

KINDER MORGAN, INC.  
Form S-4/A  
January 03, 2012  
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As filed with the Securities and Exchange Commission on January 3, 2012

Registration No. 333-177895

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**AMENDMENT NO. 2**

**TO**

**Form S-4**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**KINDER MORGAN, INC.**

(Exact name of registrant as specified in its charter)

Edgar Filing: KINDER MORGAN, INC. - Form S-4/A

**Delaware**  
(State of Incorporation)

**4922**  
(Primary Standard Industrial  
Classification Code Number)  
500 Dallas Street,

**80-0682103**  
(I.R.S. Employer  
Identification No.)

**Suite 1000**

**Houston, Texas 77002**

**713-369-9000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Joseph Listengart, Esq.**

**Vice President, General Counsel and Secretary**

**Kinder Morgan, Inc.**

**500 Dallas Street,**

**Suite 1000**

**Houston, Texas 77002**

**713-369-9000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*With copies to:*

<b>Thomas A. Roberts, Esq.</b>	<b>Gary W. Orloff, Esq.</b>	<b>Robert W. Baker, Esq.</b>	<b>Daniel A. Neff, Esq.</b>
<b>R. Jay Tabor, Esq.</b>	<b>R. Daniel Witschey, Jr., Esq.</b>	<b>Executive Vice President</b>	<b>David A. Katz, Esq.</b>
<b>Weil, Gotshal &amp; Manges LLP</b>	<b>Troy L. Harder, Esq.</b>	<b>and General Counsel</b>	<b>Wachtell, Lipton, Rosen &amp; Katz</b>
<b>767 Fifth Avenue</b>	<b>Bracewell &amp; Giuliani LLP</b>	<b>El Paso Corporation</b>	<b>51 West 52nd Street</b>
<b>New York, New York 10153</b>	<b>711 Louisiana Street,</b>	<b>1001 Louisiana Street</b>	<b>New York, New York 10019</b>
<b>(212) 310-8000</b>	<b>Suite 2300</b>	<b>Houston, Texas 77002</b>	<b>(212) 403-1000</b>
	<b>Houston, Texas 77002</b>	<b>(713) 420-2600</b>	
	<b>(713) 221-2300</b>		

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**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this registration statement is declared effective and upon completion of the transactions described in the enclosed information statement/proxy statement/prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (referred to as the Securities Act ), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " Accelerated filer "  
Non-accelerated filer x (Do not check if a smaller reporting company) Smaller reporting company "

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer) "

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this document is not complete and may be changed. Kinder Morgan, Inc. may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**PRELIMINARY, SUBJECT TO COMPLETION, DATED JANUARY 3, 2012**

**INFORMATION STATEMENT/PROXY STATEMENT/PROSPECTUS**

**PROPOSED MERGER YOUR VOTE IS IMPORTANT**

[            ], 2012

We are very pleased to provide this document to you. It is a prospectus related to a proposed issuance by Kinder Morgan, Inc., referred to as Kinder Morgan, of shares of its Class P common stock and warrants to purchase shares of its Class P common stock, or warrants, pursuant to an Agreement and Plan of Merger, referred to as the merger agreement, entered into by, among others, Kinder Morgan and El Paso Corporation, referred to as El Paso. Upon the terms and subject to the conditions set forth in the merger agreement and the Agreement and Plan of Merger entered into among El Paso and certain of its subsidiaries, referred to as the first merger agreement, if the requisite stockholder and other approvals are obtained and other closing conditions are satisfied or waived, through a series of transactions which are further described in this document, El Paso will become an indirect, wholly owned subsidiary of Kinder Morgan. This document is also a proxy statement for El Paso to use in soliciting proxies for its special meeting of stockholders, at which meeting El Paso's stockholders will vote on, among other things, the proposal to adopt the merger agreement and the first merger agreement and to approve the transactions contemplated by the merger agreement and the first merger agreement. In addition, this document is an information statement for Kinder Morgan stockholders to inform them of the transactions and the approvals to be given at the Kinder Morgan special meeting with respect to the proposal to approve the issuance of shares of Kinder Morgan Class P common stock and warrants to be issued as part of the merger consideration and the issuance of shares of Kinder Morgan Class P common stock to be issued upon exercise of the warrants, which we refer to as the share and warrant issuance proposal.

This is an exciting and important event in each of our companies' histories. The boards of directors of each of Kinder Morgan and El Paso have approved the proposed transactions. Under the Delaware General Corporation Law, the approval of El Paso's stockholders must be obtained before the transactions can be completed. Under the rules of the New York Stock Exchange, referred to as the NYSE, Kinder Morgan is required to obtain stockholder approval prior to issuing its Class P common stock and the warrants in connection with the transactions contemplated by the merger agreement. Richard Kinder and certain other stockholders of Kinder Morgan who currently hold, in the aggregate, approximately 75% of the voting power of Kinder Morgan have agreed to vote their shares of Kinder Morgan Class P and Class A common stock, referred to together as Kinder Morgan voting common stock, in favor of the share and warrant issuance proposal. In addition, these stockholders agreed to retain collectively, until the approval of the share and warrant issuance proposal or until the voting agreement is terminated, whichever is earlier, an amount of shares of Kinder Morgan voting common stock that is sufficient to approve the share and warrant issuance proposal. **As a result, approval of the share and warrant issuance proposal at the Kinder Morgan special meeting is assured. Kinder Morgan stockholders are invited to attend the special meeting, at which they will have the opportunity to vote on the share and warrant issuance proposal in person, but no additional votes by other Kinder Morgan stockholders are required to approve the share and warrant issuance proposal. Kinder Morgan is not asking Kinder Morgan stockholders for a proxy, and Kinder Morgan stockholders are requested not to send a proxy.**

The series of transactions described in this document include, among others, what are referred to as the first merger and the second merger. The first merger involves only El Paso and two of its subsidiaries. Pursuant to the first merger agreement, at the effective time of the first merger, each outstanding share of El Paso common stock will be converted into one share of common stock of Sirius Holdings Merger Corporation, or New El Paso. The first merger will result in a holding company structure for El Paso but will not affect the merger consideration that El Paso stockholders will receive at the effective time of the second merger pursuant to the merger agreement. Pursuant to the merger agreement, at the effective time of the second merger, each share of New El Paso common stock issued and outstanding immediately prior to the effective time of the second merger (excluding shares held by New El Paso in treasury, any shares held by Kinder Morgan or any of Kinder Morgan's or New El Paso's subsidiaries and dissenting shares in accordance with Delaware law) will be converted into the right to receive, at the election of the holder but subject to proration with respect to the stock

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and cash portion so that approximately 57% of the aggregate merger consideration (excluding the warrants) is paid in cash and approximately 43% (excluding the warrants) is paid in Kinder Morgan Class P common stock, one of the following: (1) 0.9635 of a share of Kinder Morgan Class P common stock and 0.640 of a warrant to purchase one share of Kinder Morgan Class P common stock; (2) \$25.91 in cash without interest and 0.640 of a warrant to purchase one share of Kinder Morgan Class P common stock; or (3) 0.4187 of a share of Kinder Morgan Class P common stock, \$14.65 in cash without interest and 0.640 of a warrant to purchase one share of Kinder Morgan Class P common stock. The second merger will result in El Paso and New El Paso becoming wholly owned subsidiaries of Kinder Morgan.

El Paso's common stock currently trades on the NYSE under the ticker symbol EP, and Kinder Morgan's Class P common stock currently trades on the NYSE under the ticker symbol KMI. The Kinder Morgan Class P common stock being registered pursuant to this information statement/proxy statement/prospectus (including the Kinder Morgan Class P common stock issuable upon exercise of the warrants) will be listed on the NYSE, and the warrants being registered pursuant to this information statement/proxy statement/prospectus will be listed on the NYSE, NASDAQ or another exchange agreed upon by Kinder Morgan and El Paso.

The special meeting of El Paso stockholders will be held on [ ], 2012 at [ ], local time, at [ ]. At the special meeting, El Paso stockholders will be asked to vote on, among other things, the adoption of the merger agreement and the first merger agreement and the approval of the transactions contemplated by the merger agreement and the first merger agreement. **El Paso's board of directors has approved and declared advisable the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, including the first merger on the terms set forth in the first merger agreement, and the second merger on the terms set forth in the merger agreement. El Paso's board of directors recommends that El Paso stockholders vote FOR the adoption of the merger agreement and the first merger agreement and approval of the transactions contemplated by the merger agreement and the first merger agreement; FOR any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the first merger agreement at the time of the special meeting; and FOR the approval on an advisory (non-binding) basis of the compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions.** The special meeting of Kinder Morgan stockholders will be held on [ ], 2012 at [ ], local time, at [ ].

This information statement/proxy statement/prospectus is an important document containing answers to frequently asked questions and a summary description of the transactions, the merger agreement and the first merger agreement, followed by more detailed information about Kinder Morgan, El Paso, the transactions, and the other matters to be voted upon by Kinder Morgan and El Paso stockholders as part of the special meetings. We urge you to read this document carefully and in its entirety. **In particular, you should consider the matters discussed under Risk Factors beginning on page 44.**

We look forward to the successful merger of Kinder Morgan and El Paso.

Sincerely,

Richard D. Kinder

Chairman and Chief Executive Officer

Kinder Morgan, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this document or determined that this document is accurate or complete. Any representation to the contrary is a criminal offense.**

This document is dated [ ], 2012 and is first being mailed to stockholders of Kinder Morgan and El Paso on or about [ ], 2012.

Douglas L. Foshee

Chairman, President and Chief Executive Officer

El Paso Corporation

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**EL PASO CORPORATION**

**1001 Louisiana Street**

**Houston, Texas 77002**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON [                      ], 2012**

This is a notice that a special meeting of stockholders of El Paso Corporation (referred to as "El Paso") will be held on [                      ], 2012, beginning at [                      ], local time, at [                      ], unless postponed or adjourned to a later date. This special meeting will be held for the following purposes:

1. to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated October 16, 2011 (as it may be amended from time to time, the "merger agreement"), by and among El Paso, Sirius Holdings Merger Corporation (a direct, wholly owned subsidiary of El Paso referred to as "New El Paso"), Sirius Merger Corporation (a direct, wholly owned subsidiary of New El Paso), Kinder Morgan, Inc. (referred to as "Kinder Morgan"), Sherpa Merger Sub, Inc. and Sherpa Acquisition, LLC (which are direct, wholly owned subsidiaries of Kinder Morgan) and the Agreement and Plan of Merger, dated October 16, 2011, by and among El Paso, New El Paso and Sirius Merger Corporation (as it may be amended from time to time, the "first merger agreement") and to approve the transactions contemplated by the merger agreement and the first merger agreement, including:

a merger of Sirius Merger Corporation with and into El Paso (the "first merger"), as a result of which El Paso will become a wholly owned subsidiary of New El Paso and each outstanding share of El Paso common stock will be converted into one share of New El Paso common stock; and

a merger of Sherpa Merger Sub, Inc., a corporation directly, wholly owned by Kinder Morgan, with and into New El Paso (the "second merger"), at which time stockholders of New El Paso will be entitled to receive the merger consideration described in the merger agreement in exchange for their shares;

2. to consider and vote upon any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the first merger agreement at the time of the special meeting;

3. to consider and cast an advisory (non-binding) vote on the compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions; and

4. to transact any other business as may properly come before the special meeting or any adjournment or postponement of such special meeting.

Only holders of record of El Paso common stock at the close of business on [                      ], 2011, the record date for the special meeting, are entitled to receive this notice and to vote at the special meeting or at any adjournment or postponement of such special meeting.

The accompanying information statement/proxy statement/prospectus describes the proposals listed above in more detail. Please refer to the attached document, including the merger agreement, the first merger agreement and all other Annexes and including any documents incorporated by reference, for further information with respect to the business to be transacted at the special meeting. You are encouraged to read the entire document carefully before voting. **In particular, see the section entitled "Risk Factors" beginning on page 44.**

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El Paso's board of directors has approved and declared advisable the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, including the first merger on the terms set forth in the first merger agreement, and the second merger on the terms set forth in the merger agreement. El Paso's board of directors recommends that you vote **FOR** the adoption of the merger agreement and the first merger agreement and approval of the transactions contemplated by the merger agreement and the first merger agreement; **FOR** any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the first merger agreement at the time of the special meeting; and **FOR** the approval on an advisory (non-binding) basis of the compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions.

**YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES THAT YOU OWN.** The acquisition of El Paso by Kinder Morgan cannot be completed without the affirmative vote on the merger proposal of the holders of at least a majority of the outstanding shares of El Paso common stock entitled to vote as of the record date for the special meeting. If you do not vote, the effect will be the same as a vote against the proposal to adopt the merger agreement and the first merger agreement and to approve the transactions contemplated by the merger agreement and the first merger agreement. You may vote your shares by proxy electronically via the Internet, by telephone, by sending in an appropriately completed paper proxy card or in person by ballot at the special meeting.

If you have any questions concerning the transactions or this information statement/proxy statement/prospectus or would like additional copies, please contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

Call Collect: (212) 929-5500

Toll Free: (800) 322-2885

email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

By Order of the Board of Directors

MARGUERITE N. WOUNG-CHAPMAN

*Corporate Secretary*

[                    ], 2012

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**KINDER MORGAN, INC.**

**NOTICE OF SPECIAL MEETING AND ACTION TO BE TAKEN**

**Kinder Morgan is Not Asking You for a Proxy and You are Requested Not to Send Kinder Morgan a Proxy**

Dear Stockholder:

On [ ], 2012, Kinder Morgan, Inc. (referred to as "Kinder Morgan") will hold a special meeting of the holders of Class P common stock and Class A common stock at [ ]. The meeting will begin at [ ], local time.

At the meeting Kinder Morgan proposes to consider and vote upon a proposal (referred to as the "share and warrant issuance proposal") to approve the issuance of shares of Kinder Morgan Class P common stock and warrants to purchase shares of Kinder Morgan Class P common stock to be issued as part of the merger consideration, as well as the issuance of shares of Kinder Morgan Class P common stock to be issued upon exercise of such warrants, in each case, in connection with an Agreement and Plan of Merger, pursuant to which El Paso Corporation will become a wholly owned subsidiary of Kinder Morgan.

Kinder Morgan's board of directors has approved the share and warrant issuance proposal and recommends that you vote FOR the share and warrant issuance proposal, which is discussed in more detail in the accompanying information statement/proxy statement/prospectus. Richard Kinder and certain other stockholders of Kinder Morgan who currently hold, in the aggregate, approximately 75% of the voting power of Kinder Morgan have agreed to vote their shares of Kinder Morgan voting common stock in favor of the share and warrant issuance proposal. In addition, these stockholders agreed to retain collectively until the approval of the share and warrant issuance or until the voting agreement is terminated, whichever is earlier, an amount of shares of Kinder Morgan voting common stock that is sufficient to approve the share and warrant issuance proposal. **As a result, approval of the share and warrant issuance proposal at the Kinder Morgan special meeting is assured. Kinder Morgan stockholders are invited to attend the special meeting, at which they will have the opportunity to vote on the share and warrant issuance proposal in person, but no additional votes by other Kinder Morgan stockholders are required to approve the share and warrant issuance proposal.**

Kinder Morgan's board of directors has fixed the close of business on [ ], 2011, as the record date for determining those stockholders entitled to vote at the Kinder Morgan special meeting. Accordingly, only holders of record of Kinder Morgan voting common stock at the close of business on that date are entitled to notice of, and to vote at, the Kinder Morgan special meeting. A complete list of our stockholders will be available for inspection at the Kinder Morgan special meeting.

The accompanying information statement/proxy statement/prospectus provides information about the transactions. You are encouraged to read this information statement/proxy statement/prospectus, including any documents incorporated by reference, and the Annexes carefully and in their entirety. In particular, see the section entitled "Risk Factors" beginning on page 44 in the accompanying information statement/proxy statement/prospectus. If you have any questions concerning the transactions or this information statement/proxy statement/prospectus or would like additional copies, please contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

Call Collect: (212) 929-5500

Toll Free: (800) 322-2885

email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

By order of the Board of Directors,



Joseph Listengart

*Secretary*

[            ], 2012

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**REFERENCES TO ADDITIONAL INFORMATION**

This document incorporates by reference important business and financial information about El Paso from documents that it has filed with the Securities and Exchange Commission (referred to as the SEC) but that are not being included in or delivered with this document. This information is available to you without charge upon your written or oral request. You may read and copy documents incorporated by reference in this information statement/proxy statement/prospectus, other than certain exhibits to those documents, and other information about El Paso that is filed with the SEC under the Securities Exchange Act of 1934, as amended, and the rules thereunder (referred to as the Exchange Act) at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may obtain information on the operations of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You can also obtain such documents free of charge through the SEC's website (www.sec.gov) or by requesting them in writing or by telephone at the following address and telephone number:

**For information about El Paso Corporation:**

By Mail: El Paso Corporation

1001 Louisiana Street

Houston, Texas 77002

Attention: Investor Relations

By Telephone: (713) 420-5855

By Internet: www.elpaso.com

IF YOU WOULD LIKE TO REQUEST ANY DOCUMENTS BEFORE YOU VOTE, PLEASE DO SO BY [ ], 2012 IN ORDER TO RECEIVE THEM BEFORE THE EL PASO SPECIAL MEETING.

**In addition, if you are an El Paso stockholder and would like to request any documents incorporated by reference in this information statement/proxy statement/prospectus prior to deciding what merger consideration to elect, please do so at least 5 business days prior to the election deadline, which will be identified in the form of election provided to you in a separate mailing following the El Paso special meeting.**

For additional information on documents incorporated by reference in this document, please see Where You Can Find More Information.

**The firm assisting El Paso with the solicitation of proxies and serving as information agent for Kinder Morgan is:**

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

Call Collect: (212) 929-5500

Toll Free: (800) 322-2885

email: proxy@mackenziepartners.com

**ABOUT THIS DOCUMENT**

Kinder Morgan has supplied all information contained in this information statement/proxy statement/prospectus relating to Kinder Morgan. El Paso has supplied all information contained in or incorporated by reference into this information statement/proxy statement/prospectus relating to El Paso. Kinder Morgan and El Paso have both contributed information relating to the transactions.

## Edgar Filing: KINDER MORGAN, INC. - Form S-4/A

This information statement/proxy statement/prospectus forms a part of a registration statement on Form S-4 (Registration No. 333-177895) filed by Kinder Morgan with the SEC. It constitutes a prospectus of Kinder Morgan under Section 5 of the Securities Act of 1933, as amended, and the rules thereunder, with respect to the shares of Kinder Morgan Class P common stock and warrants to purchase shares of Kinder Morgan Class P common stock to be issued to El Paso stockholders in the transactions and shares of Kinder Morgan

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Class P common stock to be issued upon exercise of such warrants. It also constitutes a proxy statement under

Section 14(a) of the Exchange Act and a notice of meeting and action to be taken with respect to the El Paso special meeting of stockholders at which El Paso stockholders will consider and vote on the proposal to adopt the merger agreement and the first merger agreement and to approve the transactions contemplated by the merger agreement and the first merger agreement and the other proposals described in this information statement/proxy statement/prospectus. In addition, it constitutes an information statement under Section 14(c) of the Exchange Act and a notice of meeting and action to be taken with respect to the Kinder Morgan special meeting of stockholders at which holders of Kinder Morgan voting common stock will vote on the proposal to approve the issuance of shares of Kinder Morgan Class P common stock and the warrants to be issued as part of the merger consideration, and the issuance of shares of Kinder Morgan Class P common stock to be issued upon exercise of the warrants.

You should rely only on the information contained in or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this document. This document is dated [        ], 2012. You should not assume that the information contained in this document is accurate as of any date other than the date hereof. You should not assume that the information contained in any document incorporated by reference herein is accurate as of any date other than the date of such document. Any statement contained in a document incorporated or deemed to be incorporated by reference into this document will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference into this document modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this document. Neither the mailing of this document to the respective stockholders of Kinder Morgan and El Paso, nor the taking of any actions contemplated hereby by Kinder Morgan or El Paso at any time will create any implication to the contrary.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.**

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**QUESTIONS AND ANSWERS**

The questions and answers below highlight only selected information from this information statement/proxy statement/prospectus. They do not contain all of the information that may be important to you. El Paso's board of directors is soliciting proxies from its stockholders to vote at the special meeting of El Paso stockholders, to be held on [ ] 2012 at [ ], local time, at [ ]. This information statement/proxy statement/prospectus also provides information about the special meeting of holders of Kinder Morgan Class P common stock and Class A common stock, to be held on [ ], 2012 at [ ] local time, at [ ], but for which Kinder Morgan is not soliciting proxies. You should read carefully the entire information statement/proxy statement/prospectus, including the Annexes, and the additional documents incorporated by reference into this information statement/proxy statement/prospectus, to fully understand the matters to be acted upon and the voting procedures for El Paso's special meeting and Kinder Morgan's special meeting. For a list of documents incorporated by reference into this document and information on how to obtain them, see the section entitled "Where You Can Find More Information."

**Frequently Used Terms**

A few frequently used terms may be helpful for you to have in mind at the outset. This document refers to:

Kinder Morgan, Inc., a Delaware corporation, as "Kinder Morgan";

Kinder Morgan Energy Partners, L.P., a Delaware limited partnership, as "KMP";

Kinder Morgan Management, LLC, a Delaware limited liability company, as "KMR";

Kinder Morgan Kansas, Inc., a Kansas Corporation, as "KMK";

Sherpa Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of Kinder Morgan, as "Merger Sub Two";

Sherpa Acquisition, LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of Kinder Morgan, as "Merger Sub Three";

the investment funds advised by or affiliated with Goldman Sachs, Highstar Capital LP, The Carlyle Group and Riverstone Holdings LLC, that are investors in Kinder Morgan, collectively as the "Sponsor Investors";

Fayez Sarofim, one of Kinder Morgan's directors, and investment entities affiliated with him, and an investment entity affiliated with Michael C. Morgan, another of Kinder Morgan's directors, and William V. Morgan, one of Kinder Morgan's founders, collectively as the "Original Stockholders";

El Paso Corporation, a Delaware corporation, as "El Paso";

El Paso Pipeline Partners, L.P., a Delaware limited partnership, as "EPB";

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Sirius Holdings Merger Corporation, a Delaware corporation and a direct, wholly owned subsidiary of El Paso, as New El Paso ;

Sirius Merger Corporation, a Delaware corporation and a direct, wholly owned subsidiary of New El Paso, as Merger Sub One ;

the merger of Merger Sub One with and into El Paso with El Paso being the surviving corporation, as the first merger ;

the surviving entity from the first merger, as the EP Surviving Company ;

the merger of Merger Sub Two with and into New El Paso with New El Paso being the surviving corporation, as the second merger ;

the surviving entity from the second merger, as the New EP Surviving Company ;

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the conversion of the EP Surviving Company into a Delaware limited liability company, as the LLC conversion ;

the converted entity after the LLC conversion, as the El Paso Converted LLC ;

the merger of the New EP Surviving Company with and into Merger Sub Three with Merger Sub Three being the surviving entity, as the third merger ;

the first merger, the second merger, the third merger and the LLC conversion, as the transactions ;

Kinder Morgan Class P common stock, \$0.01 par value, as Kinder Morgan Class P common stock ;

shares of Kinder Morgan Class P common stock and Kinder Morgan Class A common stock currently outstanding and entitled to vote at the Kinder Morgan special meeting, as Kinder Morgan voting common stock ;

Kinder Morgan Class P common stock purchase warrants to be issued in connection with the second merger, as the warrants ;

the proposal to approve the issuance of shares of Kinder Morgan Class P common stock and the warrants as part of the consideration in the second merger, and the issuance of shares of Kinder Morgan Class P common stock to be issued upon exercise of the warrants, as the share and warrant issuance proposal ;

the transaction whereby Kinder Morgan, Inc., a Kansas corporation now named Kinder Morgan Kansas, Inc. which indirectly owns all of the common equity of the general partner of KMP, was acquired by Knight Holdco LLC, the predecessor to Kinder Morgan, in May 2007, as the Going Private Transaction ;

Natural Gas Pipeline Company of America LLC, owner of a major interstate natural gas pipeline and storage system which Kinder Morgan operates, as NGPL ;

El Paso common stock, par value \$3.00 per share, as El Paso common stock ;

the shares of New El Paso common stock, par value \$0.01, which will be issued in exchange for shares of El Paso common stock in connection with the first merger, as New El Paso common stock ;

the Agreement and Plan of Merger, dated as of October 16, 2011, by and among El Paso, New El Paso, Merger Sub One, Kinder Morgan, Merger Sub Two and Merger Sub Three, as the merger agreement ;

the Agreement and Plan of Merger, dated as of October 16, 2011, by and among El Paso, New El Paso and Merger Sub One, as the first merger agreement ;

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the Voting Agreement, dated as of October 16, 2011, by and among El Paso and certain stockholders of Kinder Morgan, as the voting agreement ;

the Warrant Agreement to be entered into at the closing of the transactions by and among Kinder Morgan and [ ], as the warrant agreement ;

the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, as the HSR Act or the Hart-Scott-Rodino Act ;

the New York Stock Exchange, as the NYSE ;

the General Corporation Law of the State of Delaware, as the DGCL ;

the Delaware Limited Liability Company Act, as the DLLCA ; and

the Internal Revenue Code of 1986, as amended, as the Code.

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**Q: Why have I received these materials?**

A: You are receiving this information statement/proxy statement/prospectus as a stockholder of one or both of El Paso and Kinder Morgan. El Paso has agreed to be acquired by Kinder Morgan pursuant to the terms and subject to the conditions of the merger agreement, which is attached as Annex A and described in more detail elsewhere in this document. See The Merger Agreement. The merger agreement provides that the acquisition of El Paso by Kinder Morgan will occur through a series of steps, which are referred to in this document as the first merger, the LLC conversion, the second merger and the third merger. These transactions are also described in more detail elsewhere in this document. See The Merger Agreement The Transactions. In connection with the transactions, New El Paso stockholders will be entitled to receive, at their election but subject to proration, cash and/or Kinder Morgan Class P common stock, and in each case, warrants to purchase Kinder Morgan Class P common stock. The merger consideration, proration mechanisms and election procedures are described in more detail in the sections entitled The Merger Agreement Transaction Consideration and The Transactions New El Paso Stockholders Making Elections.

In order to complete the proposed transactions, among other things, El Paso's and Kinder Morgan's stockholders must vote on, and approve, proposals that are described in this information statement/proxy statement/prospectus. El Paso and Kinder Morgan will hold separate special meetings of their respective stockholders to seek these approvals. If you are a stockholder of El Paso, you are being asked to cast a vote on certain proposals, including adoption of the merger agreement and the first merger agreement and approval of the transactions contemplated by the merger agreement and the first merger agreement.

This information statement/proxy statement/prospectus serves as the proxy statement through which El Paso will solicit proxies to obtain the necessary approvals for the proposed transactions. It also serves as the prospectus by which Kinder Morgan will issue shares of its Class P common stock and the warrants as part of the merger consideration. Further, it serves as an information statement for Kinder Morgan stockholders to inform them of the proposed transactions and of the approvals to be given at the Kinder Morgan special meeting. This information statement/proxy statement/prospectus contains important information and you should read it carefully and in its entirety.

**Questions and Answers for El Paso Stockholders**

**Q: What matters are to be voted on at the El Paso special meeting?**

A: The special meeting of El Paso stockholders is being held for the following purposes:

**Proposal 1:** to consider and vote upon a proposal to adopt the merger agreement (which is attached as Annex A) and the first merger agreement (which is attached as Annex B) and to approve the transactions contemplated by the merger agreement and the first merger agreement, including the first merger on the terms set forth in the first merger agreement and the second merger on the terms set forth in the merger agreement;

**Proposal 2:** to consider and vote upon any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the first merger agreement at the time of the special meeting;

**Proposal 3:** to consider and cast an advisory (non-binding) vote on the compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions; and

**Other Matters:** to transact any other business as may properly come before the special meeting or any adjournment or postponement of such special meeting.

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**Q: What is the recommendation of El Paso's board of directors with respect to each proposal?**

A: The board of directors of El Paso recommends that the stockholders of El Paso vote:

**Proposal 1: FOR** adoption of the merger agreement and the first merger agreement and approval of the transactions contemplated by the merger agreement and the first merger agreement;

**Proposal 2: FOR** any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the first merger agreement at the time of the special meeting;

**Proposal 3: FOR** the approval on an advisory (non-binding) basis the compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions; and

**Other Matters:** At this time, El Paso is not aware of any other matters that will be presented for a vote at the El Paso special meeting. If any other matters properly come before the special meeting, the proxy holders will have the discretion to vote upon such matters in accordance with their best judgment. To the extent El Paso receives proper notice of a stockholder's intent to bring a matter before the special meeting, El Paso will advise stockholders in advance of the special meeting as to how the proxies intend to vote on such matter.

**El Paso's board of directors has approved and declared advisable the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, including the first merger on the terms set forth in the first merger agreement, and the second merger on the terms set forth in the merger agreement. See The Transactions Recommendation of El Paso's Board of Directors and Reasons for the Transactions.**

In considering the recommendation of the El Paso board of directors with respect to the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, you should be aware that some of El Paso's directors and executive officers may have interests that are different from, or in addition to, the interests of El Paso stockholders more generally and that Goldman Sachs may have interests in the transactions that are different from, or in addition to, those of El Paso's stockholders more generally. See The Transactions Interests of Certain Persons in the Transactions El Paso Executive Officers and Directors and The Transactions Interests of Certain Persons in the Transactions Goldman Sachs.

**Q: When and where is the El Paso special meeting?**

A: The El Paso special meeting will be held on [ ], 2012, beginning at [ ], local time, at [ ], unless postponed or adjourned to a later date.

**Q: Who can attend the El Paso special meeting?**

A: You are entitled to attend the El Paso special meeting only if you are an El Paso stockholder of record or a beneficial owner as of the record date, if you hold a valid proxy for the special meeting or if you are an invited guest of El Paso.

If your shares are registered directly in your name with El Paso's transfer agent, you are a stockholder of record, and stockholders of record who wish to attend the special meeting in person must bring government-issued photo identification to the special meeting.

If your shares are held in street name through a broker, bank, trustee or other nominee, you are a beneficial owner, and beneficial owners will need to show proof of beneficial ownership and government-issued photo identification in order to be admitted to the special meeting.



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If you are a proxy holder for an El Paso stockholder, you will need to bring a validly executed proxy naming you as the proxy holder, proof of record or beneficial ownership of the El Paso stockholder naming you as proxy holder and government-issued photo identification.

No cameras, recording equipment or other electronic devices will be allowed in the meeting room. Please read carefully the requirements for attendance set forth in El Paso Special Meeting, since failure to comply may prevent you from attending the El Paso special meeting.

**Q: Who can vote at the El Paso special meeting?**

A: All El Paso stockholders who held shares of record at the close of business on [ ], 2011, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting and any adjournment or postponement of the special meeting, provided that such shares remain outstanding on the date of the special meeting.

**Q: How many shares of El Paso common stock were outstanding on the record date?**

A: There were [ ] shares of El Paso common stock outstanding at the close of business on [ ], 2011.

**Q: What constitutes a quorum for the El Paso special meeting?**

A: In order for business to be conducted at the special meeting, a quorum must be present. A quorum requires the presence, in person or by proxy, of holders of a majority of the outstanding shares of El Paso common stock entitled to vote at the special meeting. For purposes of determining whether there is a quorum, all shares that are present, including abstentions and broker non-votes, will count towards the quorum.

**Q: How do I vote my El Paso shares?**

A: If you are a stockholder of record, you may vote your El Paso shares by proxy electronically via the Internet, by telephone or by sending in an appropriately completed paper proxy card, or you may vote your shares in person by ballot at the El Paso special meeting. You can specify how you want your El Paso shares voted on each proposal by marking the appropriate boxes on the proxy card or indicating your vote on each proposal via the Internet or by telephone. Please review the voting instructions on the proxy card and carefully read this information statement/proxy statement/prospectus prior to voting. See El Paso Special Meeting.

**Q: If I am planning on attending the El Paso special meeting in person, should I still submit a proxy?**

A: Yes. Whether or not you plan to attend the special meeting, you should submit a proxy. Even if you submit a proxy, you may change your vote by voting in person by ballot at the special meeting. Attendance at the special meeting will not, in and of itself, serve to revoke your proxy.

**Q: How do I vote if my shares are held in street name ?**

A: If you are a beneficial owner holding your shares in street name, you should direct your broker, bank, trustee or other nominee on how to vote the shares. You should complete a voting instruction card provided to you by your broker, bank, trustee or other nominee or provide your voting instructions via Internet or by telephone, if Internet or telephone voting is made available to your broker, bank, trustee or other nominee. If you wish to vote in person at the meeting, you must first obtain from the broker, bank, trustee or other nominee that is the holder of record of your shares a proxy issued in your name.

Your broker, bank, trustee or other nominee does not have discretionary voting on Proposals 1, 2 and 3, which means that such broker, bank, trustee or other nominee will not be able to vote your El Paso shares on these proposals without instructions from you. See El Paso Special Meeting.



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**Q: Can I change my vote after I have delivered my proxy?**

A: Yes. You can change your vote at any time before your shares are voted at the El Paso special meeting. If you are a holder of record, you can do so in any of the following ways:

    sending a written notice of revocation to El Paso Corporation, Attn: Corporate Secretary, 1001 Louisiana Street, Houston, Texas, 77002, which must be received before your shares are voted at the special meeting;

    properly submitting a new proxy card, which must be received before your shares are voted at the special meeting (in which case only the later-submitted proxy is counted and your earlier proxy is revoked);

    voting via Internet or by telephone at a later date (in which case only the later-submitted proxy is counted and your earlier proxy is revoked); or

    attending the El Paso special meeting and voting by ballot in person.

If you are a beneficial owner holding your shares in street name, you may change your vote only by submitting new voting instructions to your broker, bank, trustee or other nominee. See El Paso Special Meeting.

**Q: What if I receive more than one set of proxy cards or more than one e-mail instructing me to vote?**

A: If you receive more than one set of proxy cards or more than one e-mail instructing you to vote, it means your shares are registered in more than one name or are registered in different accounts. Please complete, date, sign and return each proxy card or respond to each e-mail, to ensure that all your shares are voted.

**Q: Who is the inspector of election?**

A: The board of directors of El Paso has appointed a representative of Computershare Trust Company, N.A. to act as the inspector of election at the El Paso special meeting.

**Q: What if I do not vote on the proposed transactions?**

A: If you fail to respond with a vote on Proposal 1, the merger proposal, or if you respond and indicate that you are abstaining from voting on such Proposal, it will have the same effect as a vote against Proposal 1. If you are a beneficial owner holding your shares in street name and do not provide voting instructions to the broker, bank, trustee or other nominee that holds your shares of record (referred to as a broker non-vote), such broker non-vote will have the same effect as a vote against Proposal 1.

**Q: Where can I find the voting results of the El Paso special meeting?**

A: The preliminary voting results will be announced at the El Paso special meeting. In addition, within four business days following certification of the final voting results, El Paso intends to file the final voting results with the SEC on Form 8-K.

**Q: What are the proposed transactions with Kinder Morgan upon which I am being asked to vote?**

A: On October 16, 2011, El Paso, New El Paso, Merger Sub One, Kinder Morgan, Merger Sub Two and Merger Sub Three entered into the merger agreement attached as Annex A.



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The merger agreement contemplates the acquisition of El Paso by Kinder Morgan through a series of steps:

***The First Merger:*** First, Merger Sub One will merge with and into El Paso, with El Paso as the surviving corporation. This merger is referred to in this document as the first merger and the surviving corporation of the first merger is referred to as the EP Surviving Company. The first merger will occur on the terms and subject to the conditions of the first merger agreement. At the effective time of the first merger, each share of El Paso common stock will be converted into a share of New El Paso common stock.

***The LLC Conversion:*** Second, the EP Surviving Company will be converted from a Delaware corporation into a Delaware limited liability company.

***The Second Merger:*** Third, at least twenty days after the LLC conversion, Merger Sub Two will merge with and into New El Paso, with New El Paso as the surviving corporation. This merger is referred to in this document as the second merger, and the surviving corporation of the second merger is referred to as the New EP Surviving Company. At the effective time of the second merger, each share of New El Paso common stock will be converted into the right to receive the merger consideration, as described below. It is upon completion of this step that El Paso stockholders, who will be New El Paso stockholders following the first merger, will be entitled to receive the merger consideration in exchange for their shares.

***The Third Merger:*** Last, the New EP Surviving Company will merge with and into Merger Sub Three, with Merger Sub Three as the surviving limited liability company.

Upon completion of the transactions, El Paso will be a direct, wholly owned subsidiary of Merger Sub Three, and Merger Sub Three, in turn, will be a direct, wholly owned subsidiary of Kinder Morgan. See The Merger Agreement The Transactions.

**Q: What will I receive for my El Paso shares in the proposed transactions with Kinder Morgan?**

A: At the effective time of the first merger, each outstanding share of El Paso common stock will be converted into one share of New El Paso common stock. At the effective time of the second merger, each share of New El Paso common stock issued and outstanding immediately prior to the effective time of the second merger (excluding shares held by New El Paso in treasury, any shares held by Kinder Morgan, Merger Sub Two or Merger Sub Three and any shares held by any other subsidiary of Kinder Morgan or New El Paso and dissenting shares in accordance with Delaware law) will be converted into the right to receive, at the election of the holder but subject to proration with respect to the stock and cash portion so that approximately 57% of the aggregate merger consideration (excluding the warrants) is paid in cash and approximately 43% (excluding the warrants) is paid in Kinder Morgan Class P common stock, one of the following:

0.9635 of a share of Kinder Morgan Class P common stock (which, based on \$31.56, the closing price of Kinder Morgan Class P common stock as of December 29, 2011, had a value of \$30.41 on a rounded basis) and 0.640 of a warrant (which has an assumed value of \$0.96 and is referred to as the Per Share Warrant Consideration ) to purchase one share of Kinder Morgan Class P common stock (any such election referred to as a stock election );

\$25.91 in cash without interest and the Per Share Warrant Consideration (any such election referred to as a cash election ); or

0.4187 of a share of Kinder Morgan Class P common stock (which, based on \$31.56, the closing price of Kinder Morgan Class P common stock as of December 29, 2011, had a value of \$13.21 on a rounded basis), \$14.65 in cash without interest and the Per Share Warrant Consideration (any such election referred to as a mixed election ).

The closing price of El Paso common stock as of December 29, 2011 was \$26.45 per share.

See The Merger Agreement Transaction Consideration.

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**Q: What will happen to my El Paso stock options, restricted shares and performance-based restricted stock units in the proposed transactions with Kinder Morgan?**

A: At the effective time of the first merger, each outstanding stock option to purchase shares of El Paso common stock, restricted share of El Paso common stock and performance-based restricted stock unit will be converted into an equivalent award of New El Paso. At the effective time of the second merger, each such converted stock option, restricted share and performance-based restricted stock unit will be converted into the right to receive, at the election of the holder (which election will apply to all, but not less than all, of such holder's outstanding equity awards), but subject to proration, as described elsewhere in this document, with respect to the cash portion, either cash or a mixture of cash and shares of Kinder Morgan Class P common stock for all shares subject to such awards (in the case of stock options, less the aggregate exercise price). Such holders will also receive the warrants as part of the merger consideration. Holders of such converted stock options, restricted shares and performance-based restricted stock units (and, as described in more detail on pages 194, 195 and 196 of this information statement/proxy statement/prospectus, common stock purchased in respect of options, if any, outstanding under the El Paso ESPP as of immediately prior to closing) will not be able to make a stock election. In the case of performance-based restricted stock units, performance will be deemed to be attained at target. See The Merger Agreement Treatment of New El Paso Stock Options, Restricted Shares, Performance Restricted Stock Units and Employee Stock Purchase Plan.

**Q: Why are holders of El Paso stock options, restricted shares, performance-based restricted stock units and shares of New El Paso common stock purchased in respect of options, if any, outstanding under the El Paso ESPP as of immediately prior to closing not permitted to make a stock election?**

A: The qualification of the second merger and the third merger, taken together, as a reorganization for federal income tax purposes depends on compliance with certain technical requirements, including whether holders of New El Paso's common stock will receive a sufficient amount of Kinder Morgan Class P common stock to satisfy the continuity of interest test set forth in the Treasury regulations promulgated under Section 368 of the Code. The continuity of interest test requires that, after the second merger, a substantial part of the value of the proprietary interests in New El Paso be maintained through ownership of Kinder Morgan Class P common stock. Kinder Morgan Class P common stock issued to holders of New El Paso common stock is taken into account in determining whether the continuity of interest test is satisfied. However, Kinder Morgan Class P common stock issued to holders of New El Paso restricted shares or with respect to New El Paso stock options, New El Paso performance RSUs and New El Paso ESPP options is not so taken into account. Therefore, if the holders of such equity awards are permitted to make a stock election, it is possible that an insufficient number of shares of Kinder Morgan Class P common stock would be available (based on the aggregate number of shares of Kinder Morgan Class P common stock that the parties had agreed would be issued as consideration in the transaction) for issuance to holders of New El Paso common stock to satisfy the continuity of interest test.

**Q: What will happen to El Paso shares held in the El Paso 401(k) plan?**

A: As of the date of this document, shares of El Paso common stock are held by the El Paso Corporation Retirement Savings Plan trust (referred to as the 401(k) Trust). At the effective time of the second merger, such shares are expected to be converted into the merger consideration pursuant to the terms and conditions described above for other outstanding shares of El Paso common stock and in accordance with the terms and conditions of the El Paso Corporation Retirement Savings Plan and 401(k) Trust. El Paso anticipates taking certain actions required to ensure that the acquisition by the 401(k) Trust of warrants to purchase shares of Kinder Morgan Class P common stock in connection with the transactions, and the subsequent holding and disposition by the 401(k) Trust of such warrants, will comply with applicable law.

**Q: What are the terms of the warrants to be used as part of the merger consideration?**

A: The warrants will be issued pursuant to a warrant agreement in the form of and on the terms specified in the form of warrant agreement (attached as Annex D to this document). Each warrant will entitle its holder to

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purchase one share of Kinder Morgan Class P common stock at an exercise price of \$40.00 per share, subject to specified adjustments, at any time during the 5-year period following the closing of the transactions. See The Warrant Agreement.

**Q: Why is El Paso proposing the transactions with Kinder Morgan?**

A: In the course of reaching its decision to approve the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, El Paso's board of directors considered a number of factors in its deliberations. For a more complete discussion of these factors, see The Transactions Recommendation of El Paso's Board of Directors and Reasons for the Transactions.

**Q: What votes of El Paso stockholders are needed to approve the proposed transactions with Kinder Morgan?**

A: The affirmative vote, in person or by proxy, of the holders of a majority of the outstanding shares of El Paso common stock is required to approve the proposed transactions with Kinder Morgan.

**Q: How and when do I make my cash, stock or mixed election?**

A: You will receive a form of election in a separate mailing following the El Paso special meeting. You should carefully review and follow the instructions accompanying that form of election. You will make your cash, stock or mixed election by properly completing, signing and returning the form of election along with stock certificates (or evidence of shares in book-entry form) representing El Paso shares to Computershare Trust Company, N.A., the entity expected to serve as exchange agent in connection with the transactions.

New El Paso will disseminate a copy of this information statement/proxy statement/prospectus to its stockholders at the time the election forms are mailed. New El Paso stockholders will have a minimum of twenty business days from the mailing of the form of election to make their election. Kinder Morgan will publicly announce the anticipated election deadline at least five business days prior to the election deadline.

Do NOT submit any stock certificates (or evidence of shares in book-entry form) with your proxy card.

For more details on the election procedures, see The Transactions New El Paso Stockholders Making Elections.

**Q: Can I change my election after the form of election has been submitted?**

A: Yes. You may revoke your election prior to the election deadline by submitting a written notice of revocation to the exchange agent or by submitting new election materials. Revocations must specify the name in which your shares are registered on the stock transfer books of El Paso and such other information as the exchange agent may request. If you wish to submit a new election, you must do so in accordance with the election procedures described in this information statement/proxy statement/prospectus and in the form of election that you will receive in a separate mailing. If you instructed a broker, bank, trustee or other nominee to submit an election for your shares, you must follow the directions of your broker, bank, trustee or other nominee for changing those instructions. **Whether you revoke your election by submitting a written notice of revocation or by submitting new election materials, the notice of materials must be received by the exchange agent by the election deadline in order for the revocation or new election to be valid.** See The Transactions New El Paso Stockholders Making Elections Election Revocation and Changes.

**Q: How may I transfer El Paso shares after I make my election?**

A: El Paso stockholders who have made elections will be unable to sell or otherwise transfer their shares after making the election, unless the election is properly revoked before the election deadline or unless the merger

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agreement is terminated. See [The Transactions](#) [New El Paso Stockholders Making Elections](#) [Impact of Selling Shares as to which an Election has Already Been Made](#).

**Q: What if I do not send a form of election or it is not received?**

A: If the exchange agent does not receive a properly completed form of election from you before the election deadline, together with any stock certificates (or evidence of shares in book-entry form) representing the shares you wish to exchange for the merger consideration, properly endorsed for transfer, book-entry transfer shares or a guarantee of delivery and any additional documents required by the procedures set forth in the form of election, then you will have no control over the type of merger consideration you receive. El Paso stockholders not making an election will be deemed to have made a mixed election. See [The Transactions](#) [New El Paso Stockholders Making Elections](#) [Non-Electing Holders](#). **You bear the risk of delivery and should send any form of election by courier or by hand to the appropriate address shown in the form of election.**

If you do not make a valid election with respect to any El Paso shares you own of record, you will receive written instructions from the exchange agent after completion of the proposed transactions on how to exchange your El Paso shares for the merger consideration.

