC1153  
1525 West W.T. Harris Boulevard -- 3C3  
Charlotte, NC 28262-1153  
Attention: Marsha Rice

### FEES AND EXPENSES

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, additional solicitation may be made by telegraph, telecopy, telephone or in person by our officers and regular employees.

No dealer-manager has been retained in connection with the exchange offer and no payments will be made to brokers, dealers or others soliciting acceptance of the exchange offer. However, reasonable and customary fees will be paid to

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the exchange agent for its services and it will be reimbursed for its reasonable out-of-pocket expenses in connection therewith.

We estimate that our out of pocket expenses for the exchange offer will be approximately \$150,000. Such expenses include fees and expenses of the exchange agent and the trustee under the indenture, accounting and legal fees and printing costs, among others.

We will pay all transfer taxes, if any, applicable to the exchange of the original notes pursuant to the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of the original notes pursuant to the exchange offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

### ACCOUNTING TREATMENT

The exchange notes will be recorded at the carrying value of the original notes and no gain or loss for accounting purposes will be recognized. The expenses of the exchange offer will be amortized over the term of the exchange notes.

19

### RESALE OF THE EXCHANGE NOTES; PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until May 20, 2003 (90 days after the date of this prospectus), all dealers effecting transactions in the exchange notes, whether or not participating in this distribution, may be required to deliver a prospectus. This requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions

- in the over-the-counter market,
- in negotiated transactions,
- through the writing of options on the exchange notes or a combination of such methods of resale,
- at market prices prevailing at the time of resale,
- at prices related to such prevailing market prices, or
- at negotiated prices.

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Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes.

Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission on concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver a prospectus and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

We have agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the holders of the notes approved in writing by the holders of a majority in aggregate principal amount of the notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the notes (including any broker-dealers) required to use this prospectus in connection with their resale of exchange notes as described above against certain liabilities, including civil liabilities under the Securities Act.

### USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any cash proceeds from the issuance of the exchange notes offered by this prospectus. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange original notes in like principal amount, the form and terms of which are the same as the form and terms of the exchange notes, except as otherwise described in this prospectus under "The Exchange Offer -- Terms of the Exchange Offer." The original notes surrendered in exchange for the exchange notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the exchange notes will not result in any increase in our indebtedness.

20

### SUMMARY HISTORICAL FINANCIAL DATA

The following sets forth our summary financial data as presented in Item 6 of our Annual Report on Form 10-K for the year ended December 31, 2001 as filed with the SEC on February 20, 2002, together with unaudited data for September 30, 2002 and the nine months ended September 30, 2002 and 2001. The following should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and the related notes thereto incorporated by reference in this prospectus.

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED D		
	2002	2001	2001	2000	199
	(IN THOUSANDS)				
Operating Revenues.....	\$ 730,246	\$ 771,091	\$ 1,054,918	\$ 2,679,722	\$ 1,8
Gas Purchases and Other Costs of					