**Q: May I submit a form of election even if I do not vote to adopt the merger agreement and the first merger agreement and to approve the transactions contemplated by the merger agreement and the first merger agreement?**

A: Yes. You may submit a form of election even if you vote against the adoption of the merger agreement and the first merger agreement and approval of the transactions contemplated by the merger agreement and the first merger agreement or if you abstain from voting.

**Q: How will I receive the merger consideration to which I am entitled?**

A: You will be paid the merger consideration as promptly as practicable after the effective time of the second merger and after receipt by the exchange agent of your stock certificates (or evidence of shares in book-entry form), a duly executed letter of transmittal and any additional documents required by the procedures set forth in the form of election or the letter of transmittal. In lieu of any fractional shares of Kinder Morgan Class P common stock or warrants to which an El Paso stockholder would otherwise be entitled, such stockholder will receive cash. No interest will be paid or accrued on any cash amounts received as merger consideration or in lieu of any fractional shares or warrants. See [The Transactions](#) [Exchange of Shares](#).

**Q: What happens if I sell my El Paso shares after the record date but before the special meeting?**

A: If you transfer your El Paso shares after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting (provided that such shares remain outstanding on the date of the special meeting), but you will not have the right to receive the merger consideration. In order to receive the merger consideration, you must hold your shares through the completion of the transactions.

**Q: Am I entitled to appraisal rights under the DGCL instead of receiving the merger consideration?**

A: Yes. As a holder of El Paso common stock, you are entitled to exercise appraisal rights under Delaware law in connection with the second merger by taking certain actions and meeting certain conditions. Holders of El Paso common stock do not, however, have appraisal rights in connection with the first merger.

See [The Transactions](#) [Appraisal Rights in Connection with the Second Merger](#) and [The First Merger Agreement](#). In addition, a copy of Section 262 of the DGCL is attached to this document as Annex H.

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**Q: What are the expected tax consequences to El Paso stockholders of the proposed transactions with Kinder Morgan?**

A: The parties intend for each of (1) the first merger and the LLC conversion, taken together, and (2) the second merger and the third merger, taken together, to be treated as a reorganization for United States federal income tax purposes within the meaning of Section 368(a) of the Code.

It is a condition to El Paso's obligation and Kinder Morgan's obligation to complete the transactions that El Paso receive an opinion from Wachtell, Lipton, Rosen & Katz, dated as of the date of the first merger, to the effect that the first merger and the LLC conversion, taken together, will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. It is also a condition to El Paso's obligation and Kinder Morgan's obligation to complete the transactions that El Paso receive an opinion from Wachtell, Lipton, Rosen & Katz, dated as of the closing date of the second merger and the third merger, to the effect that the second merger and third merger, taken together, will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. In addition, in connection with the filing of the registration statement of which this document is a part, Wachtell, Lipton, Rosen & Katz has delivered an opinion to El Paso and Kinder Morgan to the same effect as the opinions described above and addressing the U.S. federal income tax consequences of the transactions as described in The Transactions Material U.S. Federal Income Tax Consequences of the Transactions. These opinions will be based on facts, representations and assumptions set forth or referred to in the opinions and on representation letters provided by El Paso and Kinder Morgan.

Accordingly, and based on the foregoing opinions, (a) a holder of El Paso common stock will not recognize any gain or loss on the exchange of such holder's El Paso common stock for New El Paso common stock in the first merger, and (b) a holder of New El Paso common stock who receives consideration including Kinder Morgan Class P common stock in the second merger will recognize gain (but not loss) on the exchange of such holder's New El Paso common stock for Kinder Morgan Class P common stock and/or cash (other than cash received in lieu of a fractional share or fractional warrant) and warrants in an amount equal to the lesser of (1) the sum of the amount of cash and the fair market value of the Kinder Morgan Class P common stock and warrants received by such holder in the exchange, minus the adjusted tax basis of such holder's New El Paso common stock surrendered in exchange therefor, and (2) the amount of cash (other than cash in lieu of a fractional share or fractional warrant) received by such holder in the exchange. The second merger will be a fully taxable transaction to a holder who receives solely cash and warrants in the second merger.

The tax consequences of the transactions to each holder of El Paso common stock may depend on such holder's particular facts and circumstances. El Paso shareholders are urged to consult their tax advisors to understand fully the consequences to them of the transactions in their specific circumstances. A discussion of the material U.S. federal income tax consequences of the transactions can be found in the section entitled The Transactions Material U.S. Federal Income Tax Consequences of the Transactions.

**Q: What do I need to know about the first merger and the first merger agreement?**

A: If you vote in favor of Proposal 1, you are voting in favor of, among other things, adoption of the first merger agreement and approval of the first merger.

The first merger is an internal step occurring among El Paso and two of its merger subsidiaries. El Paso's indirect, wholly owned subsidiary will be merged with and into it, and El Paso will continue as the surviving corporation. At the effective time of the first merger, each share of El Paso common stock will be converted into a share of New El Paso common stock. This will result in a new holding company structure but will not affect the merger consideration that El Paso stockholders will receive at the effective time of the second merger. Pursuant to the terms of the first merger agreement, the first merger will take place only if El Paso stockholders vote in favor of Proposal 1.



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For additional details on the first merger and the terms of the first merger agreement, see [The First Merger Agreement](#) and refer to the full text of the first merger agreement, a copy of which is attached as Annex B.

**Q: What are the terms of the voting agreement entered into in connection with the merger agreement?**

A: Simultaneously with the execution of the merger agreement, El Paso entered into a voting agreement with certain of Kinder Morgan's stockholders who currently hold, in the aggregate, approximately 75% of the voting power of Kinder Morgan. Pursuant to the terms of the voting agreement, these stockholders agreed, among other things, to vote their shares of Kinder Morgan voting common stock in favor of the issuance of Kinder Morgan Class P common stock and warrants to be issued as part of the merger consideration and of Kinder Morgan Class P common stock issuable upon exercise of the warrants. In addition, these stockholders agreed to retain collectively, until Kinder Morgan stockholder approval of such issuance is obtained or until the voting agreement is terminated, whichever is earlier, an amount of shares of Kinder Morgan voting common stock that is sufficient to approve such issuance of Kinder Morgan Class P common stock and warrants.

For additional details on the terms of the voting agreement, see [The Voting Agreement](#) and refer to the full text of the agreement, a copy of which is attached as Annex C.

**Q: Is completion of the proposed transactions with Kinder Morgan subject to any conditions?**

A: Yes. In addition to the approval of the El Paso stockholders, the completion of the proposed transactions is subject to satisfaction or waiver of a number of closing conditions, including:

Approval of the issuance of Kinder Morgan Class P common stock and warrants by Kinder Morgan stockholders;

Approval for listing of the shares of Kinder Morgan Class P common stock that are deliverable to the stockholders of New El Paso as contemplated by the merger agreement on the NYSE and of the warrants that are deliverable to the stockholders of New El Paso as contemplated by the merger agreement on the NYSE, NASDAQ or such other exchanges, electronic trading networks or other suitable trading platforms as reasonably agreed by El Paso and Kinder Morgan;

There being no law or injunction preventing or prohibiting consummation of the transactions;

Expiration or termination of any applicable waiting period under the HSR Act;

Effectiveness of a registration statement on Form S-4;

Subject to specified materiality standards, the accuracy of the representations and warranties of the other party;

Compliance by the other party in all material respects with its covenants;

There not being a reduction in El Paso's good faith estimate of its net operating loss carryforwards for income tax purposes below \$2.6 billion; and

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El Paso's receipt of a tax opinion from outside legal counsel.

The completion of the proposed transactions is not, however, conditioned on receipt of financing by Kinder Morgan. See The Merger Agreement Conditions to Completion of the Transactions and Financing Covenant; El Paso Cooperation.

**Q: When are the proposed transactions with Kinder Morgan expected to be completed?**

A: El Paso and Kinder Morgan hope to complete the transactions as soon as reasonably practicable and currently expect the closing of the second merger to occur in the second quarter of 2012. However, the transactions are subject to stockholder approvals and regulatory approvals and the satisfaction or waiver of other

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conditions, as described in the merger agreement, and it is possible that factors outside the control of El Paso or Kinder Morgan could result in the second merger being completed at an earlier time, a later time or not at all. There can be no assurance as to when or if the second merger will close.

**Q: What happens if the merger agreement is terminated?**

A: The merger agreement contains certain termination rights for both El Paso and Kinder Morgan, which are described in more detail in The Merger Agreement Termination. The merger agreement also provides that, upon termination of the merger agreement, under certain circumstances, El Paso may be required to pay Kinder Morgan a termination fee of \$650 million or, in certain other circumstances, to reimburse Kinder Morgan for up to \$20 million of its expenses plus certain of Kinder Morgan's financing-related expenses. In addition, the termination of the merger agreement will not relieve the parties from liability for fraud or willful breach of any covenant or agreement contained in the merger agreement. See The Merger Agreement Termination Fee.

**Q: Are there risks associated with the proposed transactions with Kinder Morgan that I should consider in deciding how to vote?**

A: Yes. There are a number of risks associated with all business combinations, including the proposed transactions. These risks and other risks particular to the proposed transactions are discussed in more detail in the section entitled Risk Factors. You are encouraged to read this entire section with particular care and also to refer to the SEC filings of El Paso incorporated by reference into this document. See the section entitled Where You Can Find More Information.

**Q: What happens if the proposed transactions with Kinder Morgan are not completed?**

A: If the merger agreement and first merger agreement are not adopted and the transactions contemplated by the merger agreement and the first merger agreement are not approved by El Paso stockholders, or if the transactions are not completed for any other reason, El Paso stockholders will not receive the merger consideration.

**Q: Why am I being asked to consider and cast an advisory (non-binding) vote on the compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions?**

A: In July 2010, the SEC adopted new rules that require El Paso to seek a non-binding, advisory vote with respect to certain compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions (such payments referred to as change of control payments). See El Paso Special Meeting Proposal No. 3 Advisory Vote on Change of Control Payments to El Paso Named Executive Officers.

**Q: What will happen if El Paso stockholders do not approve, on an advisory (non-binding) basis, the change of control payments?**

A: The vote on the change of control payments is a vote separate and apart from the vote to adopt the merger agreement and the first merger agreement and to approve the transactions contemplated by the merger agreement and the first merger agreement. Accordingly, you may vote in favor of Proposal 3 and not in favor of Proposal 1, or vice versa. Approval of the change of control payments on an advisory (non-binding) basis is not a condition to consummation of the proposed transactions with Kinder Morgan, and it is advisory in nature only, meaning it will not be binding on either El Paso or Kinder Morgan. Accordingly, because El Paso is contractually obligated to pay the compensation, if the proposed transactions with Kinder Morgan are completed, the compensation will be payable, subject only to the conditions applicable to such compensation payments, regardless of the outcome of the advisory vote.

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**Q: Who can help answer my questions?**

A: You may contact El Paso's proxy solicitor, MacKenzie Partners, Inc., with any questions about the proposals or how to vote or to request additional copies of any materials at:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

Call Collect: (212) 929-5500

Toll Free: (800) 322-2885

email: proxy@mackenziepartners.com

**Questions and Answers for Kinder Morgan Stockholders**

**Q: Why have I received this information statement/proxy statement/prospectus?**

A: This document is being delivered to you as an information statement to provide you notice of Kinder Morgan's special meeting and other information.

**Q: What actions are going to be taken by Kinder Morgan?**

A: Assuming the first merger agreement and the merger agreement are approved and adopted by El Paso's stockholders, and the transactions are thereafter completed, El Paso will become a wholly owned subsidiary of Kinder Morgan, and Kinder Morgan will pay to New El Paso stockholders (who, prior to the first merger, were El Paso stockholders), at the election of such stockholders but subject to proration, cash and/or newly issued shares of Kinder Morgan Class P common stock and, in each case, warrants to purchase shares of Kinder Morgan Class P common stock.

**Q: Is Kinder Morgan soliciting proxies to vote on any of these matters at the special meeting?**

A: No. Richard Kinder and certain other stockholders of Kinder Morgan who are party to a voting agreement with El Paso and who currently hold, in the aggregate, approximately 75% of the voting power of Kinder Morgan have agreed to vote their shares of Kinder Morgan voting common stock at the Kinder Morgan special meeting, in favor of the share and warrant issuance proposal. In addition, these stockholders agreed to retain collectively, until Kinder Morgan stockholder approval of such issuance is obtained or until the voting agreement is terminated, whichever is earlier, an amount of Kinder Morgan stock that is sufficient to approve the share and warrant issuance proposal. As a result, approval at the Kinder Morgan special meeting of the share and warrant issuance proposal is assured and no additional votes by other Kinder Morgan stockholders are required to effectuate the transactions.

**Q: If the vote is already assured, why is the Kinder Morgan board of directors holding a special meeting?**

A: The certificate of incorporation of Kinder Morgan requires that any vote or similar action required or permitted to be taken by holders of Kinder Morgan Class P common stock must be effected at a duly called annual or special meeting of holders of Kinder Morgan common stock who would be entitled to vote on the particular action.

**Q: What is the recommendation of Kinder Morgan's board of directors with respect to the share and warrant issuance proposal?**

A: The Kinder Morgan board of directors recommends that the holders of Kinder Morgan voting common stock vote FOR the share and warrant issuance proposal.



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**Q: Will any other matters be presented for a vote at the Kinder Morgan special meeting?**

A: At this time, Kinder Morgan is not aware of any other matters that will be presented for a vote at the Kinder Morgan special meeting.

**Q: When and where is the Kinder Morgan special meeting?**

A: The Kinder Morgan special meeting will be held at [ ], local time, on [ ], 2012 at [ ].

**Q: Who can attend the Kinder Morgan special meeting?**

A: You are entitled to attend the special meeting if you are a holder of record or a beneficial owner of Kinder Morgan Class P common stock or Class A common stock as of the record date, if you hold a valid proxy to vote at the special meeting or if you are an invited guest of Kinder Morgan. See Kinder Morgan Special Meeting.

**Q: Who can vote at the Kinder Morgan special meeting?**

A: Holders of record at the close of business on [ ], 2011, the record date for the Kinder Morgan special meeting, of Kinder Morgan voting common stock will be entitled to notice of, and to vote at, the Kinder Morgan special meeting with respect to the proposal described above. Each of the shares of Kinder Morgan voting common stock issued and outstanding on the record date is entitled to one vote at the special meeting. However, because approval of the proposal is assured, **Kinder Morgan's board of directors is not soliciting your proxy to vote for the share and warrant issuance proposal.**

**Q: What is a quorum?**

A: In order for business to be conducted at the special meeting, a quorum must be present. A majority of the outstanding shares entitled to vote, present in person or by proxy, shall constitute a quorum.

**Q: What will I receive in the transactions?**

A: If the transactions are completed, Kinder Morgan stockholders will not receive any merger consideration and will continue to hold their shares of Kinder Morgan stock.

**Q: How many shares of Kinder Morgan Class P common stock will be issued in the transactions?**

A: Pursuant to the merger agreement, Kinder Morgan expects to issue approximately 329.1 million shares of Kinder Morgan Class P common stock, with the exact number of shares of Kinder Morgan Class P common stock to be issued dependent upon the number of shares of New El Paso common stock issued and outstanding as of the effective time of the second merger.

**Q: How many warrants to purchase shares of Kinder Morgan Class P common stock will be issued in the transactions?**

A: Pursuant to the merger agreement, Kinder Morgan expects to issue approximately 503.1 million warrants to purchase shares of Kinder Morgan Class P common stock, with the exact number of warrants to be issued dependent on the number of shares of New El Paso common stock issued and outstanding as of the effective time of the second merger.

**Q: Are there risks associated with these matters that I should be aware of?**

A: Yes. You should consider the risk factors set out in the section entitled Risk Factors.

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**Q: When do you expect the transactions to be completed?**

A: Kinder Morgan and El Paso hope to complete the transactions as soon as reasonably practicable and currently expect the closing of the second merger to occur in the second quarter of 2012. However, the transactions are subject to stockholder approvals, regulatory approvals and the satisfaction or waiver of other conditions, as described in the merger agreement, and it is possible that factors outside the control of Kinder Morgan or El Paso could result in the second merger being completed at an earlier time, a later time or not at all. There can be no assurance as to when or if the second merger will close.

**Q: Do I have dissenters' rights or appraisal rights in connection with any of these transactions?**

A: Holders of shares of Kinder Morgan stock are not entitled to any dissenters' rights or appraisal rights under the DGCL in connection with the second merger or any of the related transactions.

**Q: Who can help answer my questions?**

A: If you have any questions about any of these matters, including the transactions, or if you need additional copies of this document, you should contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

Call Collect: (212) 929-5500

Toll Free: (800) 322-2885

email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

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**SUMMARY**

*This summary highlights selected information described in more detail elsewhere in this document and the documents incorporated herein by reference, and may not contain all of the information that is important to you. To understand the transactions and the matters being voted on by Kinder Morgan and El Paso stockholders at their respective special meetings more fully, and to obtain a more complete description of the legal terms of the merger agreement, you should carefully read this entire document, including the Annexes, and the documents to which Kinder Morgan and El Paso refer you. Please see *Where You Can Find More Information*.*

**The Parties**

**Kinder Morgan, Inc.**

500 Dallas Street, Suite 1000

Houston, Texas 77002

(713) 369-9000

Kinder Morgan is a publicly traded Delaware corporation, whose stock trades on the NYSE under the ticker KMI. Kinder Morgan is a leading pipeline transportation and energy storage company in North America. It owns an interest in or operates more than 37,000 miles of pipeline and 180 terminals. Its pipelines transport natural gas, gasoline, crude oil, CO<sub>2</sub> and other products, and its terminals store petroleum products and chemicals and handle such products as ethanol, coal, petroleum coke and steel. Kinder Morgan owns the general partner interest of Kinder Morgan Energy Partners, L.P., referred to as KMP, one of the largest publicly-traded pipeline limited partnerships in America. Combined, Kinder Morgan and KMP constitute the largest mid-stream energy entity in the United States with an enterprise value of approximately \$55 billion.

More information about Kinder Morgan is also available on its website, [www.kindermorgan.com](http://www.kindermorgan.com). See also *Information About Kinder Morgan* and *Additional Information About Kinder Morgan*. You should read carefully the business and financial information contained in this document.

**Sherpa Merger Sub, Inc.**

500 Dallas Street, Suite 1000

Houston, Texas 77002

(713) 369-9000

Sherpa Merger Sub, Inc., a Delaware corporation, is a direct wholly owned subsidiary of Kinder Morgan that was formed solely in contemplation of the transactions, has not commenced any operations, has only nominal assets and has no liabilities or contingent liabilities, nor any outstanding commitments other than as set forth in the merger agreement. Sherpa Merger Sub, Inc. has not incurred any obligations, engaged in any business activities or entered into any agreements or arrangements with any third parties other than the merger agreement.

**Sherpa Acquisition, LLC**

500 Dallas Street, Suite 1000

Houston, Texas 77002

(713) 369-9000

Sherpa Acquisition, LLC, a Delaware limited liability company, is a direct wholly owned subsidiary of Kinder Morgan that was formed solely in contemplation of the transactions, has not commenced any operations, has only nominal assets and has no liabilities or contingent liabilities, nor



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any outstanding commitments other than as set forth in the merger agreement. Sherpa Acquisition, LLC has not incurred any obligations, engaged in any business activities or entered into any agreements or arrangements with any third parties other than the merger agreement.

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#### **El Paso Corporation**

1001 Louisiana Street

Houston, Texas 77002

(713) 420-2600

El Paso Corporation is a publicly traded Delaware corporation, whose common stock trades on the NYSE under the ticker EP. It is an energy company that operates primarily in the natural gas transmission, exploration and production sectors of the energy industry. El Paso's purpose is to provide natural gas and related energy products in a safe, efficient and dependable manner. It offers natural gas transmission services to a range of customers, including natural gas producers, marketers and end-users, as well as other natural gas transmission, distribution and electric generation companies. El Paso's operations are conducted through two core segments: (1) pipelines and (2) exploration and production. El Paso is also the general partner of El Paso Pipeline Partners, L.P., referred to as EPB.

More information about El Paso is also available on its website, [www.elpaso.com](http://www.elpaso.com). See also Information About El Paso. You should read carefully the business and financial information contained in this document and the documents incorporated by reference into this document. See Where You Can Find More Information and Incorporation by Reference.

#### **Sirius Holdings Merger Corporation**

1001 Louisiana Street

Houston, Texas 77002

(713) 420-2600

Sirius Holdings Merger Corporation, a Delaware corporation, is a direct, wholly owned subsidiary of El Paso Corporation. It was formed by El Paso solely for the purpose of engaging in the transactions contemplated by the merger agreement, has not commenced any operations, has only nominal assets and has no liabilities or contingent liabilities, nor any outstanding commitments other than as set forth in the merger agreement and the first merger agreement. Sirius Holdings Merger Corporation has not incurred any obligations, engaged in any business activities or entered into any agreements or arrangements with any third parties other than the merger agreement.

#### **Sirius Merger Corporation**

1001 Louisiana Street

Houston, Texas 77002

(713) 420-2600

Sirius Merger Corporation, a Delaware corporation, is a direct, wholly owned subsidiary of Sirius Holdings Merger Corporation and an indirect, wholly owned subsidiary of El Paso Corporation. It was formed by El Paso solely for the purpose of engaging in the transactions contemplated by the merger agreement, has not commenced any operations, has only nominal assets and has no liabilities or contingent liabilities, nor any outstanding commitments other than as set forth in the merger agreement and the first merger agreement. Sirius Merger Corporation has not incurred any obligations, engaged in any business activities or entered into any agreements or arrangements with any third parties other than the merger agreement.

#### **The Transactions**

El Paso stockholders are receiving this document in connection with El Paso's solicitation of proxies for its special meeting of stockholders to vote on, among other things, the proposal to adopt the merger agreement and the first merger agreement and to approve the transactions

contemplated by the merger agreement and the first merger agreement.

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Kinder Morgan and El Paso, among others, have entered into the merger agreement. Kinder Morgan stockholders are receiving this document to inform them of the special meeting of Kinder Morgan stockholders to vote on the share and warrant issuance proposal. Richard Kinder and certain other stockholders of Kinder Morgan who currently hold, in the aggregate, approximately 75% of the voting power of Kinder Morgan, have agreed to vote their shares of Kinder Morgan voting common stock in favor of the share and warrant issuance proposal. In addition, these stockholders agreed to retain collectively, until the approval of the share and warrant issuance proposal or until the voting agreement is terminated, whichever is earlier, an amount of shares of Kinder Morgan voting common stock that is sufficient to approve the share and warrant issuance proposal. **As a result, approval of the share and warrant issuance proposal at the Kinder Morgan special meeting is assured and no additional votes by other Kinder Morgan stockholders are required to effectuate the transactions.**

**Structure of the Transactions (See page 195)**

Upon the terms and subject to the conditions set forth in the merger agreement and in accordance with the DGCL and the DLLCA: (1) at the effective time of the first merger, Merger Sub One will merge with and into El Paso, with El Paso being the surviving corporation; (2) immediately thereafter, El Paso, as the surviving company of the first merger and a wholly owned subsidiary of New El Paso, will be converted into a Delaware limited liability company; (3) at least twenty days thereafter, Merger Sub Two will merge with and into New El Paso, with New El Paso being the surviving corporation and becoming a wholly owned subsidiary of Kinder Morgan; and (4) immediately thereafter, the surviving company of the second merger will merge with and into Merger Sub Three, with Merger Sub Three as the surviving company and remaining a wholly owned subsidiary of Kinder Morgan. The effect of the first merger will be that shares of El Paso common stock will be converted into shares of New El Paso common stock on a one-for-one basis. Similarly, each outstanding equity award with respect to El Paso common stock will be converted, on the same terms and conditions, into an equivalent equity award with respect to New El Paso common stock. At the effective time of the first merger, shares of El Paso common stock will cease to trade on the NYSE and the shares of New El Paso common stock will commence trading on the NYSE. The effect of the second merger will be that New El Paso and El Paso, a wholly owned subsidiary of New El Paso as a result of the first merger, will be acquired by Kinder Morgan and shares of New El Paso common stock will no longer be publicly traded. For diagrams depicting the structure of the mergers described above, see The Transactions Effect of the Transactions.

**Transaction Consideration (See page 203)**

Upon completion of the first merger, each share of El Paso common stock issued and outstanding immediately prior to the effective time of the first merger will be converted into and exchanged for one share of New El Paso common stock. The rights pertaining to New El Paso common stock will be the same as the rights pertaining to El Paso common stock. Similarly, each outstanding equity award with respect to El Paso common stock will be converted, on the same terms and conditions, into an equivalent equity award with respect to New El Paso common stock.

Upon completion of the second merger, each share of New El Paso common stock issued and outstanding immediately prior to the effective time of the second merger (excluding shares held by New El Paso in treasury, any shares held by Kinder Morgan, Merger Sub Two or Merger Sub Three and any shares held by any other subsidiary of Kinder Morgan or New El Paso and dissenting shares in accordance with Delaware law) will be converted into the right to receive, at the election of the holder but subject to proration with respect to the stock and cash portion so that approximately 57% of the aggregate merger consideration (excluding the warrants) is paid in cash and approximately 43% (excluding the warrants) is paid in Kinder Morgan Class P common stock, one of the following:

0.9635 of a share of Kinder Morgan Class P common stock (which, based on \$31.56, the closing price of Kinder Morgan Class P common stock as of December 29, 2011, had a value of \$30.41 on a rounded

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basis) and 0.640 of a warrant (which has an assumed value of \$0.96 and is referred to as the Per Share Warrant Consideration ) to purchase one share of Kinder Morgan Class P common stock (any such election referred to as a stock election );

\$25.91 in cash without interest and the Per Share Warrant Consideration (any such election referred to as a cash election ); or

0.4187 of a share of Kinder Morgan Class P common stock (which, based on \$31.56, the closing price of Kinder Morgan Class P common stock as of December 29, 2011, had a value of \$13.21 on a rounded basis), \$14.65 in cash without interest and the Per Share Warrant Consideration (any such election referred to as a mixed election ).

The closing price of El Paso common stock as of December 29, 2011 was \$26.45 per share.

See The Transactions New El Paso Stockholders Making Elections Proration and Adjustment Procedures for more information on how the proration and adjustment procedures work.

Kinder Morgan will not issue any fractional shares of Kinder Morgan Class P common stock or fractional warrants in the second merger. Instead, a stockholder of New El Paso who otherwise would have received a fractional share of Kinder Morgan Class P common stock or fractional warrant will be entitled to receive, from the exchange agent appointed by Kinder Morgan pursuant to the merger agreement, a cash payment in lieu of such fractional shares or fractional warrants representing such holder's proportionate interest in the proceeds from the sale by the exchange agent of the number of excess shares of Kinder Morgan Class P common stock or excess warrants, as applicable, represented by the aggregate amount of fractional shares of Kinder Morgan Class P common stock and fractional warrants, as applicable.

Because the exchange ratios were fixed at the time the merger agreement was executed and because the market value of Kinder Morgan Class P common stock and the El Paso common stock/New El Paso common stock will fluctuate during the pendency of the transactions, New El Paso stockholders cannot be sure of the value of the merger consideration they elect to receive relative to the value of the shares of New El Paso common stock that they are exchanging. For example, for New El Paso stockholders receiving Kinder Morgan Class P common stock and/or warrants as part of the merger consideration, decreases in the market value of Kinder Morgan Class P common stock will negatively affect the value of the merger consideration that New El Paso stockholders receive, and increases in the market value of New El Paso common stock may mean that the merger consideration that New El Paso stockholders receive will be worth less than the market value of the shares of New El Paso common stock such stockholders are exchanging. See Risk Factors Risk Factors Relating to the Transactions Because the exchange ratios are fixed and because the market price of Kinder Morgan Class P common stock and El Paso common stock/New El Paso common stock will fluctuate, New El Paso stockholders receiving Kinder Morgan Class P common stock and/or warrants as part of the merger consideration cannot be sure of the market value of such merger consideration relative to the value of their shares of New El Paso common stock that they are exchanging. New El Paso stockholders are urged to obtain current market quotations for Kinder Morgan Class P common stock when they make their elections.

The value of the warrants is speculative because there is no existing trading market for them. Kinder Morgan and El Paso jointly agreed upon an assumed value of \$0.96 for the Per Share Warrant Consideration for U.S. federal income tax purposes, which may not reflect the actual value of the Per Share Warrant Consideration. The agreed upon, assumed value of \$0.96 for the Per Share Warrant Consideration is within the ranges of potential values calculated by Kinder Morgan's and El Paso's financial advisors. See Risk Factors Risk Factors Relating to the Transactions The value of the warrants that New El Paso stockholders will receive as part of the merger consideration is uncertain, and the warrants may have limited or no value.

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**Treatment of El Paso Shares Held in El Paso 401(k) Plan Trust (See page 204)**

As of the date of this information statement/proxy statement/prospectus, shares of El Paso common stock are held by the El Paso Corporation Retirement Savings Plan trust (referred to as the 401(k) Trust ). El Paso anticipates taking certain actions required to ensure that the acquisition by the 401(k) Trust of warrants to purchase shares of Kinder Morgan Class P common stock in connection with the transactions, and the subsequent holding and disposition by the 401(k) Trust of such warrants, will comply with applicable law.

**Treatment of New El Paso Stock Options, Restricted Shares, Performance Restricted Stock Units and Employee Stock Purchase Plan (See page 204)**

For details on how New El Paso stock options, restricted shares, performance restricted stock units and the El Paso employee stock purchase plan will be treated pursuant to the transactions, see The Merger Agreement Treatment of New El Paso Stock Options, Restricted Shares, Performance Restricted Stock Units and Employee Stock Purchase Plan.

**El Paso Special Meeting (See page 82)**

The El Paso special meeting will be held on [ ], 2012, beginning at [ ], local time, at [ ], unless postponed or adjourned to a later date.

All El Paso stockholders who held shares of record at the close of business on [ ], 2011, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting and any adjournment or postponement of the special meeting, provided that such shares remain outstanding on the date of the special meeting.

As of the record date, there were [ ] shares of El Paso common stock outstanding, held by [ ] holders of record. The affirmative vote of a majority of the outstanding shares of El Paso common stock as of the record date is required to adopt the merger agreement and the first merger agreement and to approve the transactions contemplated by the merger agreement and the first merger agreement. As of the record date, El Paso directors and executive officers and their affiliates, as a group, owned and were entitled to vote [ ] shares of El Paso common stock, or approximately [ ]% of the outstanding El Paso common stock. These directors and executive officers have informed El Paso that they intend to vote their shares in favor of Proposals 1, 2 and 3, but none of El Paso's directors and executive officers has entered into any agreement obligating such director or executive officer to do so or to retain their currently owned shares of El Paso common stock.

For important information on the El Paso special meeting, see El Paso Special Meeting.

**Kinder Morgan Special Meeting (See page 90)**

The Kinder Morgan special meeting will be held on [ ], 2012, beginning at [ ], local time, at [ ], unless postponed or adjourned to a later date. Only holders of Kinder Morgan voting common stock as of the record date will be entitled to notice of, and vote at, the special meeting. On [ ], 2011, the record date, there were [ ] shares of Class P common stock and [ ] shares of Class A common stock of Kinder Morgan issued and outstanding, representing all of the voting common stock of Kinder Morgan allowed to vote on the share and warrant issuance proposal to be presented at the special meeting. Each share of Class P common stock and each share of Class A common stock is entitled to one vote.

As of the record date, Kinder Morgan's directors and executive officers beneficially owned approximately [ ] of the outstanding shares of Kinder Morgan Class P common stock, representing approximately [ ]% of the total outstanding shares of Kinder Morgan Class P common stock, and beneficially owned

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approximately [ ] of the outstanding shares of Kinder Morgan Class A common stock, representing approximately [ ]% of the total outstanding shares of Kinder Morgan Class A common stock. The shares of Class P common stock and Class A common stock beneficially owned by Kinder Morgan directors and executive officers include [ ] shares that are subject to the voting agreement. Kinder Morgan believes that each of its directors and executive officers intends to vote his or her shares in favor of approval of the share and warrant issuance proposal.

The affirmative vote of at least a majority of the votes cast (including abstentions) on the share and warrant issuance proposal by holders of shares of Kinder Morgan voting common stock present in person or by proxy and entitled to vote on the share and warrant issuance proposal is required to approve the proposal, so long as the total vote cast on the proposal represents at least a majority of the shares of Kinder Morgan voting common stock entitled to vote on the proposal, assuming a quorum is present. Richard Kinder and certain other stockholders of Kinder Morgan who currently hold, in the aggregate, approximately 75% of the voting power of Kinder Morgan, have agreed to vote their shares of Kinder Morgan voting common stock in favor of the share and warrant issuance proposal. In addition, these stockholders agreed to retain collectively, until the approval of the share and warrant issuance proposal or until the voting agreement is terminated, whichever is earlier, an amount of shares of Kinder Morgan voting common stock that is sufficient to approve the share and warrant issuance proposal. Approval of the share and warrant issuance proposal being voted on at the Kinder Morgan special meeting is therefore assured and no further votes with respect to the proposal are needed.

**Recommendation of El Paso's Board of Directors and Reasons for the Transactions (See page 111)**

El Paso's board of directors recommends that El Paso stockholders vote FOR adoption of the merger agreement and the first merger agreement and approval of the transactions contemplated by the merger agreement and the first merger agreement.

In the course of reaching its decision to approve the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, El Paso's board of directors considered a number of factors in its deliberations. For a more complete discussion of these factors, see The Transactions Recommendation of El Paso's Board of Directors and Reasons for the Transactions.

**Opinion of El Paso's Financial Advisor (See page 121)**

At a meeting of El Paso's board of directors on October 16, 2011, Morgan Stanley & Co. LLC, which is referred to as Morgan Stanley, rendered to El Paso's board of directors its oral opinion, subsequently confirmed in writing, that as of October 16, 2011, and based upon and subject to the various assumptions, factors, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the holders of shares of El Paso common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

**The full text of the written fairness opinion of Morgan Stanley, dated October 16, 2011, is attached as Annex E to this information statement/proxy statement/prospectus and is incorporated herein by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. You should read the opinion carefully and in its entirety. Morgan Stanley's opinion is directed to El Paso's board of directors and addresses only the fairness from a financial point of view of the consideration to be received by the holders of shares of El Paso common stock pursuant to the merger agreement, as of the date of the opinion. It does not address any other aspect of the transactions contemplated by the merger agreement and expresses no opinion or recommendation as to the underlying decision of El Paso to engage in the proposed transactions or as to how any stockholder of El Paso or Kinder Morgan should vote at any stockholders' meeting held in connection with the proposed**

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transactions. Morgan Stanley's opinion does not in any manner address the prices at which the Kinder Morgan Class P common stock and the Kinder Morgan warrants will trade following consummation of the transactions or any time in the future. For additional information relating to the opinion of Morgan Stanley, see *The Transactions Opinion of El Paso's Financial Advisor*.

**Recommendation of Kinder Morgan's Board of Directors and Reasons for the Transactions (See page 116)**

The Kinder Morgan board of directors recommends that holders of Kinder Morgan voting common stock vote FOR the share and warrant issuance proposal.

In the course of reaching its decision to approve the merger agreement and the transactions contemplated thereby, the Kinder Morgan board of directors considered a number of factors in its deliberations. Those factors are described in *The Transactions Recommendation of Kinder Morgan's Board of Directors and Reasons for the Transactions*.

**Opinions of Kinder Morgan's Financial Advisors (See page 136)**

*Opinion of Evercore Group L.L.C. to the Kinder Morgan Board of Directors*

In connection with the transactions, Kinder Morgan retained Evercore Group L.L.C. (referred to as Evercore), to act as a financial advisor to the Kinder Morgan board of directors. On October 16, 2011, at a meeting of the Kinder Morgan board of directors, Evercore rendered its oral opinion, subsequently confirmed by delivery of a written opinion on October 16, 2011, that, as of October 16, 2011 and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the merger consideration to be paid by Kinder Morgan pursuant to the merger agreement was fair, from a financial point of view, to Kinder Morgan.

**The full text of the written opinion of Evercore, dated as of October 16, 2011, which sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex F to this information statement/proxy statement/prospectus and is incorporated by reference in its entirety into this information statement/proxy statement/prospectus. You are urged to read this opinion carefully and in its entirety. Evercore's opinion was addressed to, and provided for the information and benefit of, the Kinder Morgan board of directors (in its capacity as such) in connection with its evaluation of the merger consideration from a financial point of view and did not address any other aspects or implications of the transactions. The opinion does not constitute a recommendation to the Kinder Morgan board of directors or to any other persons in respect of the transactions, including as to how any holder of shares of Kinder Morgan voting common stock should act or vote in respect of the Kinder Morgan share and warrant issuance proposal. Evercore's opinion does not address the relative merits of the transactions as compared to any other business or financial strategies that might be available to Kinder Morgan, nor does it address the underlying business decision of Kinder Morgan to engage in the transactions. Finally, Evercore did not express any opinion as to the price at which Kinder Morgan Class P common stock and, when listed for trading, the Kinder Morgan warrants, the common units of KMP, the shares of KMR, El Paso common stock or the common units of EPB will trade at any time.**

*Opinion of Barclays Capital Inc. to the Kinder Morgan Board of Directors*

Kinder Morgan engaged Barclays Capital Inc. (referred to as Barclays Capital) to act as a financial advisor with respect to the transactions. On October 16, 2011, Barclays Capital rendered its oral opinion (which was subsequently confirmed in writing) to Kinder Morgan's board of directors that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the merger consideration to be paid by Kinder Morgan in the transactions was fair, from a financial point of view, to Kinder Morgan.



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The full text of Barclays Capital's written opinion, dated as of October 16, 2011, is attached as Annex G to this information statement/proxy statement/prospectus. Barclays Capital's written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays Capital in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. The summary of Barclays Capital's opinion and the methodology that Barclays Capital used to render its opinion included herein is qualified in its entirety by reference to the full text of the opinion.

**The First Merger and the First Merger Agreement (See page 193)**

The first merger is one of the transactions contemplated by the merger agreement and is the first in a series of steps through which Kinder Morgan would acquire El Paso. El Paso stockholders who vote in favor of Proposal 1 are voting in favor of, among other things, adoption of the first merger agreement and approval of the first merger.

For additional details on the first merger and the terms of the first merger agreement, see [The First Merger Agreement](#) and refer to the full text of the agreement, a copy of which is attached as Annex B.

**The Second Merger and the Merger Agreement (See page 195)**

The second merger is the merger pursuant to which El Paso will become a wholly owned subsidiary of Kinder Morgan. El Paso stockholders who vote in favor of Proposal 1 are voting in favor of, among other things, adoption of the merger agreement and approval of the second merger. Kinder Morgan and El Paso encourage you to read the entire merger agreement carefully because it is the principal document governing the transactions.

For additional details on the second merger and the merger agreement, see [The Merger Agreement](#) and refer to the full text of the agreement, a copy of which is attached as Annex A.

**The Voting Agreement (See page 222)**

Simultaneously with the execution of the merger agreement, El Paso entered into a voting agreement with certain of Kinder Morgan's stockholders who currently hold, in the aggregate, approximately 75% of the voting power of Kinder Morgan. Pursuant to the terms of the voting agreement, these stockholders agreed, among other things, to vote their shares of Kinder Morgan voting common stock in favor of the share and warrant issuance proposal. In addition, these stockholders agreed to retain collectively, until Kinder Morgan stockholder approval of such proposal is obtained or until the voting agreement is terminated, whichever is earlier, an amount of shares of Kinder Morgan voting common stock that is sufficient to approve the share and warrant issuance proposal.

For additional details on the terms of the voting agreement, see [The Voting Agreement](#) and refer to the full text of the agreement, a copy of which is attached as Annex C.

**Table of Contents****Index to Financial Statements****Interests of Certain Persons in the Transactions El Paso Executive Officers and Directors (See page 166)**

When considering the recommendation of the board of directors of El Paso with respect to the transactions, you should be aware that El Paso's executive officers and directors may have interests in the transactions that are different from, or in addition to, those of El Paso's stockholders more generally. These interests may present such executive officers and directors with actual or potential conflicts of interest. The board of directors of El Paso was aware of these interests during its deliberations on the merits of the transactions and in deciding to recommend that El Paso stockholders vote for the adoption of the merger agreement and the first merger agreement and approval of the transactions contemplated by the merger agreement and the first merger agreement at the special meeting. These interests include:

The automatic vesting and conversion upon the consummation of the second merger of outstanding stock options to purchase shares of El Paso common stock, restricted shares of El Paso common stock and performance-based restricted stock units into the right to receive, at the election of the holder (which election will apply to all of such holder's outstanding equity awards), but subject to proration with respect to the cash portion, either (1) cash and warrants or (2) a mixture of cash, shares of Kinder Morgan Class P common stock and warrants for all shares subject to such awards (in the case of stock options, less the aggregate exercise price). Performance-based restricted stock units will vest upon the consummation of the second merger based on the target (i.e., 100%) level of attainment. El Paso estimates that the aggregate amount that would be received by El Paso's executive officers who are not named executive officers for their unvested equity-based awards if the effective time of the second merger were October 31, 2011 is approximately \$16 million. El Paso's non-employee directors do not hold any unvested equity-based awards. The aggregate amount that would be received by El Paso's executive officers who are named executive officers for their unvested equity-based awards if the effective time of the second merger were October 31, 2011 is approximately \$53 million. For a more detailed description of these payments, the circumstances under which they become payable and the assumptions used to calculate the above amount, please refer to the table and the accompanying footnotes under "The Transaction Interests of Certain Persons in the Transactions El Paso Executive Officers and Directors Quantification of Change of Control and Termination Payments and Benefits to the El Paso Named Executive Officers."

In the event of a termination of employment without cause or a resignation for good reason, in each case within two years following (or, under certain circumstances, in anticipation of) a change of control of El Paso, which would include the second merger, all of El Paso's executive officers (except for James J. Cleary) would receive certain compensation and benefits under El Paso's 2004 Key Executive Severance Protection Plan, including (1) a lump-sum cash severance payment, (2) payment of a prorated amount in respect of the target bonus granted to the executive for the year in which the termination occurs, (3) continuation of life insurance and flexible spending account, medical and dental benefits for the executive and the executive's dependents for a number of years equal to the executive's severance multiple and (4) payment of legal fees and expenses incurred by the executive to enforce any rights or benefits under the plan. In addition, El Paso's executive officers would also be eligible for reimbursement of excise taxes imposed under Section 4999 of the Code on any severance payments and other benefits provided by El Paso or any of its affiliates under the plan or otherwise, unless the value of the payments and benefits does not exceed 110% of the maximum amount payable without triggering such excise taxes (referred to as the safe harbor amount), in which case the payments and benefits will be reduced to such safe harbor amount. In the case of Mr. Cleary, in the event of a termination of employment without cause or a resignation for good reason, in each case within two years following (or, under certain circumstances, in anticipation of) a change of control of El Paso, which would include the second merger, he would receive certain compensation and benefits under El Paso's 1998 Key Executive Severance Protection Plan, including (1) a lump-sum cash severance payment, (2) continuation of life insurance and flexible spending account, medical and dental benefits for the executive and the executive's dependents (on a tax-free basis) for eighteen months, (3) payment

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of legal fees and expenses incurred by the executive to enforce any rights or benefits under the plan, (4) a lump-sum supplemental pension payment pursuant to El Paso's supplemental pension plan calculated by adding three years of additional service and (5) a transfer to the executive of any right, title or other ownership interest El Paso has in any car or club membership then being provided to the executive. In addition, Mr. Cleary is entitled to receive full reimbursement of any excise taxes imposed under Section 4999 of the Code on any severance payments and other benefits provided by El Paso or any of its affiliates under the plan or otherwise. The aggregate amount of payments that would be payable to El Paso's executive officers who are named executive officers in the event of a termination of employment without cause or a resignation for good reason, in each case within two years following (or, under certain circumstances, in anticipation of) a change of control of El Paso, which would include the second merger, is approximately \$19 million. For a more detailed description of these payments, the circumstances under which they become payable and the assumptions used to calculate the above amount, please refer to the table and the accompanying footnotes under "The Transactions - Interests of Certain Persons in the Transactions - El Paso Executive Officers and Directors - Quantification of Change of Control and Termination Payments and Benefits to the El Paso Named Executive Officers."

As of the date of mailing of this information statement/proxy statement/prospectus, certain of El Paso's executive officers, including [ ], have been designated as participants in the El Paso Corporation - EP Energy Retention Plan adopted pursuant to the merger agreement and will be eligible to receive certain retention bonus payments (to the extent earned). As described in more detail under "The Transactions - Interests of Certain Persons in the Transactions - El Paso Executive Officers and Directors - Retention Plan Bonus Payments," the value of any retention bonuses payable pursuant to the El Paso Corporation - EP Energy Retention Plan will be dependent upon the level of gross sale proceeds from the sale of EP Energy assets and the time such assets are sold.

Two individuals to be designated by El Paso are expected to become directors of Kinder Morgan. Kinder Morgan has agreed in the merger agreement to take all action necessary, including increasing the size of its board of directors and amending its shareholders agreement, to elect two individuals designated by El Paso to the Kinder Morgan board of directors as of the effective time of the merger.

For a more detailed discussion of these interests, see "The Transactions - Interests of Certain Persons in the Transactions - El Paso Executive Officers and Directors."