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Sales.....	211,848	246,078	339,353	1,926,068	1,0
Gross Margin.....	518,398	525,013	715,565	753,654	7
Other Operating Expenses.....	248,506	240,370	331,246	358,511	4
OPERATING INCOME.....	269,892	284,643	384,319	395,143	2
Other Income and (Expenses) (3).....	144,331	(1,775)	22,917	(87,977)	(
Income From Continuing Operations					
Before Income Taxes.....	414,223	282,868	407,236	307,166	2
Income Taxes.....	172,560	116,495	168,601	123,017	
INCOME FROM CONTINUING OPERATIONS...	241,663	166,373	238,635	184,149	1
Gain (Loss) From Discontinued					
Operations, Net of Tax.....	--	--	--	(31,734)	(3
Income (Loss) Before Extraordinary					
Item.....	241,663	166,373	238,635	152,415	(2
Extraordinary Item -- Loss on Early					
Extinguishment of Debt, Net of					
Income Taxes(4).....	(420)	(13,565)	(13,565)	--	
NET INCOME (LOSS).....	241,243	152,808	225,070	152,415	(2
Less: Preferred Dividends.....	--	--	--	--	
Less: Premium Paid on Preferred					
Stock Redemption.....	--	--	--	--	
EARNINGS (LOSS) AVAILABLE FOR COMMON					
STOCK.....	\$ 241,243	\$ 152,808	\$ 225,070	\$ 152,415	\$ (2
CAPITAL EXPENDITURES(5).....	\$ 128,882	\$ 64,154	\$ 124,171	\$ 85,654	\$
OTHER DATA					
EBITDA(6).....	\$ 612,902	\$ 548,886	\$ 757,370	\$ 686,079	\$ 6
Cash Flow Provided by Operating					
Activities.....	\$ 249,765	\$ 273,668	\$ 437,302	\$ 167,088	\$ 3
Cash Flow Provided by (Used in)					
Investing Activities.....	\$ (630,457)	\$ (1,262,460)	\$ (1,274,739)	\$ 498,722	\$ 1,0
Cash Flow Provided by (Used in)					
Financing Activities.....	\$ 468,181	\$ 865,528	\$ 711,648	\$ (550,265)	\$ (1,3

(1) Reflects the acquisition of Kinder Morgan Delaware on October 7, 1999. See Note 3 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2001.

(2) Reflects the acquisition of MidCon Corp. on January 30, 1998.

(3) Includes significant impacts from sales of assets. See Note 1 (N) of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2001.

(4) On April 30, 2002, the FASB issued SFAS No. 145, "Recission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." When we adopt the provisions of this statement as of January 1, 2003, these losses on early extinguishment of debt will no longer be considered "extraordinary items" and will be reclassified to the "Other Income and (Expenses)" section within continuing operations in our consolidated statements of income.

(5) Capital Expenditures shown are for continuing operations only.

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(6) EBITDA has been calculated as the sum of income from continuing operations plus (a) income tax expense, (b) interest expense and (c) depreciation and amortization expense, including amortization of our excess investment in Kinder Morgan Energy Partners, L.P. which began with its acquisition in October 1999 and ended with our adoption of Statement of Financial Accounting Standards No. 142 effective January 1, 2002. EBITDA is not a measure recognized by generally accepted accounting principles and should not be considered in isolation or as a substitute for measures of income, performance, net cash provided by operations or liquidity prepared in accordance with generally accepted accounting principles. EBITDA as presented may not be comparable to other similarly titled financial measures of other companies.

21

	AS OF SEPTEMBER 30, 2002		AS OF DECEMBER 31,				
			2001		2000		1999
(IN THOUSANDS)							
TOTAL ASSETS.....	\$10,049,035		\$9,560,300		\$8,386,989		\$9,300,000
CAPITALIZATION:							
Common Equity.....	\$ 2,333,473	37%	\$2,267,495	39%	\$1,777,624	39%	\$1,600,000
Preferred Stock.....	--	--	--	--	--	--	--
Preferred Capital Trust							
Securities.....	275,000	4%	275,000	5%	275,000	6%	200,000
Minority Interests.....	955,311	15%	827,487	14%	4,910	--	--
Long-term Debt							
Outstanding.....	2,631,334	42%	2,409,798	42%	2,478,983	55%	3,200,000
Market Value of Interest Rate Swaps.....	125,720	2%	(4,831)	--	--	--	--
	2,757,054	44%	2,404,967	42%	2,478,983	55%	3,200,000
Total Capitalization, Excluding Current Maturities of Long-term Debt.....	\$ 6,320,838	100%	\$5,774,949	100%	\$4,536,517	100%	\$5,200,000

	AS OF DECEMBER 31,			
	1998		1997	
(IN THOUSANDS)				
TOTAL ASSETS.....	\$9,623,779		\$2,305,805	
CAPITALIZATION:				
Common Equity.....	\$1,219,043	25%	\$ 606,132	46%
Preferred Stock.....	7,000	--	7,000	--
Preferred Capital Trust				
Securities.....	275,000	6%	100,000	8%
Minority Interests.....	63,354	1%	47,303	4%
Long-term Debt				
Outstanding.....	3,300,025	68%	553,816	42%
Market Value of Interest Rate Swaps.....				