**Interests of Certain Persons in the Transactions - Goldman Sachs (See page 171)**

When considering the recommendation of the board of directors of El Paso with respect to the transactions, you should be aware that Goldman Sachs may have interests in the transactions that are different from, or in addition to, those of El Paso's stockholders generally. Prior to the receipt of Kinder Morgan's acquisition proposal, El Paso engaged Goldman Sachs to advise it with respect to the proposed spin-off of its exploration and production business and paid Goldman Sachs \$5 million in connection with that engagement. Following receipt of Kinder Morgan's proposal, El Paso engaged Goldman Sachs to continue to act as a financial advisor to El Paso, including reviewing and analyzing El Paso's business plan in connection with the proposed spin-off for purposes of aiding El Paso in its analysis of the potential Kinder Morgan transaction. In the engagement letter for these latter services, El Paso agreed to pay Goldman Sachs a fee of \$20 million upon completion of a transaction with Kinder Morgan. In both engagement letters, El Paso agreed to reimburse Goldman Sachs for certain of its fees and expenses and indemnify it against certain liabilities if they were to arise. In addition to its role as a financial advisor to El Paso, Goldman Sachs is also a stockholder of Kinder Morgan and, prior to consummation of the proposed transactions, may be deemed to beneficially own approximately 19 percent of the shares of Kinder Morgan Class P common stock on a fully converted basis, making it the second largest beneficial holder. Two representatives of Goldman Sachs and its affiliates also serve on the board of directors of Kinder Morgan. For more information relating to Goldman Sachs' role as a financial advisor to El Paso, Goldman Sachs

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investment in Kinder Morgan and El Paso's and Goldman Sachs' actions to address any potential conflicts, see Background of the Transactions, El Paso's Engagement of Goldman Sachs and The Transactions' Interests of Certain Persons in the Transactions' Goldman Sachs.

**Accounting Treatment of the Transactions (See page 180)**

In accordance with accounting principles generally accepted in the United States and in accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic 805 *Business Combinations*, Kinder Morgan will account for the transactions as an acquisition of a business.

**Material U.S. Federal Income Tax Consequences of the Transactions (See page 176)**

The parties intend for each of (1) the first merger and the LLC conversion, taken together, and (2) the second merger and the third merger, taken together, to be treated as a reorganization for United States federal income tax purposes within the meaning of Section 368(a) of the Code.

It is a condition to El Paso's obligation and Kinder Morgan's obligation to complete the transactions that El Paso receive an opinion from Wachtell, Lipton, Rosen & Katz, dated as of the date of the first merger, to the effect that the first merger and the LLC conversion, taken together, will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. It is also a condition to El Paso's obligation and Kinder Morgan's obligation to complete the transactions that El Paso receive an opinion from Wachtell, Lipton, Rosen & Katz, dated as of the closing date of the second merger and the third merger, to the effect that the second merger and third merger, taken together, will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. These conditions are waivable, and El Paso and Kinder Morgan will undertake to recirculate and resolicit if either condition is waived and the change in tax consequences is material. In addition, in connection with the filing of the registration statement of which this document is a part, Wachtell, Lipton, Rosen & Katz has delivered an opinion to El Paso and Kinder Morgan to the same effect as the opinions described above and addressing the U.S. federal income tax consequences of the transactions as described in The Transactions' Material U.S. Federal Income Tax Consequences of the Transactions. These opinions will be based on facts, representations and assumptions set forth or referred to in the opinions and on representation letters provided by El Paso and Kinder Morgan.

Accordingly, and based on the foregoing opinions, (a) a holder of El Paso common stock will not recognize any gain or loss on the exchange of such holder's El Paso common stock for New El Paso common stock in the first merger and (b) a holder of New El Paso common stock who receives consideration including Kinder Morgan Class P common stock in the second merger will recognize gain (but not loss) on the exchange of such holder's New El Paso common stock for Kinder Morgan Class P common stock and/or cash (other than cash received in lieu of a fractional share or fractional warrant) and warrants in an amount equal to the lesser of (1) the sum of the amount of cash and the fair market value of the Kinder Morgan Class P common stock and warrants received by such holder in the exchange, minus the adjusted tax basis of such holder's New El Paso common stock surrendered in exchange therefor, and (2) the amount of cash (other than cash in lieu of a fractional share or fractional warrant) received by such holder in the exchange. The second merger will be a fully taxable transaction to a holder who receives solely cash and warrants in the second merger.

The tax consequences of the transactions to each holder of El Paso common stock may depend on such holder's particular facts and circumstances. El Paso stockholders are urged to consult their tax advisors to understand fully the consequences to them of the transactions in their specific circumstances.

**Board of Directors and Management of Kinder Morgan After the Transactions (See page 172)**

The directors and executive officers of Kinder Morgan prior to the transactions will continue as the directors and executive officers of Kinder Morgan immediately after the transactions. In addition, the merger agreement

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provides that Kinder Morgan will take all action necessary, including increasing the size of the Kinder Morgan board and amending Kinder Morgan's shareholders agreement to effect such increase, to elect two individuals designated by El Paso to the Kinder Morgan board of directors.

**Conditions to Completion of the Transactions (See page 197)**

Kinder Morgan and El Paso currently expect to complete the transactions during the second quarter of 2012, subject to receipt of required stockholder and regulatory approvals and the satisfaction or waiver of the conditions to the transactions. As more fully described in this document and in the first merger agreement, El Paso's and Merger Sub One's obligation to complete the first merger is conditioned upon the merger agreement and the first merger agreement having been approved by the affirmative vote of the holders of a majority of the outstanding El Paso common stock as of the record date.

As more fully described in this document and in the merger agreement, each party's obligation to complete the transactions depends on a number of conditions being satisfied or, where legally permissible, waived, including the following:

the merger agreement and the first merger agreement must have been approved by the affirmative vote of the holders of a majority of the outstanding El Paso common stock as of the record date;

the waiting period applicable to the merger under the HSR Act must have been terminated or expired;

no law, injunction, judgment or ruling enacted, promulgated, issued, entered amended or enforced by any governmental authority shall be in effect enjoining, restraining, preventing or prohibiting consummation of the transactions or making the consummation of the transactions illegal;

the registration statement of which this information statement/proxy statement/prospectus forms a part must have been declared effective by the SEC and must not be subject to any stop order or proceedings initiated or threatened by the SEC; and

El Paso must have received from Wachtell, Lipton, Rosen & Katz, tax counsel to El Paso, (1) at the effective time of the first merger, a written opinion to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the first merger and the LLC conversion, taken together, will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and (2) a written opinion dated as of the date of the closing of the second merger and third merger to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the second merger and the third merger, taken together, will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code.

The obligations of each of Kinder Morgan, Merger Sub Two and Merger Sub Three to effect the transactions are subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties of El Paso, subject to certain standards, including materiality and material adverse effect qualifications, as described under "The Merger Agreement Conditions to Completion of the Transactions" and receipt of a certificate signed by an executive officer of El Paso on its behalf to that effect;

the performance by El Paso in all material respects of its obligations under the merger agreement and receipt of a certificate signed by an executive officer of El Paso on its behalf to that effect; and

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(1) the receipt of a certification from an authorized officer of El Paso, no earlier than thirty days prior to, and no later than ten days prior to, the date of the consummation of the second merger and third merger, setting forth El Paso's good faith estimate of El Paso's net operating loss carryforwards for

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U.S. federal income tax purposes as of January 1, 2012 (taking into account certain assumptions), and (2) that there shall not have been an NOL MAE, as described under The Merger Agreement Conditions to Completion of the Transactions.

The obligations of each of El Paso, New El Paso and Merger Sub One to effect the transactions are subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties of Kinder Morgan, subject to certain standards, including materiality and material adverse effect qualifications, as described under The Merger Agreement Conditions to Completion of the Transactions, and receipt of a certificate signed by an executive officer of Kinder Morgan on its behalf to that effect;

the performance by Kinder Morgan in all material respects of its obligations under the merger agreement and receipt of a certificate signed by an executive officer of Kinder Morgan on its behalf to that effect;

the issuance of shares of Kinder Morgan Class P common stock and the warrants (including shares of Kinder Morgan Class P common stock to be issued upon exercise of the warrants) to be issued in connection with the second merger must have been approved by a majority of the votes cast at its special meeting by the holders of a majority of the aggregate voting power of Kinder Morgan capital stock in accordance with requirements of the NYSE; and

(1) the shares of Kinder Morgan Class P common stock that are deliverable to the stockholders of New El Paso as contemplated by the merger agreement must have been authorized for listing on the NYSE, subject to official notice of issuance and (2) the warrants that are deliverable to the stockholders of New El Paso as contemplated by the merger agreement must have been authorized for listing on either the NYSE, NASDAQ or such other exchange(s), electronic trading networks or other suitable trading platforms as are reasonably agreed to by Kinder Morgan and El Paso.

**Regulatory Approvals Required to Complete the Transactions (See page 180)**

Completion of the transactions contemplated by the merger agreement is subject to the expiration or termination of any applicable waiting period under the HSR Act. Kinder Morgan and El Paso have filed the required notification and report forms with the U.S. antitrust authorities, and on December 5, 2011, Kinder Morgan and El Paso each received a Request for Additional Information and Documentary Materials from the FTC. In addition, the parties have sought the approval of the Federal Energy Regulatory Commission (referred to as the FERC) under Section 203 of the Federal Power Act with respect to the indirect transfer of control to Kinder Morgan of El Paso's wholesale electric power marketing subsidiary and the wholesale power contracts to which it is a party. See The Transactions Regulatory Approvals.

**Termination of the Merger Agreement (See page 208)**

Kinder Morgan and El Paso may terminate the merger agreement at any time prior to effective time of the second merger, whether before or after the stockholders of El Paso have approved the merger agreement and the first merger agreement:

by the mutual consent of Kinder Morgan and El Paso;

by either Kinder Morgan or El Paso, if:

the closing of the second merger has not occurred on or before June 30, 2012 or, if the condition requiring expiration or termination of any applicable waiting period under the HSR Act is not met or if the condition that there is no law prohibiting the transactions is not met, either party may elect to extend until December 31, 2012, subject to certain exceptions discussed

in The Merger Agreement Termination;



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any governmental entity has issued a final and non-appealable law or order or taken any other final and non-appealable action enjoining or otherwise prohibiting consummation of the transactions contemplated by the merger agreement;

stockholders of El Paso do not adopt the merger agreement and the first merger agreement at a meeting of the stockholders of El Paso or any adjournment or postponement of such meeting; or

there is a breach by the non-terminating party of any of its representations, warranties, covenants or agreements in the merger agreement such that certain closing conditions would not be satisfied, or if capable of being cured, such breach has not been cured within 30 days following delivery of written notice by the terminating party;

by Kinder Morgan, if:

either (1) El Paso withdraws, modifies or qualifies, or proposes publicly to withdraw, modify or qualify, in a manner adverse to Kinder Morgan, El Paso's board of directors' recommendation that its stockholders adopt the merger agreement or publicly recommends the approval or adoption of, or publicly approves or adopts, or proposes to publicly recommend, approve or adopt, any takeover proposal or (2) within five business days of receipt of a written request from Kinder Morgan (which request must be reasonable in terms of number and timing), El Paso fails to publicly reconfirm El Paso's board of directors' recommendation that its stockholders adopt the merger agreement; or

prior to the adoption of the merger agreement and the first merger agreement by the stockholders of El Paso, El Paso is in willful breach of its obligations to (1) hold a special meeting of its stockholders and, through El Paso's board of directors, recommend the adoption of the merger agreement to El Paso's stockholders or (2) comply with its non-solicitation obligations relating to takeover proposal described under The Merger Agreement No-Solicitation by El Paso of Takeover Proposals, subject to certain exceptions discussed in The Merger Agreement Termination;

by El Paso, if:

prior to the receipt of approval from Kinder Morgan's stockholders of the share and warrant issuance proposal, Kinder Morgan is in willful breach of its obligations to hold a special meeting of its stockholders for the purpose of obtaining such approval and through Kinder Morgan's board of directors, recommend to its stockholders that such approval be obtained; or

prior to the adoption of the merger agreement and the first merger agreement by the stockholders of El Paso, if El Paso enters into an agreement with respect to a superior proposal, so long as (1) El Paso, in compliance with the terms of the merger agreement (including its requirements described under The Merger Agreement No-Solicitation by El Paso of Takeover Proposals, concurrently enters into a definitive acquisition agreement with respect to a superior proposal and (2) prior to or concurrently with such termination, El Paso pays the termination fee described under The Merger Agreement Termination Fee.

**Expenses and Termination Fees Relating to the Transactions (See pages 210 and 211)**

Generally, all fees and expenses incurred in connection with the transactions will be the obligation of the respective party incurring such fees and expenses, except Kinder Morgan and El Paso will each pay one-half of the expenses incurred in connection with the filing, printing and mailing of this information statement/proxy statement/prospectus. Further, Kinder Morgan has agreed to pay the amount of any documentary, sales, use, real property transfer, real property gains, registration, value-added, transfer, stamp, recording and other similar taxes imposed on Kinder Morgan, El Paso, or any of New El Paso's subsidiaries or stockholders in connection with the merger agreement and the transactions.



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Following termination of the merger agreement under specified circumstances, El Paso may be required to pay Kinder Morgan a termination fee of \$650 million and, under specified circumstances, El Paso may be required to pay all documented out-of-pocket expenses incurred by Kinder Morgan in connection with the transactions (subject to a cap of \$20 million) and certain financing-related expenses of Kinder Morgan.

**Financing (See page 223)**

On October 16, 2011, Kinder Morgan entered into a debt commitment letter (referred to as the debt commitment letter) with Barclays Capital, the investment banking division of Barclays Bank PLC, or Barclays Bank, and which is referred to together with Barclays Capital as Barclays, pursuant to which, subject to the conditions set forth in the debt commitment letter, Barclays Bank committed to provide to Kinder Morgan senior secured financing of up to \$13.3 billion. On October 31, 2011 the following financial institutions became party to the debt commitment letter by way of a joinder agreement and were assigned a portion of Barclays Bank's commitments thereunder: Bank of America, N.A.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Citibank, N.A.; Credit Suisse AG, Cayman Islands Branch; Deutsche Bank AG New York Branch; JPMorgan Chase Bank, N.A.; Royal Bank of Canada; The Royal Bank of Scotland PLC; UBS Loan Finance LLC; and Wells Fargo Bank, N.A. For a full description of Kinder Morgan's debt financing for the transactions, see the section entitled Description of the Debt Financing. The proceeds of this financing will be used (1) to repay or redeem certain indebtedness of El Paso outstanding on the closing date of the second merger, which at September 30, 2011 was approximately \$700 million, (2) to fund the cash consideration for the transactions of approximately \$11.5 billion, (3) to pay fees and expenses in connection with the transactions and the debt financing of approximately \$300 million, and (4) in the case of the undrawn portion of the revolving credit facility, to finance working capital needs and for general corporate purposes.

**Comparison of Rights of Holders of El Paso Common Stock and Kinder Morgan Common Stock**

(See page 238)

As a result of the second merger, the holders of El Paso common stock that receive shares of Kinder Morgan Class P common stock will become stockholders of Kinder Morgan. Following the second merger, these El Paso stockholders will have different rights as stockholders of Kinder Morgan than as stockholders of El Paso due to the different provisions of the governing documents of El Paso and Kinder Morgan. These differences are described in more detail under Comparison of Rights of Common Stockholders of Kinder Morgan and El Paso.

**Appraisal Rights in Connection with the Transactions (See page 187)**

**Under the DGCL, El Paso stockholders have the right to seek appraisal in connection with the second merger. Failure to strictly comply with the procedures and requirements of Section 262 of the DGCL may result in termination or waiver of such stockholder's appraisal rights. Due to the complexity of Delaware law relating to appraisal rights, if any El Paso stockholder is considering exercise of his or her appraisal rights, such stockholder is encouraged to seek the advice of his or her own legal counsel. A summary of the procedures and requirements under Delaware law to exercise appraisal rights is included in the section entitled The Transactions Appraisal Rights in Connection with the Second Merger and the text of Section 262 of the DGCL is included as Annex H.**

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**Selected Historical Consolidated Financial Data**

**Kinder Morgan Selected Historical Consolidated Financial Data**

You should read the following selected historical consolidated financial data of Kinder Morgan and KMK together with Information About Kinder Morgan Recent History, Additional Information About Kinder Morgan Kinder Morgan's Management's Discussion and Analysis of Financial Condition and Results of Operations, and the historical consolidated financial statements and related notes of Kinder Morgan included elsewhere in this information statement/proxy statement/prospectus. For accounting purposes, KMK is considered the predecessor of Kinder Morgan for all periods ended on or before May 31, 2007, the date of closing for Kinder Morgan's Going Private Transaction.

The statement of income and statement of cash flows data for the years ended December 31, 2010, 2009 and 2008 and the balance sheet data as of December 31, 2010 and 2009 have been derived from the audited consolidated financial statements of Kinder Morgan included elsewhere in this information statement/proxy statement/prospectus. The statement of income and statement of cash flows data for the nine months ended September 30, 2011 and 2010 and the balance sheet data as of September 30, 2011 have been derived from the unaudited consolidated financial statements of Kinder Morgan included elsewhere in this information statement/proxy statement/prospectus. The statement of operations and statement of cash flows data for the seven months ended December 31, 2007 and the balance sheet data as of December 31, 2008 and 2007 have been derived from audited consolidated financial statements of Kinder Morgan which are not included in this information statement/proxy statement/prospectus. The statement of operations and statement of cash flows data for the five months ended May 31, 2007 and the year ended December 31, 2006 and the balance sheet data as of December 31, 2006 have been derived from audited consolidated financial statements of KMK which are not included in this information statement/proxy statement/prospectus. The unaudited interim consolidated financial statements include all adjustments (consisting of normal, recurring adjustments) that are, in the opinion of Kinder Morgan's management, necessary for a fair presentation of its financial position and results of operations for the periods presented. The interim results of operations are not necessarily indicative of operations for a full fiscal year.

The selected historical consolidated financial data is not indicative of Kinder Morgan's expected future operating results. Further, the selected historical financial information

for periods prior to February 15, 2008, does not reflect Kinder Morgan's sale of 80% of NGPL and the application of the approximately \$5.9 billion of proceeds from that sale; and

for periods prior to May 31, 2007, does not reflect the Going Private Transaction which was accounted for as a business combination, requiring that Kinder Morgan record the assets acquired and liabilities assumed at their estimated fair values as of the date of the Going Private Transaction, resulting in a new basis of accounting.

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	Kinder Morgan, Inc.(1)					KMK		
	Nine Months Ended September 30,		Year Ended December 31,			Seven Months Ended	Five Months Ended	Year Ended
	2011 (Unaudited)	2010 (Unaudited)	2010	2009	2008	December 31, 2007	May 31, 2007	December 31, 2006
(In millions, except per share amounts)								
<b>Statement of income data:</b>								
Revenues	\$ 6,247.6	\$ 6,236.7	\$ 8,190.6	\$ 7,185.2	\$ 12,094.8	\$ 6,394.7	\$ 4,165.1	\$ 10,208.6
Operating income (loss)(2)(3)(4)(5)(6)	1,069.1	830.9	1,280.7	1,407.2	(2,472.1)	1,042.8	204.8	1,745.2
Earnings (loss) from equity investments(7)(8)	214.7	(256.1)	(186.2)	221.9	201.1	56.8	40.7	104.2
Income (loss) from continuing operations	367.4	133.4	300.3	772.8	(3,202.3)	286.6	(142.0)	974.6
Income (loss) from discontinued operations, net of tax(9)	(0.5)	(0.4)	(0.7)	0.3	(0.9)	(1.5)	298.6	(528.5)
Net income (loss)	366.9	133.0	299.6	773.1	(3,203.2)	285.1	156.6	446.1
Net loss (income) attributable to noncontrolling interests(10)	71.7	(237.3)	(340.9)	(278.1)	(396.1)	(37.6)	(90.7)	(374.2)
Net income (loss) attributable to Kinder Morgan, Inc./KMK(11)	438.6	(104.3)	(41.3)	495.0	(3,599.3)	247.5	65.9	71.9
Unaudited net income per share of Class P common stock (basic and diluted)(12)	0.52							
Unaudited pro forma net income (loss) per share of Class P common stock (basic and diluted)(13)		(0.15)	(0.06)	0.70	(5.09)	0.35		
<b>Statement of cash flows data:</b>								
Capital expenditures(14):								
Kinder Morgan, Inc./KMK	7.3	4.7	1.6	0.5	12.3	170.9	77.3	193.5
KMP and its subsidiaries(15)	837.7	722.1	1,000.9	1,323.8	2,533.0	1,116.1	575.5	1,182.1
Cash dividends/distributions to stockholders/members(16)	557.3	500.0	700.0	650.0		83.7	234.9	468.5
Declared dividends per share of Class P common stock(17)	0.74							
<b>Balance sheet data (end of period):</b>								
Net property, plant and equipment	17,715.9		17,070.7	16,803.5	16,109.8	14,803.9		18,839.6
Total assets	30,157.4		28,908.1	27,581.0	25,444.9	36,195.8		26,795.6
Long-term debt:								
Kinder Morgan, Inc./KMK(18)	2,042.5		2,879.2	2,882.0	2,880.9	8,641.8		6,630.1
KMP and its subsidiaries(19)	10,662.2		10,277.4	9,997.7	8,274.9	6,455.9		4,384.3
Total long-term debt(20)	12,704.7		13,156.6	12,879.7	11,155.8	15,097.7		11,014.4

- (1) Includes significant impacts resulting from the Going Private Transaction. See note 2 to Kinder Morgan's annual consolidated financial statements included elsewhere in this information statement/proxy statement/prospectus for additional information.
- (2) Includes non-cash goodwill impairment charges of \$4,033.3 million in the year ended December 31, 2008.
- (3) Includes a goodwill impairment charge of \$377.1 million in the five months ended May 31, 2007 relating to KMP's acquisition of Trans Mountain Pipeline from KMK effective April 30, 2007.
- (4) Includes a \$158.0 million litigation reserve in the nine months ended September 30, 2010 and the year ended December 31, 2010 related to KMP's West Coast pipeline rate cases.
- (5) Includes a \$200.0 million litigation reserve in the nine months ended September 30, 2010 and the year ended December 31, 2010 related to the Going Private Transaction litigation settlement. See note 16 to Kinder Morgan's annual consolidated financial statements included elsewhere in this information statement/proxy statement/prospectus for additional information.
- (6) Includes (i) a \$234.3 million increase in expense primarily associated with adjustments to KMP's rate case reserve and rights-of-way lease payment obligations and (ii) \$100 million for a special bonus paid to certain non-senior management employees that was funded through \$64 million (after-tax) in available earnings and profits reserved for this purpose and not paid in dividends to Kinder Morgan's Class A shareholders in the nine months ended September 30, 2011.
- (7) Includes a \$430.0 million impairment charge in the nine months ended September 30, 2010 and the year ended December 31, 2010 to reduce the carrying value of Kinder Morgan's investment in NGPL.
- (8)

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Includes a \$167.2 million loss from the remeasurement of KMP s previously held 50% equity interest in KinderHawk Field Services LLC to fair value in the nine months ended September 30, 2011.

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- (9) In the five months ended May 31, 2007, primarily relates to the Canada-based and U.S. retail gas distribution businesses and the Corridor Pipeline System that Kinder Morgan owned. In 2006, includes a goodwill impairment charge of \$650.5 million to reduce the carrying value of Terasen Inc., most of the businesses of which were subsequently sold.
- (10) Includes application of new accounting policies for noncontrolling interests adopted in 2009 in accordance with Accounting Standards Codification 810, Consolidation, and applied to all years presented. See note 2 to Kinder Morgan's annual consolidated financial statements included elsewhere in this information statement/proxy statement/prospectus for additional information.
- (11) Includes an approximately \$106.6 million reduction in the income Kinder Morgan recognized for its general partner interest in KMP due to a KMP distribution of cash from an interim capital transaction in the nine months ended September 30, 2010 and the year ended December 31, 2010. See note 16 to Kinder Morgan's annual consolidated financial statements included elsewhere in this information statement/proxy statement/prospectus for additional information.
- (12) Net income per share of Class P common stock is calculated using the two-class method, and Kinder Morgan's Class A, Class B and Class C shares, collectively referred to as the investor retained stock, are participating securities. The investor retained stock is convertible into a fixed aggregate number of Class P shares. Earnings are allocated to each class of stock based on the amount of dividends declared in the current period for each class of stock plus an allocation of the undistributed earnings or the excess distribution over earnings to the extent each security shares in earnings, which for the investor retained stock is in direct proportion to the maximum number of Class P shares it can convert. Thus, there is no difference between basic and diluted earnings per share because the conversion of Class A, Class B and Class C shares into Class P shares does not impact the number of Class P shares on a fully converted basis.
- (13) Earnings per share are pro forma for the Kinder Morgan initial public offering and the conversion of Kinder Morgan Holdco LLC from a Delaware limited liability company to a Delaware corporation named Kinder Morgan, Inc., both of which occurred in February 2011. The diluted per share computation is calculated by dividing total net income attributable to Kinder Morgan by 707,000,000 shares, which includes (i) the 109,786,590 shares of Class P common stock sold in Kinder Morgan's initial public offering, (ii) the related conversions of 1,110,738 Class A shares into Class P shares made shortly thereafter and (iii) the 596,102,672 shares of Class P common stock into which the investor retained stock was then convertible.
- (14) Capital expenditures shown are for continuing operations only.
- (15) Includes capital expenditures of Trans Mountain Pipeline, which KMP acquired from KMK effective April 30, 2007. In accordance with applicable accounting standards, amounts for both 2007 and 2006 reflect capital expenditures as though the transfer of Trans Mountain to KMP had occurred at the beginning of the period (January 1, 2006).
- (16) Represents dividends or distributions paid during the period.
- (17) The declared dividend for the first quarter of 2011 was \$0.14, which was a prorated amount from February 16, 2011, the day Kinder Morgan closed its initial public offering. Based on a full quarter, the first quarter dividend amounted to \$0.29 per share. If Kinder Morgan had been a public company for the entire nine months, the year to date declared dividend would have been \$0.89 per share (\$0.29, \$0.30 and \$0.30 per share for the first, second and third quarters of 2011, respectively).
- (18) Includes the preferred stock interest in the general partner of KMP. Excludes value of interest rate swaps. Increases to long-term debt for value of interest rate swaps for KMK and its subsidiaries (excluding KMP and its subsidiaries) totaled \$75.6 million, \$51.4 million, \$28.5 million, \$19.7 million, \$47.5 million and \$3.8 million as of September 30, 2011 and December 31, 2010, 2009, 2008, 2007 and 2006, respectively.
- (19) Excludes value of interest rate swaps. Increases to long-term debt for value of interest rate swaps for KMP and its subsidiaries totaled \$1,071.2 million, \$604.9 million, \$332.5 million, \$951.3 million, \$152.2 million and \$42.6 million as of September 30, 2011 and December 31, 2010, 2009, 2008, 2007 and 2006, respectively.
- (20) Excludes value of interest rate swaps. Increases to long-term debt for value of interest rate swaps totaled \$1,146.8 million, \$656.3 million, \$361.0 million, \$971.0 million, \$199.7 million and \$46.4 million as of September 30, 2011 and December 31, 2010, 2009, 2008, 2007 and 2006, respectively.

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The following selected historical consolidated financial data as of December 31, 2010 to 2008 and for the years ended December 31, 2010 to 2007 is derived from the audited consolidated financial statements for El Paso and its subsidiaries. The selected financial data as of December 31, 2007 and 2006 and for the year ended December 31, 2006 is derived from unaudited consolidated financial statements adjusted to reflect the adoption in 2009 of new presentation and disclosure requirements for noncontrolling interests. The operating results data for the nine months ended September 30, 2011 and 2010 and the financial position data as of September 30, 2011 have been derived from the unaudited consolidated financial statements of El Paso. The selected financial data is not necessarily indicative of results to be expected in future periods and should be read together with El Paso's Annual Report on Form 10-K for the year ended December 31, 2010 and El Paso's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 incorporated by reference into this information statement/proxy statement/prospectus.

	El Paso Corporation and Subsidiaries						
	Nine Months Ended September 30,		Year Ended December 31,				
	2011 (Unaudited)	2010 (Unaudited)	2010	2009	2008	2007	2006
	(in millions, except per share amounts)						
<b>Operating Results data:</b>							
Operating revenues	\$ 3,628	\$ 3,632	\$ 4,616	\$ 4,631	\$ 5,363	\$ 4,648	\$ 4,281
Net income (loss)	182	788	924	(474)	(789)	442	532
Net income (loss) attributable to El Paso's common stockholders	(44)	659	721	(576)	(860)	1,073	438
Earnings (loss) per common share attributable to El Paso's common stockholders:							
Basic	(0.06)	0.95	1.03	(0.83)	(1.24)	0.57	0.73
Diluted	(0.06)	0.90	1.00	(0.83)	(1.24)	0.57	0.72
Cash dividends declared per common share	0.03	0.03	0.04	0.16	0.18	0.16	0.16
<b>Financial Position data (end of period):</b>							
Total assets	24,078		25,270	22,505	23,668	24,579	27,261
Long-term financing obligations, less current maturities	12,531		13,517	13,391	12,818	12,483	13,329
Preferred stock of subsidiaries			698	145			
Total equity	7,155		6,064	3,991	4,596	5,845	4,217

During the nine months ended September 30, 2011, El Paso recorded non-cash charges in conjunction with the deconsolidation of Ruby Pipeline Holding Company, L.L.C., referred to as Ruby, of approximately \$475 million based on the difference between the net carrying value of Ruby and the estimated fair value of El Paso's investment in Ruby, \$125 million related to the recognition of the accumulated other comprehensive loss associated with interest rate swaps on Ruby's debt, non-cash full cost ceiling test charge of approximately \$152 million, and debt extinguishment losses of approximately \$169 million associated with debt repurchase activity. During 2010 and the first nine months of 2011, EPB issued common units for approximately \$1.3 billion and approximately \$950 million, respectively, and increased the preferred stock of its subsidiaries. During 2009 and 2008, El Paso recorded non-cash full cost ceiling test charges of \$2.1 billion and \$2.7 billion, principally as a result of declines in commodity prices. In 2007, El Paso sold its ANR pipeline system and related assets and also completed the initial public offering of common units in EPB.



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**Selected Unaudited Pro Forma Condensed Combined Financial Information**

The transactions will be accounted for under the purchase method of accounting, which means the assets and liabilities of El Paso will be recorded, as of the closing date of the transactions, at their respective estimated fair values and added to those of Kinder Morgan. For a more detailed description of the purchase method of accounting, see "The Transactions Accounting Treatment of the Transactions" in this information statement/proxy statement/prospectus.

Set forth below is selected unaudited pro forma condensed combined financial information that reflects the purchase method of accounting and gives effect to the transactions, in the case of the statement of income information, as though the second merger had occurred as of January 1, 2010 and, in the case of the balance sheet information, as though the second merger had occurred as of September 30, 2011.

The unaudited pro forma condensed combined financial information has been prepared giving effect to (1) the issuance of shares of Kinder Morgan Class P common stock, (2) the incurrence of debt primarily associated with the cash portion of the purchase price and (3) the issuance of warrants, all as part of the merger consideration.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations or financial position of Kinder Morgan would have been if the transactions had in fact occurred on the dates or for the periods indicated, nor does it purport to project the results of operations or financial position of Kinder Morgan for any future periods or as of any date. The unaudited pro forma condensed combined financial information does not give effect to any cost savings, operating synergies, and revenue enhancements expected to result from the acquisition or the costs to achieve these cost savings, operating synergies, and revenue enhancements. In addition, the unaudited pro forma condensed combined financial information presents EP Energy Corporation, El Paso's exploration and production business (referred to as "EP Energy") as current assets and liabilities held for sale as of September 30, 2011 and discontinued operations beginning January 1, 2010, as Kinder Morgan intends to sell the assets of EP Energy in conjunction with the closing of the transactions or shortly thereafter.

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The following selected unaudited pro forma condensed combined financial information has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and related notes presented elsewhere in this information statement/proxy statement/prospectus.

	<b>Nine Months Ended September 30, 2011</b>	<b>Year Ended December 31, 2010</b>
	<b>(in millions, except per share data)</b>	
<b>Condensed Combined Statement of Income from Continuing Operations Information:</b>		
Operating revenues	\$ 8,392.8	\$ 10,963.0
Income from continuing operations	340.5	772.1
Net income attributable to Kinder Morgan	240.2	464.6
Diluted earnings per share of Class P common stock from continuing operations	0.16	0.23
Diluted weighted average number of Class P shares outstanding	1,036.5	1,036.1

	<b>As of September 30, 2011</b>
	<b>(in millions)</b>
<b>Condensed Combined Balance Sheet Information:</b>	
Total assets	\$ 75,703.5
Long-term debt	\$ 31,431.7
Total liabilities	\$ 51,979.5
Total Kinder Morgan stockholders' equity	\$ 14,372.5
Non-controlling interest	9,351.5
Total stockholders' equity	\$ 23,724.0

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**Unaudited Comparative Per Share Information of Kinder Morgan and El Paso**

The following table sets forth selected historical, unaudited pro forma for IPO, unaudited pro forma for IPO and EP and unaudited pro forma equivalent per share information of Kinder Morgan and El Paso.

**Kinder Morgan Per Share of Class P Common Stock**

*Historical.* The Kinder Morgan historical per share information set forth below is derived from Kinder Morgan's unaudited consolidated financial statements as of and for the nine months ended September 30, 2011 and its audited consolidated financial statements as of and for the year ended December 31, 2010.

*Pro Forma for IPO.* The unaudited pro forma for IPO per share information of Kinder Morgan set forth below gives pro forma effect to Kinder Morgan's conversion from a limited liability company to a corporation and its initial public offering, both of which occurred in February 2011, as if they had been effective on January 1, 2010. These transactions are referred to as the IPO. Since Kinder Morgan was a limited liability company that converted into a corporation in February 2011, the unaudited Kinder Morgan pro forma for IPO per share information provides comparable period to period information and a baseline of that information for comparison to the unaudited pro forma for IPO and EP per share information described below.

*Pro Forma for IPO and EP.* The unaudited pro forma for IPO and EP per share information of Kinder Morgan set forth below gives effect to (i) the above described IPO and (ii) the second merger under the purchase method of accounting, as if the second merger had been effective on January 1, 2010, in the case of earnings per share and cash dividends per share data, and September 30, 2011, in the case of book value per share data, and assuming that 0.4187 of a share of Kinder Morgan Class P common stock, and 0.640 of a Kinder Morgan warrant, had been issued in exchange for each outstanding share of El Paso common stock. In addition, this unaudited pro forma combined per share information assumes the impact to earnings from continuing operations for the debt to be incurred in conjunction with the transactions that was not allocated to discontinued operations.

**El Paso Per Share of Common Stock**

*Historical.* The El Paso historical per share information set forth below is derived from El Paso's unaudited consolidated financial statements as of and for the nine months ended September 30, 2011 and its audited consolidated financial statements as of and for the year ended December 31, 2010.

*Equivalent Pro Forma.* The unaudited El Paso equivalent pro forma per share amounts below are calculated by multiplying the unaudited Kinder Morgan Per Share of Class P Common Stock pro forma for IPO and EP amounts by the exchange ratio for the stock only election of 0.9635.

**General**

You should read the information set forth below in conjunction with the selected historical and pro forma financial information of Kinder Morgan and El Paso and the historical financial statements and related notes of Kinder Morgan, included elsewhere in this information statement/proxy statement/prospectus, and the historical financial statements and related notes of El Paso that are incorporated into this information statement/proxy statement/prospectus by reference. See Unaudited Pro Forma Condensed Combined Financial Information, Where You Can Find More Information and Incorporation by Reference.

The accounting for an acquisition of a business is based on the authoritative guidance for business combinations. Purchase accounting requires, among other things, that the assets acquired and liabilities assumed be recognized at their fair values as of the date the second merger is completed. The allocation of the purchase price is dependent upon certain valuations of El Paso's assets and liabilities and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments reflect the assets and liabilities of El Paso at their preliminary estimated fair values.



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Differences between these preliminary estimates and the final purchase accounting will occur, and these differences could have a material impact on the unaudited pro forma combined per share information set forth in the following table.

The unaudited pro forma for IPO and EP per share information of Kinder Morgan does not purport to represent the actual results of operations that Kinder Morgan would have achieved or dividends that would have been declared had the companies been combined during these periods or to project the future results of operations that Kinder Morgan may achieve or the dividends it may declare after the second merger.

	As of and for the Nine Months Ended September 30, 2011	As of and for the Year Ended December 31, 2010
<b>Kinder Morgan Per Share of Class P Common Stock</b>		
Income from continuing operations basic (a)		
Historical	\$ 0.52	N/A
Pro forma for IPO (b)	\$ 0.62	\$ (0.06)
Pro forma for IPO and EP (c) (d)	\$ 0.16	\$ 0.23
Income from continuing operations diluted (a)		
Historical	\$ 0.52	N/A
Pro forma for IPO (b)	\$ 0.62	\$ (0.06)
Pro forma for IPO and EP (c) (d)	\$ 0.16	\$ 0.23
Cash dividends declared		
Historical (e)	\$ 0.74	N/A
Pro forma for IPO (b) (f)	\$ 0.89	\$ 1.07
Pro forma for IPO and EP (c) (g)	\$ 0.63	\$ 0.76
Book Value		
Historical	\$ 4.89	N/A
Pro forma for IPO (b) (h)	\$ 4.89	\$ 4.86
Pro forma for IPO and EP (c) (i)	\$ 13.87	N/A
<b>El Paso Per Share of Common Stock</b>		
Income (loss) from continuing operations basic		
Historical	\$ (0.06)	\$ 1.03
Equivalent pro forma (j)	\$ 0.15	\$ 0.22
Income (loss) from continuing operations diluted		
Historical	\$ (0.06)	\$ 1.00
Equivalent pro forma (j)	\$ 0.15	\$ 0.22
Cash dividends declared		
Historical	\$ 0.03	\$ 0.04
Equivalent pro forma (j)	0.61	\$ 0.73
Book Value		
Historical	\$ 5.68	\$ 5.56
Equivalent pro forma (j)	\$ 13.37	N/A

- (a) Earnings per share amounts are calculated using the two-class method. Earnings are allocated to each class of common stock based on the amount of dividends declared in the current period for each class of stock plus an allocation of the undistributed earnings or excess distributions over earnings to the extent that each security shares in undistributed earnings or excess distributions over earnings. For the investor retained stock, the allocation of undistributed earnings or excess distributions over earnings is in direct proportion to the maximum number of Class P shares into which it can convert.



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For the Class P diluted per share computations, total net income attributable to Kinder Morgan is divided by the adjusted weighted average shares outstanding during the period, including all dilutive potential shares. This includes the 596,102,672 Class P shares into which the investor retained stock was then convertible. Thus, the number of Class P shares on a fully-converted basis is the same before and after any conversion of investor retained stock. Each time one Class P share is issued upon conversion of investor retained stock, the number of Class P shares goes up by one, and the number of Class P shares into which the investor retained stock is convertible goes down by one. Accordingly, there is no difference between Class P basic and diluted earnings per share because the conversion of Class A, Class B, and Class C shares into Class P shares does not impact the number of Class P shares on a fully-converted basis.

- (b) The pro forma for IPO amounts as of and for the nine months ended September 30, 2011 and as of and for the year ended December 31, 2010 give pro forma effect to Kinder Morgan's conversion from a limited liability company to a corporation and its initial public offering as if they had occurred on January 1, 2010. Until February 10, 2011, Kinder Morgan was a Delaware limited liability company named Kinder Morgan Holdco LLC, which on that date was converted into a Delaware corporation named Kinder Morgan, Inc. On February 16, 2011, Kinder Morgan closed its initial public offering of common stock, in which 109,786,590 shares of Class P common stock were sold to the public. Shortly thereafter, there was a related conversion of 1,110,738 Class A shares to Class P shares. The outstanding shares of Kinder Morgan Class A, Class B and Class C common stock, or the investor retained stock, were then convertible into an aggregate of 596,102,672 shares of Class P common stock.
- (c) The pro forma for IPO and EP amounts give effect to the IPO as described above and to the second merger under the purchase method of accounting, as if the second merger had been effective on January 1, 2010, in the earnings per share and cash dividends declared per share amounts, and September 30, 2011, in the book value per share amounts.
- (d) Amounts are from the unaudited pro forma condensed combined financial statements included elsewhere in this information statement/proxy statement/prospectus.
- (e) Amounts represent cash dividends declared of \$0.14 per share for the first quarter of 2011, \$0.30 per share for the second quarter of 2011 and \$0.30 per share for the third quarter of 2011. The first quarter dividend of \$0.14 per share was a prorated amount from February 16, 2011, the day Kinder Morgan closed its IPO.
- (f) For the nine months ended September 30, 2011, the amount is equal to the \$0.60 per share historical cash dividends declared for the second and third quarter plus a full first quarter dividend. The first quarter cash dividend declared of \$0.14 per share was a prorated amount as discussed in (e) above. Based on a full quarter, the cash dividend declared amount would have been \$0.29 per share. For 2010, the amount is equal to \$755.0 million of cash dividends declared for the year divided by 707.0 million Class P shares outstanding on a fully-converted basis.
- (g) The pro forma for IPO and EP cash dividends declared amounts were computed as follows:

	Nine Months Ended September 30, 2011	Year Ended December 31, 2010
	(per share)	
<b>Kinder Morgan Per Share of Class P Common Stock</b>		
Cash dividends declared pro forma for IPO	\$ 0.89	\$ 1.07
Dilution for new Class P shares issued(1)	(0.28)	(0.34)

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El Paso cash dividends declared(2)	0.02	0.03
Cash dividends declared pro forma for IPO and EP	\$ 0.63	\$ 0.76

- (1) For the nine months ended September 30, 2011 and year ended December 31, 2010 this amount was computed by multiplying Kinder Morgan's \$0.89 and \$1.07, respectively, per share cash dividends



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declared pro forma for IPO by the 329.1 million Class P shares expected to be issued in the second merger divided by the 1,036.5 million and 1,036.1 million, respectively, fully diluted Class P pro forma average shares outstanding during the periods.

- (2) For the nine months ended September 30, 2011 and year ended December 31, 2010 this amount was computed by dividing El Paso's \$22 million and \$28 million, respectively, of cash dividends declared historically by 1,036.5 million and 1,036.1 million, respectively, fully diluted Class P pro forma average shares outstanding.
  
- (h) The September 30, 2011 amount was calculated as \$3,455.5 million of Kinder Morgan net book value divided by 707.0 million total Class P and Class A shares outstanding as of September 30, 2011. The December 31, 2010 amount was calculated as \$3,439.1 million of Kinder Morgan net book value divided by 707.0 million total Class P and Class A shares outstanding as of December 31, 2010.
  
- (i) The September 30, 2011 amount was calculated by dividing shareholders' equity as presented in the unaudited pro forma condensed combined financial statements included elsewhere in this information statement/proxy statement/prospectus by 1,036.1 million Class P and Class A pro forma shares outstanding as of September 30, 2011.
  
- (j) Pro forma equivalent amounts are calculated by multiplying the Kinder Morgan per share of Class P common stock pro forma for IPO and EP amounts by the exchange ratio for the stock only election of 0.9635.

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Kinder Morgan Class P common stock is listed on the NYSE under the symbol KMI. El Paso common stock is listed on the NYSE under the symbol EP. The following tables set forth the high and low sales prices per share of Kinder Morgan Class P common stock and El Paso common stock for the quarterly periods indicated, and the amount of cash dividends declared per share in respect of the periods indicated. Kinder Morgan Class P common stock began trading on the NYSE upon Kinder Morgan's initial public offering in February 2011.

	Kinder Morgan Class P Common Stock		
	Price Range		Cash Dividends
	High	Low	
<b>2011</b>			
Fourth quarter	\$ 32.17	\$ 24.66	
Third quarter	29.45	23.51	\$ 0.30
Second quarter	29.97	26.87	0.30
First quarter (beginning February 11, 2011)	32.14	29.50	0.14(1)

- (1) This dividend was prorated from February 16, 2011, the day Kinder Morgan closed its initial public offering. Based on a full quarter, the dividend amounts to \$0.29 per share.

	El Paso Common Stock		
	Price Range		Cash Dividends
	High	Low	
<b>2011</b>			
Fourth quarter	\$ 26.57	\$ 16.30	
Third quarter	21.18	16.64	\$ 0.01
Second quarter	21.54	16.72	0.01
First quarter	18.77	13.42	0.01
<b>2010</b>			
Fourth quarter	14.08	12.00	0.01
Third quarter	12.93	10.60	0.01
Second quarter	13.00	10.17	0.01
First quarter	11.59	9.55	0.01
<b>2009</b>			
Fourth quarter	11.37	8.94	0.01
Third quarter	10.85	8.00	0.05
Second quarter	10.91	6.10	0.05
First quarter	9.52	5.22	0.05

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The following table sets forth the closing prices per share for Kinder Morgan Class P common stock and El Paso common stock on October 14, 2011, the last trading day prior to the public announcement of the merger, and on [ ], 2012, the last practicable trading day prior to the date of this information statement/proxy statement/prospectus. The table also sets forth the equivalent market value per share of El Paso common stock for the mixed consideration election shares and the stock election shares, assuming no proration and excluding the value of the warrants.

	Closing Price per Share	
	October 14, 2011	[ ], 2012
Kinder Morgan Class P common stock	\$ 26.89	\$
El Paso common stock	19.59	
El Paso mixed consideration election share equivalent	25.91	
El Paso stock election share equivalent	25.91	

Because the merger consideration will not be adjusted for changes in the market price of either Kinder Morgan Class P common stock or El Paso common stock, the market value of the shares of Kinder Morgan Class P common stock that holders of El Paso common stock will have the right to receive on the date the second merger becomes effective may vary significantly from the market value of the shares of Kinder Morgan Class P common stock that holders of El Paso common stock would receive if the second merger were completed on the date of this information statement/proxy statement/prospectus. Therefore, you should obtain recent market prices of the Kinder Morgan and El Paso shares prior to voting. See Risk Factors Risk Factors Relating to the Transactions Because the exchange ratios are fixed and because the market price of Kinder Morgan Class P common stock and El Paso common stock/New El Paso common stock will fluctuate, New El Paso stockholders receiving Kinder Morgan Class P common stock and/or warrants as part of the merger consideration cannot be sure of the market value of such merger consideration relative to the value of their shares of New El Paso common stock that they are exchanging.

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**RISK FACTORS**

*In evaluating Kinder Morgan, El Paso, their respective businesses, the combined company and the transactions, you should carefully consider the following risk factors, as well as the other information included in or incorporated by reference into this information statement/proxy statement/prospectus, before deciding how to vote. Realization of any of the risks described below, any of the events described under Cautionary Statement Regarding Forward-Looking Statements or any of the risks or events described in the information incorporated by reference could have a material adverse effect on Kinder Morgan's, El Paso's or the combined company's respective businesses, financial condition, cash flows and results of operations and could result in a decline in the trading price of their respective shares of common stock.*

**Risk Factors Relating to the Transactions**

***Kinder Morgan and El Paso may be unable to obtain the regulatory clearances and approvals required to complete the transactions or, in order to do so, Kinder Morgan and El Paso may be required to comply with material restrictions or satisfy material conditions.***

The transactions are subject to review by the Antitrust Division of the Department of Justice (referred to as the "Antitrust Division") and the Federal Trade Commission (referred to as the "FTC") under the HSR Act, the Mexican Federal Competition Commission, the FERC under Section 203 of the Federal Power Act with respect to the indirect transfer of control to Kinder Morgan of El Paso's wholesale electric power marketing subsidiary and the wholesale power contracts to which it is a party, and potentially state regulatory authorities or foreign governmental authorities. The closing of the transactions is also subject to the condition that there be no law, injunction, judgment or ruling by a governmental authority in effect enjoining, restraining, preventing or prohibiting the transactions contemplated by the merger agreement. Kinder Morgan and El Paso can provide no assurance that all required regulatory approvals will be obtained. Further, Kinder Morgan has agreed to avoid or eliminate any impediment to the transactions that may be asserted by governmental entities under the antitrust laws, including divesting assets, terminating relationships or committing to limit Kinder Morgan's future freedom of action. If any governmental authority asserts any objections to the transactions, Kinder Morgan anticipates that it may be required to divest some assets in order to obtain antitrust approval. There can be no assurance as to the cost, scope or impact of the actions that may be required to obtain antitrust approval. If Kinder Morgan must take such actions, it could be detrimental to it or to the combined company following the consummation of the transactions. Furthermore, these actions could have the effect of delaying or preventing completion of the proposed transactions or imposing additional costs on or limiting the revenues of the combined company following the consummation of the transactions. See "The Merger Agreement Regulatory Matters."

On December 5, 2011, Kinder Morgan and El Paso each received a Request for Additional Information and Documentary Materials (referred to as the "Second Request") from the FTC. Consequently, the waiting period under the HSR Act is extended until 11:59 p.m., Eastern Time, on the 30th day after both Kinder Morgan and El Paso have certified their substantial compliance with the Second Request, unless earlier terminated by the FTC. At any time before or after such statutory waiting period under the HSR Act expires or the parties receive early termination of the waiting period, the Antitrust Division or the FTC could take action under the antitrust laws to prevent or rescind the transactions, require the divestiture of assets or seek other remedies. Additionally, the FERC, state attorneys general or foreign governmental authorities could seek to block or challenge the transactions as they deem necessary or desirable in the public interest at any time, including after completion of the transactions. In addition, in some circumstances, a competitor, customer or other third party could initiate a private action under antitrust laws challenging or seeking to enjoin the transactions, before or after it is completed. Kinder Morgan may not prevail and may incur significant costs in defending or settling any action under the antitrust laws.

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***If Kinder Morgan's financing for the transactions is not funded, the transactions may not be completed and Kinder Morgan may be in breach of the merger agreement.***

Kinder Morgan intends to finance the cash required in connection with the transactions, including for expenses incurred in connection with the transactions, with debt financing. On October 16, 2011, Kinder Morgan entered into a debt commitment letter with Barclays Capital. Pursuant to the commitment letter, Barclays Bank has committed to provide a \$6.8 billion 364-day senior secured term loan facility, a \$5.0 billion three-year senior secured term loan facility and a \$1.5 billion senior revolving credit facility to fund the cash consideration in the transactions. On October 31, 2011, the following financial institutions became party to the debt commitment letter by way of a joinder agreement and were assigned a portion of Barclays Bank's commitments thereunder: Bank of America, N.A.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Citibank, N.A.; Credit Suisse AG, Cayman Islands Branch; Deutsche Bank AG New York Branch; JPMorgan Chase Bank, N.A.; Royal Bank of Canada; The Royal Bank of Scotland PLC; UBS Loan Finance LLC; and Wells Fargo Bank, N.A. Each of the lenders party to the joinder agreement has severally, but not jointly, committed to provide the portion of the commitments assigned to it. To the extent one or more of the lenders is unwilling to, or unable to, fund its portion of the debt financing commitments, the other lenders are not obligated to assume the unfunded commitments and Kinder Morgan may be required to seek alternative financing or fund such commitments itself. The debt financing commitment is subject to various conditions, including the absence of a material adverse effect on El Paso having occurred, Kinder Morgan using its commercially reasonable efforts to obtain credit ratings from S&P and Moody's, the execution of satisfactory documentation and other customary closing conditions.

In the event some or all of the financing contemplated by the commitment letter is not available, Kinder Morgan is obligated to use its best efforts to obtain alternative financing in an amount that will enable Kinder Morgan to consummate the transactions, even if such alternative financing is on less favorable terms and conditions than those contemplated by the commitment letter. Under certain circumstances, Kinder Morgan may, and El Paso may require Kinder Morgan to, sue its financing sources to specifically enforce the obligations of the financing sources under the commitment letter. Due to the fact that there is no funding condition in the merger agreement, if Kinder Morgan is unable to obtain funding from its financing sources for the cash required in connection with the transactions, Kinder Morgan could be in breach of the merger agreement assuming all other conditions to closing are satisfied and may be liable to El Paso for damages. For a description of the debt financing, please refer to Description of the Debt Financing.

***New El Paso stockholders may not receive all consideration in the form they elect, and the form of consideration that they receive may have a lower value or less favorable tax consequences than the form of consideration that they elect to receive.***

New El Paso stockholders that make either the cash election or the stock election will be subject to proration if holders of New El Paso common stock, in the aggregate, elect to receive more or less than the aggregate amount of cash consideration to be paid in the transactions. Accordingly, some of the consideration El Paso stockholders receive in the transactions may differ from the type of consideration they select and such difference may be significant. This may result in, among other things, tax consequences that differ from those that would have resulted if New El Paso stockholders had received solely the form of consideration that they elected. The relative proportion of stock and cash that a New El Paso stockholder receives may also have a value that is higher or lower than the relative proportion of stock and cash that the New El Paso stockholder elected to receive. A discussion of the proration mechanism can be found under the heading The Transactions New El Paso Stockholders Making Elections Proration and Adjustment Procedures and a discussion of the material federal income tax consequences of the transactions can be found under the heading The Transactions Material U.S. Federal Income Tax Consequences of the Transactions.

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*The fairness opinions rendered to the boards of directors of Kinder Morgan and El Paso by their respective financial advisors were based on the respective financial analyses they performed, which considered factors such as market and other conditions then in effect, and financial forecasts and other information made available to them, as of the date of their respective opinions. As a result, these opinions do not reflect changes in events or circumstances after the date of these opinions. Kinder Morgan and El Paso have not obtained, and do not expect to obtain, updated fairness opinions from their respective financial advisors reflecting changes in circumstances that may have occurred since the signing of the merger agreement.*

The fairness opinions rendered to the board of directors of Kinder Morgan by Evercore and Barclays Capital and the fairness opinion rendered to the board of directors of El Paso by Morgan Stanley were provided in connection with, and at the time of, the boards of directors' respective evaluation of the transactions. These opinions were based on the respective financial analyses performed, which considered market and other conditions then in effect, and financial forecasts and other information made available to them, as of the date of their respective opinions, which may have changed, or may change, after the date of the opinions. Kinder Morgan and El Paso have not obtained updated opinions as of the date of this information statement/proxy statement/prospectus from their respective financial advisors. They do not expect to obtain updated opinions prior to completion of the transactions. Changes in the operations and prospects of Kinder Morgan or El Paso, general market and economic conditions and other factors which may be beyond the control of Kinder Morgan and El Paso, and on which the fairness opinions were based, may have altered the value of Kinder Morgan or El Paso or the prices of shares of Kinder Morgan Class P common stock or shares of El Paso common stock since the dates of such opinions, or may alter such values and prices by the time the transactions are completed. The opinions do not speak as of any date other than the dates of those opinions. For a description of the opinions that Kinder Morgan and El Paso received from their respective financial advisors, please refer to *The Transactions' Opinions of Kinder Morgan's Financial Advisors* and *Opinion of El Paso's Financial Advisor*.

*The merger agreement contains provisions that limit each party's ability to pursue alternatives to the transactions, could discourage a potential competing acquirer of either El Paso or Kinder Morgan from making a favorable alternative transaction proposal and, in specified circumstances, could require El Paso to pay a termination fee of \$650 million to Kinder Morgan.*

Under the merger agreement, El Paso and Kinder Morgan are restricted from entering into alternative transactions. Unless and until the merger agreement is terminated, subject to specified exceptions (which are discussed in more detail in *The Merger Agreement Termination*), both Kinder Morgan and El Paso are restricted from soliciting, initiating, knowingly facilitating, knowingly encouraging or knowingly inducing or negotiating, any inquiry, proposal or offer for a competing acquisition proposal with any person. The merger agreement does not permit Kinder Morgan to terminate the merger agreement and pursue an alternative transaction, even if the Kinder Morgan board believed it would be more favorable to the Kinder Morgan stockholders. Additionally, under the merger agreement, in the event of a potential change by the board of directors of El Paso of its recommendation with respect to the transactions in light of a superior proposal, El Paso must provide Kinder Morgan with five days notice to allow Kinder Morgan to propose an adjustment to the terms and conditions of the merger agreement. El Paso may terminate the merger agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the no solicitation and termination provisions of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of El Paso or Kinder Morgan from considering or proposing that acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the transactions, or might result in a potential competing acquirer of El Paso proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in specified circumstances.

Under the merger agreement, El Paso may be required to pay to Kinder Morgan a termination fee of \$650 million if the merger agreement is terminated under specified circumstances. If such a termination fee is payable, the payment of this fee could have material and adverse consequences to the financial condition and

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operations of El Paso. For a discussion of the restrictions on El Paso and Kinder Morgan soliciting or entering into a takeover proposal or alternative transaction and El Paso's board of directors' ability to change its recommendation, see The Merger Agreement No-Solicitation by El Paso of Takeover Proposals, No-Solicitation by Kinder Morgan of an Alternative Transaction and El Paso Board Recommendation.

***Directors and executive officers of El Paso have certain interests that are different from those of El Paso stockholders generally.***

The executive officers of El Paso who negotiated the terms of the merger agreement and the members of the El Paso board of directors who approved the merger agreement have certain interests in the transactions that may be different from, or in addition to, the interests of El Paso stockholders generally. These interests include the following:

Under the merger agreement, each outstanding equity award (including equity awards held by El Paso's executive officers and directors) will (to the extent unvested) automatically vest upon the second merger and be converted into the right to receive, at the election of the holder, either cash (and warrants) or a mixture of cash and shares of Kinder Morgan Class P common stock (and warrants) for all shares subject to such awards (in the case of stock options, less the aggregate exercise price);

El Paso's executive officers participate in El Paso's executive severance plans, which provide severance and other termination benefits in the case of a qualifying termination of employment upon or within the two-year period immediately following a change of control, which would include the second merger; and

Under the merger agreement, El Paso must, in consultation with Kinder Morgan, adopt a retention plan for certain full-time employees of El Paso, including executive officers [ ] and [ ], pursuant to which retention bonuses may be earned by such executive officers based on (1) the performance of services, (2) attainment of specified levels of gross sale proceeds in respect of EP Energy business assets sold within 12 months after closing of the second merger and (3) the date the EP Energy business assets are sold.

The merger agreement provides that Kinder Morgan will take such actions (including increasing the size of the Kinder Morgan board of directors) as are necessary to elect two individuals designated by El Paso to the Kinder Morgan board of directors effective as of, and subject to the occurrence of, the effective time of the second merger. As of the date of this information statement/proxy statement/prospectus, El Paso has not yet determined which individuals will be its designees on the Kinder Morgan board of directors.

The merger agreement also provides for indemnification in favor of the current and former directors and officers of El Paso and its subsidiaries and for the purchase of directors' and officers' liability insurance and fiduciary liability insurance tail or run-off policies with respect to matters existing or occurring at or prior to the effective time of the transactions.

For a discussion of the interests of directors and executive officers in the transactions, see The Transactions Interests of Certain Persons in the Transactions El Paso Executive Officers and Directors.

***Goldman Sachs served as one of El Paso's financial advisors and is the second largest beneficial owner of stock in Kinder Morgan and may have interests that are different from those of El Paso stockholders generally.***

Goldman Sachs may have interests in the transactions that are different from, or in addition to, the interests of El Paso stockholders generally. These interests may present Goldman Sachs with actual or potential conflicts of interest. Prior to the receipt of Kinder Morgan's acquisition proposal, El Paso engaged Goldman Sachs to advise it with respect to the proposed spin-off of its exploration and production business and paid Goldman Sachs

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\$5 million in connection with that engagement. Following receipt of Kinder Morgan's proposal, El Paso engaged Goldman Sachs to continue to act as a financial advisor to El Paso, including reviewing and analyzing El Paso's business plan in connection with the proposed spin-off for purposes of aiding El Paso in its analysis of the potential Kinder Morgan transaction. In the engagement letter for these latter services, El Paso agreed to pay Goldman Sachs a fee of \$20 million upon completion of a transaction with Kinder Morgan. In both engagement letters, El Paso agreed to reimburse Goldman Sachs for certain of its fees and expenses and indemnify it against certain liabilities if they were to arise. In addition to its role as a financial advisor to El Paso, Goldman Sachs is also a stockholder of Kinder Morgan and, prior to consummation of the proposed transactions, may be deemed to beneficially own approximately 19 percent of the shares of Kinder Morgan Class P common stock on a fully converted basis, making it the second largest beneficial holder. Two representatives of Goldman Sachs and its affiliates also serve on the board of directors of Kinder Morgan. For more information relating to Goldman Sachs' role as a financial advisor to El Paso, Goldman Sachs investment in Kinder Morgan and El Paso's and Goldman Sachs' actions to address any potential conflicts, see "Background of the Transactions, El Paso's Engagement of Goldman Sachs" and "The Transactions' Interests of Certain Persons in the Transactions' Goldman Sachs."

***Kinder Morgan and El Paso may have difficulty attracting, motivating and retaining executives and other employees in light of the transactions.***

Uncertainty about the effect of the transactions on Kinder Morgan and El Paso employees may have an adverse effect on Kinder Morgan and El Paso and consequently the combined company. This uncertainty may impair Kinder Morgan's and El Paso's ability to attract, retain and motivate personnel until the transactions are completed. Employee retention may be particularly challenging during the pendency of the transactions, as employees may feel uncertain about their future roles with the combined company. In addition, Kinder Morgan and El Paso may have to provide additional compensation in order to retain employees. If employees of Kinder Morgan or El Paso depart because of issues relating to the uncertainty and difficulty of integration or a desire not to become employees of the combined company, the combined company's ability to realize the anticipated benefits of the transactions could be reduced.

***Kinder Morgan and El Paso will incur substantial transaction-related costs in connection with the transactions.***

Kinder Morgan and El Paso expect to incur a number of non-recurring transaction-related costs associated with completing the transactions, combining the operations of the two companies and achieving desired synergies. These fees and costs will be substantial. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees and printing costs. Additional unanticipated costs may be incurred in the integration of the businesses of Kinder Morgan and El Paso. There can be no assurance that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction-related costs over time. Thus, any net benefit may not be achieved in the near term, the long term or at all.

***Failure to successfully combine the businesses of El Paso and Kinder Morgan in the expected time frame may adversely affect the future results of the combined company, and, consequently, the value of any Kinder Morgan Class P common stock and/or Kinder Morgan warrants that El Paso stockholders receive as part of the merger consideration.***

The success of the proposed transactions will depend, in part, on the ability of Kinder Morgan to realize the anticipated benefits and synergies from combining the businesses of Kinder Morgan and El Paso. To realize these anticipated benefits, the businesses must be successfully combined. If the combined company is not able to achieve these objectives, or is not able to achieve these objectives on a timely basis, the anticipated benefits of the transactions may not be realized fully or at all. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the transactions. These integration



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difficulties could result in declines in the market value of Kinder Morgan Class P common stock and, consequently, result in declines in the market value of the Kinder Morgan Class P common stock and warrants that El Paso stockholders receive as part of the merger consideration and continue to hold following consummation of the proposed transactions.

***Failure to complete the transactions, or significant delays in completing the transactions, could negatively affect the trading prices of Kinder Morgan Class P common stock and El Paso common stock and the future business and financial results of Kinder Morgan and El Paso.***

Completion of the transactions is not assured and is subject to risks, including the risks that approval of the transactions by the respective stockholders of Kinder Morgan and El Paso or by governmental agencies is not obtained or that other closing conditions are not satisfied. If the transactions are not completed, or if there are significant delays in completing the transactions, it could negatively affect the trading prices of Kinder Morgan Class P common stock and El Paso common stock and the respective future business and financial results of Kinder Morgan and El Paso, and each of them will be subject to several risks, including the following:

the parties may be liable for damages to one another under the terms and conditions of the merger agreement;

negative reactions from the financial markets, including declines in the price of Kinder Morgan Class P common stock or El Paso common stock due to the fact that current prices may reflect a market assumption that the transactions will be completed;

having to pay certain significant costs relating to the transactions, including, in the case of El Paso in certain circumstances, a termination fee of \$650 million as described in The Merger Agreement Termination Fee ; and

the attention of management of Kinder Morgan and El Paso will have been diverted to the transactions rather than each company's own operations and pursuit of other opportunities that could have been beneficial to that company.

***Purported stockholder class action complaints have been filed against El Paso, Kinder Morgan, the members of El Paso's board of directors, El Paso's and Kinder Morgan's merger subsidiaries and Goldman Sachs, challenging the transactions, and an unfavorable judgment or ruling in these lawsuits could prevent or delay the consummation of the proposed transactions and result in substantial costs.***

In connection with the proposed transactions, purported stockholders of El Paso have filed numerous purported stockholder class action lawsuits in the District Court of Harris County, Texas and in the Delaware Court of Chancery. Those lawsuits name as defendants El Paso, Kinder Morgan, the members of the board of directors of El Paso, and, in certain cases, the affiliates of El Paso and Kinder Morgan and Goldman, Sachs & Co., whose role is further described in the section entitled The Transactions El Paso's Engagement of Goldman Sachs. Among other remedies, the plaintiffs seek to enjoin the proposed transactions. If a final settlement is not reached, or if a dismissal is not obtained, these lawsuits could prevent and/or delay completion of the transactions and result in substantial costs to El Paso and Kinder Morgan, including any costs associated with the indemnification of directors. Additional lawsuits may be filed against El Paso and Kinder Morgan, their respective affiliates and El Paso's directors related to the proposed transactions. The defense or settlement of any lawsuit or claim may adversely affect the combined company's business, financial condition or results of operations. See The Transactions Litigation Related to the Transactions.

***Closing of the first merger and/or second merger may trigger change in control provisions in certain agreements to which El Paso is a party.***

Closing of the first merger and/or second merger may trigger change in control provisions in certain agreements to which El Paso is a party. If El Paso and Kinder Morgan are unable to negotiate waivers of those

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provisions, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if El Paso and Kinder Morgan are able to negotiate waivers, the counterparties may require a fee for such waiver or seek to renegotiate the agreements on terms less favorable to El Paso or the combined company.

***During the pendency of the proposed transactions, a decrease in Kinder Morgan's perceived creditworthiness may have an adverse effect on El Paso's perceived creditworthiness, possibly resulting in a downgrade of credit ratings.***

During the pendency of the proposed transactions, changes in Kinder Morgan's perceived creditworthiness may affect El Paso's perceived creditworthiness. To the extent that there are concerns about Kinder Morgan's ability to satisfy its obligations to its creditors, those concerns may be imputed to El Paso, causing similar concerns about El Paso's ability to satisfy its obligations to its creditors. If El Paso's perceived creditworthiness suffers, it could result in, among other things, lowered credit ratings, reduced access to capital and increased borrowing costs.

***El Paso is subject to business uncertainties and contractual restrictions while the proposed transactions are pending, which could adversely affect El Paso's business and operations.***

Under the terms of the merger agreement, El Paso is subject to certain restrictions on the conduct of its business prior to completing the proposed transactions, which may adversely affect its ability to execute certain of its business strategies, including the ability in certain cases to enter into contracts or incur capital expenditures to grow its business. Such limitations could negatively affect El Paso's businesses and operations prior to the completion of the proposed transactions. Furthermore, the process of planning to integrate two businesses and organizations for the post-merger period can divert management attention and company resources and could ultimately have an adverse effect on each of Kinder Morgan and El Paso.

In connection with the pending transactions, it is possible that some customers, suppliers and other persons with whom El Paso has a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with El Paso as a result of the proposed transactions, which could negatively affect El Paso's revenues, earnings and cash flows, as well as the market price of shares of its common stock, regardless of whether the transactions are completed.

***Because the exchange ratios are fixed and because the market price of Kinder Morgan Class P common stock and El Paso common stock/New El Paso common stock will fluctuate, New El Paso stockholders receiving Kinder Morgan Class P common stock and/or warrants as part of the merger consideration cannot be sure of the market value of such merger consideration relative to the value of their shares of New El Paso common stock that they are exchanging.***

If the transactions are completed, each share of New El Paso common stock will be converted into the right to receive 0.640 of a warrant to purchase shares of Kinder Morgan Class P common stock and may, depending on the election of the New El Paso stockholder and subject to proration, be converted into the right to receive a fixed number of shares (as opposed to a fixed market value) of Kinder Morgan Class P common stock. During the pendency of the transactions, the market value of Kinder Morgan Class P common stock will fluctuate, and decreases in the market value of Kinder Morgan Class P common stock will negatively affect the value of the merger consideration that New El Paso stockholders receive. The market value of New El Paso common stock will also fluctuate during the pendency of the transactions, and increases in the market value of New El Paso common stock may mean that the merger consideration issued to New El Paso common stockholders will be worth less than the market value of the shares of New El Paso common stock such stockholders are exchanging. The exchange ratios were fixed at the time the merger agreement was executed, and the value of Kinder Morgan and New El Paso stock may vary significantly from their values on the date of the merger agreement, the date of this information statement/proxy statement/prospectus, the date on which El Paso stockholders vote on the

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merger agreement, the date on which New El Paso stockholders make their election and the date on which New El Paso stockholders receive the merger consideration. Neither El Paso nor Kinder Morgan is permitted to terminate the merger agreement solely due to changes in the market price of either party's common stock.

There will be a time lapse between the date on which New El Paso stockholders make an election with respect to the form of merger consideration to be received by them in exchange for their New El Paso common stock and the date on which New El Paso stockholders actually receive warrants of Kinder Morgan and, depending on their election and subject to proration, shares of Kinder Morgan Class P common stock. Fluctuations in the market value of Kinder Morgan stock during this time period will also affect the value of the merger consideration, once it is actually received.

If a New El Paso stockholder makes a stock election or mixed election and the market value of Kinder Morgan Class P common stock falls between the time of the election and the time the merger consideration is actually received, the value of the merger consideration received may be less than the value of the merger consideration such stockholder would have received under a cash election. Conversely, if a New El Paso stockholder makes a cash election and the market value of Kinder Morgan Class P common stock rises between the time of the election and the time the merger consideration is actually received, the value of the merger consideration received may be less than the value of the merger consideration such stockholder would have received under a stock or mixed election. New El Paso stockholders are urged to obtain current market quotations for Kinder Morgan Class P common stock when they make their elections.

***If the transactions are approved, the date that New El Paso stockholders will receive the merger consideration is uncertain.***

If the proposed transactions are approved, the date that New El Paso stockholders will receive the merger consideration depends on the completion date of the transactions, which is uncertain.

***When making their elections, New El Paso stockholders must deliver stock certificates (or evidence of shares in book-entry form) to the exchange agent, and, unless they revoke their election, will not be able to transfer those shares following delivery.***

When New El Paso stockholders make their election and return the properly completed form of election by the applicable deadline, they must also deliver to the exchange agent stock certificates (or evidence of shares in book-entry form) representing their shares of New El Paso common stock. Unless they revoke this election, such stockholders may not transfer those shares following their election, and such stockholders may therefore be unable to gain access to cash or make other investments, or otherwise attempt to reduce the potential for a decrease in the value of their investment, as they otherwise would like.

***The value of the warrants that New El Paso stockholders will receive as part of the merger consideration is uncertain, and the warrants may have limited or no value.***

The value of the warrants to be issued as part of the merger consideration is speculative. In the event that the value of Kinder Morgan Class P common stock does not exceed the exercise price of the warrants during the five-year period when the warrants are exercisable, the warrants may have limited or no value. Because the market for the warrants may be limited, volatile or sporadic, warrant holders may have to bear the economic consequences of holding such warrants for the entire term of the warrants.

***If the merger agreement is terminated, El Paso may be obligated to reimburse Kinder Morgan for costs incurred related to the transactions and, under certain circumstances, pay a termination fee to Kinder Morgan.***

In certain circumstances, upon termination of the merger agreement, El Paso would be responsible for reimbursing Kinder Morgan for up to \$20 million in expenses related to the transaction, plus certain financing-

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related expenses of Kinder Morgan, and may be obligated to pay a termination fee to Kinder Morgan of \$650 million. If the merger agreement is terminated, the expense reimbursements and the termination fee required to be paid, if any, by El Paso under the merger agreement may require El Paso to incur significant amounts that would reduce the cash and liquidity it has available for operations, dividends or other general corporate purposes. See The Merger Agreement Expenses.

*The unaudited pro forma financial information in this information statement/proxy statement/prospectus is presented for illustrative purposes only and may not be reflective of the operating results and financial condition of the combined company following completion of the proposed transactions.*

The unaudited pro forma financial information in this information statement/proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what the combined company's actual financial position or results of operations would have been had the transactions been completed on the dates indicated. The unaudited pro forma financial information reflects adjustments, which are based upon preliminary estimates, to allocate the purchase price to El Paso's net assets. The purchase price allocation reflected in this document is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of El Paso as of the date of the completion of the transactions. In addition, subsequent to the closing date, there may be further refinements of the purchase price allocation as additional information becomes available. Accordingly, the final purchase accounting adjustments may differ materially from the pro forma adjustments reflected in this document. See Unaudited Pro Forma Condensed Combined Financial Information for more information.

*Kinder Morgan's and El Paso's financial estimates are based on various assumptions that may not prove to be correct.*

The financial estimates set forth in the forecast included under The Transactions Certain Kinder Morgan Financial Projections and Certain El Paso Financial Projections are based on assumptions of, and information available to, Kinder Morgan and El Paso, respectively, at the time they were prepared and provided to Kinder Morgan's and El Paso's respective boards of directors and financial advisors. Kinder Morgan and El Paso do not know whether the assumptions they made will prove correct. Any or all of such estimates may turn out to be wrong. They can be adversely affected by inaccurate assumptions or by known or unknown risks and uncertainties, many of which are beyond Kinder Morgan's and/or El Paso's control. Many factors mentioned in this information statement/proxy statement/prospectus, including the risks outlined in this Risk Factors section and the events and/or circumstances described under Cautionary Statement Regarding Forward-Looking Statements will be important in determining Kinder Morgan's and/or El Paso's future results. As a result of these contingencies, actual future results may vary materially from Kinder Morgan's and/or El Paso's estimates. In view of these uncertainties, the inclusion of Kinder Morgan's and El Paso's financial estimates in this information statement/proxy statement/prospectus is not and should not be viewed as a representation that the forecasted results will be achieved.

These financial estimates are Kinder Morgan's and El Paso's internal financial forecasts and were not prepared with a view toward public disclosure or toward compliance with published guidelines of any regulatory or professional body. Further, any forward-looking statement speaks only as of the date on which it is made, and each of Kinder Morgan and El Paso undertakes no obligation, other than as required by applicable law, to update its financial estimates herein to reflect events or circumstances after the date those financial estimates were prepared or to reflect the occurrence of anticipated or unanticipated events or circumstances.

The financial estimates included in this information statement/proxy statement/prospectus have been prepared by, and are the responsibility of, Kinder Morgan and El Paso, as applicable. Moreover, neither Kinder Morgan's independent accountants, PricewaterhouseCoopers LLP, El Paso's independent accountants, Ernst & Young LLP, nor any other independent accountants have compiled, examined or performed any procedures with respect to Kinder Morgan's or El Paso's prospective financial information contained herein, nor have they

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expressed any opinion or any other form of assurance on such information or its achievability, and, accordingly, each of PricewaterhouseCoopers LLP and Ernst & Young LLP assumes no responsibility for, and disclaims any association with, Kinder Morgan's and El Paso's prospective financial information. The reports of PricewaterhouseCoopers LLP included in this information statement/proxy statement/prospectus and the reports of Ernst & Young LLP incorporated by reference relate exclusively to the historical financial information of the entities named in those reports and do not cover any other information in this information statement/proxy statement/prospectus and should not be read to do so. See "The Transactions," "Certain El Paso Financial Projections," and "Certain Kinder Morgan Financial Projections" for more information.

**Risk Factors Relating to Kinder Morgan After Completion of the Transactions**

*In this section, "Kinder Morgan" refers to Kinder Morgan, Inc. after the transactions, at which time El Paso, which owns the general partner of EPB, will be a wholly owned subsidiary. Except as indicated below, this section also assumes the completion of the disposition of El Paso's oil and gas properties and business before or promptly after the transactions. All of Kinder Morgan's operations are, and after completion of the transactions will continue to be, conducted by its subsidiaries, including KMP and El Paso and their subsidiaries and joint ventures, and its equity investees. To the extent that a risk described below relates generally to the business of the combined entity, the risk factor refers to the risk to Kinder Morgan. Where the risk described is particular to KMP's business or to El Paso's business, the risk factor refers specifically to that entity. In this section, KMP and EPB are sometimes referred to as the "Partnerships."*

***Kinder Morgan may not be able to sell El Paso's exploration and production assets in a timely manner, on satisfactory terms and conditions, at a satisfactory price, or at all.***

Kinder Morgan expects to sell El Paso's exploration and production assets around the same time as the consummation of the transactions in order to help reduce the level of indebtedness incurred to finance the transactions. The sale of El Paso's exploration and production assets is dependent upon a number of factors, including the availability of potential purchasers, reaching agreement with respect to the purchase price of such assets and negotiating definitive documentation upon satisfactory terms and conditions. There can be no assurance that Kinder Morgan will be able to sell El Paso's exploration and production assets in a timely manner or at all. In the event Kinder Morgan is unable to sell El Paso's exploration and production assets as expected, the combined company will have an increased amount of indebtedness which may adversely affect its profitability.

***Following consummation of the transactions, the credit rating of El Paso and/or Kinder Morgan could be downgraded, which may increase its borrowing costs and could give rise to an obligation to redeem existing indebtedness.***

Kinder Morgan will have considerably higher aggregate levels of indebtedness than Kinder Morgan and El Paso currently have in the aggregate due to the debt incurred to finance the transactions. There can be no assurance that the credit ratings of the existing Kinder Morgan debt or El Paso debt will not be subject to a downgrade.

If, as a result of the transactions, certain notes issued by El Paso and certain of its subsidiaries are subject to a ratings downgrade (which, in some instances, results in having a credit rating below investment grade) by a credit ratings agency during the period continuing until up to 120 days after consummation of the transactions, each holder of such notes would have the right to require El Paso or its applicable subsidiary to repurchase all or part of such holder's notes (possibly at a premium) as provided in the applicable debt documents. If such an event occurs, Kinder Morgan would likely be required to refinance such indebtedness.

Any such obligation to offer to repurchase such El Paso indebtedness could necessitate obtaining significant amounts of refinancing capital. No assurance can be given as to the terms or availability of refinancing capital. Any such obligation could have an adverse effect on Kinder Morgan's financial condition after the

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consummation of the transactions. Moreover, if a ratings downgrade were to occur, even if such event does not give rise to a redemption obligation, the combined El Paso and Kinder Morgan company could experience higher borrowing costs in the future and more restrictive covenants which may reduce profitability and diminish operational flexibility.

***Kinder Morgan depends on distributions from its subsidiaries and joint ventures to meet its needs.***

Kinder Morgan is a holding company, a company with no significant assets other than its ownership interests in its operating subsidiaries, and has debt outstanding at the holding company level. It is dependent on the earnings and cash flows, dividends and other distributions from its subsidiaries, including KMP, and following the consummation of the proposed transactions, El Paso and its subsidiaries, including EPB, and joint ventures to generate the funds necessary to meet its obligations and pay dividends. Applicable law and contractual restrictions (including restrictions in its subsidiaries' credit facilities and in its joint venture or partnership agreements) may negatively impact Kinder Morgan's ability to obtain such distributions from its subsidiaries, including the rights of the creditors of its subsidiaries that would often be superior to Kinder Morgan's interests. Furthermore, a decline in KMP's or El Paso's revenues or increases in their general and administrative expenses, principal and interest payments under existing and future debt instruments, expenditures for taxes, working capital requirements or other cash needs will limit the amount of cash they can distribute to Kinder Morgan, which would reduce the amount of cash available for payment of its debt and for distribution to its stockholders, which could be material.

***Kinder Morgan may not be able to sell (drop-down) El Paso's natural gas pipeline assets to EPB and KMP in a timely manner or on satisfactory terms and conditions.***

Kinder Morgan expects to sell (drop-down) El Paso's natural gas pipeline assets to EPB and KMP. The drop-down of El Paso's natural gas pipeline assets is dependent upon a number of factors, including reaching agreement with respect to the purchase price of such assets and negotiating definitive documentation upon satisfactory terms and conditions. Each of these transactions will be subject to approval by KMP's or EPB's independent directors. There can be no assurance that Kinder Morgan will be able to drop-down El Paso's natural gas pipeline assets in a timely manner or at all. In the event Kinder Morgan is unable to drop-down El Paso's natural gas pipeline assets as expected, the combined company will have an increased amount of indebtedness which may adversely affect its profitability.

***Kinder Morgan is dependent upon KMP's and EPB's ability to access the capital markets and/or other sources of financing.***

Kinder Morgan's ability to sell (drop-down) assets to, and to receive distributions relating to expansion projects or acquisitions at, KMP and/or EPB is dependent, in part, on KMP's and EPB's ability to access the capital markets and/or other sources of financing. In the event KMP's or EPB's credit rating is downgraded, it may make it more difficult, expensive or impossible for KMP or EPB, as applicable, to access the capital markets and/or other sources of financing. Accordingly, projects may not occur or may be less profitable. Any such event could materially adversely affect the future earnings, cash flows and financial condition of Kinder Morgan.

***If the proposed transactions are completed, conflicts of interest may arise between KMI, on the one hand, and EPB and/or KMP, on the other hand.***

Conflicts of interest may arise following completion of the proposed transactions because of the relationships among EPB, KMP and Kinder Morgan, as the indirect owner of their general partners. Kinder Morgan's directors and officers will have fiduciary duties to manage its business in a manner beneficial to Kinder Morgan and Kinder Morgan's stockholders. Some of Kinder Morgan's directors will also be directors and officers of EPB's general partner or KMP's general partner, and will have duties as provided in their respective partnership agreements to manage the respective businesses of EPB and KMP in a manner beneficial to EPB and KMP and their respective unitholders. The resolution of these conflicts may not always be in Kinder Morgan's best interest or that of Kinder Morgan's stockholders.

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*New regulations, rulemaking and oversight, as well as changes in regulations, by regulatory agencies having jurisdiction over Kinder Morgan's operations could adversely impact its income and operations.*

Kinder Morgan's pipelines and storage facilities are subject to regulation and oversight by federal, state and local regulatory authorities, such as the FERC, the California Public Utilities Commission, referred to as the CPUC, and Canada's National Energy Board. Regulatory actions taken by these agencies have the potential to adversely affect Kinder Morgan's profitability. Regulation affects almost every part of its business and extends to such matters as:

rates (which include reservation, commodity, surcharges, fuel and gas lost and unaccounted for), operating terms and conditions of service;

the types of services Kinder Morgan may offer to its customers;

the contracts for service entered into with its customers;

the certification and construction of new facilities;

the integrity, safety and security of facilities and operations;

the acquisition of other businesses;

the acquisition, extension, disposition or abandonment of services or facilities;

reporting and information posting requirements;

the maintenance of accounts and records; and

relationships with affiliated companies involved in various aspects of the natural gas and energy businesses.

Should Kinder Morgan fail to comply with any applicable statutes, rules, regulations, and orders of such regulatory authorities, it could be subject to substantial penalties and fines.

New regulations sometimes arise from unexpected sources. For example, the Department of Homeland Security Appropriation Act of 2007 required the Department of Homeland Security to issue regulations establishing risk-based performance standards for the security of chemical and industrial facilities, including oil and gas facilities that are deemed to present high levels of security risk.

New laws or regulations or different interpretations of existing laws or regulations, including unexpected policy changes, applicable to Kinder Morgan or its assets could have a material adverse impact on its business, financial condition and results of operations.

*The FERC may establish pipeline tariff rates that have a negative impact on Kinder Morgan. In addition, the FERC or Kinder Morgan's customers could file complaints challenging the tariff rates charged by Kinder Morgan's pipelines, and a successful complaint could have an*

*adverse impact on Kinder Morgan.*

The profitability of Kinder Morgan's regulated pipelines is influenced by fluctuations in costs and its ability to recover any increases in its costs in the rates charged to its shippers. To the extent that such costs increase in an amount greater than what Kinder Morgan is permitted by the FERC to recover in its rates, or to the extent that there is a lag before the pipeline can file and obtain rate increases, such events can have a negative impact upon Kinder Morgan's operating results.

Kinder Morgan's existing rates may also be challenged by complaint. Regulators and shippers on Kinder Morgan's pipelines have rights to challenge, and have challenged, the rates they charge under certain circumstances prescribed by applicable regulations. Some shippers on various KMP pipelines have filed complaints with the FERC and the CPUC that seek substantial refunds for alleged overcharges during the years



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in question and prospective reductions in the tariff rates on KMP's Pacific operations' pipeline system. Further, the FERC has initiated investigations to determine whether some interstate natural gas pipelines have over-collected on rates charged to shippers. Kinder Morgan could face additional challenges to the rates it charges on its pipelines. Any successful challenge could materially adversely affect its future earnings, cash flows and financial condition.

***Energy commodity transportation and storage activities involve numerous risks that may result in accidents or otherwise adversely affect Kinder Morgan's operations.***

There are a variety of hazards and operating risks inherent to natural gas transmission and storage activities and refined petroleum products and carbon dioxide transportation activities such as leaks, explosions and mechanical problems that could result in substantial financial losses. In addition, these risks could result in serious injury and loss of human life, significant damage to property and natural resources, environmental pollution and impairment of operations, any of which also could result in substantial financial losses. For pipeline and storage assets located near populated areas, including residential areas, commercial business centers, industrial sites and other public gathering areas, the level of damage resulting from these risks could be greater. Incidents that cause an interruption of service, such as when unrelated third party construction damages a pipeline or a newly completed expansion experiences a weld failure, may negatively impact Kinder Morgan's revenues and earnings while the affected asset is temporarily out of service. In addition, if losses in excess of Kinder Morgan's insurance coverage were to occur, they could have a material adverse effect on its business, financial condition and results of operations.

***Increased regulatory requirements relating to the integrity of Kinder Morgan's pipelines will require it to spend additional money to comply with these requirements.***

Through Kinder Morgan's regulated pipeline subsidiaries, it is subject to extensive laws and regulations related to pipeline integrity. There are, for example, federal guidelines for the U.S. Department of Transportation and pipeline companies in the areas of testing, education, training and communication. The U.S. Department of Transportation issued final rules (effective February 2004 with respect to natural gas pipelines) requiring pipeline operators to develop integrity management programs to comprehensively evaluate their pipelines and take measures to protect pipeline segments located in what the rules refer to as High Consequence Areas. The ultimate costs of compliance with the integrity management rules are difficult to predict. The majority of the costs to comply with the rules are associated with pipeline integrity testing and the repairs found to be necessary. Changes such as advances of in-line inspection tools, identification of additional threats to a pipeline's integrity and changes to the amount of pipeline determined to be located in High Consequence Areas can have a significant impact on the costs to perform integrity testing and repairs. Kinder Morgan plans to continue its pipeline integrity testing programs to assess and maintain the integrity of its existing and future pipelines as required by the U.S. Department of Transportation rules. The results of these tests could cause Kinder Morgan to incur significant and unanticipated capital and operating expenditures for repairs or upgrades deemed necessary to ensure the continued safe and reliable operation of its pipelines.

Further, additional laws and regulations that may be enacted in the future or a new interpretation of existing laws and regulations could significantly increase the amount of these expenditures. There can be no assurance as to the amount or timing of future expenditures for pipeline integrity regulation, and actual future expenditures may be different from the amounts Kinder Morgan currently anticipates. Revised or additional regulations that result in increased compliance costs or additional operating restrictions, particularly if those costs are not deemed by regulators to be fully recoverable from its customers, could have a material adverse effect on its business, financial position, results of operations and prospects.

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***Kinder Morgan may face competition from competing pipelines and other forms of transportation into the areas it serves as well as with respect to the supply for its pipeline systems.***

Any current or future pipeline system or other form of transportation that delivers petroleum products or natural gas into the areas that Kinder Morgan's pipelines serve could offer transportation services that are more desirable to shippers than those it provides because of price, location, facilities or other factors. To the extent that an excess of supply into these areas is created and persists, Kinder Morgan's ability to recontract for expiring transportation capacity at favorable rates or otherwise to retain existing customers could be impaired. Kinder Morgan also could experience competition for the supply of petroleum products or natural gas from both existing and proposed pipeline systems. Several pipelines access many of the same areas of supply as its pipeline systems and transport to destinations not served by Kinder Morgan.

***Cost overruns and delays on expansion and new build projects could adversely affect Kinder Morgan's business.***

KMP has recently completed several major expansion and new build projects, including the joint venture projects Rockies Express Pipeline, Midcontinent Express Pipeline and Fayetteville Express Pipeline, and in July 2011, El Paso placed its new joint venture project, Ruby Pipeline, into service. KMP also is conducting and conducts from time to time alone or with others what are referred to as open seasons to evaluate the potential customer interest for new construction projects. A variety of factors outside Kinder Morgan's control, such as weather, natural disasters and difficulties in obtaining permits and rights-of-way or other regulatory approvals, as well as performance by third-party contractors, have resulted in, and may continue to result in, increased costs or delays in construction. Significant cost overruns or delays in completing a project could have a material adverse effect on Kinder Morgan's return on investment, results of operations and cash flows.

***Kinder Morgan must either obtain the right from landowners or exercise the power of eminent domain in order to use most of the land on which its pipelines are constructed, and it is subject to the possibility of increased costs to retain necessary land use.***

Kinder Morgan obtains the right to construct and operate pipelines on other owners' land for a period of time. If it were to lose these rights or be required to relocate its pipelines, its business could be affected negatively. In addition, Kinder Morgan is subject to the possibility of increased costs under its rental agreements with landowners, primarily through rental increases and renewals of expired agreements.

Whether Kinder Morgan has the power of eminent domain for its pipelines, other than interstate natural gas pipelines, varies from state to state depending upon the type of pipeline (petroleum liquids, natural gas or carbon dioxide) and the laws of the particular state. Its interstate natural gas pipelines have federal eminent domain authority. In either case, Kinder Morgan must compensate landowners for the use of their property and, in eminent domain actions, such compensation may be determined by a court. Kinder Morgan's inability to exercise the power of eminent domain could negatively affect its business if it was to lose the right to use or occupy the property on which its pipelines are located.

***The Partnerships' acquisition strategies and expansion programs require access to new capital. Tightened capital markets or more expensive capital would impair their ability to grow.***

Consistent with the terms of their partnership agreements, KMP and EPB have distributed most of the cash generated by their operations. As a result, they have relied on external financing sources, including commercial borrowings and issuances of debt and equity securities, to fund their acquisition and for KMP, its growth capital expenditures. However, to the extent the Partnerships are unable to continue to finance growth through external sources, their cash distribution policies may significantly impair their ability to grow. The Partnerships may need new capital to finance these activities. Limitations on the Partnerships' access to capital will impair their ability to execute this strategy.