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Swaps.....	--	--	--	--
	-----	---	-----	---
	3,300,025	68%	553,816	42%
	-----	---	-----	---
Total Capitalization, Excluding Current Maturities of Long-term Debt.....	\$4,864,422	100%	\$1,314,251	100%
	=====	===	=====	===

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, referred to in the following discussion as "SFAS 142." SFAS 142, which superceded Accounting Principles Board Opinion No. 17, Intangible Assets, addresses financial accounting and reporting for (1) intangible assets acquired individually or with a group of other assets (but not those acquired in a business combination) at acquisition and (2) goodwill and other intangible assets subsequent to their acquisition. SFAS 142 is required to be applied starting with fiscal years beginning after December 15, 2001. As previously disclosed in our Form 10-Q for the period ended March 31, 2002 as filed with the SEC on May 10, 2002, we adopted SFAS 142 effective January 1, 2002.

Had the provisions of SFAS 142 been in effect during the periods prior to January 1, 2002 presented above, goodwill amortization would have been eliminated, increasing net income and associated per share amounts as follows:

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED	
	2002	2001	2001	2000
	-----	-----	-----	-----
	(IN THOUSANDS)			
Reported Income (Loss) Before Extraordinary Item.....	\$241,663	\$166,373	\$238,635	\$152,415
Add Back: Goodwill Amortization, Net of Related Tax Benefit.....	--	12,035	16,198	17,368
	-----	-----	-----	-----
Adjusted Income (Loss) Before Extraordinary Item.....	241,663	178,408	254,833	169,783
Extraordinary Item.....	(420)	(13,565)	(13,565)	--
	-----	-----	-----	-----
Adjusted Net Income (Loss).....	\$241,243	\$164,843	\$241,268	\$169,783
	=====	=====	=====	=====
Reported Earnings per Diluted Share.....	\$ 1.95	\$ 1.26	\$ 1.86	\$ 1.33
	=====	=====	=====	=====
Earnings per Diluted Share, as Adjusted.....	\$ 1.95	\$ 1.35	\$ 1.99	\$ 1.48
	=====	=====	=====	=====

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

The historical ratios of earnings to fixed charges of us and our consolidated subsidiaries for the periods indicated are as follows:

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NINE MONTHS ENDED SEPTEMBER 30, 2002	YEAR ENDED DECEMBER 31,				
	2001	2000	1999	1998	1997
3.46	2.58	2.08	1.58	1.62	1.62

In all cases, earnings are determined by adding:

- income before income taxes, extraordinary items, income or loss from equity investees and minority interest; plus
- fixed charges, amortization of capitalized interest and distributed income of equity investees; less
- capitalized interest.

In all cases, fixed charges include:

- interest, including capitalized interest; plus
- amortization of debt issuance costs; plus
- the estimated interest portion of rental expenses.

23

CAPITALIZATION

The following table sets forth our historical consolidated capitalization as of September 30, 2002, and our consolidated capitalization as adjusted to give effect to the receipt and use of the net proceeds from the sale of the original notes to retire short-term debt, including current maturities of long-term debt. See "Use of Proceeds." You should read this table in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and notes thereto that are incorporated by reference in this prospectus.