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*KMP's growth strategy may cause difficulties integrating and constructing new operations, and Kinder Morgan may not be able to achieve the expected benefits from any future acquisitions.*

Part of KMP's business strategy includes acquiring additional businesses, expanding existing assets and constructing new facilities. If KMP does not successfully integrate acquisitions, expansions or newly constructed facilities, they may not realize anticipated operating advantages and cost savings. The integration of companies that have previously operated separately involves a number of risks, including:

demands on management related to the increase in the size of KMP after an acquisition, expansion or completed construction project;

the diversion of management's attention from the management of daily operations;

difficulties in implementing or unanticipated costs of accounting, estimating, reporting and other systems;

difficulties in the assimilation and retention of necessary employees; and

potential adverse effects on operating results.

KMP may not be able to maintain the levels of operating efficiency that acquired companies have achieved or might achieve separately. Successful integration of each acquisition, expansion or construction project will depend upon KMP's ability to manage those operations and to eliminate redundant and excess costs. Because of difficulties in combining and expanding operations, KMP may not be able to achieve the cost savings and other size-related benefits that it hoped to achieve after these acquisitions, which would harm its financial condition and results of operations.

*Environmental, health and safety laws and regulations could expose Kinder Morgan to significant costs and liabilities.*

Kinder Morgan's operations are subject to federal, state, provincial and local laws, regulations and potential liabilities arising under or relating to the protection or preservation of the environment, natural resources and human health and safety. Such laws and regulations affect many aspects of its present and future operations, and generally require Kinder Morgan to obtain and comply with various environmental registrations, licenses, permits, inspections and other approvals. Liability under such laws and regulations may be incurred without regard to fault under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as CERCLA or Superfund, the Resource Conservation and Recovery Act, the Federal Clean Water Act or analogous state laws for the remediation of contaminated areas. Private parties, including the owners of properties through which Kinder Morgan's pipelines pass, also may have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with such laws and regulations or for personal injury or property damage. Kinder Morgan's insurance may not cover all environmental risks and costs and/or may not provide sufficient coverage in the event an environmental claim is made against Kinder Morgan.

Failure to comply with these laws and regulations also may expose Kinder Morgan to civil, criminal and administrative fines, penalties and/or interruptions in its operations that could influence its business, financial position, results of operations and prospects. For example, if an accidental leak, release or spill of liquid petroleum products, chemicals or other hazardous substances occurs at or from Kinder Morgan's pipelines or its storage or other facilities, it may experience significant operational disruptions, and it may have to pay a significant amount to clean up or otherwise respond to the leak, release or spill, pay for government penalties, address natural resource damage, compensate for human exposure or property damage, install costly pollution control equipment or undertake a combination of these and other measures. The resulting costs and liabilities could materially and negatively affect Kinder Morgan's level of earnings and cash flows. In addition, emission controls required under the Federal Clean Air Act and other similar federal, state and provincial laws could require significant capital expenditures at its facilities.



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Kinder Morgan owns and/or operates numerous properties that have been used for many years in connection with its business activities. While Kinder Morgan has utilized operating, handling and disposal practices that were consistent with the industry at the time, hydrocarbons or other hazardous substances may have been released at or from properties owned, operated or used by it or its predecessors, or at or from properties where it or its predecessors' wastes have been taken for disposal. In addition, many of these properties have been owned and/or operated by third parties whose management, handling and disposal of hydrocarbons or other hazardous substances were not under Kinder Morgan's control. These properties and the hazardous substances released and wastes disposed on them may be subject to laws in the United States such as CERCLA, which impose joint and several liability without regard to fault or the legality of the original conduct. Under the regulatory schemes of the various Canadian provinces, such as British Columbia's Environmental Management Act, Canada has similar laws with respect to properties owned, operated or used by Kinder Morgan or its predecessors. Under such laws and implementing regulations, Kinder Morgan could be required to remove or remediate previously disposed wastes or property contamination, including contamination caused by prior owners or operators. Imposition of such liability schemes could have a material adverse impact on its operations and financial position.

In addition, Kinder Morgan's oil and gas development and production activities are subject to numerous federal, state and local laws and regulations relating to environmental quality and pollution control. These laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Specifically, these activities are subject to laws and regulations regarding the acquisition of permits before drilling, restrictions on drilling activities in restricted areas, emissions into the environment, water discharges, transportation of hazardous materials and storage and disposition of wastes. In addition, legislation has been enacted that requires well and facility sites to be abandoned and reclaimed to the satisfaction of state authorities.

Further, Kinder Morgan cannot ensure that such existing laws and regulations will not be revised or that new laws or regulations will not be adopted or become applicable to it. There can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be different from the amounts Kinder Morgan currently anticipates. Revised or additional regulations that result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from Kinder Morgan's customers, could have a material adverse effect on its business, financial position, results of operations and prospects. For more information, see [Additional Information About Kinder Morgan](#) [Kinder Morgan's Business](#) [Environmental Matters](#).

***Climate change regulation at the federal, state, provincial or regional levels could result in increased operating and capital costs for Kinder Morgan.***

Methane, a primary component of natural gas, and carbon dioxide, a byproduct of the burning of natural gas, are examples of greenhouse gases. The U.S. Environmental Protection Agency began regulating the greenhouse gas emissions of certain stationary sources on January 2, 2011, and has issued a final rule requiring the reporting of greenhouse gas emissions in the United States beginning in 2011 for emissions occurring in 2010 from specified large greenhouse gas emission sources, fractionated natural gas liquids, and the production of naturally occurring carbon dioxide, like the Partnership's McElmo Dome carbon dioxide field, even when such production is not emitted to the atmosphere.

Because Kinder Morgan's operations, including its compressor stations and natural gas processing plants in its Natural Gas Pipelines and NGPL segments, emit various types of greenhouse gases, primarily methane and carbon dioxide, such new legislation or regulation could increase its costs related to operating and maintaining its facilities and require it to install new emission controls on its facilities, acquire allowances for its greenhouse gas emissions, pay taxes related to its greenhouse gas emissions and administer and manage a greenhouse gas emissions program. Kinder Morgan is not able at this time to estimate such increased costs; however, they could be significant. Recovery of such increased costs from its customers is uncertain in all cases and may depend on events beyond its control, including the outcome of future rate proceedings before the FERC and the provisions

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of any final legislation or other regulations. Any of the foregoing could have adverse effects on Kinder Morgan's business, financial position, results of operations and prospects. For more information about climate change regulation, see Additional Information About Kinder Morgan Kinder Morgan's Business Environmental Matters Climate Change.

***Increased regulation of exploration and production activities, including hydraulic fracturing, could result in reductions or delays in drilling and completing new oil and natural gas wells, which could adversely impact revenues by decreasing the volumes of natural gas transported on KMP's or El Paso's or their joint ventures' natural gas pipelines.***

The natural gas industry is increasingly relying on natural gas supplies from unconventional sources, such as shale, tight sands and coal bed methane. Natural gas extracted from these sources frequently requires hydraulic fracturing. Hydraulic fracturing involves the pressurized injection of water, sand, and chemicals into the geologic formation to stimulate gas production and is a commonly used stimulation process employed by oil and gas exploration and production operators in the completion of certain oil and gas wells. Recently, there have been initiatives at the federal and state levels to regulate or otherwise restrict the use of hydraulic fracturing. Adoption of legislation or regulations placing restrictions on hydraulic fracturing activities could impose operational delays, increased operating costs and additional regulatory burdens on exploration and production operators, which could reduce their production of natural gas and, in turn, adversely affect revenues and results of operations by decreasing the volumes of natural gas transported on KMP's or El Paso's or their joint ventures' natural gas pipelines, several of which gather gas from areas in which the use of hydraulic fracturing is prevalent.

***Kinder Morgan's consolidated debt could adversely affect its financial health and make it more vulnerable to adverse economic conditions.***

As of September 30, 2011, on a basis pro forma for the transactions, Kinder Morgan and its subsidiaries would have had outstanding approximately \$40.5 billion of debt (including debt incurred in connection with the transactions and debt classified as held for sale in connection with the intended sale of EP Energy and excluding the fair value of interest rate swaps and unamortized purchase accounting adjustments), including \$12.5 billion at KMP and \$3.7 billion at EPB. This level of debt could have important consequences, such as:

limiting Kinder Morgan's and the Partnerships' abilities to obtain additional financing to fund their working capital, capital expenditures, debt service requirements or potential growth or for other purposes;

limiting Kinder Morgan's and the Partnerships' abilities to use operating cash flow in other areas of their business or to pay dividends because they must dedicate a substantial portion of these funds to make payments on their debt;

placing Kinder Morgan and the Partnerships at a competitive disadvantage compared to competitors with less debt; and

increasing Kinder Morgan's and the Partnerships' vulnerability to adverse economic and industry conditions.

Kinder Morgan's and the Partnerships' abilities to service their debt will depend upon, among other things, their future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond their control. If their operating results are not sufficient to service their indebtedness, or any future indebtedness that they incur, Kinder Morgan and the Partnerships will be forced to take actions such as reducing dividends, reducing or delaying their business activities, acquisitions, investments or capital expenditures, selling assets or seeking additional equity capital. Kinder Morgan and the Partnerships may not be able to effect any of these actions on satisfactory terms or at all.

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***Kinder Morgan's large amount of variable rate debt makes it vulnerable to increases in interest rates.***

As of September 30, 2011, on a basis pro forma for the transactions, Kinder Morgan would have had outstanding approximately \$40.5 billion of consolidated debt (including debt incurred in connection with the transactions and debt classified as held for sale and excluding the fair value of interest rate swaps and unamortized purchase accounting adjustments), including \$12.5 billion at KMP and \$3.7 billion at EPB. Of this amount, approximately 50% was subject to variable interest rates, either as short-term or long-term debt of variable rate credit facilities or as long-term fixed-rate debt converted to variable rates through the use of interest rate swaps. Should interest rates increase, the amount of cash required to service this debt would increase and Kinder Morgan's and the Partnerships' earnings could be adversely affected.

***Current or future distressed financial conditions of Kinder Morgan's customers could have an adverse impact on it in the event these customers are unable to pay Kinder Morgan for the products or services it provides.***

Some of Kinder Morgan's customers are experiencing, or may experience in the future, severe financial problems that have had or may have a significant impact on their creditworthiness. Kinder Morgan cannot provide assurance that one or more of its financially distressed customers will not default on their obligations to it or that such a default or defaults will not have a material adverse effect on its business, financial position, future results of operations or future cash flows. Furthermore, the bankruptcy of one or more of Kinder Morgan's customers, or some other similar proceeding or liquidity constraint, might make it unlikely that it would be able to collect all or a significant portion of amounts owed by the distressed entity or entities. In addition, such events might force such customers to reduce or curtail their future use of Kinder Morgan's products and services, which could have a material adverse effect on its results of operations and financial condition.

***Terrorist attacks, or the threat of them, may adversely affect Kinder Morgan's business.***

The U.S. government has issued public warnings that indicate that pipelines and other energy assets might be specific targets of terrorist organizations. These potential targets might include Kinder Morgan's pipeline systems or storage facilities. Kinder Morgan's operations could become subject to increased governmental scrutiny that would require increased security measures. There is no assurance that adequate sabotage and terrorism insurance will be available at rates Kinder Morgan believes are reasonable in the near future. These developments may subject its operations to increased risks, as well as increased costs, and, depending on their ultimate magnitude, could have a material adverse effect on its business, results of operations and financial condition.

***Future business development of Kinder Morgan's pipelines is dependent on the supply of and demand for the commodities transported by its pipelines.***

Kinder Morgan's pipelines depend on production of natural gas, oil and other products in the areas served by its pipelines. Without reserve additions, production will decline over time as reserves are depleted and production costs may rise. Producers may shut down production at lower product prices or higher production costs, especially where the existing cost of production exceeds other extraction methodologies, such as in the Alberta oil sands. Producers in areas served by Kinder Morgan may not be successful in exploring for and developing additional reserves, and Kinder Morgan's gas plants and pipelines may not be able to maintain existing volumes of throughput. Commodity prices and tax incentives may not remain at a level that encourages producers to explore for and develop additional reserves, produce existing marginal reserves or renew transportation contracts as they expire.

Changes in the business environment, such as a decline in crude oil or natural gas prices, an increase in production costs from higher feedstock prices, supply disruptions, or higher development costs, could result in a slowing of supply from oil and natural gas producing areas. In addition, with respect to the CO<sub>2</sub> business segment, changes in the regulatory environment or governmental policies may have an impact on the supply of crude oil. Each of these factors impact Kinder Morgan's customers shipping through its pipelines, which in turn could impact the prospects of new transportation contracts or renewals of existing contracts.

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Throughput on Kinder Morgan's products pipelines also may decline as a result of changes in business conditions. Over the long term, business will depend, in part, on the level of demand for oil and natural gas in the geographic areas in which deliveries are made by pipelines and the ability and willingness of shippers having access or rights to utilize the pipelines to supply such demand.

The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could reduce demand for natural gas and crude oil, increase Kinder Morgan's costs and may have a material adverse effect on its results of operations and financial condition. Kinder Morgan cannot predict the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce the demand for natural gas and oil.

***Kinder Morgan's use of hedging arrangements could result in financial losses or reduce its income.***

Kinder Morgan engages in hedging arrangements to reduce its exposure to fluctuations in the prices of oil and natural gas. These hedging arrangements expose Kinder Morgan to risk of financial loss in some circumstances, including when production is less than expected, when the counterparty to the hedging contract defaults on its contract obligations, or when there is a change in the expected differential between the underlying price in the hedging agreement and the actual price received. In addition, these hedging arrangements may limit the benefit Kinder Morgan would otherwise receive from increases in prices for oil and natural gas.

The accounting standards regarding hedge accounting are very complex, and even when Kinder Morgan engages in hedging transactions (for example, to mitigate its exposure to fluctuations in commodity prices or currency exchange rates or to balance its exposure to fixed and variable interest rates) that are effective economically, these transactions may not be considered effective for accounting purposes. Accordingly, Kinder Morgan's consolidated financial statements may reflect some volatility due to these hedges, even when there is no underlying economic impact at the dates of those statements. In addition, it is not always possible for Kinder Morgan to engage in hedging transactions that completely mitigate its exposure to commodity prices. Kinder Morgan's consolidated financial statements may reflect a gain or loss arising from an exposure to commodity prices for which it is unable to enter into a completely effective hedge.

***The recent adoption of derivatives legislation by the U.S. Congress could have an adverse effect on Kinder Morgan's ability to hedge risks associated with its business.***

The U.S. Congress recently adopted comprehensive financial reform legislation, known as the Dodd-Frank Act, that establishes federal oversight and regulation of the over-the-counter derivatives market and entities that participate in that market. The Dodd-Frank Act was signed into law by the President on July 21, 2010, and required the Commodities Futures Trading Commission, referred to as the CFTC, and the SEC to promulgate rules and regulations implementing the new legislation within 360 days from the date of enactment. The act also requires the CFTC to institute broad new position limits for futures and options traded on regulated exchanges. As the law favors exchange trading and clearing, the Dodd-Frank Act also may require Kinder Morgan to move certain derivatives transactions to exchanges where no trade credit is provided and also comply with margin requirements in connection with its derivatives activities that are not exchange traded, although the application of those provisions to Kinder Morgan is uncertain at this time. The Dodd-Frank Act also requires many counterparties to Kinder Morgan's derivatives instruments to spin off some of their derivatives activities to a separate entity, which may not be as creditworthy as the current counterparty, or cause the entity to comply with the capital requirements, which could result in increased costs to counterparties such as Kinder Morgan. The Dodd-Frank Act and any new regulations could

significantly increase the cost of derivative contracts, including those requirements to post collateral which could adversely affect Kinder Morgan's available liquidity,

reduce the availability of derivatives to protect against risks Kinder Morgan encounters and

reduce the liquidity of energy related derivatives.





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If Kinder Morgan reduces its use of derivatives as a result of the legislation and regulations, its results of operations may become more volatile and its cash flows may be less predictable, which could adversely affect its ability to plan for and fund capital expenditures. Increased volatility may make Kinder Morgan less attractive to certain types of investors. Finally, the Dodd-Frank Act was intended, in part, to reduce the volatility of oil and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. Kinder Morgan's revenues could therefore be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. Any of these consequences could have a material adverse effect on Kinder Morgan's financial condition and results of operations.

***Kinder Morgan's operating results may be adversely affected by unfavorable economic and market conditions.***

Economic conditions worldwide have from time to time contributed to slowdowns in several industries, including the oil and gas industry, the steel industry and in specific segments and markets in which Kinder Morgan operates, resulting in reduced demand and increased price competition for its products and services. Its operating results in one or more geographic regions also may be affected by uncertain or changing economic conditions within that region, such as the challenges that are currently affecting economic conditions in the United States and Canada. Volatility in commodity prices might have an impact on many of Kinder Morgan's customers, which in turn could have a negative impact on their ability to meet their obligations to Kinder Morgan. In addition, decreases in the prices of crude oil and natural gas liquids will have a negative impact on the results of the CO<sub>2</sub> business segment. If global economic and market conditions (including volatility in commodity markets), or economic conditions in the United States or other key markets, remain uncertain or persist, spread or deteriorate further, Kinder Morgan may experience material impacts on its business, financial condition and results of operations.

***Hurricanes and other natural disasters could have an adverse effect on Kinder Morgan's business, financial condition and results of operations.***

Some of Kinder Morgan's pipelines, terminals and other assets are located in areas that are susceptible to hurricanes and other natural disasters. These natural disasters could potentially damage or destroy Kinder Morgan's pipelines, terminals and other assets and disrupt the supply of the products it transports through its pipelines. Natural disasters can similarly affect the facilities of its customers. In either case, losses could exceed its insurance coverage and Kinder Morgan's business, financial condition and results of operations could be adversely affected, perhaps materially. In addition, Kinder Morgan's insurance premiums may increase as a result of the acquisition of El Paso's pipeline assets.

***The tax treatment applied to KMP and EPB depends on their status as partnerships for U.S. federal income tax purposes, as well as their not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service treats KMP or EPB as a corporation for U.S. federal income tax purposes or if KMP or EPB becomes subject to a material amount of entity-level taxation for state tax purposes, the amount of cash available for distribution to KMP's or EPB's respective partners, including Kinder Morgan, would be substantially reduced.***

Kinder Morgan owns the general partner interest and approximately 11% of the limited partner interests of KMP and, if the transactions are completed, will own the general partner interest and approximately 42.1% of the limited partner interests of EPB. The anticipated after-tax economic benefit of Kinder Morgan's investment in KMP and EPB depends largely on those entities being treated as partnerships for U.S. federal income tax purposes. To maintain their status as partnerships for U.S. federal income tax purposes, current law requires that 90% or more of their gross income for every taxable year consist of qualifying income, as defined in Section 7704 of the Code. Neither KMP nor EPB has requested, or plans to request, a ruling from the Internal Revenue Service, which is referred to as the IRS, on this or any other matter affecting it.

Despite the fact that KMP and EPB are limited partnerships under Delaware law, it is possible under certain circumstances for such an entity to be treated as a corporation for U.S. federal income tax purposes. If KMP or

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EPB was to be treated as a corporation for U.S. federal income tax purposes, it would pay U.S. federal income tax on its income at the corporate tax rate, which is currently a maximum of 35%, and would pay state income taxes at varying rates. In such case, distributions by KMP or EPB, as applicable, to its partners, including Kinder Morgan, would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to its partners, including Kinder Morgan. Because a tax would be imposed on the Partnership as a corporation, its cash available for distribution would be substantially reduced. Therefore, treatment of KMP or EPB as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to its partners, including Kinder Morgan, likely causing a substantial reduction in the amount of distributions Kinder Morgan receives from such Partnership, in the value of its investment in such Partnership and in the value of Kinder Morgan's common stock.

Current law or the business of KMP or EPB may change so as to cause either or both of KMP and EPB to be treated as a corporation for U.S. federal income tax purposes or otherwise subject it to entity-level taxation. Members of Congress are considering substantive changes to the existing U.S. federal income tax laws that would affect the tax treatment of certain publicly-traded partnerships. For example, federal income tax legislation recently has been considered by Congress that would eliminate partnership tax treatment for certain publicly-traded partnerships. Although the legislation most recently considered by Congress would not appear to affect KMP's or EPB's tax treatment as a partnership for U.S. federal income tax purposes, Kinder Morgan is unable to predict whether any other proposals will ultimately be enacted. Any such changes could negatively impact Kinder Morgan's cash flows, the value of its investment in the Partnerships and the value of Kinder Morgan's common stock.

In addition, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. For example, KMP is now subject to an entity-level tax on the portion of its total revenue that is generated in Texas. Specifically, the Texas margin tax is imposed at a maximum effective rate of 0.7% of its gross income that is apportioned to Texas. This tax reduces, and the imposition of such a tax on KMP by another state will reduce, the cash available for distribution by KMP to its partners, including Kinder Morgan.

KMP's and EPB's respective partnership agreements provide that if a law is enacted that subjects KMP or EPB, respectively, to taxation as a corporation or otherwise subjects it to entity-level taxation for U.S. federal income tax purposes, the minimum quarterly distribution and the target distribution levels for such Partnership will be adjusted to reflect the impact of such law on such Partnership.

***KMP and EPB each have adopted certain valuation methodologies that may result in a shift of income, gain, loss and deduction between it and its unitholders. The IRS may challenge this treatment, which could adversely affect the value of KMP's and EPB's common units.***

When KMP or EPB issues additional units or engages in certain other transactions, it determines the fair market value of its assets and allocates any unrealized gain or loss attributable to its assets to the capital accounts of its unitholders and Kinder Morgan. This methodology may be viewed as understating the value of its assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and Kinder Morgan, which may be unfavorable to such unitholders. Moreover, under each of KMP's and EPB's current valuation methods, subsequent purchasers of the common units of KMP or EPB may have a greater portion of their adjustment under Section 743(b) of the Code allocated to the tangible assets and a lesser portion allocated to its intangible assets of KMP or EPB, respectively. The IRS may challenge these valuation methods, or the Partnerships' allocation of the adjustment under Section 743(b) of the Code attributable to their tangible and intangible assets, and allocations of income, gain, loss and deduction between Kinder Morgan and certain of their unitholders.

A successful IRS challenge to these methods or allocations could adversely affect the amount of taxable income or loss being allocated to the respective Partnership's unitholders, including Kinder Morgan. It also could

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affect the amount of gain from the Partnerships' unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to their unitholders' or their general partner's tax returns without the benefit of additional deductions.

***The Partnerships' treatment of a purchaser of common units as having the same tax benefits as the seller could be challenged, resulting in a reduction in value of their common units.***

Because the Partnerships cannot match transferors and transferees of common units, they are required to maintain the uniformity of the economic and tax characteristics of these units in the hands of the purchasers and sellers of these units. The Partnerships do so by adopting certain depreciation conventions that do not conform to all aspects of the U.S. Treasury regulations. A successful IRS challenge to these conventions could adversely affect the tax benefits to a unitholder, such as Kinder Morgan, of ownership of the Partnerships' common units and could have a negative impact on their value or result in audit adjustments to unitholders' tax returns.

***If the unitholders of KMP or EPB remove their respective Partnership's general partner, Kinder Morgan would lose its general partner interest, including the right to incentive distributions, and the ability to manage the particular Partnership.***

Kinder Morgan owns the general partner of KMP and all of the voting shares of KMR, to which the general partner has delegated its rights and powers to control the business and affairs of KMP, subject to the approval of the general partner for certain actions. KMP's partnership agreement, however, gives unitholders of KMP the right to remove the general partner if

the holders of  $66\frac{2}{3}\%$  of KMP's outstanding units (including the common units, Class B units and i-units) voting as a single class vote for such removal; in such a vote, the common units and Class B units owned by the general partner and its affiliates would be excluded, a number of i-units equal to the number of KMR shares owned by the general partner and its affiliates also would be excluded, and the remaining i-units would be voted in the same proportion as the vote of the other holders of the KMR shares;

the holders of KMP's outstanding units approve the election and succession of a new general partner by the same vote; and

KMP receives an opinion of counsel that the removal and succession of the general partner would not result in the loss of the limited liability of any limited partner of KMP or its operating partnership subsidiaries or cause KMP or its operating partnership subsidiaries to be taxed as a corporation for federal income tax purposes.

If the general partner were removed as general partner of KMP, it would lose its ability to manage KMP and its delegation of authority to KMR would terminate at the same time.

If the transactions are completed, Kinder Morgan will own the general partner of EPB, and EPB's partnership agreement provides for similar unitholder rights with respect to the removal of the general partner. Under both partnership agreements, the general partner would receive cash or common units in exchange for its general partner interest. While the cash or common units the general partner would receive are intended under the terms of the partnership agreements to fully compensate Kinder Morgan, as the owner of the general partner, in the event such an exchange is required, the value of the investments Kinder Morgan might make with the cash or the common units may not over time be equivalent to the value of the general partner interest and the related incentive distributions had the general partner retained its general partner interest. Currently, EPB's unitholders are unable to remove its general partner without its consent because affiliates of its general partner own sufficient units to be able to prevent the general partner's removal.

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***In the future, if the general partners of KMP and EPB cease to manage and control KMP and EPB, respectively, then Kinder Morgan may be deemed to be an investment company under the Investment Company Act of 1940.***

If Kinder Morgan's subsidiaries, KMR and Kinder Morgan G.P., Inc., which is the general partner of KMP, cease to manage and control KMP, and/or if EPB's general partner ceases to manage and control EPB, Kinder Morgan may be deemed to be an investment company under the Investment Company Act of 1940. In that case, it would either have to register as an investment company under the Investment Company Act, obtain exemptive relief from the SEC or modify its organizational structure or its contractual rights so as to fall outside the definition of an investment company. Registering as an investment company could, among other things, materially limit Kinder Morgan's ability to engage in transactions with affiliates, including the purchase and sale of certain securities or other property to or from its affiliates, restrict its ability to borrow funds or engage in other transactions involving leverage and require it to add additional directors who are independent of it and its affiliates, and could adversely affect the price of Kinder Morgan's common stock.

***There is the potential for a change of control of the general partner of KMP if Kinder Morgan defaults on debt.***

Kinder Morgan indirectly owns all of the common equity of Kinder Morgan G.P., Inc., the general partner of KMP. If Kinder Morgan defaults on debt, then the lenders under such debt, in exercising their rights as lenders, could acquire control of Kinder Morgan G.P., Inc. or otherwise influence Kinder Morgan G.P., Inc. through their control of Kinder Morgan. A change of control of Kinder Morgan G.P., Inc. could materially adversely affect the distributions Kinder Morgan receives from KMP, which could have a material adverse impact on Kinder Morgan or its cash available for distribution to its stockholders.

***The future success of KMP's oil and gas development and production operations depends in part upon its ability to develop additional oil and gas reserves that are economically recoverable.***

The rate of production from oil and natural gas properties declines as reserves are depleted. Without successful development activities, the reserves and revenues of the oil producing assets within the CO<sub>2</sub> business segment will decline. KMP may not be able to develop or acquire additional reserves at an acceptable cost or have necessary financing for these activities in the future. Additionally, if KMP does not realize production volumes greater than, or equal to, its hedged volumes, it may suffer financial losses not offset by physical transactions.

***KMP's development of oil and gas properties involves risks that may result in a total loss of investment.***

The business of developing and operating oil and gas properties involves a high degree of business and financial risk that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Acquisition and development decisions generally are based on subjective judgments and assumptions that, while they may be reasonable, are by their nature speculative. It is impossible to predict with certainty the production potential of a particular property or well. Furthermore, the successful completion of a well does not ensure a profitable return on the investment. A variety of geological, operational and market-related factors, including, but not limited to, unusual or unexpected geological formations, pressures, equipment failures or accidents, fires, explosions, blowouts, cratering, pollution and other environmental risks, shortages or delays in the availability of drilling rigs and the delivery of equipment, loss of circulation of drilling fluids or other conditions, may substantially delay or prevent completion of any well or otherwise prevent a property or well from being profitable. A productive well may become uneconomic in the event water or other deleterious substances are encountered, which impair or prevent the production of oil and/or gas from the well. In addition, production from any well may be unmarketable if it is contaminated with water or other deleterious substances.

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*The volatility of natural gas and oil prices could have a material adverse effect on KMP's business and, as a result, on the distributions from KMP to Kinder Morgan.*

The revenues, profitability and future growth of the CO<sub>2</sub> business segment and the carrying value of its oil, natural gas liquids and natural gas properties depend to a large degree on prevailing oil and gas prices. Prices for oil, natural gas liquids and natural gas are subject to large fluctuations in response to relatively minor changes in the supply and demand for oil, natural gas liquids and natural gas, uncertainties within the market and a variety of other factors beyond KMP's control. These factors include, among other things:

weather conditions and events such as hurricanes in the United States;

the condition of the United States economy;

the activities of the Organization of Petroleum Exporting Countries;

governmental regulation;

political stability in the Middle East and elsewhere;

the foreign supply of and demand for oil and natural gas;

the price of foreign imports; and

the availability of alternative fuel sources.

A sharp decline in the price of natural gas, natural gas liquids or oil would result in a commensurate reduction in KMP's revenues, income and cash flows from the production of oil and natural gas and could have a material adverse effect on the carrying value of its proved reserves. In the event prices fall substantially, KMP may not be able to realize a profit from its production and would operate at a loss. In recent decades, there have been periods of both worldwide overproduction and underproduction of hydrocarbons and periods of both increased and relaxed energy conservation efforts. Such conditions have resulted in periods of excess supply of, and reduced demand for, crude oil on a worldwide basis and for natural gas on a domestic basis. These periods have been followed by periods of short supply of, and increased demand for, crude oil and natural gas. The excess or short supply of crude oil or natural gas has placed pressures on prices and has resulted in dramatic price fluctuations even during relatively short periods of seasonal market demand. These fluctuations impact the accuracy of assumptions used in KMP's budgeting process.

*The KMP Canada segment is subject to U.S. dollar/Canadian dollar exchange rate fluctuations.*

Kinder Morgan is a U.S. dollar reporting company. As a result of the operations of the KMP Canada segment, a portion of Kinder Morgan's consolidated assets, liabilities, revenues and expenses are denominated in Canadian dollars. Fluctuations in the exchange rate between United States and Canadian dollars could expose Kinder Morgan to reductions in the U.S. dollar value of its earnings and cash flows and a reduction in its stockholders' equity under applicable accounting rules.

**Risk Factors Relating to the Ownership of Kinder Morgan Class P Common Stock**

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*For more information about Kinder Morgan's various classes of capital stock and the ownership thereof, see Information About Kinder Morgan Recent History, Security Ownership of Kinder Morgan and Description of Kinder Morgan Capital Stock.*

***Future sales, or the expectation of future sales, of a substantial amount of Kinder Morgan Class P common stock by holders of Kinder Morgan's Class A, Class B and Class C shares or by Kinder Morgan could cause the share price to decline and future issuances by Kinder Morgan may dilute the stockholders' ownership interest in Kinder Morgan.***

Kinder Morgan is unable to predict when or whether significant amounts of the Kinder Morgan Class P common stock will be sold by the Sponsor Investors, other holders of Kinder Morgan's Class A, Class B and

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Class C shares or Kinder Morgan. The Class A shares are convertible at any time into shares of Class P common stock, and the Class B shares and Class C shares may convert into shares of Class P common stock under certain circumstances. The Sponsor Investors and Richard D. Kinder have the right to require Kinder Morgan to register resales of shares of Class P common stock received upon the conversion of their Class A shares at any time, subject to certain limitations, including, in the case of Mr. Kinder, transfer restrictions. Any future sales of substantial amounts of Class P common stock in the public market by Kinder Morgan's current stockholders or by Kinder Morgan, or the expectation that these sales might occur, could lower the market price of the Class P common stock and could impair Kinder Morgan's ability to raise capital through future sales of equity securities at a time and price it deems appropriate. Further, if Kinder Morgan issues additional Class P common stock or convertible securities to raise additional capital, the ownership interest in Kinder Morgan of its stockholders may be diluted and the value of its stockholders' investments may be reduced. Kinder Morgan also may issue Class P common stock or convertible securities from time to time as consideration for additional future acquisitions and investments. If any such acquisition or investment is significant, the number of shares or convertible securities that Kinder Morgan may issue could be significant.

*The market price of the Class P common stock may be volatile, and holders of Class P common stock could lose a significant portion of their investments.*

The market price of the Class P common stock may be volatile, and stockholders may not be able to resell their Class P common stock at or above the price at which they purchased or acquired the Class P common stock due to fluctuations in its market price, including changes in price caused by factors unrelated to Kinder Morgan's operating performance or prospects.

Specific factors that may have a significant effect on the market price for the Class P common stock include:

changes in stock market analyst recommendations or earnings estimates regarding the Class P common stock, the common units of KMP or EPB, other companies comparable to them or companies in the industries they serve;

actual or anticipated fluctuations in Kinder Morgan's operating results or future prospects;

reaction to public announcements by Kinder Morgan;

strategic actions taken by Kinder Morgan or its competitors, such as acquisitions or restructurings;

the recruitment or departure of key personnel;

new laws or regulations or new interpretations of existing laws or regulations applicable to Kinder Morgan's business and operations;

changes in tax or accounting standards, policies, guidance, interpretations or principles;

adverse conditions in the financial markets or general U.S. or international economic conditions, including those resulting from war, incidents of terrorism and responses to such events; and

sales of common stock by Kinder Morgan, members of its management team or significant stockholders.



*Kinder Morgan is a controlled company within the meaning of the NYSE rules, and although it does not currently intend to rely on exemptions from various corporate governance requirements, Kinder Morgan may rely on such exemptions in the future.*

A company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a controlled company within the meaning of the NYSE rules. A controlled company may elect not to comply with various corporate governance requirements of the NYSE, including the requirement that a majority of its board of directors consist of independent directors, the requirement that its nominating and governance committee consist of all independent directors and the requirement that its compensation committee consist of all independent directors.

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Kinder Morgan believes that it is a controlled company since, as of the date of this information statement/proxy statement/prospectus, the Sponsor Investors and Richard D. Kinder collectively hold approximately 78.4% of the voting power of Kinder Morgan's outstanding capital stock entitled to vote on the election of directors, and they have agreed to vote together on certain matters pursuant to Kinder Morgan's shareholders agreement, including on the election of directors. Kinder Morgan believes that immediately after the completion of the transactions, assuming the Sponsor Investors and Mr. Kinder retain all the Kinder Morgan stock they currently hold, the Sponsor Investors and Mr. Kinder collectively will hold approximately 53.7% of the voting power of Kinder Morgan's outstanding capital stock entitled to vote on the election of directors.

Although Kinder Morgan currently does not intend to rely on the controlled company exemption to the board of directors and committee composition requirements under the NYSE rules, it may decide in the future to rely on that exemption. In addition, under Kinder Morgan's shareholders agreement, if at any time its board of directors does not meet the majority independence requirements of the NYSE or any other national securities exchange on which the Class P common stock is listed for trading, it will be obligated to operate under a controlled company exemption, to the extent such an exemption is available to it at that time. If Kinder Morgan relies on that exemption, its stockholders may not have the same corporate governance advantages afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

***Kinder Morgan's organizational documents and provisions of Delaware law Kinder Morgan has elected to apply to it contain additional approval requirements for certain changes of control that may inhibit a takeover, which could adversely affect the value of the Class P common stock.***

Kinder Morgan's shareholders agreement prohibits Kinder Morgan from directly or indirectly engaging in any merger, amalgamation, consolidation or other business combination or similar transaction or series of transactions (other than for solely cash consideration) without obtaining the unanimous approval of Kinder Morgan's shareholders unless the organizational documents and capital structure of the acquiring, surviving or resulting entity preserve in all material respects the economic and other rights (including conversion, transfer, distribution and governance rights as set forth in Kinder Morgan's certificate of incorporation, bylaws and shareholders agreement), characteristics and tax treatment, including on a relative basis, of the Sponsor Investors, the Class A shares, the Class B shares, the Class C shares and the shares of Class P common stock as they exist on the date of such transaction. A determination that a transaction meets the above requirements requires approval by each of the following: (1) Sponsor Investors holding a majority of the outstanding shares of capital stock then entitled to vote for the election of directors then held by Sponsor Investors that hold Class A shares, (2) Richard D. Kinder (so long as he and his permitted transferees hold Class A shares), (3) holders of a majority of the outstanding Class B shares, and (4) holders of a majority of the outstanding Class C shares. These provisions will apply even if the offer is considered beneficial by some of Kinder Morgan's stockholders. If all requisite shareholders other than the holders of Class C shares approve such a transaction, Kinder Morgan generally may engage in such transaction so long as the Class C shares receive the consideration provided in Kinder Morgan's certificate of incorporation. In addition, if the transaction is otherwise approved by the requisite holders of Kinder Morgan's capital stock, the Sponsor Investors and Mr. Kinder may decide that the holders of Class P common stock, Class A shares, Class B shares and Class C shares receive the consideration provided in Kinder Morgan's certificate of incorporation, regardless of whether such transaction is determined to meet the above requirements. In addition, Kinder Morgan's certificate of incorporation permits the board of directors to issue blank check preferred stock, which if issued could include special class voting rights on a change of control transaction. Also, for so long as the Sponsor Investors collectively have the right to nominate at least five of Kinder Morgan's directors, change of control transactions will require supermajority board approval. If a change of control or change in management is delayed or prevented, the market price of the Class P common stock could decline. Further, as a Delaware corporation, Kinder Morgan is subject to Section 203 of the DGCL. Section 203 limits the ability of interested stockholders, which are certain stockholders owning in excess of 15% of Kinder Morgan's outstanding voting stock, to merge or combine with Kinder Morgan. Neither Richard D. Kinder nor any Sponsor Investors that are interested stockholders fall within this limitation, and Kinder Morgan has elected not to opt out of this provision. Accordingly, Section 203 will apply to any stockholder that becomes an

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interested stockholder after the date of Kinder Morgan's initial public offering. These provisions could discourage or make it more difficult to accomplish transactions other stockholders might deem desirable. See Description of Kinder Morgan Capital Stock Certain Anti-takeover Provisions of Kinder Morgan's Charter and Bylaws and Delaware Law for a description of these provisions.

***Non-U.S. holders of Kinder Morgan Class P common stock may be subject to U.S. federal income tax with respect to gain on the disposition of Kinder Morgan Class P common stock.***

If Kinder Morgan is or has been a United States real property holding corporation within the meaning of the Code at any time within the shorter of (1) the five-year period preceding a disposition of Kinder Morgan Class P common stock by a non-U.S. holder, or (2) such holder's holding period for such Class P common stock, and assuming the Class P common stock is regularly traded, as defined by applicable U.S. Treasury regulations, on an established securities market, the non-U.S. holder may be subject to U.S. federal income tax with respect to gain on such disposition if it held more than 5% of the Class P common stock during the shorter of periods (1) and (2) above. Kinder Morgan believes it is, or may become, a United States real property holding corporation.

***The market price of Kinder Morgan Class P common stock after the transactions may be affected by factors different than those affecting the Kinder Morgan Class P common stock and the El Paso common stock currently.***

The businesses of Kinder Morgan and El Paso differ and, accordingly, the results of operations of Kinder Morgan following the transactions and the market price of its common stock may be affected by factors different from those currently affecting the independent operations of each of Kinder Morgan and El Paso. For a discussion of the business of Kinder Morgan, see Information About Kinder Morgan, and for a discussion of the business of El Paso, see the documents incorporated by reference under Where You Can Find More Information.

**Risk Factors Relating to Kinder Morgan's Dividend Policy**

***Holders of the Kinder Morgan Class P common stock may not receive the anticipated level of dividends under Kinder Morgan's dividend policy or any dividends at all.***

Kinder Morgan's dividend policy provides that, subject to applicable law, Kinder Morgan will pay quarterly cash dividends generally representing the cash it receives from its subsidiaries less any cash disbursements and reserves established by a majority vote of its board of directors, including for general and administrative expenses, interest and cash taxes. However, Kinder Morgan's board of directors, subject to the requirements of Kinder Morgan's bylaws and other governance documents, may amend, revoke or suspend the dividend policy at any time, and even while the current policy is in place, the actual amount of dividends on Kinder Morgan's capital stock will depend on many factors, including Kinder Morgan's financial condition and results of operations, liquidity requirements, market opportunities, capital requirements of its subsidiaries, legal, regulatory and contractual constraints, tax laws and other factors. Dividends other than as provided in the dividend policy require supermajority board approval while the Sponsor Investors maintain prescribed ownership thresholds.

Over time, Kinder Morgan's capital and other cash needs may change significantly from its current needs, which could affect whether it pays dividends and the amount of any dividends it may pay in the future. The terms of any future indebtedness Kinder Morgan incurs also may restrict it from paying cash dividends on its stock under certain circumstances. A decline in the market price or liquidity, or both, of the Class P common stock could result if Kinder Morgan's board of directors establishes large reserves that reduce the amount of quarterly dividends paid or if Kinder Morgan reduces or eliminates the payment of dividends. This may in turn result in losses by its stockholders, which could be substantial.

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*The general partners of the Partnerships, with Kinder Morgan's consent but without the consent of Kinder Morgan's stockholders, may take steps to support the Partnerships that have the effect of reducing cash Kinder Morgan has or is entitled to receive, thereby reducing the cash it has available to pay dividends.*

Kinder Morgan has historically received a significant portion of its cash flows from incentive distributions on the KMP general partner interest, and following completion of the transactions, will receive distributions on the EPB general partner interest. As the owner of the general partners of both Partnerships, Kinder Morgan may take steps it judges beneficial to KMP's or EPB's growth that in the short-run reduce the cash Kinder Morgan receives and has available to pay dividends. The board of directors of the general partner of KMP or EPB may determine to support a desirable acquisition that may not be immediately accretive to cash available for distribution per KMP or EPB partnership unit. For example, the general partner, with Kinder Morgan's consent, waived its incentive distributions from the second quarter of 2010 through 2011 on KMP common units issued to finance a portion of KMP's acquisition of a 50% interest in the KinderHawk joint venture and waived its incentive distributions for 2012 and the first quarter of 2013 on common units issued to finance a portion of the Partnership's subsequent acquisition of the remaining 50% interest in the KinderHawk joint venture. As another example, Kinder Morgan took action to support KMP in 2006 when KMP had missed the annual growth and earnings/distribution targets under its bonus plan, which would have resulted in no bonus payments for employees for their service to KMP. Kinder Morgan believed that those bonuses were appropriate and in Kinder Morgan's and KMP's interest, so Kinder Morgan funded the bonuses by waiving a portion of the general partner's incentive distribution. Similar or different actions in the future, even if determined to be in Kinder Morgan's long-term best interests, will have the effect of reducing the cash it has or is entitled to receive from either Partnership, and reducing the cash it has available to pay dividends.

*Kinder Morgan's dividend policy may limit its ability to pursue growth opportunities above the Partnership levels or impair its financial flexibility.*

If Kinder Morgan pays dividends at the level currently anticipated under its dividend policy, it may not retain a sufficient amount of cash to finance growth opportunities above the KMP level or EPB level, meet any large unanticipated liquidity requirements or fund its operations in the event of a significant business downturn. In addition, because of the dividends required under Kinder Morgan's dividend policy, its ability to pursue any material expansion of business above the KMP level or EPB level, including through acquisitions, increased capital spending or other increases of expenditures, will depend more than it otherwise would on Kinder Morgan's ability to obtain third party financing. Kinder Morgan cannot assure its stockholders that such financing will be available to Kinder Morgan at all, or at an acceptable cost. If Kinder Morgan is unable to take timely advantage of future growth opportunities, its future financial condition and competitive position may be harmed, which in turn may adversely affect the market price of the Class P common stock. Further, while the Sponsor Investors maintain specified ownership thresholds, any changes to Kinder Morgan's dividend policy will require supermajority board approval, which may prevent Kinder Morgan from modifying its dividend policy to pursue such growth opportunities.

*An increase in U.S. federal income tax rates applicable to Kinder Morgan would reduce the amount of its cash available to pay dividends. Further, an increase in individual tax rates could encourage Kinder Morgan to conclude that it would be better for Kinder Morgan's investors for Kinder Morgan to use its cash to repurchase shares in the open market rather than pay dividends. This, too, would reduce Kinder Morgan's cash available to pay dividends.*

There currently is much public speculation regarding the future of U.S. federal income tax rates. Kinder Morgan cannot predict whether legislation will be passed and become law that raises tax rates applicable to Kinder Morgan or to individuals, or if such legislation were to become law, its effective date. Any increase in the corporate income tax rates applicable to Kinder Morgan will reduce the amount of cash available to pay dividends. Further, any increase in individual tax rates could encourage Kinder Morgan's board of directors to conclude that it would be better for Kinder Morgan's investors if it were to use its cash to repurchase shares in the open market. This, too, would reduce Kinder Morgan's cash available to pay dividends.

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**Table of Contents****Index to Financial Statements*****Kinder Morgan's ability to pay dividends is restricted by Delaware law.***

Under the DGCL, Kinder Morgan's board of directors may not authorize payment of a dividend unless it is either paid out of surplus, as calculated in accordance with the DGCL, or if Kinder Morgan does not have a surplus, it is paid out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Kinder Morgan's bylaws require the declaration and payment of dividends to comply with the DGCL. If, as a result of these restrictions, Kinder Morgan is unable to authorize payment of dividends, a decline in the market price or liquidity, or both, of the Class P common stock could result. This may in turn result in losses by Kinder Morgan's stockholders.

**Risk Factors Relating to Conflicts of Interest*****The Sponsor Investors are in a position to affect Kinder Morgan's ongoing operations, corporate transactions and other matters, and their interests may conflict with or differ from the interests of Kinder Morgan's stockholders.***

As of the date of this information statement/proxy statement/prospectus, the Sponsor Investors collectively own a total of 59.6% of Kinder Morgan's Class A shares, which collectively represents approximately 44.6% of the voting power of Kinder Morgan's outstanding capital stock for the election of directors and 45.2% of the voting power of Kinder Morgan's outstanding capital stock for other matters. As a result, the Sponsor Investors are able to effectively control the outcome of most matters submitted to a vote of Kinder Morgan's stockholders. Immediately after completion of the transactions, assuming the Sponsor Investors retain all the Class A shares they currently own, these percentages are expected to be 59.6%, 30.6% and 30.8%, respectively. For so long as the Sponsor Investors own a significant percentage of Kinder Morgan's outstanding capital stock, even if less than a majority, they will have the power to determine or significantly influence the outcome of matters submitted to a vote of Kinder Morgan's stockholders, including amendments to Kinder Morgan's certificate of incorporation and bylaws. Kinder Morgan's shareholders agreement also provides the Sponsor Investors who continue to own at least 2.5% of the voting power of Kinder Morgan's outstanding shares of capital stock entitled to vote for the election of directors with veto rights over specified actions that may impose a regulatory burden on such Sponsor Investors and requires Kinder Morgan to reasonably cooperate with such Sponsor Investors and their affiliates to mitigate consequences of such actions. Kinder Morgan also is required to keep such Sponsor Investors informed of any events or changes with respect to any criminal or regulatory investigation or action involving Kinder Morgan or any of its affiliates. The interests of the Sponsor Investors may conflict with or differ from the interests of Kinder Morgan's other stockholders. See Additional Information About Kinder Morgan Certain Relationships and Related Transactions Involving Kinder Morgan Shareholders Agreement.

***The Sponsor Investors and holders of Kinder Morgan's Class A, Class B and Class C shares have the ability to nominate a majority of Kinder Morgan's board of directors.***

In connection with its initial public offering, Kinder Morgan entered into a shareholders agreement with the Sponsor Investors and the holders of Kinder Morgan's Class A, Class B and Class C shares pursuant to which the Sponsor Investors have the right to nominate six of the thirteen members of Kinder Morgan's board of directors, and Richard D. Kinder has the right to nominate five of the thirteen members of Kinder Morgan's board of directors. In that agreement, the Sponsor Investors and Mr. Kinder agree with each other to vote all of their shares of capital stock in favor of those nominees. Two of the Sponsor Investors each have the right to nominate two directors as long as they each own 5% of the voting power of Kinder Morgan's outstanding shares of capital stock entitled to vote for the election of directors. Those two Sponsor Investors and the other two Sponsor Investors each have the right to nominate one director as long as they each own 2.5% of the voting power of Kinder Morgan's outstanding shares of capital stock entitled to vote for the election of directors. Mr. Kinder has the right to nominate five directors as long as he is Kinder Morgan's Chief Executive Officer and owns at least 2.5% of the voting power of Kinder Morgan's outstanding shares of capital stock entitled to vote for the election of directors. If Mr. Kinder is terminated as Chief Executive Officer for cause, he will retain the right to nominate one director, which cannot be Mr. Kinder himself. If Mr. Kinder ceases to be the Chief Executive Officer for any

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reason other than as a result of termination for cause, he will retain the right to nominate two directors, one of whom can be Mr. Kinder himself. If Mr. Kinder loses such nomination rights, such rights will shift to the Original Stockholders and a number of other members of Kinder Morgan's management (referred to as "Other Management") in specified circumstances. Kinder Morgan has agreed in the merger agreement to take all action necessary, including increasing the size of its board of directors and amending the shareholders agreement to effect such increase, to elect two individuals designated by El Paso to the Kinder Morgan board of directors as of the effective time of the merger. In the voting agreement, Kinder Morgan stockholders owning sufficient shares to amend the shareholders agreement have agreed to sign such amendment. These provisions of the shareholders agreement described above will remain in place after the expansion of Kinder Morgan's board of directors to fifteen members, and the addition of the two El Paso designees. Accordingly, even after the ownership in Kinder Morgan of the holders of the Class A, Class B and Class C shares has significantly declined, they will be able to nominate the majority of Kinder Morgan's directors. As of the date of this information statement/proxy statement/prospectus, the Class A shares owned by the Sponsor Investors and the Kinder Morgan Class P common stock and the Class A shares and Class B shares owned by Mr. Kinder collectively represent approximately 78.4% of the total voting power of Kinder Morgan's outstanding shares of capital stock entitled to vote for the election of directors (with the Sponsor Investors in the aggregate holding approximately 44.6% of such total voting power and Mr. Kinder holding approximately 33.8% of such total voting power). Immediately after completion of the transactions, assuming the Sponsor Investors and Mr. Kinder retain all the Kinder Morgan stock they currently own, these percentages are expected to be 53.7%, 30.6% and 23.1%, respectively. Accordingly, the Sponsor Investors and Mr. Kinder have not only the right to nominate eleven of Kinder Morgan's directors, but also the voting power to elect all of its directors. See Additional Information About Kinder Morgan Certain Relationships and Related Transactions Involving Kinder Morgan Shareholders Agreement Board, Committee and Observer Rights.

***Kinder Morgan's organizational documents provide the directors nominated by the Sponsor Investors with a collective veto over substantially all of the actions required to be approved by Kinder Morgan's board of directors.***

Kinder Morgan's bylaws require that substantially all actions brought before Kinder Morgan's board of directors while the Sponsor Investors collectively have the right to appoint at least five director nominees will require supermajority board approval, which is defined as the affirmative vote of eight directors. Kinder Morgan has agreed in the merger agreement to take all action necessary to cause its bylaws to be amended to provide that a supermajority vote is defined as the affirmative vote of ten directors rather than eight. As a result of these provisions, Kinder Morgan's board of directors will be unable to approve of any action by supermajority board approval if all of the directors nominated by the Sponsor Investors vote against such action. The inability of Kinder Morgan's board of directors to approve specified actions by supermajority board approval as required by Kinder Morgan's bylaws could have a material adverse effect on its business, financial condition, results of operations or prospects if it is unable to take action on critical corporate matters.

***Kinder Morgan's certificate of incorporation and shareholders agreement contain provisions renouncing its interest and expectancy in certain corporate opportunities.***

Kinder Morgan's certificate of incorporation and shareholders agreement each provide that none of the Sponsor Investors, the directors nominated by the Sponsor Investors, the Sponsor Investors' affiliates and subsidiaries, nor any of their managers, officers, directors, agents, stockholders, members or partners will have any duty to tell Kinder Morgan about or offer to Kinder Morgan any business opportunity, even if it is the same business or similar business activities or lines of business in which Kinder Morgan operates. These documents also provide that none of the Sponsor Investors and none of their respective affiliates will be liable to Kinder Morgan or its stockholders for breach of any duty by reason of any such activities. For instance, a director of Kinder Morgan who also serves as a director, officer or employee of a Sponsor Investor or any of its subsidiaries or affiliates may pursue certain acquisition or other opportunities that may be complementary to Kinder Morgan's business and, as a result, such acquisition or other opportunities may not be available to Kinder

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Morgan. These potential conflicts of interest could have a material adverse effect on Kinder Morgan's business, financial condition, results of operations or prospects if attractive corporate opportunities are pursued by such a Sponsor Investor or its subsidiaries or affiliates instead of by Kinder Morgan. See "Description of Kinder Morgan Capital Stock" Certain Other Provisions of Kinder Morgan's Charter and Bylaws and Delaware Law "Corporate Opportunities" and "Additional Information About Kinder Morgan" Certain Relationships and Related Transactions Involving Kinder Morgan "Shareholders Agreement" "Corporate Opportunities."

***The Sponsor Investors and their affiliates may compete with Kinder Morgan.***

The Sponsor Investors and their affiliates are in the business of making investments in companies, and they may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with Kinder Morgan. The Sponsor Investors and their affiliates also may pursue, for their own account, acquisition opportunities that may be complementary to Kinder Morgan's business, and as a result, those acquisition opportunities may not be available to Kinder Morgan. Kinder Morgan has waived certain potential conflicts of interest between Kinder Morgan and the Sponsor Investors. See "Kinder Morgan's certificate of incorporation and shareholders agreement contain provisions renouncing its interest and expectancy in certain corporate opportunities." As a result, the Sponsor Investors and their affiliates may not be liable for pursuing business opportunities and not making them available to Kinder Morgan. These potential conflicts of interest could have a material adverse effect on Kinder Morgan's business, financial condition, results of operations or prospects if attractive corporate opportunities are pursued by a Sponsor Investor or its subsidiaries or affiliates instead of by Kinder Morgan.

***The Partnerships and their respective subsidiaries may compete with Kinder Morgan.***

Neither of the Partnerships nor any of their respective subsidiaries or entities in which they own an interest is restricted from competing with Kinder Morgan. The board of directors of KMP's general partner consists of a majority of independent directors, and the boards of the general partners of both Partnerships manage their respective Partnerships in what they consider to be the best interests of such Partnership and its respective partners. Either Partnership and its respective subsidiaries may acquire, invest in or construct assets that may be in direct competition with Kinder Morgan, which could have a material adverse effect on Kinder Morgan's business, financial condition, results of operations or prospects. Among other things, Kinder Morgan and KMP have a policy that acquisition opportunities of businesses or operating assets will be pursued above the KMP level only if KMP elects not to pursue the opportunity.

***Actions taken by Kinder Morgan's board of directors, and actions taken by the boards of directors of the general partners of the Partnerships and Kinder Morgan's other subsidiaries, may affect the amount of cash available for dividends to Kinder Morgan's stockholders.***

The amount of cash that is available for dividends to Kinder Morgan's stockholders is affected by decisions of its board of directors and the boards of directors of the Partnerships' general partners and Kinder Morgan's other subsidiaries regarding such matters as: (1) the amount and timing of cash expenditures, including those relating to compensation; (2) the amount and timing of investments and dispositions; (3) Kinder Morgan's indebtedness and the indebtedness of its subsidiaries; (4) tax matters; (5) reserves; and (6) Kinder Morgan's issuance of additional equity securities, including Class P common stock.

***Many of Kinder Morgan's directors and officers also serve as directors or officers of its non-wholly owned subsidiaries or entities in which Kinder Morgan owns an interest, as a result of which conflicts of interest exist and will arise in the future.***

Many of Kinder Morgan's directors and officers are also directors or officers of its non-wholly owned subsidiaries, including KMR, which manages and controls KMP (subject to certain decisions requiring the approval of KMP's general partner), and other entities in which Kinder Morgan owns an interest, such as NGPL.

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In addition, following completion of the transactions, some of Kinder Morgan's directors and officers may serve as directors or officers of the general partner of EPB or other entities in which El Paso owns an interest. In making decisions in such person's capacity as a director or officer of one of Kinder Morgan's non-wholly owned subsidiaries or such other entities, such person may make a decision that favors the interests of such subsidiary over Kinder Morgan's interests or the interests of its stockholders and may be to Kinder Morgan's detriment. However, any officer or director of Kinder Morgan's non-wholly owned subsidiaries who is also a director or officer of Kinder Morgan, in making decisions in such person's capacity as Kinder Morgan's director or officer, is required to act in accordance with his or her fiduciary duties to Kinder Morgan. Further, the organizational documents of many of these entities may have provisions reducing or eliminating the duties of their officers or directors to those entities and their owners, including Kinder Morgan. In addition, Kinder Morgan's directors are not required to work full time on Kinder Morgan's business and affairs and may devote significant time to the affairs of its non-wholly owned subsidiaries. There could be material competition for the time and effort of Kinder Morgan's directors who provide services to its non-wholly owned subsidiaries.

***Kinder Morgan Class P common stockholders have no right to enforce obligations of the holders of Kinder Morgan's Class A, Class B and Class C shares and their affiliates under agreements with Kinder Morgan.***

Any agreements between Kinder Morgan, on the one hand, and the holders of its Class A, Class B and Class C shares and their affiliates, on the other, will not grant to the Class P common stockholders, separate and apart from Kinder Morgan, the right to enforce the obligations of the holders of the Class A, Class B and Class C shares and their affiliates in Kinder Morgan's favor. Holders of El Paso common stock who receive Class P common stock in the transactions will not become parties to the shareholders agreement. As a result, these holders of Class P common stock will not be able to enforce any obligations under the shareholders agreement in the event that Kinder Morgan decides not to pursue any remedies available to it under the shareholders agreement, which could have a material adverse effect on Kinder Morgan's business, financial condition or results of operations.

***Contracts between Kinder Morgan, on the one hand, and the holders of its Class A, Class B and Class C shares and their affiliates, on the other, will not be the result of arm's-length negotiations.***

Kinder Morgan may enter into additional contractual arrangements with any of the holders of the Class A, Class B and Class C shares or their affiliates. Neither Kinder Morgan's certificate of incorporation or bylaws nor the shareholders agreement or any other agreements, contracts and arrangements between Kinder Morgan on the one hand, and any of the holders of Class A, Class B and Class C shares or their affiliates on the other, are or will be the result of arm's-length negotiations. Kinder Morgan's board of directors or a committee thereof will determine the terms of any of these transactions.



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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This information statement/proxy statement/prospectus and the documents incorporated by reference in this information statement/proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our respective managements, based on information currently available to our respective managements. Forward-looking statements can be identified by the use of the future tense or other forward-looking words such as believe, expect, anticipate, intend, plan, estimate, should, may, will, objective, project, management believes, continue, strategy, position or the negative of those terms or other variations of them or by comparable terminology. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results, the ability to generate sales, income or cash flow, to realize cost savings or other benefits associated with the transactions or to pay dividends are forward-looking statements. Forward-looking statements include the information concerning possible or assumed future results of operations of our companies set forth under:

Summary Selected Historical Consolidated Financial Data, Selected Unaudited Pro Forma Condensed Combined Financial Information, Unaudited Comparative Per Share Information of Kinder Morgan and El Paso, The Transactions Recommendation of Kinder Morgan's Board of Directors and Reasons for the Transactions, Recommendation of the El Paso's Board of Directors and Reasons for the Transactions, Certain El Paso Financial Projections, Certain Kinder Morgan Financial Projections, Opinions of Kinder Morgan's Financial Advisors, Opinion of El Paso's Financial Advisor and Unaudited Pro Forma Condensed Combined Financial Information;

Additional Information About Kinder Morgan Kinder Morgan's Business and Kinder Morgan's Management's Discussion and Analysis of Financial Condition and Results of Operations of Kinder Morgan included in this information statement/proxy statement/prospectus; and

Business and Management's Discussion and Analysis of Financial Condition and Results of Operations of El Paso in its Annual Report on Form 10-K and Management's Discussion and Analysis of Financial Condition and Results of Operations in its Quarterly Reports on Form 10-Q, in each case incorporated by reference into this information statement/proxy statement/prospectus. Although Kinder Morgan and El Paso believe that these estimates and forward-looking statements are based on reasonable assumptions, they are subject to risks and uncertainties and are made in light of information currently available to them. Many factors, in addition to the factors described in this information statement/proxy statement/prospectus, may adversely affect results as indicated in forward-looking statements. Kinder Morgan and El Paso urge you to read carefully this entire information statement/proxy statement/prospectus, the documents incorporated by reference into this information statement/proxy statement/prospectus and the documents that are filed as exhibits to the registration statement of which this information statement/proxy statement/prospectus is a part with the understanding that actual future results may be materially different from what Kinder Morgan and El Paso expect. Many of the factors that will determine these results are beyond the ability of Kinder Morgan or El Paso to control or predict. Specific factors that could cause actual results to differ from those in the forward-looking statements include:

the ability to complete the transactions;

failure to obtain, delays in obtaining or adverse conditions contained in, any required regulatory approvals;

the ability to complete the disposition of El Paso's oil and gas properties and operations on a timely or satisfactory basis;

Kinder Morgan's ability to successfully integrate El Paso's operations and to realize synergies from the transactions;

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price trends and overall demand for natural gas liquids, refined petroleum products, oil, carbon dioxide, natural gas, electricity, coal, steel and other bulk materials and chemicals in North America;

economic activity, weather, alternative energy sources, conservation and technological advances that may affect price trends and demand;

changes in tax laws, principally related to KMP and EPB;

indebtedness, not only at the Kinder Morgan level, but also at the El Paso, KMP and EPB levels, which could make each vulnerable to general adverse economic and industry conditions, limit their ability to borrow additional funds, and/or place them at competitive disadvantages compared to their competitors that have less debt or have other adverse consequences;

possible changes in credit ratings;

capital markets conditions, inflation and interest rates;

changes in laws or regulations, third-party relations and approvals and decisions of courts, regulators and governmental bodies that may adversely affect the business or ability to compete of Kinder Morgan or El Paso;

changes in the tariff rates charged by Kinder Morgan's and El Paso's pipeline subsidiaries implemented by the FERC, the CPUC, Canada's National Energy Board or another regulatory agency;

the ability to acquire new businesses and assets and integrate those operations into existing operations, as well as the ability to expand facilities;

difficulties or delays experienced by railroads, barges, trucks, ships or pipelines in delivering products to or from terminals or pipelines;

the ability to successfully identify and close acquisitions and dispositions and make cost-saving changes in operations;

the ability to achieve cost savings and revenue growth;

the ability to complete expansion projects on time and on budget;

shut-downs or cutbacks at major refineries, petrochemical or chemical plants, ports, utilities, military bases or other businesses that use Kinder Morgan's or El Paso's services or provide services or products to them;

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crude oil and natural gas production from exploration and production areas that Kinder Morgan or El Paso serves, such as the Permian and Anadarko basins of West Texas, the U.S. Rocky Mountains, the Marcellus shale gas formation in Pennsylvania, the areas of shale gas formation in Texas, Louisiana and along the Gulf Coast and the Alberta oil sands;

changes in accounting pronouncements that affect the measurement of results of operations, the timing of when such measurements are to be made and recorded and the disclosures surrounding these activities;

the ability to offer and sell equity securities and debt securities or obtain debt financing in sufficient amounts and on acceptable terms to implement that portion of the business plan that contemplates growth through acquisitions of operating businesses and assets and expansions of facilities;

interruptions of electric power supply to Kinder Morgan's or El Paso's facilities due to natural disasters, power shortages, strikes, riots, terrorism, war or other causes;

the ability to obtain insurance coverage without significant levels of self-retention of risk;

acts of nature, sabotage, terrorism or other similar acts causing damage greater than insurance coverage limits;

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the political and economic stability of the oil producing nations of the world;

national, international, regional and local economic, competitive and regulatory conditions and developments;

foreign exchange fluctuations;

the extent of Kinder Morgan's and El Paso's success in discovering, developing and producing oil and gas reserves, including the risks inherent in exploration and development drilling, well completion and other development activities;

engineering and mechanical or technological difficulties that may be experienced with operational equipment, in well completions and workovers, and in drilling new wells;

the uncertainty inherent in estimating future oil and natural gas production or reserves;

the timing and success of business development efforts;

unfavorable results of litigation and the fruition of contingencies referred to in the notes to the financial statements included in and incorporated by reference in this information statement/proxy statement/prospectus;

Kinder Morgan's dependence on cash distributions from El Paso, KMP and EPB;

Kinder Morgan's ability to pay the anticipated level of dividends;

the impact of Kinder Morgan's and its subsidiaries' financial results on Kinder Morgan's ability to pay dividends;

the effect of steps taken to support KMP and EPB that reduce cash distributions received from those partnerships;

changes in Kinder Morgan's dividend policy implemented by its board of directors or resulting from restrictions under Delaware law or the terms of any future indebtedness, including indebtedness incurred in connection with the transactions; and

those other factors discussed in the section entitled "Risk Factors."

Forward-looking statements speak only as of the date they were made, and, except to the extent required by law, Kinder Morgan and El Paso undertake no obligation to update or to review any forward-looking statement because of new information, future events or other factors. Forward-looking statements involve risks and uncertainties and are not guarantees of future performance. There is no assurance that any of the risks described under the caption "Risk Factors" or that any of the uncertainties associated with the forward-looking statements discussed in this information statement/proxy statement/prospectus will occur, or if any of them do, when they will occur or what impact they will have on Kinder Morgan's or El Paso's operations or financial condition. Future results and performance may differ materially from those expressed in

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these forward-looking statements due to, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements when making an investment decision.

Stockholders should understand that the foregoing important factors, in addition to those discussed elsewhere in this information statement/proxy statement/prospectus or in the documents which are incorporated by reference into this information statement/proxy statement/prospectus, could affect Kinder Morgan's or El Paso's future results and could cause results to differ materially from those expressed in such forward-looking statements.

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**INFORMATION ABOUT KINDER MORGAN**

**Overview**

Kinder Morgan owns the general partner and approximately 11% of the limited partner interests of Kinder Morgan Energy Partners, L.P., a publicly traded pipeline limited partnership whose limited partner units are traded on the NYSE under the ticker symbol KMP. Additionally, the shares of Kinder Morgan's subsidiary that manages KMP, Kinder Morgan Management, LLC, are traded on the NYSE under the ticker symbol KMR. Through Kinder Morgan's indirect ownership of all of KMR's voting shares, Kinder Morgan has the ability to elect all of the directors of KMR. KMP is one of the largest energy transportation and storage companies in North America in terms of market capitalization.

As of December 31, 2011, Kinder Morgan's interests in KMP and its affiliates consisted of the following:

the general partner interest, which Kinder Morgan holds through its ownership of the common equity of the general partner of KMP and which entitles Kinder Morgan to receive incentive distributions;

21.7 million of the 238.0 million outstanding KMP units, representing an approximately 6.4% limited partner interest; and

14.1 million of KMP's 98.5 million outstanding i-units, representing an approximately 4.2% limited partner interest, through Kinder Morgan's ownership of 14.1 million KMR shares (i-units are a class of KMP's limited partner interests that receive distributions in the form of additional i-units instead of cash).

Kinder Morgan also owns a 20% equity interest in NGPL, the owner of Natural Gas Pipeline Company of America, a major interstate natural gas pipeline and storage system which Kinder Morgan operates.

Through Kinder Morgan's subsidiaries, including KMP, it operates or owns an interest in approximately 37,000 miles of pipelines and approximately 180 terminals. These pipelines transport natural gas, gasoline, crude oil, carbon dioxide and other products, and these terminals store petroleum products and chemicals and handle bulk materials like coal and petroleum coke.

**Recent History**

In May 2007, Kinder Morgan, Inc., a Kansas corporation which indirectly owned all of the common equity of the general partner of KMP, was acquired by Knight Holdco LLC in a transaction referred to in this information statement/proxy statement/prospectus as the Going Private Transaction. In July 2009, Knight Holdco LLC was renamed Kinder Morgan Holdco LLC. In connection with Kinder Morgan's initial public offering in February 2011, Kinder Morgan Holdco LLC was converted into a Delaware corporation named Kinder Morgan, Inc., referred to as Kinder Morgan, and the then existing Kinder Morgan, Inc. was renamed Kinder Morgan Kansas, Inc., referred to as KMK.

Kinder Morgan is currently owned by the public and by individuals and entities that were the owners of Kinder Morgan Holdco LLC, which are referred to collectively in this information statement/proxy statement/prospectus as the Investors. The Investors are:

Richard D. Kinder, Kinder Morgan's Chairman and Chief Executive Officer;

the Sponsor Investors;

the Original Stockholders; and

a number of other members of Kinder Morgan's management, who are referred to collectively as Other Management.



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The Investors currently own all of Kinder Morgan's outstanding Class A shares, Class B shares and Class C shares, which are sometimes referred to in this information statement/proxy statement/prospectus as the investor retained stock. As of December 31, 2011, there were 170,921,140 shares of Kinder Morgan Class P common stock outstanding, and the shares of the investor retained stock were convertible into an aggregate of 535,972,387 shares of Kinder Morgan Class P common stock. As a result, as of December 31, 2011 Kinder Morgan had 706,893,527 shares of Class P common stock outstanding on a fully-converted basis.

Kinder Morgan's Class A shares represent the total capital contributed by the Investors (and a notional amount of capital allocated to the contribution of the holders of the Class C shares) at the time of the Going Private Transaction. The Class B shares and Class C shares represent incentive compensation that is held by members of Kinder Morgan management, including Mr. Kinder only in the case of the Class B shares. See Additional Information About Kinder Morgan Kinder Morgan's Executive Compensation Compensation Discussion and Analysis Compensation Related to the Going Private Transaction.

Kinder Morgan's principal executive offices are located at 500 Dallas Street, Suite 1000, Houston, Texas 77002, and its telephone number is (713) 369-9000. For further information about Kinder Morgan, please see Additional Information About Kinder Morgan and the consolidated financial statements of Kinder Morgan included elsewhere in this information statement/proxy statement/prospectus.

**Sherpa Merger Sub, Inc.**

Sherpa Merger Sub, Inc., a Delaware corporation, is a direct wholly owned subsidiary of Kinder Morgan that was formed solely in contemplation of the transactions, has not commenced any operations, has only nominal assets and has no liabilities or contingent liabilities, nor any outstanding commitments other than as set forth in the merger agreement. Sherpa Merger Sub, Inc. has not incurred any obligations, engaged in any business activities or entered into any agreements or arrangements with any third parties other than the merger agreement. Its principal executive offices are located at 500 Dallas Street, Suite 1000, Houston, Texas 77002, and its telephone number is (713) 369-9000.

**Sherpa Acquisition, LLC**

Sherpa Acquisition, LLC, a Delaware limited liability company, is a direct wholly owned subsidiary of Kinder Morgan that was formed solely in contemplation of the transactions, has not commenced any operations, has only nominal assets and has no liabilities or contingent liabilities, nor any outstanding commitments other than as set forth in the merger agreement. Sherpa Acquisition, LLC has not incurred any obligations, engaged in any business activities or entered into any agreements or arrangements with any third parties other than the merger agreement. Its principal executive offices are located at 500 Dallas Street, Suite 1000, Houston, Texas 77002, and its telephone number is (713) 369-9000.

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**INFORMATION ABOUT EL PASO**

**El Paso Corporation**

***Overview***

El Paso Corporation is a publicly traded Delaware corporation, whose common stock trades on the NYSE under the ticker EP. It is an energy company that operates primarily in the natural gas transmission, exploration and production sectors of the energy industry. El Paso's purpose is to provide natural gas and related energy products in a safe, efficient and dependable manner. It offers natural gas transmission services to a range of customers, including natural gas producers, marketers and end-users, as well as other natural gas transmission, distribution and electric generation companies. El Paso's operations are conducted through two core segments: (1) pipelines and (2) exploration and production.

El Paso is also the general partner of EPB. As of December 31, 2011, El Paso's equity interest in EPB consisted of a 2% general partner interest and a 42.1% limited partner interest.

Its pipelines group is the nation's largest interstate natural gas pipeline franchise, transporting natural gas through interstate natural gas pipelines that connect the nation's principal supply regions to its major consuming regions (the Gulf Coast, California, the northeast, the southwest and the southeast). The pipelines business also includes storage and liquefied natural gas terminalling facilities. El Paso's exploration and production segment is a leading natural gas producer that is active in all phases of the value chain (exploring for, acquiring, developing and producing natural gas and oil) and has a substantial footprint in the emerging shale plays across the U.S. and international developments in Brazil and Egypt.

El Paso's principal executive offices are located at 1001 Louisiana Street, Houston, Texas 77002, and its telephone number is (713) 420-2600. More information about El Paso is also available on its website, [www.elpaso.com](http://www.elpaso.com). You should read carefully the business and financial information contained in this document and the documents incorporated by reference into this document, a list of which is contained in the section entitled "Where You Can Find More Information."

***Recent Developments***

On December 19, 2011, El Paso announced estimated proved oil and natural gas reserves of approximately 4.0 trillion cubic feet equivalent (Tcfe) as of December 31, 2011, which is an increase of approximately 18 percent from the 3.4 Tcfe reported as of December 31, 2010.

**Sirius Holdings Merger Corporation**

Sirius Holdings Merger Corporation, a Delaware corporation, is a direct, wholly owned subsidiary of El Paso Corporation. It was formed by El Paso solely for the purpose of engaging in the transactions contemplated by the merger agreement. Sirius Holdings Merger Corporation has not incurred any obligations, engaged in any business activities or entered into any agreements or arrangements with any third parties other than the merger agreement and the first merger agreement. Its principal executive offices are located at 1001 Louisiana Street, Houston, Texas 77002, and its telephone number is (713) 420-2600.

**Sirius Merger Corporation**

Sirius Merger Corporation, a Delaware corporation, is a direct, wholly owned subsidiary of Sirius Holdings Merger Corporation and an indirect, wholly owned subsidiary of El Paso Corporation. It was formed by El Paso solely for the purpose of engaging in the transactions contemplated by the merger agreement and the first merger agreement. Sirius Merger Corporation has not incurred any obligations, engaged in any business activities or entered into any agreements or arrangements with any third parties other than the merger agreement. Its principal executive offices are located at 1001 Louisiana Street, Houston, Texas 77002, and its telephone number is (713) 420-2600.

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**EL PASO SPECIAL MEETING**

**General**

This information statement/proxy statement/prospectus is being provided to El Paso stockholders as part of a solicitation of proxies by the board of directors of El Paso for use at the special meeting of El Paso stockholders and at any adjournments or postponements of such special meeting. This information statement/proxy statement/prospectus provides El Paso stockholders with the information they need to know to be able to vote or instruct their vote to be cast at the special meeting of El Paso stockholders.

This information statement/proxy statement/prospectus and the enclosed proxy card(s) are first being sent to El Paso stockholders on or about [        ].

**Purposes of the El Paso Special Meeting**

The special meeting of El Paso stockholders is being held for the following purposes:

**Proposal 1:** to consider and vote upon a proposal to adopt the merger agreement (attached as Annex A) and the first merger agreement (attached as Annex B) and to approve the transactions contemplated by the merger agreement and the first merger agreement, including the first merger on the terms set forth in the first merger agreement and the second merger on the terms set forth in the merger agreement;

**Proposal 2:** to consider and vote upon any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the first merger agreement at the time of the special meeting;

**Proposal 3:** to consider and cast an advisory (non-binding) vote on the compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions; and

**Other Matters:** to transact any other business as may properly come before the special meeting or any adjournment or postponement of such special meeting.

**Recommendation of El Paso's Board of Directors**

The board of directors of El Paso recommends that the stockholders of El Paso vote:

**Proposal 1: FOR** adoption of the merger agreement and the first merger agreement and approval of the transactions contemplated by the merger agreement and the first merger agreement;

**Proposal 2: FOR** any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the first merger agreement at the time of the special meeting; and

**Proposal 3: FOR** the approval on an advisory (non-binding) basis the compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions.

**El Paso's board of directors has approved and declared advisable the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, including the first merger on the terms set forth in the first merger agreement, and the second merger on the terms set forth in the merger agreement. See The Transactions Recommendation of El Paso's Board of Directors and Reasons for the Transactions. El Paso's board of directors did not, and does not, make any recommendation as to whether or to what extent any El Paso stockholder should make a cash election, stock election or mixed election with respect to the merger consideration.**

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In considering the recommendation of the El Paso board of directors with respect to the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, El Paso stockholders should be aware that some of El Paso's directors and executive officers may have interests that are different from, or in addition to, the interests of El Paso stockholders more generally and that Goldman Sachs may have interests in the transactions that are different from, or in addition to, El Paso stockholders more generally. See "The Transactions - Interests of Certain Persons in the Transactions - El Paso Executive Officers and Directors" and "The Transactions - Interests of Certain Persons in the Transactions - Goldman Sachs."

This information statement/proxy statement/prospectus contains important information regarding these proposals and factors that El Paso stockholders should consider when deciding how to cast their votes. El Paso stockholders are encouraged to read the entire document carefully, including the annexes and documents incorporated by reference into this document, for more detailed information regarding the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement.

**Date, Time and Place of the El Paso Special Meeting**

The El Paso special meeting will be held on [ ], beginning at [ ], local time, at [ ], unless postponed or adjourned to a later date.

**Attendance at the El Paso Special Meeting**

Only El Paso stockholders of record as of the record date, beneficial owners as of the record date, holders of valid proxies for the special meeting and invited guests of El Paso may attend the special meeting.

All attendees should be prepared to present government-issued photo identification (such as a driver's license or passport) for admittance. The additional items, if any, that attendees must bring depend on whether they are stockholders of record, beneficial owners or proxy holders.

An El Paso stockholder who holds shares directly registered in such stockholder's name with El Paso's transfer agent, Computershare Trust Company, N.A. (referred to as a "stockholder of record"), who wishes to attend the special meeting in person should bring government-issued photo identification.

A stockholder who holds shares in "street name" through a broker, bank, trustee or other nominee (referred to as a "beneficial owner") who wishes to attend the special meeting in person should bring:

government-issued photo identification; and

proof of beneficial ownership as of the record date (e.g., a letter from the broker, bank, trustee or other nominee that is the record owner of such beneficial owner's shares, a brokerage account statement or the voting instruction form provided by the broker).

A person who holds a validly executed proxy entitling such person to vote on behalf of a record or beneficial owner of El Paso shares (referred to as a "proxy holder") who wishes to attend the special meeting in person should bring:

government-issued photo identification;

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the validly executed proxy naming such person as the proxy holder, signed by the El Paso stockholder; and

proof of the signing stockholder's record or beneficial ownership as of the record date.

No cameras, recording equipment or other electronic devices will be allowed in the meeting room. Failure to provide the requested documents at the door or failure to comply with the procedures for the special meeting may prevent stockholders from being admitted to the El Paso special meeting.

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El Paso is able to provide reasonable assistance to help persons with disabilities participate in the special meeting if El Paso is notified in advance of requested accommodations. Please write to El Paso Corporation, Attn: Corporate Secretary, 1001 Louisiana Street, Houston, Texas, 77002.

**Record Date**

The record date for the El Paso special meeting is [ ]. That means that all El Paso stockholders who held shares of record at the close of business on [ ] are entitled to vote at the special meeting and any adjournment or postponement of the special meeting, provided that such shares remain outstanding on the date of the special meeting.

**Outstanding Shares as of Record Date**

As of the record date, there were [ ] shares of El Paso common stock outstanding, held by [ ] holders of record. Each of the [ ] shares is entitled to one vote at the El Paso special meeting. Common stock is the only class of stock entitled to vote, and holders of common stock are entitled to vote on each proposal presented at the El Paso special meeting.

A complete list of registered El Paso stockholders entitled to vote at the El Paso special meeting will be available for inspection at the principal place of business of El Paso during regular business hours for a period of no less than 10 days before the special meeting and at the place of the El Paso special meeting during the meeting.

**Shares and Voting of El Paso's Directors and Executive Officers**

As of the record date, El Paso directors and executive officers, as a group, owned and were entitled to vote [ ] shares of El Paso common stock, or approximately [ ]% of the outstanding shares of El Paso common stock. These directors and executive officers have informed El Paso that they intend to vote their shares in favor of Proposals 1, 2 and 3, but none of El Paso's directors and executive officers has entered into any agreement obligating such director or executive officer to do so or to retain their currently owned shares of El Paso common stock.

**Quorum**

In order for business to be conducted at the special meeting, a quorum must be present. A quorum requires the presence, in person or by proxy, of holders of a majority of the outstanding El Paso shares entitled to vote at the special meeting. For purposes of determining whether there is a quorum, all shares that are present, including abstentions and broker non-votes, will count towards the quorum.

**Vote Required**

The votes required for each proposal are as follows:

**Proposal 1.** The affirmative vote, in person or by proxy, of the holders of a majority of the outstanding shares of El Paso common stock is required to adopt the merger agreement and the first merger agreement and to approve the transactions contemplated by the merger agreement and the first merger agreement. The required vote on Proposal 1 is based on the number of outstanding shares not the number of shares actually voted. The failure of any El Paso stockholder to submit a vote (i.e., not submitting a proxy and not voting in person) and any abstention from voting by an El Paso stockholder will have the same effect as a vote against Proposal 1. Likewise, broker non-votes will have the same effect as voting against Proposal 1. Broker non-votes occur when a beneficial owner holding shares in street name does not instruct the broker, bank, trustee or other nominee that is the record owner of such stockholder's shares on how to vote those shares on a particular proposal, and the

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broker, bank, trustee or other nominee does not have discretionary voting power with respect to such proposal. In this case, brokers, banks and other nominees do not have discretionary authority to vote on Proposal 1, because Proposal 1 is not routine. Consequently, the failure of a beneficial owner to provide voting instructions to its broker, bank, trustee or other nominee will have the same effect as a vote against Proposal 1.

**Proposal 2.** The affirmative vote, in person or by proxy, of the holders of a majority of the shares of El Paso common stock present, in person or by proxy, at the special meeting and entitled to vote on the matter is required to approve any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the first merger agreement at the time of the special meeting. The required vote on Proposal 2 is based on the number of shares present not the number of outstanding shares. Abstentions from voting will therefore have the same effect as a vote against Proposal 2. Brokers, banks, trustees and other nominees do not have discretionary authority to vote on Proposal 2 and therefore will not be able to vote on Proposal 2 absent instructions from the beneficial owner; however, broker non-votes or the failure to otherwise submit a proxy will have no effect on the outcome of Proposal 2.

**Proposal 3.** The affirmative vote, in person or by proxy, of the holders of a majority of the shares of El Paso common stock present, in person or by proxy, at the special meeting and entitled to vote is required to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to El Paso's named executive officers that is based on or otherwise relates to the proposed transactions. The required vote on Proposal 3 is based on the number of shares present not the number of outstanding shares. However, while the El Paso board of directors intends to consider the vote resulting from this proposal, the vote is advisory only and therefore not binding on El Paso or Kinder Morgan, and, if the proposed transactions with Kinder Morgan are approved by El Paso stockholders and consummated, the compensation will be payable even if Proposal 3 is not approved. Brokers, banks, trustees and other nominees do not have discretionary authority with respect to Proposal 3; however, broker non-votes or the failure to otherwise submit a proxy will not affect the outcome of Proposal 3. Abstentions from voting on Proposal 3 will have the same effect as a vote against Proposal 3.

**Other Matters of Business**

At this time, El Paso is not aware of any other matters that will be presented for a vote at the El Paso special meeting. If any other matters properly come before the special meeting, the proxies will have the discretion to vote upon such matters in accordance with their best judgment. To the extent El Paso receives proper notice of a stockholder's intent to bring a matter before the special meeting, El Paso will in advance of the special meeting advise stockholders as to how the proxies intend to vote on such matter.

**How to Vote**

El Paso stockholders as of the record date may vote by proxy or in person by ballot at the special meeting by following the instructions provided on the enclosed proxy card. El Paso recommends that El Paso stockholders entitled to vote submit a proxy even if they plan to attend the special meeting.

El Paso stockholders who hold their shares beneficially in street name and wish to vote by proxy must provide instructions to the broker, bank, trustee or other nominee that holds their shares of record as to how to vote their shares with respect to Proposals 1 and 2. El Paso stockholders who hold their shares beneficially and wish to vote in person at the special meeting must obtain proxies issued in their own names (known as a legal proxy).

El Paso stockholders of record may vote by proxy in one of three ways or in person at the special meeting:

*Internet:* El Paso stockholders may submit their proxy over the Internet at the web address shown on their proxy card. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m., [ ], on [ ]. Stockholders will be given an opportunity to confirm that their voting instructions have been properly recorded. El Paso stockholders who vote this way should NOT send in their proxy card.



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*Telephone:* El Paso stockholders may submit their proxy by calling the toll-free telephone number shown on their proxy card. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m., [            ], on [            ]. Easy-to-follow voice prompts will guide stockholders through the voting and allow them to confirm that their instructions have been properly recorded. El Paso stockholders who vote this way should NOT send in their proxy card.

*Mail:* El Paso stockholders may submit their proxy by properly completing, signing, dating and mailing their proxy card in the postage-paid envelope (if mailed in the United States) included with this information statement/proxy statement/prospectus. El Paso stockholders who vote this way should mail the proxy card early enough so that it is received before the date of the special meeting.

*In Person:* El Paso stockholders may vote in person at the special meeting or by sending a representative with an acceptable proxy that has been signed and dated. El Paso will provide a ballot for voting at the special meeting. Attendance at the special meeting will not, in and of itself, constitute a vote or a revocation of a prior proxy, however.

El Paso stockholders are encouraged to vote and to vote promptly. Each valid proxy received in time will be voted at the special meeting according to the choice specified, if any. Executed but uninstructed proxies (i.e., proxies that are properly signed, dated and returned but are not marked to tell the proxies how to vote) will be voted in accordance with the recommendations of El Paso's board of directors.

### **Revocability of Proxies**

El Paso stockholders of record may change their vote at any time before their shares are voted at the El Paso special meeting in any of the following ways:

sending a written notice of revocation to El Paso Corporation, Attn: Corporate Secretary, 1001 Louisiana Street, Houston, Texas, 77002, which must be received before their shares are voted at the special meeting;

properly submitting a new proxy card, which must be received before their shares are voted at the special meeting (in which case only the later-submitted proxy is counted and the earlier proxy is revoked);

voting via Internet or by telephone at a later date (in which case only the later-submitted proxy is counted and the earlier proxy is revoked); or

attending the El Paso special meeting and voting by ballot in person.

El Paso beneficial owners may change their vote only by submitting new voting instructions to the brokers, banks or other nominees that hold their shares of record.

### **Inspector of Election**

The board of directors of El Paso has appointed a representative of Computershare Trust Company, N.A. to act as the inspector of election at the El Paso special meeting.

### **Proxy Solicitations**

El Paso will pay for the proxy solicitation costs related to the El Paso special meeting, except that El Paso and Kinder Morgan will share equally the expenses incurred in connection with the printing, filing and mailing of the Form S-4 and the information statement/proxy statement/prospectus. In addition to sending and making available these materials, some of El Paso's directors, officers and other employees may solicit proxies by contacting El Paso stockholders by telephone, by mail, by e-mail or in person. El Paso stockholders may also be solicited by

press releases issued by El Paso and/or Kinder Morgan, postings on El Paso's or Kinder Morgan's

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websites and advertisements in periodicals. None of El Paso's directors, officers or employees will receive any extra compensation for their solicitation services. El Paso has also retained MacKenzie Partners, Inc. to assist in the solicitation of proxies for an estimated fee of approximately \$[ ], plus reasonable out-of-pocket expenses. El Paso will also reimburse brokers, banks and other nominees for their expenses in sending proxy solicitation materials to the beneficial owners of El Paso common stock and obtaining their proxies.

### **Results of the El Paso Special Meeting**

The preliminary voting results will be announced at the El Paso special meeting. In addition, within four business days following certification of the final voting results, El Paso intends to file the final voting results with the SEC on Form 8-K.

### **Adjournments**

The El Paso special meeting may be adjourned in the absence of a quorum by the affirmative vote of a holders of a majority of the outstanding shares having voting power represented at the special meeting either in person or by proxy.

Even if a quorum is present, the El Paso special meeting could also be adjourned in order to provide more time to solicit additional proxies in favor of adoption of the merger agreement and the first merger agreement, provided sufficient votes are cast in favor of Proposal 2.

If the adjournment is for more than 30 days or if a new record date is set, a notice of the adjourned meeting must be given to each stockholder of record entitled to vote at the special meeting. However, no notice must be given if the time and place and the means of remote communication, if any, of the adjourned meeting is announced at the special meeting being adjourned.

### **Questions**

El Paso stockholders may contact El Paso's proxy solicitor, MacKenzie Partners, Inc., with any questions about the proposals or how to vote or to request additional copies of any materials at (800) 322-2885.

### **Proposal No. 1 Adoption of the Merger Agreement and the First Merger Agreement and Approval of the Transactions Contemplated by the Merger Agreement and the First Merger Agreement**

(Item 1 on the El Paso proxy card)

This information statement/proxy statement/prospectus is being furnished to you as a stockholder of El Paso as part of the solicitation of proxies by El Paso's board of directors for use at the El Paso special meeting to consider and vote upon a proposal to adopt the merger agreement (which is attached as Annex A) and the first merger agreement (which is attached as Annex B) and to approve the transactions contemplated by the merger agreement and the first merger agreement, including the first merger on the terms set forth in the first merger agreement and the second merger on the terms set forth in the merger agreement.

The acquisition of El Paso by Kinder Morgan cannot be completed without the affirmative vote of the holders of at least a majority of the outstanding shares of El Paso common stock entitled to vote as of the record date for the special meeting. If you do not vote, the effect will be the same as a vote against the proposal to adopt the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement.

El Paso urges you to read this entire information statement/proxy statement/prospectus carefully, including the merger agreement, first merger agreement and other annexes and any documents incorporated by reference

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into this document. For a list of documents incorporated by reference into this document and information on how to obtain them, see the section entitled "Where You Can Find More Information."

**El Paso's board of directors has approved and declared advisable the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, including the first merger on the terms set forth in the first merger agreement, and the second merger on the terms set forth in the merger agreement.**

**EL PASO'S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT AND THE FIRST MERGER AGREEMENT AND APPROVAL OF THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT AND THE FIRST MERGER AGREEMENT.**

**Proposal No. 2 Any Adjournment to Solicit Additional Proxies, if Necessary**

(Item 2 on the El Paso proxy card)

The El Paso special meeting may be adjourned to another time and place, if necessary or appropriate, to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of adoption of the merger agreement and the first merger agreement.

El Paso is asking you to authorize the holder of any proxy solicited by El Paso's board of directors to vote in favor of any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the first merger agreement at the time of the special meeting.