	HISTORICAL SEPTEMBER 30, 2002	AS ADJUSTED
	-----	-----
	(UNAUDITED)	
	(THOUSANDS OF DOLLARS)	
Cash and Cash Equivalents.....	\$ 103,623	\$ 103,623
	=====	=====
Current Maturities of Long-term Debt.....	\$ 708,017	\$ 455,520
	-----	-----
Notes Payable.....	--	--
	-----	-----
Long-term Debt:		
Debentures:		
8.35% Series, due 2022(1).....	35,000	35,000
6.50% Series, due 2013.....	50,000	50,000
8.75% Series, due 2024.....	75,000	75,000
7.35% Series, due 2026.....	125,000	125,000

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6.67% Series, due 2027.....	150,000	150,000
7.25% Series, due 2028.....	493,000	493,000
7.45% Series, due 2098.....	150,000	150,000
Senior Notes:		
6.65% Series, due 2005.....	500,000	500,000
6.80% Series, due 2008.....	300,000	300,000
6.50% Series, due 2012.....	750,000	750,000
Additional Notes of 6.50% Series.....	--	250,000
Other.....	3,334	7,606
Market Value of Interest Rate Swaps.....	125,720	125,720
	-----	-----
Total Long-term Debt.....	3,465,071	3,466,846
	-----	-----
Capital Trust Securities.....	275,000	275,000
	-----	-----
Minority Interest.....	955,311	955,311
Stockholders' Equity:		
Common Stock, 121,719,079 shares issued and outstanding...	648,920	648,920
Additional Paid-in Capital.....	1,679,327	1,679,327
Retained Earnings.....	436,750	436,750
Treasury Stock.....	(404,590)	(404,590)
Other.....	(26,934)	(26,934)
	-----	-----
Total Stockholders' Equity.....	2,333,473	2,333,473
	-----	-----
Total Capitalization.....	\$7,028,855	\$7,030,630
	=====	=====

-----

(1) Does not give effect to retirement on November 1, 2002 of the full \$35 million of 8.35% sinking fund debentures due September 15, 2022 at a premium of 104.175% of the face amount of the debentures. We expect to record an extraordinary loss of \$1.0 million (net of associated tax benefit of \$0.7 million) in connection with this early extinguishment of debt in the fourth quarter of 2002.

24

### DESCRIPTION OF NOTES

#### GENERAL

The original notes were issued, and the exchange notes will be issued, under an indenture dated as of August 27, 2002, as supplemented and amended by the First Supplemental Indenture dated as of December 6, 2002. The indenture, as supplemented and amended, is collectively referred to as the indenture. It is a contract between us and Wachovia Bank, National Association, which acts as trustee. The indenture and the notes contain the full legal text of the matters described in this section. The indenture and the notes are governed by New York law. A copy of the indenture is filed as an exhibit to the registration statement of which this prospectus is a part.

The following description of the material provisions of the notes and the indenture is a summary only. Because this section is a summary, it does not describe every aspect of those documents. You should read the indenture because it, and not this summary, controls your rights as a holder of beneficial interests in the notes. This summary is subject to and qualified in its entirety by reference to all the provisions of the indenture, including definitions of terms referenced in this prospectus. The summary contains references to the

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described sections of the indenture.

### PRINCIPAL AND MATURITY

The notes are unsecured obligations of Kinder Morgan, Inc. We previously issued \$750 million aggregate principal amount of the notes, which we refer to as the "existing 2002 notes." So long as no Event of Default under the indenture has occurred and is continuing, we may issue and sell additional notes of the same series and with the same terms, without the consent of holders of the notes. Any additional notes, together with these notes and the existing 2002 notes, will constitute a single series of notes under the indenture. However, the original notes will not trade interchangeably with the existing 2002 notes in the secondary market until they are exchanged for exchange notes. For the purposes of this "Description of Notes," unless the context otherwise requires, references to the notes include the original notes, the exchange notes to be issued in exchange for the original notes, the existing 2002 notes and any additional notes issued later. The notes will mature on September 1, 2012, unless sooner redeemed. The notes are not entitled to the benefits of a sinking fund.

All of the notes are held initially in the form of one or more global notes. See "Book-Entry, Delivery and Form" for a general description of the global notes.