**EL PASO'S BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ANY ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES TO ADOPT THE MERGER AGREEMENT AND THE FIRST MERGER AGREEMENT.**

**Proposal No. 3 Advisory Vote on Change of Control Payments to El Paso Named Executive Officers**

(Item 3 on the El Paso proxy card)

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that we provide stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of El Paso's named executive officers that is based on or otherwise relates to the proposed transactions, as disclosed in this information statement/proxy statement/prospectus, including the compensation table and the related narrative named executive officer compensation disclosures set forth in "The Transactions Interests of Certain Persons in the Transactions El Paso Executive Officers and Directors" (referred to as the "change of control payments"). This vote is commonly referred to as a "golden parachute say on pay" vote. Accordingly, El Paso's stockholders are being provided with the opportunity to cast an advisory vote on such change of control payments.

As an advisory vote, this proposal is not binding upon El Paso or the board of directors of El Paso, and approval of this proposal is not a condition to completion of the proposed transactions. However, El Paso seeks your support and thinks that your support is appropriate because El Paso has a comprehensive executive compensation program that is designed to link its executives' compensation as closely as possible with El Paso's performance and to align the executives' interests with yours as stockholders. The plans and arrangements pursuant to which the change of control payments are payable were, except with respect to any new arrangements entered into in connection with the proposed transactions, previously disclosed to El Paso's stockholders as part of the Compensation Discussion and Analysis and related sections of El Paso's annual proxy statements. The change of control payments are a part of El Paso's comprehensive executive compensation program and are

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intended to align El Paso's named executive officers' interests with yours as stockholders by ensuring their continued retention and commitment during critical events such as the proposed transactions, which may create significant personal uncertainty for them.

Accordingly, El Paso asks you to vote on the following resolution:

RESOLVED, that El Paso's stockholders approve, on an advisory (non-binding) basis, the compensation of El Paso's named executive officers that is based on or otherwise relates to the proposed transactions, as disclosed pursuant to Item 402(t) of Regulation S-K under the heading "The Transactions Interests of Certain Persons in the Transactions El Paso Executive Officers and Directors" (which disclosure includes the compensation table and related narrative named executive officer compensation disclosures required pursuant to Item 402(t) of Regulation S-K).

**EL PASO'S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL ON AN ADVISORY (NON-BINDING) BASIS OF THE COMPENSATION THAT MAY BE PAID OR BECOME PAYABLE TO EL PASO'S NAMED EXECUTIVE OFFICERS THAT IS BASED ON OR OTHERWISE RELATES TO THE PROPOSED TRANSACTIONS, AS DISCLOSED IN THIS INFORMATION STATEMENT/PROXY STATEMENT/PROSPECTUS.**

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**KINDER MORGAN SPECIAL MEETING**

**Date, Time and Place**

The special meeting of holders of Kinder Morgan Class P common stock and Class A common stock, referred to together as the Kinder Morgan voting common stock, will be held at [ ], local time, on [ ], 2012, at [ ], unless postponed or adjourned to a later date. Kinder Morgan is sending this information statement/proxy statement/prospectus to the holders of Kinder Morgan Class P common stock and Class A common stock in order to provide such stockholders with information on the proposal being voted on at the special meeting.

**Purpose of the Meeting**

At the Kinder Morgan special meeting, Kinder Morgan will ask the holders of Kinder Morgan voting common stock to consider and vote on a proposal to approve the issuance of shares of Kinder Morgan Class P common stock and the warrants as part of the merger consideration, and the issuance of shares of Kinder Morgan Class P common stock to be issued upon exercise of those warrants, referred to in this information statement/proxy statement/prospectus as the share and warrant issuance proposal.

**Record Date and Vote Required**

Only holders of record of Kinder Morgan's Class P common stock, \$0.01 par value per share, and Class A common stock, \$0.01 par value per share, at the close of business on [ ], 2011, or the record date, will be entitled to notice of, and vote at, the special meeting. On [ ], 2011, there were [ ] shares of Kinder Morgan Class P common stock and [ ] shares of Kinder Morgan Class A common stock issued and outstanding, representing all of the voting securities of Kinder Morgan allowed to vote on the share and warrant issuance proposal to be presented at the special meeting. Each share of Kinder Morgan Class P common stock is entitled to one vote and each share of Kinder Morgan Class A common stock is entitled to one vote, and they will be voted as a single class.

The affirmative vote of at least a majority of the votes cast (including abstentions) on the share and warrant issuance proposal by holders of shares of Kinder Morgan voting common stock present in person or by proxy and entitled to vote on the share and warrant issuance proposal is required to approve the proposal, so long as the total vote cast on the proposal represents at least a majority of the shares of Kinder Morgan voting common stock entitled to vote on the proposal, assuming a quorum is present. **Richard Kinder and certain other stockholders of Kinder Morgan who currently hold, in the aggregate, approximately 75% of the voting power of Kinder Morgan have agreed to vote their shares of Kinder Morgan voting common stock in favor of the share and warrant issuance proposal. In addition, these stockholders agreed to retain collectively, until the approval of the share and warrant issuance proposal or until the voting agreement is terminated, whichever is earlier, an amount of shares of Kinder Morgan voting common stock that is sufficient to approve the share and warrant issuance proposal. Therefore, proxies are not being solicited from the holders of Kinder Morgan voting common stock and no further votes are required to approve the share and warrant issuance proposal.**

Kinder Morgan believes that each of its directors and executive officers intends to vote his or her shares in favor of approval of the share and warrant issuance proposal. As of the record date, Kinder Morgan's directors and executive officers beneficially owned approximately [ ] of the outstanding shares of Kinder Morgan Class P common stock, representing approximately [ ]% of the total outstanding shares of Kinder Morgan Class P common stock and owned approximately [ ] of the outstanding shares of Kinder Morgan Class A common stock, representing approximately [ ]% of the total outstanding shares of Kinder Morgan Class A common stock. The shares of Class P common stock and Class A common stock beneficially owned by Kinder Morgan directors and executive officers include [ ] shares that are subject to the voting agreement. See Security Ownership of Kinder Morgan.

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**Quorum**

In order for business to be conducted at the Kinder Morgan special meeting, a quorum must be present. The presence of holders of a majority of the shares of Kinder Morgan Class P common stock and Class A common stock, counted as a single class, is necessary to constitute a quorum at the Kinder Morgan special meeting.

**Voting on Matters Presented**

As proxies are not being solicited, all voting will be done in person at the special meeting. Ballots will be available to all holders of Kinder Morgan voting common stock in attendance at the meeting; provided that they comply with the requirements under the caption "Attendance at the Kinder Morgan Special Meeting" below.

Kinder Morgan's board of directors recommends that the holders of Kinder Morgan voting common stock vote FOR the share and warrant issuance proposal.

**Shares Held in Street Name**

Generally, a broker, bank, trustee or other nominee may only vote the Kinder Morgan voting common stock that it holds in street name for you in accordance with your instructions. Therefore, if a stockholder is the beneficial owner of shares held in street name by a broker, and wishes to vote on the share and warrant issuance proposal, such stockholders must give instructions to his or her broker on how to vote the shares. If a stockholder plans to attend the special meeting and wishes to vote in person, but his or her shares are held in street name, such stockholder must obtain a legal proxy from the appropriate broker, bank, trustee or other nominee authorizing the stockholder to vote the shares in person, which the stockholder must bring to the meeting.

**Attendance at the Kinder Morgan Special Meeting**

Only holders of Kinder Morgan Class P common stock and Class A shares of record as of the record date, beneficial owners as of the record date, holders of valid proxies for the special meeting and invited guests of Kinder Morgan may attend the special meeting.

All attendees should be prepared to present government-issued photo identification (such as a driver's license or passport) for admittance. The additional items, if any, that attendees must bring depend on whether they are stockholders of record, beneficial owners or proxy holders.

A Kinder Morgan stockholder who holds shares directly registered in such stockholder's name with Kinder Morgan's transfer agent, Computershare Trust Company, N.A. (referred to as a stockholder of record) who wishes to attend the special meeting in person should bring government-issued photo identification.

A stockholder who holds shares in street name through a broker, bank, trustee or other nominee (referred to as a beneficial owner) who wishes to attend the special meeting in person should bring:

government-issued photo identification; and

proof of beneficial ownership as of the record date (e.g., a letter from the broker, bank, trustee or other nominee that is the record owner of such beneficial owner's shares or a brokerage account statement provided by the broker).

A person who holds a validly executed proxy entitling such person to vote on behalf of a record or beneficial owner of Kinder Morgan shares entitled to vote at the meeting (referred to as a proxy holder) who wishes to attend the special meeting in person

should bring:

government-issued photo identification;



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the validly executed proxy naming such person as the proxy holder, signed by the Kinder Morgan record stockholder; and

proof of the signing stockholder's record or beneficial ownership as of the record date.

No cameras, recording equipment or other electronic devices will be allowed in the meeting room. Failure to provide the requested documents at the door or failure to comply with the procedures for the special meeting may prevent stockholders from being admitted to the Kinder Morgan special meeting.

**Assistance**

If you have questions regarding Kinder Morgan's special meeting, please contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

Call Collect: (212) 929-5500

Toll Free: (800) 322-2885

email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

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**THE TRANSACTIONS**

*This section of the information statement/proxy statement/prospectus describes the material aspects of the proposed transactions. This section may not contain all of the information that is important to you. You should carefully read this entire information statement/proxy statement/prospectus and the documents incorporated herein by reference, including the full text of the merger agreement (which is attached as Annex A) and the first merger agreement (which is attached as Annex B), for a more complete understanding of the transactions. In addition, important business and financial information about each of Kinder Morgan and El Paso is included in or incorporated into this information statement/proxy statement/prospectus by reference and is included in the Annexes hereto. See *Where You Can Find More Information*.*

**Effect of the Transactions**

Upon satisfaction or waiver of the condition to closing in the first merger agreement, Merger Sub One will merge with and into El Paso in the first merger. El Paso will be the surviving corporation in the first merger. In the first merger, each share of El Paso common stock issued and outstanding immediately prior to the effective time of the first merger will be converted into and exchanged for one share of New El Paso common stock. The rights pertaining to New El Paso common stock will be the same as the rights pertaining to El Paso common stock. Similarly, each outstanding equity award with respect to El Paso common stock will be converted, on the same terms and conditions, into an equivalent equity award with respect to New El Paso common stock. At the effective time of the first merger, shares of El Paso common stock will cease to trade on the NYSE and the shares of New El Paso common stock will commence trading on the NYSE. Upon consummation of the first merger, El Paso will become a wholly owned subsidiary of New El Paso. Immediately after the consummation of the first merger, El Paso will be converted into a Delaware limited liability company and will remain a wholly owned subsidiary of New El Paso. Set forth below is a diagram depicting the structure of the transactions described above.

\* In the first merger, shares of El Paso will be converted into shares of New El Paso, so the former holders of El Paso stock will, upon completion of the first merger, own all of the outstanding shares of New El Paso. Following the time of the first merger, El Paso will be converted into a limited liability company.

Upon satisfaction or waiver of the conditions to closing in the merger agreement, and at least twenty days after the consummation of the first merger, Merger Sub Two will merge with and into New El Paso in the second merger. New El Paso will be the surviving corporation in the second merger and will become a wholly owned

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subsidiary of Kinder Morgan. At the effective time of the second merger, each share of New El Paso common stock issued and outstanding immediately prior to the effective time of the second merger (excluding shares held by New El Paso in treasury, any shares held by Kinder Morgan, Merger Sub Two or Merger Sub Three and any shares held by any other subsidiary of Kinder Morgan or New El Paso and dissenting shares in accordance with Delaware law) will be converted into the right to receive, at the election of the holder but subject to proration with respect to the stock and cash portion so that approximately 57% of the aggregate merger consideration (excluding the warrants) is paid in cash and approximately 43% (excluding the warrants) is paid in Kinder Morgan Class P common stock, one of the following:

0.9635 of a share of Kinder Morgan Class P common stock (referred to as the *Exchange Ratio*) (which, based on \$31.56, the closing price of Kinder Morgan Class P common stock as of December 29, 2011, had a value of \$30.41 on a rounded basis) and 0.640 of a warrant (which has an assumed value of \$0.96 and is referred to as the *Per Share Warrant Consideration*) to purchase one share of Kinder Morgan Class P common stock (any such election referred to as a *stock election* and such New El Paso shares referred to as the *stock election shares*);

\$25.91 in cash without interest (referred to as the *Per Share Cash Election Consideration*) and the *Per Share Warrant Consideration* (any such election referred to as a *cash election* and such New El Paso shares referred to as the *cash election shares*); or

0.4187 of a share of Kinder Morgan Class P common stock (referred to as the *Mixed Election Stock Exchange Ratio*) (which, based on \$31.56, the closing price of Kinder Morgan Class P common stock as of December 29, 2011, had a value of \$13.21 on a rounded basis), \$14.65 in cash without interest (referred to as the *Per Share Cash Amount*) and the *Per Share Warrant Consideration* (any such election referred to as a *mixed election* and such New El Paso shares referred to as the *mixed consideration election shares*).

The closing price of El Paso common stock as of December 29, 2011 was \$26.45 per share.

Because the exchange ratios were fixed at the time the merger agreement was executed and because the market value of Kinder Morgan Class P common stock and El Paso common stock/New El Paso common stock will fluctuate during the pendency of the transactions, New El Paso stockholders cannot be sure of the value of the merger consideration they elect to receive relative to the value of the shares of New El Paso common stock that they are exchanging. For example, for New El Paso stockholders receiving Kinder Morgan Class P common stock and/or warrants as part of the merger consideration, decreases in the market value of Kinder Morgan Class P common stock will negatively affect the value of the merger consideration that they receive, and increases in the market value of New El Paso common stock may mean that the merger consideration that they receive will be worth less than the market value of the shares of New El Paso common stock such stockholders are exchanging. See *Risk Factors Risk Factors Relating to the Transactions* Because the exchange ratios are fixed and because the market price of Kinder Morgan Class P common stock and El Paso common stock/New El Paso common stock will fluctuate, New El Paso stockholders receiving Kinder Morgan Class P common stock and/or warrants as part of the merger consideration cannot be sure of the market value of such merger consideration relative to the value of their shares of New El Paso common stock that they are exchanging. New El Paso stockholders are urged to obtain current market quotations for Kinder Morgan Class P common stock when they make their elections.

The value of the warrants is speculative because there is no existing trading market for them. Kinder Morgan and El Paso jointly agreed upon an assumed value of \$0.96 for the *Per Share Warrant Consideration* for U.S. federal income tax purposes, which may not reflect the actual value of the *Per Share Warrant Consideration*. The agreed upon, assumed value of \$0.96 for the *Per Share Warrant Consideration* is within the ranges of potential values calculated by Kinder Morgan's and El Paso's financial advisors. See *Risk Factors Risk Factors Relating to the Transactions* The value of the warrants that New El Paso stockholders will receive as part of the merger consideration is uncertain, and the warrants may have limited or no value.

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Set forth below is a diagram depicting the structure of the transactions described above.

The decision to structure the transactions as described and depicted above was made to avoid triggering provisions in certain contracts of El Paso and its subsidiaries, while at the same time preserving tax-free reorganization treatment with respect to the Kinder Morgan Class P common stock being issued in the transactions.

Each option or similar right to purchase shares of New El Paso common stock (other than an option to purchase New El Paso common stock granted under the El Paso ESPP, as converted in connection with the first merger) outstanding immediately prior to the effective time of the second merger (whether or not then vested or exercisable), by virtue of the occurrence of the consummation of the transactions and without any action on the part of any holder of any New El Paso stock option, will, immediately prior to the effective time of the second merger, be deemed exercised pursuant to a cashless exercise for that number of shares of New El Paso common stock (referred to as the "net exercise shares") equal to, rounded down to the nearest whole share, (1) the number of shares of New El Paso common stock subject to such New El Paso stock option immediately prior to the effective time of the second merger minus (2) the number of whole and partial (computed to the nearest four decimal places) shares of New El Paso common stock subject to such New El Paso stock option which, when multiplied by the fair market value (as such term is defined in the applicable plan governing such option to purchase shares of New El Paso common stock) of a share of New El Paso common stock as of immediately prior to the effective time of the second merger, is equal to the aggregate exercise price of such New El Paso stock option. Each net exercise share will be deemed to be an outstanding share of New El Paso common stock as provided for in the merger agreement. Each holder of net exercise shares, subject to the terms and conditions of the merger agreement and proration, will be permitted to make either a mixed election or cash election with respect to all (but not less than all) of the net exercise shares (and, to the extent applicable, New El Paso restricted shares, New El Paso performance RSUs and shares of New El Paso common stock deemed purchased through the El Paso ESPP) held by such holder. The holders of net exercise shares will not be permitted to make a stock election.

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Each award of restricted New El Paso common stock (as converted in connection with the first merger and referred to as a New El Paso restricted share ) that is outstanding immediately prior to the effective time of the second merger will, as of the effective time of the second merger, automatically and without any action on the part of the holder thereof, vest and the restrictions with respect thereto will lapse, and each New El Paso restricted share will, subject to the terms and conditions of the merger agreement, be treated as an outstanding share of New El Paso common stock as provided for in the merger agreement. Each holder of New El Paso restricted shares, subject to the terms and conditions of the merger agreement and proration, will be permitted to make either a mixed election or cash election with respect to all (but not less than all) of the New El Paso restricted shares (and, to the extent applicable, net exercise shares, New El Paso performance RSUs and shares of New El Paso common stock deemed purchased through the El Paso ESPP) held by such holder. The holders of New El Paso restricted shares will not be permitted to make a stock election.

Each New El Paso restricted stock unit that is subject to vesting based on the achievement of performance conditions (as converted in connection with the first merger and referred to as a New El Paso performance RSU ) that is outstanding immediately prior to the effective time of the second merger will, effective immediately prior to the effective time of the second merger, vest based on a target payout percentage of 100%, and the shares of New El Paso common stock deemed to be issued in settlement thereof will, subject to the terms and conditions of the merger agreement, be deemed to be outstanding shares of New El Paso common stock as provided for in the merger agreement. Each holder of New El Paso performance RSUs, subject to the terms and conditions of the merger agreement and proration, will be permitted to make either a mixed election or cash election with respect to all (but not less than all) of the New El Paso performance RSUs (and, to the extent applicable, net exercise shares, New El Paso restricted shares, and shares of New El Paso common stock deemed purchased through the El Paso ESPP) held by such holder. The holders of New El Paso performance RSUs will not be permitted to make a stock election.

The El Paso employee stock purchase plan (referred to as the El Paso ESPP ) will continue to be operated in accordance with its terms and past practice for the Offering Period (as defined in the El Paso ESPP) in effect as of October 16, 2011 (referred to as the Current Offering Period ) and any subsequent Offering Period that begins after October 16, 2011 pursuant to the terms and conditions of the El Paso ESPP. However, if the effective time of the second merger occurs prior to the end of the Current Offering Period or any such subsequent Offering Period, New El Paso will take all action as may be necessary to shorten the Current Offering Period or such subsequent Offering Period so that (1) the Change of Control Exercise Date (as defined in the El Paso ESPP) will occur prior to the effective time of the second merger (referred to as the Last Exercise Date ) and (2) the Current Offering Period or such subsequent Offering Period ends on the Last Exercise Date. New El Paso will, pursuant to, and in accordance with, the terms of the El Paso ESPP, notify each El Paso ESPP participant in writing at least ten Trading Days (as defined in the El Paso ESPP) prior to the Last Exercise Date, and by a date that is no later than the mailing date of the election form, that the last date during the Current Offering Period or such subsequent Offering Period on which a deemed purchase of shares of New El Paso common stock will occur has been changed to the Last Exercise Date and that his or her deemed purchase right will be exercised automatically on the Last Exercise Date, unless prior to such date, he or she has canceled his or her election to participate in the Current Offering Period, to the extent applicable. Each share of New El Paso common stock deemed to be purchased in connection with the treatment of options granted under the ESPP described above will be deemed to be an outstanding share of New El Paso common stock as provided for in the merger agreement. Each holder of shares of New El Paso common stock deemed to be purchased through the El Paso ESPP, subject to the terms and conditions of the merger agreement and proration, will be permitted to make either a mixed election or cash election with respect to all (but not less than all) of such shares (and, to the extent applicable, net exercise shares, New El Paso restricted shares, and New El Paso performance RSUs) held by such holder. The holders of shares of New El Paso common stock deemed to be purchased through the El Paso ESPP will not be permitted to make a stock election.

The holders of net exercise shares, New El Paso restricted shares, New El Paso performance RSUs and shares of New El Paso common stock purchased in respect of options, if any, outstanding under the El Paso

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ESPP as of immediately prior to closing will not be permitted to make a stock election because the qualification of the second merger and the third merger, taken together, as a reorganization for federal income tax purposes depends on compliance with certain technical requirements, including whether holders of New El Paso's common stock will receive a sufficient amount of Kinder Morgan Class P common stock to satisfy the continuity of interest test set forth in the Treasury regulations promulgated under Section 368 of the Code. The continuity of interest test requires that, after the second merger, a substantial part of the value of the proprietary interests in New El Paso be maintained through ownership of Kinder Morgan Class P common stock. Kinder Morgan Class P common stock issued to holders of New El Paso common stock is taken into account in determining whether the continuity of interest test is satisfied. However, Kinder Morgan Class P common stock issued to holders of New El Paso restricted shares or with respect to New El Paso stock options, New El Paso performance RSUs and New El Paso ESPP options is not so taken into account. Therefore, if the holders of such equity awards are permitted to make a stock election, it is possible that an insufficient number of shares of Kinder Morgan Class P common stock would be available (based on the aggregate number of shares of Kinder Morgan Class P common stock that the parties had agreed would be issued as consideration in the transaction) for issuance to holders of New El Paso common stock to satisfy the continuity of interest test.

Upon the effective times of the first merger and the second merger, El Paso's 4/4% subordinated convertible debentures due 2028 (referred to as a debenture) issued under the first supplemental indenture, dated March 17, 1998, between El Paso (as assigned from El Paso Natural Gas Company) and The Chase Manhattan Bank shall remain outstanding and be treated in accordance with their terms. In accordance with, and pursuant to, the terms of the first supplemental indenture, after the effective time of the second merger, each debenture will be entitled thereafter to be convertible (when and if converted at the option of such holder) into the merger consideration that a holder of New El Paso common stock making no election will otherwise be entitled to receive.

See New El Paso Stockholders Making Elections Proration and Adjustment Procedures for more information on how the proration procedures will work.

**Background of the Transactions**

The management and board of directors of El Paso continually review El Paso's results of operations as well as strategic and other options to create value for El Paso's stockholders. In connection with these reviews, El Paso from time to time has evaluated potential transactions that would further its strategic objectives. Similarly, El Paso's management periodically explores and evaluates, and discusses with El Paso's board of directors on a regular basis, the strategic alternatives available to El Paso, including strategic acquisitions and divestitures, mergers, mergers of equals and other business combinations.

Kinder Morgan regularly looks for opportunities with other entities in the midstream energy industry, including joint ventures, mergers or acquisitions. During the five years prior to September 2010, Kinder Morgan and El Paso had not had any discussions regarding a potential merger, nor had Kinder Morgan made any offer to acquire El Paso. In September 2010, Kinder Morgan approached El Paso about a possible combination of the two companies at an indicated value of \$16.50 per El Paso share, but El Paso expressed no interest in pursuing such transaction. In determining not to pursue the transaction with Kinder Morgan as proposed in September 2010, El Paso's board of directors did not find that the value and form of consideration offered by Kinder Morgan warranted further discussion.

Beginning in early 2011, the discussions between El Paso's senior management and El Paso's board of directors focused on, among other things, the proposed separation of El Paso's exploration and production business from its pipeline business (referred to as the spin-off) and the opportunities that could be available to the two businesses as independent public companies.

In February 2011, Kinder Morgan completed its initial public offering, which was unrelated to the transactions.

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From March 29, 2011 through March 31, 2011, the El Paso board of directors met with management and representatives from Morgan Stanley and Goldman, Sachs & Co. (referred to as Goldman Sachs). On March 29, 2011, a representative from Morgan Stanley presented an overview of recently announced spin-off transactions, their performance and the market's reactions to the announcements. On March 30, 2011 representatives from Goldman Sachs presented financial analyses of a potential separation of El Paso's pipeline and exploration and production businesses, including analyses regarding whether El Paso's pipeline and exploration and production businesses have greater capacity to create value together or apart, and whether investors would more highly value the businesses as independent entities. Later that day, the board of directors of El Paso and management met and discussed the presentation, including the separation analysis presented by the representatives from Goldman Sachs. Subsequent to such meeting, Goldman Sachs was retained as a financial advisor to El Paso in connection with a potential spin-off of its exploration and production business.

On May 17, 2011, the El Paso board of directors met with management and representatives of Goldman Sachs, El Paso's financial advisor in connection with the potential spin-off, and Wachtell, Lipton, Rosen & Katz (referred to as Wachtell Lipton), counsel to El Paso and its board of directors. At the meeting, representatives from Goldman Sachs presented revised financial analyses of a potential separation of El Paso's pipeline and exploration and production businesses, including analyses regarding whether El Paso's two businesses have greater capacity to create value together or apart and whether investors would more highly value the businesses as independent entities. The financial analyses related to a potential spin-off included a range of hypothetical trading prices for the exploration and production business as a standalone entity of \$7.51 to \$10.12 per share based on trading multiples of selected exploration and production companies and a range of hypothetical trading prices for the pipeline business as a standalone entity of \$10.55 to \$15.78 per share based on trading yields of selected pipeline companies or \$6.63 to \$11.86 per share based on trading multiples of selected pipeline companies, resulting in ranges of aggregate hypothetical trading prices of \$18.06 to \$25.90 per share and \$14.14 to \$21.98 per share, respectively. These financial analyses were based on forecasts for El Paso's exploration and production business and pipeline business provided by El Paso management and forecasts from Wall Street research for the selected exploration and production and pipeline companies utilized in the analysis. The board of directors, management and representatives from Goldman Sachs and Wachtell Lipton then discussed feedback from El Paso's stockholders, potential mergers and acquisitions activity for the two independent companies and execution risks for a proposed separation. The board of directors of El Paso also discussed the potential for an initial public offering for the exploration and production business prior to a full spin-off.

On May 24, 2011 the El Paso board of directors resolved that El Paso should proceed with the proposed spin-off, and on that date El Paso publicly announced that it was considering a possible spin-off of its exploration and production business.

It was anticipated that the proposed spin-off would provide for a distribution by El Paso to its stockholders of all of the stock of EP Energy Corporation, following which El Paso and EP Energy Corporation would be two separate public companies. In connection with the spin-off, it was anticipated that EP Energy Corporation would generally own the assets and assume the liabilities of El Paso's exploration and production business while El Paso would generally retain the assets and liabilities of El Paso's pipeline and midstream businesses. In connection with the spin-off, it was also anticipated that EP Energy Corporation would issue approximately \$2.0 to \$2.25 billion in new debt securities and would use the proceeds to (1) repay certain outstanding intercompany debt owed to El Paso, which at June 30, 2011 was \$636 million, (2) repay EP Energy Corporation's outstanding debt under its existing revolving line of credit, which at June 30, 2011 was \$400 million and (3) make a cash distribution of approximately \$1.2 billion to El Paso.

On June 24, 2011, at the request of Evercore, members of Kinder Morgan senior management met with Evercore in order to hear Evercore's ideas regarding a possible transaction between Kinder Morgan and El Paso.

On June 30, 2011, El Paso filed a request for a ruling under Section 355 of the Code with the IRS in connection with the proposed spin-off.

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On July 13, 2011 and July 14, 2011, the El Paso board of directors met with management to discuss ongoing developments with respect to the proposed spin-off, including the expectation of receiving a ruling from the IRS by the end of October, the expected filing of a registration statement on Form 10 by EP Energy Corporation (referred to as the Form 10), the expectation that the SEC would clear the Form 10 by November and that the marketing of the proposed debt to be incurred by EP Energy Corporation would occur around that time.

During July and August 2011, representatives of Kinder Morgan, Evercore and Bracewell & Giuliani LLP, counsel to Kinder Morgan and its board (referred to as Bracewell), continued to analyze, based on publicly available information, and to discuss, a possible transaction with El Paso.

On August 11, 2011, EP Energy Corporation filed a registration statement on Form 10 with the SEC in connection with the proposed spin-off.

On August 26, 2011, the Kinder Morgan board of directors discussed with management and representatives of Evercore the possibility of making an offer to acquire El Paso. The Kinder Morgan directors expressed their support for management delivering a letter to El Paso setting forth Kinder Morgan's offer to acquire El Paso for a purchase price of \$25.50 per share on the terms described below. The Kinder Morgan directors' determination to support the offer at such per share price was based on the anticipated dividend per share accretion to Kinder Morgan stockholders, anticipated debt ratios, certain assumptions (including with respect to the value of El Paso's exploration and production business and the size of El Paso's net operating loss carry forwards), and an assessment of negotiation strategy. The Kinder Morgan board of directors also considered a number of risks associated with the transaction, including with respect to commodity prices, the sale of El Paso's exploration and production business, financing of the transactions, financing on the part of KMP and EPB for potential drop-downs of assets and regulatory approval. Throughout the entire course of the negotiations, Kinder Morgan continually assessed the potential transaction based on the foregoing factors. The two representatives of Goldman Sachs on the board of directors of Kinder Morgan (the Goldman Directors), who had joined the board of directors in May 2007 in connection with the Going Private Transaction, did not attend the discussion, though on August 25, 2011 they did receive the materials prepared by management for the discussion. Neither of the Goldman Directors was aware of the proposed transaction with El Paso prior to August 25, 2011. Neither of the Goldman Directors had any involvement with Kinder Morgan's September 2010 offer or any prior discussions with El Paso regarding a potential merger. One of the Goldman Directors called Mr. Richard D. Kinder, the Chairman and CEO of Kinder Morgan, after receiving the materials and informed Mr. Kinder that Goldman Sachs was advising El Paso in connection with its proposed spin-off and that, as a result, the Goldman Directors would not be participating in the board of directors discussion.

On August 28, 2011, one of the Goldman Directors informed Kinder Morgan's general counsel that the Goldman Directors would recuse themselves from all subsequent Kinder Morgan board of directors discussions and meetings to the extent relating to the possible acquisition of El Paso and that the Goldman Directors should not receive any materials distributed to the Kinder Morgan board of directors to the extent relating to such possible acquisition. Thereafter, the Goldman Directors did not participate in any Kinder Morgan board of directors discussions or meetings relating to, and had no involvement in Kinder Morgan's consideration of, the possible acquisition of El Paso and, except as otherwise indicated below, were not sent any board meeting materials relating to the possible acquisition of El Paso.

On August 30, 2011, Mr. Kinder delivered a letter to Mr. Douglas L. Foshee, the Chairman, President and CEO of El Paso, addressed to the board of directors of El Paso setting forth a proposal to acquire El Paso. The proposed terms indicated a purchase price of \$25.50 per share, payable 60% in cash and 40% in stock of Kinder Morgan. The amounts of the stock and cash components of this offer were determined with reference to desired dividend accretion to Kinder Morgan stockholders, the resulting debt ratios and a desire to make the stock component tax free to El Paso stockholders. For a discussion of the material U.S. federal income tax consequences of the transactions to El Paso stockholders, see Material U.S. Federal Income Tax Consequences of the Transactions. The proposed consideration represented a premium of approximately 34.8%



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over El Paso's closing share price of \$18.91 on August 29, 2011. The letter noted that the offer was based solely on publicly available information and that, as part of a private negotiation, Kinder Morgan would conduct due diligence and provide El Paso the opportunity to conduct due diligence with respect to Kinder Morgan. The letter also noted that the proposal was not subject to any financing contingency, that Kinder Morgan was confident that it would receive all required regulatory approvals and that Kinder Morgan was willing to enter into appropriate contractual provisions reflecting its commitment to completing the transaction. The letter also noted the expectation that Kinder Morgan would retain a number of El Paso's executives in important roles within the combined company.

On August 31, 2011, the management of El Paso, together with representatives of Goldman Sachs, updated the members of the board of directors with regard to the proposal received from Kinder Morgan and management's proposed steps in response to the proposal, including preparation of a financial analysis of the proposal and El Paso's alternatives, and the need to retain another financial advisor (other than Goldman Sachs) in connection with Kinder Morgan's proposal.

Between August 31, 2011 and September 5, 2011, El Paso management met with Morgan Stanley and Morgan Stanley was retained as a financial advisor to El Paso in connection with Kinder Morgan's proposal, subject to approval of the board of directors of El Paso. Morgan Stanley entered into an agreement with respect to such engagement on October 6, 2011. For El Paso's arrangement with Morgan Stanley, see Opinion of El Paso's Financial Advisor. El Paso also engaged Goldman Sachs in connection with the possible sale of El Paso, including to Kinder Morgan, and in this regard Goldman Sachs specifically agreed to review and analyze El Paso's business plan in connection with the proposed spin-off for purposes of aiding El Paso in its analysis of the Kinder Morgan transaction and entered into an agreement with respect to such engagement on October 6, 2011. In that engagement letter, El Paso agreed to pay Goldman Sachs a fee of \$20 million upon completion of a transaction with Kinder Morgan. For a description of El Paso's arrangement with Goldman Sachs, see the section entitled El Paso's Engagement of Goldman Sachs.

On September 5, 2011, the El Paso board of directors met with management and representatives of Morgan Stanley, Goldman Sachs and Wachtell Lipton. Prior to the meeting, in light of Goldman Sachs' ownership interest in Kinder Morgan and recognizing that El Paso would be sharing confidential information relating to the valuation of El Paso with Goldman Sachs prior to the meeting and potentially discussing valuation matters at the meeting, a representative of Goldman Sachs was advised by a representative of El Paso that any such information shared with Goldman Sachs prior to, at or after the meeting, must be kept within the Goldman Sachs team involved in the El Paso representation and could not be shared with Kinder Morgan, Goldman Sachs personnel involved in the management of Goldman Sachs' investment in Kinder Morgan, or with any other Goldman Sachs personnel not involved in the El Paso representation. As of the date of this information statement/proxy statement/prospectus, to the best of El Paso's and Kinder Morgan's knowledge, this confidentiality obligation was maintained throughout the course of the discussions between Kinder Morgan and El Paso. For a further discussion of confidentiality obligations of Goldman Sachs, see El Paso's Engagement of Goldman Sachs. At the meeting, Kinder Morgan's proposal was discussed, as were possible different approaches to respond to Kinder Morgan, including, among others, whether to allow Kinder Morgan to conduct due diligence based on its proposal but noting to Kinder Morgan that El Paso would require a higher price, whether to propose a specific higher price or whether to communicate that the offer was not compelling enough to engage. Discussion ensued on how to communicate to Kinder Morgan that El Paso would be willing to complete a transaction at a price higher than the proposal. In addition, there was discussion as to other third parties, including domestic and international energy industry participants, that could be interested and able to proceed with a transaction with El Paso as well as the likely reaction of El Paso's stockholders to a transaction with Kinder Morgan. Following the discussion, the El Paso board of directors authorized management to notify Kinder Morgan that its proposal of August 30, 2011 was not compelling enough to proceed with a transaction as it was expected that such a response would lead to a higher offer from Kinder Morgan. In addition, the board directed management to continue to proceed with the proposed spin-off. Following the departure of Morgan Stanley and Goldman Sachs, the board of directors was provided with further details about, and discussed, Goldman Sachs' relationship with and

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approximately 19 percent ownership interest in Kinder Morgan. Being aware of Goldman Sachs' ownership interest in Kinder Morgan and the related potential conflicts of interest, the board determined to engage a financial advisor other than Goldman Sachs in connection with the Kinder Morgan proposal and engaged Morgan Stanley for that purpose. The board's decision to engage Morgan Stanley was based on Morgan Stanley's qualifications, expertise, reputation, independence and prior work with El Paso. The board also retained Morgan Stanley to provide it with a fairness opinion in connection with the potential acquisition of El Paso by Kinder Morgan, and subsequent to this meeting, in conducting its financial analyses and presenting those analyses to El Paso's board of directors, Morgan Stanley worked independently of Goldman Sachs. At this meeting, the board also determined that it was still beneficial for the time being to continue to receive valuation advice from Goldman Sachs so that the El Paso board of directors could be in the best position to compare all alternatives, specifically including the proposed spin-off transaction and related matters.

Also on September 5, 2011, following the meeting of the board of directors of El Paso, Mr. Foshee met with Mr. Kinder to discuss Kinder Morgan's proposal, and Mr. Foshee provided Mr. Kinder with a response letter on behalf of the board of directors of El Paso. El Paso's response letter noted that Kinder Morgan's proposal of August 30, 2011 was not compelling as it significantly undervalued El Paso and its prospects as it separates into two independent publicly traded companies. The letter also noted that El Paso's board of directors and management team are committed to creating value for El Paso's stockholders.

Between September 5, 2011 and September 8, 2011, management of Kinder Morgan had a series of discussions with representatives of Evercore and Weil, Gotshal & Manges LLP, counsel to Kinder Morgan and its board of directors (referred to as "Weil"), to discuss potential responses to the El Paso letter. On September 8, 2011, representatives of Kinder Morgan began discussions with Barclays Capital with respect to the potential transaction involving El Paso.

On September 9, 2011, the Kinder Morgan board of directors held a discussion with management, Evercore and Barclays Capital to receive an update on the status of discussions between Messrs. Kinder and Foshee and to discuss possible responses to the letter received from El Paso on September 5, 2011. The members of the Kinder Morgan board of directors who participated in the discussion expressed their support for sending a letter to El Paso that would indicate that Kinder Morgan would expect to release its offer to El Paso's stockholders and the public should El Paso again reject its proposal.

On September 9, 2011, Mr. Kinder sent a response letter to Mr. Foshee noting Kinder Morgan's disappointment with El Paso's rejection of its August 30, 2011 offer but noting that Kinder Morgan would consider improving its offer if permitted to conduct limited due diligence. The letter noted Kinder Morgan's belief that given that El Paso had previously outlined the potential advantages of the proposed spin-off in public filings, El Paso's then-current share price (which was \$18.69, based on the closing price on September 8, 2011) reflected the market's view of that strategy. The letter also noted that, should El Paso's board of directors reject its proposal even with the additional potential price flexibility, Kinder Morgan would expect to release its \$25.50 per share proposal to El Paso's stockholders and to the public.

In the period between September 5 and September 12, 2011, representatives of Morgan Stanley and Goldman Sachs met with members of El Paso's management to discuss El Paso's operations and forecasts. Following the receipt of Kinder Morgan's September 9th letter, the letter was shared with representatives of Morgan Stanley and Goldman Sachs and members of management had discussions with representatives of Morgan Stanley and Goldman Sachs regarding potential responses to Kinder Morgan and Kinder Morgan's threat to make its proposal public. In the course of discussing how to respond to Kinder Morgan's September 9th letter (which indicated that Kinder Morgan expected to publicly release its proposal to El Paso's stockholders), El Paso management became concerned, in light of some of the advice received from the Goldman Sachs investment banking team in Houston, that the Goldman Sachs investment bankers were receiving pressure from other parts of Goldman Sachs to avoid a strategy that might result in Kinder Morgan going public with its proposal and employing a hostile approach to acquiring El Paso. As a result, El Paso management decided to limit Goldman

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Sachs' role in providing valuation advice on El Paso's spin-off and determined that Goldman Sachs thereafter would not be providing tactical advice in response to the Kinder Morgan proposal or have involvement in negotiations with Kinder Morgan. After September 12, 2011, El Paso's board and management relied only on Morgan Stanley for tactical advice in connection with the Kinder Morgan proposal and informed Goldman Sachs that, despite Goldman Sachs' long-term role in providing financial advisory services to El Paso, going forward El Paso would not involve Goldman Sachs in any negotiations with Kinder Morgan nor would El Paso be requesting any tactical advice from Goldman Sachs or a fairness opinion from Goldman Sachs in connection with the Kinder Morgan transaction. Management's decision to limit Goldman Sachs' role as described above was later confirmed by the El Paso board of directors at its first meeting following receipt of Kinder Morgan's September 9th letter.

Between September 9, 2011 and September 15, 2011, management of Kinder Morgan had a number of discussions with Evercore, Barclays Capital and Weil regarding the potential public announcement of Kinder Morgan's offer for El Paso and other potential steps that the board of directors of Kinder Morgan might consider if El Paso continued to reject Kinder Morgan's offer.

On September 15, 2011, the El Paso board of directors met with management and its legal and financial advisors. At the meeting, before the financial advisors were present, Wachtell Lipton discussed with the board the legal framework relevant to consideration of Kinder Morgan's letter. Discussion then ensued about Goldman Sachs' ownership interest in Kinder Morgan and its role advising El Paso. While the board continued to believe that it was beneficial to continue to receive valuation advice from Goldman Sachs in connection with the proposed spin-off transaction, because of the potential conflict of interest of Goldman Sachs, the board determined that Goldman Sachs was not to be involved in any negotiations with Kinder Morgan or any tactical discussions with management or the board with respect to the Kinder Morgan proposal or how to respond to Kinder Morgan or any discussions with management or the board regarding the price or proposal that El Paso would be willing to entertain and that El Paso would not be requesting a fairness opinion from Goldman Sachs.

Following such time, Goldman Sachs joined the meeting, provided a description of Kinder Morgan's proposal and presented an overview of premiums paid in selected precedent transactions (noting that there were not a lot of precedent transactions in the energy industry of comparable size). Goldman Sachs then presented the results of (1) certain financial analyses in connection with Kinder Morgan's proposal and (2) revised financial analyses for hypothetical trading prices relating to a potential spin-off of El Paso's exploration and production businesses. As described below in more detail, the analyses in connection with Kinder Morgan's proposal resulted in a combined range of illustrative values for El Paso of \$19.90 to \$33.16 and \$20.92 to \$33.26, and a representative of Goldman Sachs indicated that the midpoints of the analyses were in the range of approximately \$25.00 to \$27.00 per share. As described below in more detail, the revised financial analyses of hypothetical trading prices relating to a potential spin-off resulted in an aggregate hypothetical trading range of \$18.04 to \$25.53 per share. The financial analyses performed with respect to El Paso's exploration and production business in connection with Kinder Morgan's proposal included an illustrative analysis of the present value of future stock prices as well as an illustrative unlevered discounted cash flow analysis.

The illustrative present value of future stock price analysis presented by Goldman Sachs discounted a hypothetical range of terminal equity values per share at an illustrative range of estimated cost of equity of 12.0% to 14.0%. The hypothetical terminal equity values per share were estimated using two methodologies:

One methodology applied an illustrative range of enterprise value to EBITDA multiples of 4.5x to 6.5x as applied to estimated EBITDA for 2015 as provided by management of El Paso, subtracting future net debt and dividing by future fully diluted shares. This analysis resulted in a range of illustrative values of \$8.03 to \$13.21 per share for the exploration and production business (referred to as the "Exploration EV / EBITDA Present Value Analysis").

The other methodology applied an illustrative range of equity price to cash flow multiples of 3.5x to 5.5x as applied to estimated cash flows for 2015 per diluted share as provided by management of El

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Paso. This analysis resulted in a range of illustrative values of \$7.07 to \$11.71 per share for the exploration and production business (referred to as the Exploration P / CFPS Present Value Analysis ).

The illustrative unlevered discounted cash flow analysis presented by Goldman Sachs discounted a hypothetical range of terminal enterprise values and estimated interim asset cash flows (pre interest costs and after tax) as estimated by management of El Paso at an illustrative range of estimated weighted average cost of capital of 10.0% to 12.0%. The hypothetical terminal enterprise values were estimated using an illustrative range of enterprise value to EBITDA multiples of 4.5x to 6.5x as applied to estimated EBITDA for 2015 as provided by management of El Paso. Net debt was subtracted from the discounted value and the resulting discounted equity value was divided by the fully diluted share count. This analysis resulted in a range of illustrative values of \$8.02 to \$13.66 per share for the exploration and production business.

The financial analyses presented by Goldman Sachs with respect to El Paso's pipeline business included an illustrative analysis of the present value of future stock prices as well as an illustrative levered discounted cash flow analysis.

The illustrative present value of future stock price analysis presented by Goldman Sachs discounted a hypothetical range of terminal equity values per share and interim dividends per share at an illustrative range of estimated cost of equity of 8.5% to 10.5%. The hypothetical terminal equity values per share were estimated using an illustrative range of current yields of 5.0% to 3.0% as applied to the estimated dividend per share paid in 2015 as provided by management of El Paso. This analysis resulted in a range of illustrative values of \$12.35 to \$20.70 per share.

The illustrative levered discounted cash flow analysis presented by Goldman Sachs discounted a hypothetical range of terminal equity values and estimated interim equity cash flows as estimated by El Paso management at an illustrative range of estimated cost of equity of 8.5% to 10.5%. The result was divided by the fully diluted share count. The hypothetical terminal equity values were estimated using two methodologies:

One methodology applied an illustrative range of current yields of 5.0% to 3.0% as applied to estimated cash available for dividends in 2015 (as normalized for cash taxes and coverage ratio) as estimated by management of El Paso. This analysis resulted in a range of illustrative values of \$13.13 to \$21.26 per share (referred to as the Pipeline Yield DCF Analysis ).

The other methodology calculated an illustrative range of future net asset values for the pipeline business based on estimates provided by management of El Paso. This analysis resulted in a range of illustrative values of \$12.66 to \$17.93 per share (referred to as the Pipeline Future NAV DCF Analysis ).