### INTEREST

The notes bear interest from August 27, 2002 at the annual rate set forth on the cover page of this prospectus, payable semi-annually in arrears on March 1 and September 1 of each year to noteholders in whose name the notes are registered at the close of business on February 15 or August 15 (whether or not a business day) preceding the applicable interest payment date. We refer to each of those days as an interest payment date. If an interest payment date or a redemption date occurs on a date which is not a business day, payment will be made on the next business day and no additional interest will accrue. Interest payments shall commence on March 1, 2003.

Interest on the notes is computed on the basis of a 360-day year comprised of twelve 30-day months.

### RANKING

The notes will rank equally with any of our other unsecured senior indebtedness, will be effectively subordinated to any of our secured debt and will be structurally subordinated to any debt of our subsidiaries.

The indenture does not limit our ability to incur additional indebtedness or contain provisions that would afford holders of notes protection in the event of a sudden and significant decline in our credit quality or a takeover, recapitalization or highly leveraged or similar transaction. Accordingly, we could in

25

the future enter into transactions that could increase the amount of indebtedness outstanding at that time or otherwise adversely affect our capital structure or credit rating.

### OPTIONAL REDEMPTION

The notes are redeemable, at our option, at any time in whole, or from time to time in part, upon not less than 30 and not more than 60 days notice mailed

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to each holder of notes to be redeemed at the holder's address appearing in the note register, at a price equal to 100% of the principal amount of the notes to be redeemed plus accrued interest to the redemption date, subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date, plus a make-whole premium, if any. In no event will the redemption price ever be less than 100% of the principal amount of the notes to be redeemed plus accrued interest to the redemption date.

The amount of the make-whole premium on any note, or portion of a note, to be redeemed will be equal to the excess, if any, of:

(1) the sum of the present values, calculated as of the redemption date, of:

- each interest payment that, but for the redemption, would have been payable on the note, or portion of a note, being redeemed on each interest payment date occurring after the redemption date, excluding any accrued interest for the period prior to the redemption date; and
- the principal amount that, but for the redemption, would have been payable at the stated maturity of the note, or portion of a note, being redeemed;

over

(2) the principal amount of the note, or portion of a note, being redeemed.

The present value of interest and principal payments referred to in clause (1) above will be determined in accordance with generally accepted principles of financial analysis. The present values will be calculated by discounting the amount of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the redemption date at a discount rate equal to the Treasury Yield, as defined below, plus 0.30%.

The make-whole premium will be calculated by an independent investment banking institution of national standing appointed by us. It could be one of the initial purchasers. If we fail to make that appointment at least 30 business days prior to the redemption date, or if the institution so appointed is unwilling or unable to make the calculation, the financial institution named in the notes will make the calculation. If the financial institution named in the notes is unwilling or unable to make the calculation, an independent investment banking institution of national standing appointed by the trustee will make the calculation.

For purposes of determining the make-whole premium, Treasury Yield refers to an annual rate of interest equal to the weekly average yield to maturity of United States Treasury Notes that have a constant maturity that corresponds to the remaining term to maturity of the notes, calculated to the nearer 1/12 of a year, which we call the remaining term. The Treasury Yield will be determined as of the third business day immediately preceding the applicable redemption date.

The weekly average yields of United States Treasury Notes will be determined by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15(519) Selected Interest Rates" or any successor release, which we call the H.15 Statistical Release. If the H.15 Statistical Release sets forth a weekly average yield for United States Treasury Notes having a constant maturity that is the same as the remaining term of the notes to be redeemed, then the Treasury Yield will be equal to that weekly average yield. In all other cases, the Treasury Yield will be calculated

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by interpolation, on a straight-line basis, between the weekly average yields on the United States Treasury

26

Notes that have a constant maturity closest to and greater than the remaining term of the notes to be redeemed and the United States Treasury Notes that have a constant maturity closest to and less than the remaining term, in each case as set forth in the H.15 Statistical Release. Any weekly average yields so calculated by interpolation will be rounded to the nearer 0.01%, with any figure of 0.0050% or more being rounded upward. If weekly average yields for United States Treasury Notes are not available in the H.15 Statistical Release or otherwise, then the Treasury Yield will be calculated by interpolation of comparable rates selected by the independent investment banking institution.

If less than all of the notes are to be redeemed, the trustee will select the notes to be redeemed by a method that the trustee deems fair and appropriate. The trustee may select for redemption notes and portions of notes in amounts of \$1,000 or whole multiples of \$1,000.

### SAME DAY SETTLEMENT

The original notes trade in, and the exchange notes will trade in, The Depository Trust Company's settlement system until maturity. As a result, The Depository Trust Company will require secondary trading activity in the notes to be settled in immediately available funds. So long as the notes continue to trade in The Depository Trust Company's settlement system, all payments of principal and interest on the global notes will be made by us in immediately available funds.

### CERTAIN COVENANTS

#### LIMITATIONS ON LIENS

For purposes of this covenant, the following definitions are applicable:

"Net Tangible Assets" means the total amount of assets appearing on our consolidated balance sheet less, without duplication:

- all current liabilities (excluding any thereof which are extendible or renewable by their terms or replaceable or refundable pursuant to enforceable commitments at the option of the obligor thereon without requiring the consent of the obligee to a time more than 12 months after the time as of which the amount thereof is being computed and excluding current maturities of long-term debt and preferred stock);
- all reserves for depreciation and other asset valuation reserves but excluding reserves for deferred federal income taxes arising from accelerated depreciation or otherwise;
- all goodwill, trademarks, trade names, patents, unamortized debt discount and expense and other like intangible assets carried as an asset; and
- all appropriate adjustments on account of minority interests of other Persons holding common stock in any Subsidiary.

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Principal Property" means any natural gas pipeline, natural gas distribution system, natural gas gathering system or natural gas storage



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facility located in the United States, except any such property that in the opinion of the Board of Directors is not of material importance to the business conducted by us and our consolidated Subsidiaries taken as a whole.

"Principal Subsidiary" means any Subsidiary which owns a Principal Property.

"Subsidiary" means, with respect to any person:

- any entity of which more than 50% of the total voting power of the equity interests entitled, without regard to the occurrence of any contingency, to vote in the election of directors, managers or trustees thereof; or

27

- any partnership of which more than 50% of the partners' equity interests, considering all partners' equity interests as a single class, is at the time owned or controlled, directly or indirectly, by that person or one or more of the other subsidiaries of that person or combination thereof.

We shall not, nor shall we permit any Subsidiary to, issue, assume or guarantee any debt for money borrowed ("Debt") if such Debt is secured by a mortgage, pledge, security interest or lien (a "mortgage" or "mortgages") upon any Principal Property of ours or any Principal Subsidiary or upon any shares of stock or indebtedness of any Principal Subsidiary (whether such Principal Property, shares or indebtedness was owned on the date of the initial issuance of the notes or thereafter acquired) without in any such case effectively providing that the notes and any other indebtedness chosen by us shall be secured equally and ratably with (or prior to) such Debt, except that the foregoing restrictions shall not apply to:

- (a) mortgages on any property acquired, constructed or improved by us or any Principal Subsidiary after the date of the initial issuance of notes which are created or assumed contemporaneously with, or within 180 days after, such acquisition (or in the case of property constructed or improved, after the completion and commencement of commercial operation of such property, whichever is later) to secure or provide for the payment of any part of the purchase price or cost thereof; provided that if a commitment for such a financing is obtained prior to or within such 180-day period, the applicable mortgage shall be deemed to be included in this clause (a) whether or not such mortgage is created within such 180-day period; and provided further that in the case of such construction or improvement the mortgages shall not apply to any property theretofore owned by us or any Subsidiary other than theretofore unimproved real property;
- (b) existing mortgages on property acquired (including mortgages on any property acquired from a Person which is consolidated with or merged with or into us or a Subsidiary) and mortgages outstanding at the time any corporation becomes a Subsidiary;
- (c) mortgages in favor of us or any Principal Subsidiary;
- (d) mortgages in favor of a domestic or foreign government or governmental body to secure advances or other payments pursuant to any contract or statute or to secure indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to such mortgages, including mortgages to secure Debt of the pollution control or industrial revenue bond type; and
- (e) any extension, renewal or replacement (or successive extensions,

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renewals or replacements), in whole or in part, of any mortgage referred to in any of the foregoing clauses (a)-(d).

Notwithstanding the foregoing, we and any Subsidiary may, without securing the notes, issue, assume or guarantee secured Debt (which would otherwise be subject to the foregoing restrictions) in an aggregate amount which, together with all other such Debt, does not exceed 10% of the Net Tangible Assets, as shown on a consolidated balance sheet as of a date not more than 90 days prior to the proposed transaction prepared by us in accordance with generally accepted accounting principles. (Section 1006)

### CONSOLIDATION, MERGER AND SALE OF ASSETS

We shall not consolidate with or merge into, or convey, transfer or lease our properties and assets substantially as any entirety to, any Person, unless the Person is a corporation, partnership or trust organized under the laws of the United States, any State thereof or the District of Columbia, the Person assumes by supplement or amendment to the indenture all of our obligations under the indenture and the notes and, after giving effect thereto, no Event of Default, and no event which, after notice or lapse of time or both, would be an Event of Default, has occurred and is continuing. The surviving transferee or lessee Person will be our successor and we, except in the case of a lease, will be relieved of all obligations under the indenture and the notes. (Section 801 and 802)

28

### MODIFICATION OF THE INDENTURE

Under the indenture, generally we and the trustee may modify our rights and obligations, any guarantors' rights and obligations and the rights of the holders with the consent of the holders of a majority in aggregate principal amount of the outstanding notes affected by the modification. No modification of the principal or interest payment terms, and no modification reducing the percentage required for modifications, is effective against any holder without its consent. In addition, we and the trustee may amend the indenture without the consent of any holder of the notes to make certain technical changes, such as:

- amending the indenture to reopen the series represented by the notes and issue additional notes of that series having the same terms;
- correcting errors;
- providing for a successor trustee; or
- qualifying the indenture under the Trust Indenture Act. (Sections 901 and 902)

### EVENTS OF DEFAULT AND REMEDIES

In the indenture, Event of Default will mean any of the following:

- failure to pay the principal of or any premium on any note when due;
- failure to pay interest on any note for 30 days;
- failure to perform any other covenant in the indenture that continues for 90 days after being given written notice; or
- our bankruptcy, insolvency or reorganization. (Section 501)

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If an Event of Default with respect to the notes occurs and is continuing, the trustee or the holders of at least 25% in principal amount of all of the outstanding notes may declare the principal of all the notes and accrued, but unpaid interest to be due and payable. When such declaration is made, such amounts will be immediately due and payable. The holders of a majority in principal amount of the outstanding notes may rescind such declaration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived (other than nonpayment of principal or interest that has become due solely as a result of acceleration). (Section 502)

Holders of notes may not enforce the indenture or the notes, except as provided in the indenture or the notes. The trustee may require indemnity satisfactory to it before it enforces the indenture or the notes. (Section 603) Subject to certain limitations, the holders of a majority in principal amount of the outstanding notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power of the trustee. An Event of Default under the notes will not necessarily constitute an event of default under our other indebtedness or vice versa. The trustee may withhold from holders of notes notice of any continuing default (except a default in the payment of principal or interest) if it determines that withholding notice is in their interests. (Section 602)

### MINIMUM DENOMINATIONS

The notes will be issued in registered form in amounts of \$1,000 each or multiples of \$1,000.

### NO PERSONAL LIABILITY OF OFFICERS, DIRECTORS, EMPLOYEES OR SHAREHOLDERS

Our directors, officers, employees and shareholders will not have any liability for our obligations under the indenture or the notes. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the notes.

29

### DISCHARGING OUR OBLIGATIONS

We may choose either to discharge our obligations on the notes in a legal defeasance, or to release ourselves from our covenant restrictions on the notes in a covenant defeasance. We may do so at any time on the 91st day after we deposit with the trustee sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or a redemption date of the notes. If we choose this legal defeasance option, the holders of the notes will not be entitled to the benefits of the indenture except for registration of transfer and exchange of notes, replacement of lost, stolen or mutilated notes, conversion or exchange of notes and receipt of principal and interest on the original stated due dates or specified redemption dates. (Section 1302)

We may discharge our obligations under the indenture or release ourselves from covenant restrictions only if we meet certain requirements. Among other things, we must deliver an opinion of our legal counsel that the discharge will not result in holders having to recognize taxable income or loss or subject them to different tax treatment. In the case of legal defeasance, this opinion must be based on either an IRS letter ruling or change in federal tax law. We may not have a default on the notes discharged on the date of deposit. The discharge may not violate any of our agreements. The discharge may not result in our becoming an investment company in violation of the Investment Company Act of 1940, as amended.

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### THE TRUSTEE

Wachovia Bank, National Association, 12 East 49th Street, 37th Floor, New York, New York 10017 is initially named to act as trustee under the indenture.

The trustee may resign or be removed by us with respect to the notes and a successor trustee may be appointed to act with respect to the notes. The holders of a majority in aggregate principal amount of the notes may remove the trustee. (Section 610)

### LIMITATIONS ON TRUSTEE IF IT IS A CREDITOR OF KINDER MORGAN, INC.

The indenture contains certain limitations on the right of the trustee, in the event that it becomes our creditor, to obtain payment of claims in some cases, or to realize on property received in respect of any such claim, as security or otherwise. (Section 613)

### ANNUAL TRUSTEE REPORT TO HOLDERS OF NOTES

The trustee is required to submit an annual report to the holders of the notes regarding, among other things, the trustee's eligibility to so serve, the priority of the trustee's claims regarding certain advances made by it, and any action taken by the trustee materially affecting the notes.

### CERTIFICATES AND OPINIONS TO BE FURNISHED TO TRUSTEE

The indenture provides that, in addition to other certificates or opinions that may be specifically required by other provisions of the indenture, every application by us for action by the trustee shall be accompanied by a certificate of our officers and an opinion of counsel, who may be our counsel, stating that, in the opinion of the signers, we have complied with all applicable conditions precedent to the action. (Section 102)

### BOOK-ENTRY, DELIVERY AND FORM

Generally, the notes will be issued in the form of global notes registered in the name of The Depository Trust Company, called DTC, or its nominee.

Beneficial interests in the global notes may not be exchanged for notes in certificated form except in the limited circumstances described below. Payment of the principal of and interest on certificated notes is subject to the indenture and will be made at the corporate trust office of the trustee or such other office or agency as may be designated by it for such purpose in New York City. Payment of interest on certificated

30

notes will be made to the person in whose name such note is registered at the close of business on the applicable record date. All other terms of the certificated notes are governed by the indenture. Outstanding notes issued in certificated form may be exchanged in the exchange offer for new notes in certificated form.

Except as described below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee.

Initially, the trustee will act as paying agent and registrar for the notes.

### DEPOSITARY PROCEDURES

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DTC is a limited-purpose trust company created to hold securities for its participating organizations and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book-entry changes in accounts of participants. The participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or indirect participants. The ownership interest and transfer of ownership interest of each actual purchaser of each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

Pursuant to DTC's procedures, (a) upon deposit of the global notes, DTC will credit the accounts of participants designated by the initial purchasers with portions of the principal amount of global notes and (b) ownership of such interests in the global notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to participants) or by participants and the indirect participants (with respect to other owners of beneficial interests in the global notes).

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interest in a global note to such persons may be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do no