A representative of Goldman Sachs then presented a combined analysis of the exploration and production business and pipeline business which provided a range of per share illustrative values applying each of the present value of future stock price analyses and discounted cash flow analyses. The combined present value of future stock price range of illustrative values was derived by taking the sum of the range of illustrative values based on the present value of future stock price for the pipeline business and adding that to the average of the ranges derived from the Exploration EV / EBITDA Present Value Analysis and the Exploration P / CFPS Present Value Analysis, which resulted in a combined range of illustrative values of \$19.90 to \$33.16 per share.

The combined discounted cash flow analysis range of illustrative values presented by Goldman Sachs was derived by taking the sum of the range of illustrative values based on the unlevered discounted cash flow for the exploration and production business and adding that to the average of the illustrative ranges derived from the Pipeline Yield DCF Analysis and Pipeline Future NAV DCF Analysis, which resulted in a combined range of illustrative values of \$20.92 to \$33.26 per share.

A representative of Goldman Sachs noted that the midpoints of the illustrative combined present value of future stock price analyses and combined discounted cash flow analyses were in the range of approximately \$25.00 to \$27.00 per El Paso share.

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The revised financial analyses relating to a potential spin-off presented by Goldman Sachs included a range of hypothetical trading prices for the exploration and production business as a standalone entity of \$6.13 to \$8.66 per share based on trading multiples of selected exploration and production companies and a range of hypothetical trading prices for the pipeline business as a standalone entity of \$11.92 to \$16.87 per share based on trading yields of selected pipeline companies, resulting in an aggregate hypothetical trading range of \$18.04 to \$25.53 per share.

These financial analyses presented by Goldman Sachs were based on forecasts for El Paso's exploration and production business and pipeline business that assumed a spin-off of the exploration and production business on December 31, 2011 as provided by El Paso management and forecasts from Wall Street research for the selected exploration and production and pipeline companies utilized in the analyses. Goldman Sachs indicated that the lower hypothetical trading prices for El Paso's exploration and production business relative to Goldman Sachs' prior similar analysis resulted primarily from applying lower trading multiples given market conditions and the trading multiples of the selected exploration and production companies utilized in the analysis.

Following its presentation, Goldman Sachs left the meeting and Morgan Stanley entered the meeting and presented its analysis of the proposal from Kinder Morgan which analysis included a Historical Share Price Analysis, an Equity Research Future Price Targets Analysis, a Comparable Company Sum-of-the-Parts Analysis, a Discounted Future Equity Value Analysis, a Discounted Cash Flow Analysis, and a Precedent Transaction Analysis. Several of these analyses included segment-level valuation ranges as follows. The comparable company sum-of-the-parts analysis included a range of implied public trading values for the exploration and production business of \$5.50 to \$8.55 per share and a range of implied public trading values for the pipeline business of \$11.28 to \$14.82 per share, resulting in an aggregate range of implied public trading values of \$16.78 to \$23.37 per share. The discounted future equity value analysis based on estimates of El Paso management included an implied value range for the exploration and production business of \$6.24 to \$10.70 per share and an implied value range for the pipeline business of \$11.79 to \$15.47 per share, resulting in an aggregate implied value range of \$18.03 to \$26.18 per share. The discounted future equity value analysis based on estimates of equity research analysts included an implied value range for the exploration and production business of \$5.92 to \$8.12 per share and an implied value range for the pipeline business of \$12.50 to \$15.82 per share, resulting in an aggregate implied value range of \$18.42 to \$23.95 per share. The aggregated discounted cash flow analysis based on estimates of El Paso management included a range of implied present values for the exploration and production business of \$8.87 to \$11.83 per share and a range of implied present values for the pipeline business of \$12.92 to \$18.23 per share (using an aggregated approach), as well as a range of implied present values for El Paso's net operating loss carry forwards of \$1.11 to \$1.16 per share, resulting in an aggregate range of implied present values of \$22.90 to \$31.22 per share. The disaggregated discounted cash flow analysis based on estimates of El Paso management included a range of implied present values for the exploration and production business of \$8.87 to \$11.83 per share and a range of implied present values for the pipeline business of \$12.54 to \$16.64 per share (using a disaggregated approach), as well as a range of implied present values for El Paso's net operating loss carry forwards of \$1.11 to \$1.16 per share, resulting in an aggregate range of implied present values of \$22.52 to \$29.63 per share. At such time, a discussion ensued between the directors, management, and representatives of Morgan Stanley and Wachtell Lipton on how to respond to Kinder Morgan. In addition, there was discussion as to the advantages and disadvantages of publicly disclosing Kinder Morgan's proposal or engaging with third parties on a transaction and whether that could result in greater value for El Paso stockholders. It was determined that because it was unlikely that a third party would emerge from taking such actions, given market conditions and the size of the transaction, and because the board was resolved that any transaction agreed with Kinder Morgan would include only such protective provisions as were consistent with the ability of a capable bidder to successfully top the price term of a Kinder Morgan agreement, no third parties would be contacted. Management then provided an update to the board of directors on the status of the proposed spin-off. Following the discussion, the El Paso board of directors authorized Mr. Foshee to notify Kinder Morgan that its proposal of September 9, 2011 was not compelling but that El Paso would be willing to pursue a transaction with Kinder Morgan at a value of \$28.00 per share in cash and stock of Kinder Morgan. The board of directors of El Paso was informed of the payments that Mr. Foshee would receive should a transaction with Kinder Morgan be completed (see Quantification of Change of Control and

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Termination Payments and Benefits to the El Paso Named Executive Officers for a discussion of the change of control and termination related payments and benefits Mr. Foshee would receive in connection with the transactions, based on certain assumptions stated therein, and see

Security Ownership of a Certain Beneficial Owner and Management in El Paso's Proxy Statement on Schedule 14A filed on March 29, 2011, for information regarding beneficial ownership of El Paso common stock by Mr. Foshee as of March 11, 2011) and was of the view that this would not affect his negotiations with Mr. Kinder. In addition, Mr. Foshee and the board of directors of El Paso understood that any merger agreement with Kinder Morgan would require the approval of the board of directors of El Paso. The El Paso board of directors also directed management to continue the process to effectuate the proposed spin-off so that El Paso would be in a position to timely execute the spin-off should a transaction with Kinder Morgan on terms acceptable to the El Paso board of directors not materialize.

On September 16, 2011, Mr. Foshee met with Mr. Kinder and provided Mr. Kinder with a response letter on behalf of the board of directors of El Paso. The letter noted that the El Paso board of directors would not support any proposal that would transfer the value and potential that belongs to El Paso's stockholders to Kinder Morgan at an inadequate price. The letter further noted that the board of directors of El Paso would be willing to pursue a transaction with Kinder Morgan at a value of \$28.00 per share in cash and Kinder Morgan stock so long as it provides certainty of completion and El Paso is satisfied with its review of the value to El Paso's stockholders of the Kinder Morgan stock component of the potential transaction. The letter also noted that El Paso's board and management team are committed to creating value for El Paso stockholders and that they continue to believe that the separation of their exploration and production business is the right strategy for El Paso, absent a transaction that delivers compelling value to El Paso's stockholders.

On September 16, 2011 and September 17, 2011, Mr. Foshee had two separate conversations with Mr. Kinder. During these conversations, Mr. Kinder indicated to Mr. Foshee that Kinder Morgan would be willing to consider a transaction at a price of \$26.50 per share in cash and Kinder Morgan stock and that it might be willing to raise its price subject to completion of due diligence. The willingness to consider a price higher than \$26.50 was based on the continued analysis of anticipated dividend per share accretion to Kinder Morgan stockholders, anticipated debt ratios, certain assumptions (including with respect to the value of El Paso's exploration and production business and the size of El Paso's net operating loss carry forwards for U.S. federal income tax purposes), and an assessment of negotiation strategy. In this regard, the Kinder Morgan board of directors also considered a number of risks associated with the transaction, including with respect to commodity prices, the sale of El Paso's exploration and production business, financing of the transactions, financing on the part of KMP and EPB for potential dropdowns of assets and regulatory approval. Mr. Foshee told Mr. Kinder that he believed there were a number of factors that should provide a basis for Kinder Morgan to increase its offer, including the fact that the amount of El Paso's net operating loss carryforwards for U.S. federal income tax purposes would likely be greater than Kinder Morgan had previously assumed. Mr. Foshee indicated that El Paso might consider a slightly lower price and that \$27.80 per share might be acceptable. On September 16 and 17, 2011, Kinder Morgan management had a number of conversations with Evercore, Barclays Capital, Bracewell and Weil regarding the terms of the potential acquisition of El Paso and the process for completing a merger agreement.

On September 18, 2011, the Kinder Morgan board of directors held a discussion with management and representatives of Evercore, Barclays Capital and Weil to receive an update on the status of negotiations between Kinder Morgan and El Paso. The members of the Kinder Morgan board of directors indicated their support for Kinder Morgan management to continue discussions with El Paso regarding a possible transaction at a price higher than \$26.50 per El Paso share.

Later on September 18, 2011, after further discussion, Mr. Kinder and Mr. Foshee preliminarily agreed that a price of \$27.55 per share in cash and Kinder Morgan stock, subject to agreement on certain material terms and completion of mutual due diligence and negotiation of definitive documentation, could be a basis for further negotiation. This discussion between Mr. Kinder and Mr. Foshee on September 18, 2011 was designed to arrive at a price which could form a basis for permitting Kinder Morgan to perform due diligence and for the transaction to proceed to the next step. There was no new information exchanged and no new issues or factors raised. It was exclusively a pricing discussion.

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On September 19, 2011, EP Energy Corporation filed an amended registration statement on Form 10 with the SEC in connection with the proposed spin-off.

On September 20, 2011, El Paso and Kinder Morgan executed a confidentiality agreement with respect to certain limited information. The agreement did not include standstill provisions, as Kinder Morgan indicated that it would only be willing to execute a confidentiality agreement with standstill provisions if Kinder Morgan first received certain tax information from El Paso and if El Paso and Kinder Morgan could agree in concept on the general terms of a proposed transaction. In this regard, Weil delivered a draft term sheet to El Paso and Wachtell Lipton summarizing Kinder Morgan's proposed terms for a merger agreement to be entered into between El Paso and Kinder Morgan.

In the initial meetings involving senior management and financial advisors of Kinder Morgan and El Paso and prior to the execution of the confidentiality agreement that included any standstill provisions, Kinder Morgan indicated that Kinder Morgan intended to sell El Paso's exploration and production business as soon as possible after the closing of the proposed combination. The draft term sheet noted Kinder Morgan's desire that El Paso cooperate with Kinder Morgan to prepare for a sale of El Paso's exploration and production business.

On September 21, 2011, representatives from El Paso, Kinder Morgan, Wachtell Lipton, and Weil met in Houston, Texas to discuss the proposed term sheet delivered by Weil, and later that night El Paso and Kinder Morgan discussed certain preliminary terms for the proposed transaction, including a proposed purchase price of \$27.55, 60% of which would be paid in cash and 40% of which would be paid in Kinder Morgan stock (with cash and stock election options), subject to completion of mutual due diligence and negotiation of definitive documentation. The cash and stock election options were determined during the negotiation of the term sheet at this meeting.

On September 22, 2011, El Paso and Kinder Morgan executed an additional confidentiality agreement. The agreement included customary provisions for the confidentiality of discussions and the exchange of information. It also included a mutual standstill agreement effective for six months. The standstill provisions did not impede El Paso's ability to pursue an asset sale or spin-off of its exploration and production business. Also on September 22, 2011, Wachtell Lipton delivered a draft voting agreement to Weil.

Commencing September 22, 2011, officers and other representatives and advisors of El Paso (other than Goldman Sachs) and Kinder Morgan conducted mutual due diligence. Representatives and advisors of the companies held a number of in person and telephonic meetings with each other, and each company established virtual data rooms to enable the parties and their representatives and advisors to engage in documentary due diligence.

On September 23, 2011, Weil delivered a draft merger agreement to Wachtell Lipton, and on September 24, 2011, Wachtell Lipton delivered a revised draft merger agreement to Weil.

On September 25, 2011, the board of directors of Kinder Morgan held a discussion with management and representatives of Evercore, Barclays Capital and Weil to review the preliminary findings of the due diligence regarding El Paso. The assumptions used by Kinder Morgan in arriving at the \$27.55 per share price were based on publicly available information, including research reports of securities analysts, and certain information provided by El Paso regarding net operating loss carry forwards. During due diligence Kinder Morgan became concerned that assumptions underlying its model were too aggressive. Kinder Morgan believed EBITDA generated as a result of the merger could be less than modeled and could adversely impact dividend accretion for its stockholders, as well as its debt ratios.

From September 25, 2011 through September 29, 2011, members of senior management of Kinder Morgan and Evercore had several meetings and discussions with members of senior management of El Paso and Morgan Stanley concerning valuation matters. Such meetings involved a discussion of the concerns that Kinder Morgan had regarding its model.

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On September 28, 2011, in light of the matters discussed following September 25, 2011, representatives of Kinder Morgan notified representatives of El Paso that they would not be able to proceed with a transaction on the terms discussed on September 18, 2011 and as set forth in the term sheet discussed on September 21, 2011. Kinder Morgan then presented an alternative proposal to purchase each El Paso share for consideration equal to \$15.30 in cash, 0.3774 of a share of Kinder Morgan and 0.577 warrants to purchase Kinder Morgan stock with an exercise price of \$40.00 per share of Kinder Morgan stock and a term of five years, with an indicated aggregate value of \$25.50 per El Paso share (excluding the value of the warrant consideration) and based on Kinder Morgan's closing price on September 27, 2011. The representatives of Kinder Morgan indicated their view that the aggregate consideration (including the value of the warrant consideration, which was added to attempt to bridge any potential valuation gaps between the parties) was \$27.55 per El Paso share. Senior management of El Paso was of the view that Kinder Morgan's September 28 proposal had a value less than \$27.55 per El Paso share.

From September 28, 2011 to September 29, 2011, representatives of Morgan Stanley held several meetings and discussions with members of El Paso senior management to discuss a response to Kinder Morgan's proposal of September 28, 2011. In formulating its response, El Paso considered its desire to obtain a purchase price valued at no less than \$27.55 per share, Kinder Morgan's position that it would not be willing to improve the cash and stock portion of the consideration and Kinder Morgan's willingness to provide warrants as part of the consideration.

On September 29, 2011, representatives of El Paso met with representatives of Kinder Morgan. El Paso presented an alternative proposal. El Paso's alternative proposal provided for consideration for each El Paso share of \$15.73 in cash, \$11.02 worth of Kinder Morgan Class P common stock (with the appropriate exchange ratio to result in \$11.02 per share to be agreed by the parties) and 0.640 of a warrant to purchase Kinder Morgan Class P common stock, with the warrant terms including an exercise price of \$40.00, a term of five years and customary dividend protection, which El Paso was advised by Morgan Stanley could have a potential value of \$0.80 per share of El Paso common stock (using a Black-Scholes option valuation model, assuming a volatility of 25% as well as certain other assumptions) and which would represent an indicated aggregate proposal value of \$27.55 per share.

On September 30, 2011, Mr. Kinder sent a letter to Mr. Foshee with a revised proposal to purchase each outstanding El Paso share for consideration equal to \$14.65 in cash, 0.4187 of a share of Kinder Morgan stock and 0.577 of a warrant to purchase a share of Kinder Morgan stock with an exercise price of \$40.00 per share of Kinder Morgan Class P common stock and a term of five years, with an indicated aggregate value of \$25.67 per El Paso share (excluding the value of the warrant consideration) and based on Kinder Morgan's closing price on September 29, 2011. The proposal indicated that in Kinder Morgan's view the aggregate consideration (including the value of the warrant consideration) was \$27.55 per El Paso share. In addition, Mr. Kinder had a telephonic conversation with Mr. Foshee indicating that this represented Kinder Morgan's best and final offer.

Also, on September 30, 2011, the El Paso board of directors met with management and representatives from Morgan Stanley and Wachtell Lipton. At the meeting, Mr. Foshee provided the board with an update on the discussions with Kinder Morgan and the terms of Kinder Morgan's latest proposal. The board discussed Kinder Morgan's latest proposal as well as the mix of consideration and Morgan Stanley's preliminary views on the warrant portion of the consideration and indicative value of the proposal, including Morgan Stanley's view that the value of the warrant consideration was less than that stated by Kinder Morgan and that therefore Kinder Morgan's proposal should be considered to have a value below \$27.55 per El Paso share. The board of directors authorized Mr. Foshee to negotiate further with Kinder Morgan to obtain more consideration for El Paso's stockholders in the transaction.

Later on September 30, 2011, Mr. Foshee delivered a letter to Mr. Kinder noting that the El Paso board of directors believes that Kinder Morgan's latest offer reflects a value to El Paso's stockholders of less than \$27.55. In addition, the letter noted that El Paso would be willing to proceed to further negotiate a transaction that



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included cash and Kinder Morgan stock consideration equal to \$26.00 per share and warrants that had a value approximately 10% in excess of the warrants proposed by Kinder Morgan so long as the warrants included certain dividend protection. Later on September 30, 2011, Kinder Morgan confirmed to El Paso that its offer of September 30, 2011 represented Kinder Morgan's best and final offer.

From October 1, 2011 through October 5, 2011, representatives of Kinder Morgan and Evercore had several meetings and discussions with representatives of El Paso and Morgan Stanley concerning valuation matters, including the valuation of the proposed warrant portion of the consideration.

On October 5, 2011, Mr. Kinder delivered a letter to Mr. Foshee that included a revised proposal. The letter noted that while there has been weakness in commodity prices and capital markets since Kinder Morgan's August 30, 2011 proposal, Kinder Morgan would propose to exchange an improved combination of cash, stock and warrants structured to preserve the tax-free attributes of the transaction. The revised offer was for \$14.65 in cash, 0.4187 shares of Kinder Morgan stock and 0.640 Kinder Morgan warrants with an exercise price of \$40.00 per Kinder Morgan share and a term of five years, for an indicated aggregate value of \$25.78 (excluding the value of the warrant consideration), based on Kinder Morgan's closing price on October 5, 2011. Kinder Morgan decided to increase the warrant consideration from 0.577 Kinder Morgan warrants to 0.640 Kinder Morgan warrants in order to successfully conclude the negotiations. Although Kinder Morgan's original proposal had provided for 40% of the merger consideration to be paid in the form of Kinder Morgan Class P common stock, the warrants would not be treated as stock for purposes of the 40% continuity of interest threshold necessary in order to make the stock component tax free to El Paso stockholders. As a result, and due to a desire to maintain a cushion above the 40% threshold, the total number of shares of Kinder Morgan Class P common stock to be issued as merger consideration will be greater than 40% of the total amount of cash and stock. The letter indicated Kinder Morgan's belief that the value of the offered consideration, including the warrants, could significantly exceed \$27.55 per share, given Kinder Morgan's expectations for future share price performance. The letter further provided that the warrants would not have dividend protection, as such dividend protection is neither customary nor reasonable with respect to a company such as Kinder Morgan, where stock value increases as quarterly dividends increase. The letter stated, however, that Kinder Morgan would be willing to provide for protection in connection with extraordinary, special dividends.

On October 6, 2011, the El Paso board of directors met with management and representatives from Morgan Stanley, Goldman Sachs and Wachtell Lipton. At the meeting, with Morgan Stanley present, representatives from Goldman Sachs presented a revised financial analysis of a potential separation of El Paso's pipeline and exploration and production businesses in connection with the proposed spin-off. The revised financial analyses related to a potential spin-off included a range of hypothetical trading prices for the exploration and production business as a standalone entity of \$4.84 to \$7.42 per share based on trading multiples of selected exploration and production companies and a range of hypothetical trading prices for the pipeline business as a standalone entity of \$11.92 to \$16.87 per share based on trading yields of selected pipeline companies, resulting in an aggregate hypothetical trading range of \$16.75 to \$24.29 per share. These financial analyses were based on forecasts for El Paso's exploration and production business and pipeline business provided by El Paso management and forecasts from Wall Street research for the selected exploration and production and pipeline companies utilized in the analysis. Goldman Sachs indicated that the lower hypothetical trading prices for El Paso's exploration and production business relative to Goldman Sachs' prior similar analysis resulted primarily from applying lower trading multiples given market conditions and the trading multiples of the selected exploration and production companies utilized in the analysis. Following such presentation, Goldman Sachs left the meeting and Mr. Foshee then provided the board with an update on the discussions with Kinder Morgan and the terms of Kinder Morgan's latest proposal. Morgan Stanley then presented an analysis of Kinder Morgan's latest proposal and related matters, including indicative values of the proposal. The analysis also set forth a comparable company sum-of-the-parts analysis for the pipeline business and exploration and production business resulting in an aggregate potential trading range of \$14.86 to \$21.93 per share. Morgan Stanley indicated that the decreased estimated trading range relative to its prior analysis resulted primarily from applying lower valuation multiples to the exploration and production business, given market conditions and trading multiples of companies in the

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exploration and production business. In addition, Wachtell Lipton discussed with the board the legal framework relevant to consideration of Kinder Morgan's latest proposal. The board discussed Kinder Morgan's latest proposal, and the board of directors authorized Mr. Foshee to negotiate a transaction based on the terms set forth in Kinder Morgan's latest proposal, subject to the satisfactory completion of definitive documentation and resolution of certain matters. Later on October 6, 2011, Mr. Foshee met with Mr. Kinder and noted that the board of directors of El Paso had authorized him to negotiate a transaction based on the terms set forth in Kinder Morgan's October 5th proposal.

While Goldman Sachs was available to continue to provide advice to El Paso with respect to the spin-off following the October 6, 2011 meeting of El Paso's board, no further advice was requested by El Paso or provided by Goldman Sachs.

On October 7, 2011, Kinder Morgan management held a discussion with the Kinder Morgan board of directors to update the directors on the status of discussions with El Paso and El Paso's willingness to negotiate a transaction based on Kinder Morgan's October 5th proposal.

On October 7, 2011, Wachtell Lipton delivered a draft form of warrant agreement to Weil. On or about October 7, 2011, Kinder Morgan and El Paso also agreed to provide El Paso stockholders with the ability to make a mixed election with respect to the merger consideration.

Between October 7, 2011 and October 15, 2011, each of Kinder Morgan and El Paso completed its due diligence with respect to the other company.

On October 9, 2011, Weil delivered a revised draft of a merger agreement to Wachtell Lipton.

On October 10, 2011, Kinder Morgan delivered to El Paso a draft of the debt commitment letter to be received from Barclays Bank to finance the cash portion of the merger consideration and, if necessary, to refinance certain indebtedness of El Paso and Kinder Morgan. Also on October 10, 2011, Weil delivered a revised draft of the voting agreement to Wachtell Lipton.

On October 11, 2011, the Kinder Morgan board of directors held a discussion with management and representatives of Evercore, Barclays Capital and Weil to review, in detail, the due diligence findings regarding El Paso.

On October 12, 2011, Wachtell Lipton delivered a revised draft of the merger agreement to Weil, and during the period from October 13, 2011 through October 16, 2011, representatives of El Paso, Kinder Morgan, Wachtell Lipton, Weil and Bracewell negotiated the provisions of the proposed merger agreement and the form of warrant agreement. The negotiations, among other things, addressed the structure for the transaction, the nature of the representations and warranties to be made by the parties, the conditions to closing, financing related matters, termination rights and the fees payable upon termination in certain circumstances, remedies for breaches of the covenants and agreements in the merger agreement, non-solicitation obligations, matching right provisions, the limitations on the conduct of business by both parties between signing and closing and the anti-dilution provisions and other terms of the form of warrant agreement. Although a go-shop provision was previously discussed internally by members of El Paso's management and its advisors, as well as with Kinder Morgan, El Paso determined that given the ability of El Paso to terminate the transaction for a superior proposal and that a go-shop provision was not customary in strategic transactions of this type, pursuing such a provision was not necessary or appropriate. Also during such time, Wachtell Lipton and the legal advisors to certain of the stockholders to the voting agreement negotiated certain provisions of the voting agreement.

On October 12, 2011, a representative of Weil had a telephone conversation with in-house counsel for Goldman Sachs to discuss whether Goldman Sachs would agree to become a party to the voting agreement in its capacity as a stockholder of Kinder Morgan. Later that day, Weil sent a draft of the voting agreement to in-house

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counsel for Goldman Sachs. On October 14, 2011, Weil also forwarded the most recent drafts of the proposed merger agreement and proposed warrant agreement to in-house counsel for Goldman Sachs. Also on October 14, 2011, El Paso's general counsel informed in-house counsel for Goldman Sachs that El Paso had no objection to Goldman Sachs executing the voting agreement. Between October 12, 2011 and October 14, 2011, representatives of Weil had discussions with in-house counsel for Goldman Sachs (and a member of Kinder Morgan's senior management had discussions with one of the Goldman Directors) regarding whether or not the Goldman Directors would continue to recuse themselves with respect to Kinder Morgan board of director meetings and discussions to the extent relating to the proposed acquisition of El Paso. On October 14, 2011, in-house counsel for Goldman Sachs informed Weil that the Goldman Directors would not participate in any Kinder Morgan board of directors meetings to the extent relating to the proposed acquisition of El Paso but that the Goldman Directors would like to receive board materials to be sent in connection with the meeting at which such acquisition would be considered for approval. One of the Goldman Directors also confirmed to a member of Kinder Morgan's senior management that the Goldman Directors would not participate in any Kinder Morgan board of directors meeting to the extent relating to the proposed acquisition of El Paso but that, given that Goldman Sachs would be signing the voting agreement as a stockholder of Kinder Morgan, the Goldman Directors would like to receive the materials being sent to Kinder Morgan directors. On October 14, 2011, in preparation for a board of directors meeting to be held on October 16, 2011, Kinder Morgan sent such materials to all members of the Kinder Morgan board of directors, including the Goldman Directors.

On October 13, 2011, Sherpa Merger Sub, Inc. was incorporated in the State of Delaware and Sherpa Acquisition, LLC was formed in the State of Delaware.

On October 14, 2011, Sirius Holdings Merger Corporation and Sirius Merger Corporation were incorporated in the State of Delaware.

On or about October 14, 2011, El Paso and Kinder Morgan jointly agreed on an indicative value of \$1.50 per warrant (\$0.96 per share of El Paso common stock applying the 0.640 Kinder Morgan warrants per share of El Paso common stock exchange ratio) as of the date prior to the announcement of the transaction, which was within the ranges calculated by Morgan Stanley, Evercore and Barclays in their independent valuations conducted using Black-Scholes and other valuation methods.

On October 15, 2011, the Kinder Morgan board of directors had a telephone conference with management and representatives of Weil to discuss the regulatory implications of a transaction with El Paso.

During the period from the receipt of Kinder Morgan's initial proposal through October 16, 2011, El Paso continued to work on the proposed spin-off and on October 14, 2011, EP Energy Corporation received comments from the SEC with respect to the amended registration statement on Form 10 that it filed with the SEC in connection with the proposed spin-off on September 19, 2011.

On October 16, 2011, the El Paso board of directors held a special board meeting attended by all members of the El Paso board, as well as members of management and representatives of Morgan Stanley and Wachtell Lipton. At the meeting, Wachtell Lipton reviewed with the El Paso board of directors the legal framework relevant to consideration of the transactions. Wachtell Lipton explained and discussed with the board the principal terms and conditions of the merger agreement. Morgan Stanley presented its financial analyses of the proposed transactions with Kinder Morgan and delivered its oral opinion to the El Paso board of directors, which was confirmed by delivery of a written opinion dated October 16, 2011, that, as of such date and based upon and subject to the limitations and assumptions set forth therein, the merger consideration to be received by the El Paso stockholders pursuant to the merger agreement was fair, from a financial point of view, to such holders, which analysis also set forth a comparable company sum-of-the-parts analysis for the pipeline business and exploration and production business resulting in an aggregate potential trading range of \$14.47 to \$22.20 per share. Mr. Foshee discussed his view of the principal benefits to El Paso and its stockholders of the combination of the two companies and recommended, on behalf of management, that the board approve the transaction. For a

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discussion of such principal benefits of the transaction, see Recommendation of El Paso's Board of Directors and Reasons for the Transactions. Following review and discussion among the members of the El Paso board of directors, the El Paso board of directors unanimously determined that the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement were advisable and in the best interests of El Paso stockholders, and all of the El Paso directors voted to approve the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement.

On October 16, 2011, the Kinder Morgan board of directors held a special board meeting attended by all members of the Kinder Morgan board (other than the Goldman Directors), as well as members of management and representatives of Evercore, Barclays Capital, Weil and Bracewell. At the meeting, Weil reviewed with the Kinder Morgan board of directors the legal framework relevant to consideration of the transactions. Weil explained and discussed with the board the principal terms and conditions of the merger agreement. Each of Evercore and Barclays Capital presented its financial analyses of the proposed transactions with El Paso and delivered its oral opinion to the Kinder Morgan board of directors, which was confirmed by delivery of a written opinion dated October 16, 2011, that, as of such date and based upon and subject to the limitations and assumptions set forth therein, the merger consideration to be paid by Kinder Morgan pursuant to the merger agreement was fair, from a financial point of view, to Kinder Morgan. Mr. Kinder discussed his view of the principal benefits to Kinder Morgan and its stockholders of the combination of the two companies and recommended, on behalf of management, that the board approve the transaction. For a discussion of such principal benefits of the transaction, see Recommendation of Kinder Morgan's Board of Directors and Reasons for the Transactions. Following review and discussion among the members of the Kinder Morgan board of directors present at the meeting, the Kinder Morgan board of directors determined that the merger agreement and the transactions contemplated by the merger agreement were advisable and in the best interests of Kinder Morgan stockholders, and all of the Kinder Morgan directors present at the meeting voted to approve the merger agreement and the transactions contemplated by the merger agreement and recommend that Kinder Morgan stockholders approve the share and warrant issuance proposal.

On October 16, 2011, Mr. Foshee and Mr. Kinder conferred to discuss the results of the El Paso and Kinder Morgan board meetings.

Later on October 16, 2011, the merger agreement was finalized and was executed and delivered by El Paso and Kinder Morgan, the voting agreement was finalized and was executed and delivered by El Paso and the Kinder Morgan stockholders signatory to the voting agreement and the first merger agreement was executed and delivered by El Paso, Merger Sub One and New El Paso. Also on October 16, 2011, the debt commitment letter was finalized, executed and delivered by Kinder Morgan and Barclays Capital.

Following the execution and delivery of the merger agreement and the voting agreement, El Paso and Kinder Morgan issued a joint press release announcing the transaction. Various communications and the merger agreement, voting agreement and form of warrant agreement were filed with the SEC on October 17, 2011 and thereafter.

On October 17, 2011, EP Energy Corporation filed a request with the SEC that its registration statement on Form 10 previously filed in connection with the proposed spin-off be withdrawn. Also on October 17, 2011, EP Energy Corporation sent a request to the IRS to withdraw its request for a ruling in connection with the proposed spin-off.

**Recommendation of El Paso's Board of Directors and Reasons for the Transactions**

By a vote at a meeting held on October 16, 2011, the El Paso board of directors unanimously determined that the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement were advisable and in the best interests of El Paso and its stockholders

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and approved the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement, including the first merger and second merger. **The El Paso board of directors unanimously recommends that the El Paso stockholders vote FOR the proposal to adopt the merger agreement and the first merger agreement and to approve the transactions contemplated by the merger agreement and the first merger agreement at the El Paso special meeting.**

In evaluating the proposed transactions, the El Paso board of directors consulted with El Paso's management and legal and financial advisors and, in reaching its determination and recommendation, the El Paso board of directors considered a number of factors. The El Paso board of directors also consulted with outside legal counsel regarding its obligations, legal due diligence matters and the terms of the merger agreement and the first merger agreement.

Many of the factors considered favored the conclusion of the El Paso board of directors that the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement are advisable and in the best interests of El Paso and its stockholders, including the following:

The aggregate value and composition of the merger consideration to be received by El Paso stockholders in the merger;

That the merger consideration with a value of \$26.87 per share of El Paso common stock, based upon the closing price of Kinder Morgan Class P Common Stock on October 14, 2011 (the last trading date before the date of the El Paso board meeting) and a value per fractional warrant of \$0.96 per share of El Paso common stock, represented a premium of:

37.2% to the closing price of El Paso common stock on the same date;

45.5% to the average closing prices of El Paso common stock for the 30 days prior to such date; and

24.7% to El Paso's 52-week intraday high.

The potential stockholder value that might result from other alternatives available to El Paso, including the alternative of completing the previously announced spin-off of El Paso's exploration and production business, entering into an alternative transaction with another third party, or remaining an independent public company, in each case, considering the potential for El Paso stockholders to share in any future earnings growth of El Paso's businesses and continued costs, as well as the risks and uncertainties associated with continuing to operate as one or two public companies and the ability to achieve the valuations in comparison to the proposed transaction.

The belief of the El Paso board of directors that the shared core values of the two companies, including those of safety, employee development, ethics, operational excellence and customer satisfaction, will assist in integration of the companies and enhance customer service going forward.

That the proposed transactions would enhance El Paso's assets, customer opportunities and service offerings by creating the largest energy infrastructure company in North America with an enterprise value of approximately \$94 billion and approximately 80,000 miles of pipelines.

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The complementary nature and geographic diversity of the respective businesses.

The board's familiarity with, and understanding of, El Paso's business, assets, financial condition, results of operations, current business strategy and prospects.

The financial analysis of Morgan Stanley presented to the El Paso board of directors at the meeting held on October 16, 2011 and the oral opinion of that firm delivered to El Paso's board on that date, which was confirmed by delivery of a written opinion dated October 16, 2011, that, as of such date and based upon and subject to the limitations and assumptions set forth therein, the merger consideration to be received by the El Paso stockholders pursuant to the merger agreement was fair, from a financial point of view, to

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such holders, as more fully described below under Opinion of El Paso's Financial Advisor. The full text of the written opinion of Morgan Stanley, dated October 16, 2011, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex E to this information statement/proxy statement/prospectus.

Information and discussions with El Paso's management and Morgan Stanley regarding Kinder Morgan's business, assets, financial condition, results of operations, business plan and prospects, including the size and scale of the combined company and the expected pro forma effect of the proposed transactions on the combined company.

Information and discussions with El Paso's management and Morgan Stanley with respect to Kinder Morgan's credit profile following the proposed transactions, including the viability of the financing plan and expected proceeds from the sale of assets.

The possibility that the combined company would achieve a higher trading multiple than El Paso as a stand-alone company or as two publicly traded companies should the spin-off have been consummated and the risk to consummation of the proposed spin-off given market conditions.

That the merger consideration is payable in cash and Kinder Morgan stock, providing El Paso stockholders with the opportunity to participate in the equity value of the combined company following the proposed transactions while at the same time providing immediate value through the cash component of the merger consideration, with El Paso stockholders expected to hold approximately 32% of the combined company's stock outstanding immediately after the proposed transactions and two El Paso directors bringing their experience to the combined company's board.

That although the market for the warrant portion of the merger consideration could be less liquid and the trading range of the warrants could be more volatile relative to other forms of consideration, it would provide the El Paso stockholders with an additional opportunity to participate in the value of the combined company following the proposed transactions.

That stockholders currently holding more than 75% of the outstanding voting power of Kinder Morgan have agreed to vote in favor of the share and warrant issuance proposal.

That the merger agreement has no financing condition and the belief of the El Paso board of directors, supported by the financing commitment letter, and established after consultation with El Paso's financial and legal advisors regarding the terms and degree of conditionality of the financing commitment letter, that Kinder Morgan would be able to obtain the financing necessary to pay the cash portion of the merger consideration payable under the merger agreement.

That Kinder Morgan currently pays regular quarterly cash dividends on its Class P common stock and that, after the transactions, El Paso's stockholders will be entitled to receive dividends, if any, paid by Kinder Morgan on its Class P common stock.

The review by the El Paso board of directors with its legal and financial advisors of the structure of the proposed transactions and the financial and other terms of the merger agreement, including the parties' representations, warranties and covenants, the conditions to their respective obligations and the termination provisions, as well as the likelihood of consummation of the proposed transactions and the El Paso board's evaluation of the likely time period necessary to close the transactions. The El Paso board of directors also considered the following specific aspects of the merger agreement:

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The combination of stock, cash and warrant consideration contemplated by the merger agreement and the election between the stock and cash components (and that such elections are subject to proration).

The nature of the closing conditions included in the merger agreement, including the exceptions to the events that would constitute a material adverse effect on either El Paso or Kinder Morgan for purposes of the agreement, as well as the likelihood of satisfaction of all conditions to the consummation of the transactions.



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The agreement to use best efforts to obtain approvals of applicable antitrust and competition authorities, including disposing of any assets and agreeing to any limitations on the combined company's freedom of action.

The obligation of Kinder Morgan to use its best efforts to take all actions necessary to arrange the financing provided for in the commitment letter and, if such financing is unavailable, to use its best efforts to arrange to obtain alternate financing for an amount that will enable Kinder Morgan to consummate the transactions.

The fact that Kinder Morgan's obligation to close the transactions is not subject to a financing condition.

That, while El Paso agreed to reasonably assist Kinder Morgan in the preparation for the sale of certain or all of El Paso's exploration and production business, the entering into of an agreement or the consummation of any such sale is not, in and of itself, a condition to Kinder Morgan's obligation to close the transaction.

El Paso's right to engage in negotiations with, and provide information to, a third party that makes an unsolicited written acquisition proposal, if the El Paso board of directors determines in good faith, after consultation with its legal and financial advisors, that such proposal constitutes or could reasonably be expected to result in a transaction that is superior to the proposed transactions with Kinder Morgan.

The right of El Paso's board to change its recommendation in favor of adoption of the merger and/or terminate the merger agreement in order to accept a superior proposal, subject to certain conditions (including considering any adjustments to the merger agreement proposed by Kinder Morgan and payment to Kinder Morgan of a \$650 million termination fee).

The right of El Paso's board to change its recommendation in favor of the adoption of the merger agreement if, in response to a material event that arises after the date of the merger agreement and was not, prior to the date of the merger agreement, reasonably foreseeable by El Paso (other than the existence or terms of a takeover proposal or any matter relating thereto or consequences thereof), El Paso's board of directors determines in good faith after consultation with outside counsel and its financial advisors, that the exercise of its fiduciary duties require such action.

The obligation of El Paso to hold a shareholders meeting to vote on the merger agreement even if the El Paso board changes its recommendation in favor of adoption of the merger agreement, unless certain conditions are met.

That the termination fee of \$650 million or the expense reimbursement up to \$20 million plus certain of Kinder Morgan's financing related expenses, in each case, payable by El Paso to Kinder Morgan under the circumstances specified in the merger agreement, were not unreasonable in the judgment of the El Paso board of directors after consultation with its legal and financial advisors.

The requirement that El Paso stockholder approval be obtained as a condition to consummation of the transactions.

El Paso's right to designate two individuals to the board of directors of Kinder Morgan and that one of such directors will be appointed to Kinder Morgan's audit committee and one to Kinder Morgan's governance committee.

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That the Kinder Morgan stock and warrant portion of the merger consideration will generally not be taxable for U.S. federal income tax purposes to El Paso's stockholders.

The review by the El Paso board of directors with its legal and financial advisors of the terms of the form of warrant agreement, including the 5-year term, \$40 exercise price and anti-dilution protections.

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In the course of its deliberations, the El Paso board of directors also considered a variety of risks and other potentially negative factors, including the following:

That because the merger consideration is a fixed dollar amount and a fixed exchange ratio of Kinder Morgan stock and warrants to El Paso common stock, El Paso stockholders could be adversely affected by a decrease in the trading price of Kinder Morgan's stock during the pendency of the transactions and the fact that the merger agreement does not provide El Paso with a price-based termination right or other similar protection.

That El Paso will no longer continue to proceed with the proposed spin-off and that Kinder Morgan indicated an intent to sell El Paso's exploration and production business, in which case El Paso stockholders who continued to hold stock in the combined company following consummation of the transactions would no longer have exposure to the exploration and production business and therefore no longer be able to participate in potential upsides associated with the business.

That, while retention arrangements would be put in place, the intent of Kinder Morgan to sell El Paso's exploration and production business may have a negative impact on such business.

That, while the transactions are expected to be completed, there is no assurance that all conditions to the parties' obligations to complete the transactions will be satisfied or waived, and as a result, it is possible that the transactions might not be completed even if approved by El Paso's stockholders.

That, while there is no financing condition in the merger agreement and Kinder Morgan is required to enforce its rights under the debt commitment letter, El Paso does not have the right to bring claims against Kinder Morgan's financing sources and El Paso cannot seek specific performance to cause Kinder Morgan to effect the closing if the debt financing would not be funded at the closing.

That completion of the second merger is subject to the satisfaction of a condition that there has not been a reduction in El Paso's good faith estimate of its net operating loss carryforwards for federal income tax purposes as of January 1, 2012 below \$2.6 billion (subject to certain assumptions and exclusions).

The restrictions on the conduct of El Paso's business prior to completion of the proposed transactions, requiring El Paso to conduct its business only in the ordinary course, subject to specific limitations, which could delay or prevent El Paso from undertaking business opportunities that may arise pending completion of the transactions and could negatively impact El Paso's ability to attract and retain employees and decisions of customers and vendors.

That the cash portion of the merger consideration will generally be taxable for U.S. federal income tax purposes to El Paso's stockholders.

The limitations imposed on El Paso's ability to solicit alternative transactions prior to closing or termination of the merger agreement, including the requirement to pay a \$650 million termination fee in the event El Paso accepts a superior proposal.

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That, if the merger agreement is terminated under certain circumstances, El Paso would be required to reimburse Kinder Morgan for its expenses up to \$20 million plus certain of its financing related expenses.

The governance structure of Kinder Morgan, including the ability of Mr. Kinder and the Sponsor Investors to nominate a majority of the board of directors of Kinder Morgan and their ability to control many actions of the combined company and the right of El Paso to designate only two directors to the board of directors of Kinder Morgan.

That sales of Kinder Morgan stock by the Sponsor Investors could have a negative impact on the trading price of Kinder Morgan's Class P common stock and warrants and decrease the value of the stock and warrant portion of the merger consideration.

The transaction costs to be incurred in connection with the proposed transactions.

Risks of the type and nature described under the section titled Risk Factors.

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El Paso's board of directors considered all of these factors as a whole and, on balance, concluded that they supported a determination to approve the merger agreement. The foregoing discussion of the information and factors considered by the El Paso board of directors is not exhaustive. In view of the wide variety of factors considered by the El Paso board of directors in connection with its evaluation of the proposed transactions and the complexity of these matters, the El Paso board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The El Paso board of directors evaluated the factors described above, among others, and reached a consensus that the proposed transactions were advisable, fair to and in the best interests of El Paso and its stockholders. In considering the factors described above and any other factors, individual members of the El Paso board of directors may have viewed factors differently or given different weight or merit to different factors.

In considering the recommendation of the El Paso board of directors to adopt the merger agreement and the first merger agreement and to approve the transactions contemplated by the merger agreement and the first merger agreement, El Paso stockholders should be aware that the executive officers and directors of El Paso may have certain interests in the proposed transactions that may be different from, or in addition to, the interests of El Paso stockholders more generally and that Goldman Sachs may have certain interests in the proposed transactions that may be different from, or in addition to, the interests of El Paso stockholders more generally. The El Paso board of directors was aware of these interests and considered them when approving the merger agreement and the first merger agreement and recommending that El Paso stockholders vote to adopt the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement. See "The Transactions - Interests of Certain Persons in the Transactions - El Paso Executive Officers and Directors" and "The Transactions - Interests of Certain Persons in the Transactions - Goldman Sachs."

**Recommendation of Kinder Morgan's Board of Directors and Reasons for the Transactions**

At its meeting on October 16, 2011, the Kinder Morgan board of directors determined that the merger agreement and the transactions contemplated thereby were advisable and in the best interests of Kinder Morgan and its stockholders, and approved the merger agreement. The Kinder Morgan board of directors recommends that Kinder Morgan stockholders vote FOR the share and warrant issuance proposal. In making this determination, the Kinder Morgan board of directors consulted with Kinder Morgan's management and with its financial and legal advisors, and considered a number of factors. The decision of the Kinder Morgan board of directors was based upon a number of potential benefits of the transactions and other factors that it believed would contribute to the success of the combined company, and thus benefit the Kinder Morgan stockholders, including the following factors, the order of which does not necessarily reflect their relative significance:

*Increased Scale, Scope and Growth Opportunities.* The combination of Kinder Morgan and El Paso would create the largest midstream and natural gas pipeline company in North America. In addition, the combined company is expected to create growth opportunities through expansions and extensions of existing pipelines.

*Complementary Assets.* El Paso's and Kinder Morgan's natural gas pipeline assets are complementary in that they primarily serve different supply sources and markets in the United States.

*Accretive Impact.* The transactions are expected to deliver meaningful accretion, both immediate and long-term, to stockholders of Kinder Morgan. In addition, based upon the expected sale (drop-down) of certain of El Paso's natural gas pipeline assets to KMP, the transactions are expected to be accretive to unitholders and shareholders of KMP and KMR.

*Future Sales to Reduce Leverage.* The opportunity to sell (drop-down) El Paso's natural gas pipeline assets to KMP and EPB and sell El Paso's exploration and production business, and the availability of certain net operating loss carryforwards to help offset taxable gains in connection with such sales, is expected to reduce substantially the level of indebtedness incurred to finance the transactions.

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*Impact on Liquidity.* The issuance of additional shares of Kinder Morgan Class P common stock in the second merger is expected to significantly increase the liquidity of Kinder Morgan Class P common stock.

*Synergies.* The combined company is expected to have the opportunity to achieve improvements in both organic growth and synergies, including approximately \$350 million of cost savings per year.

*Stable Cash Flow.* El Paso's natural gas pipeline assets are expected to provide additional steady, fee-based cash flow.

*Opinions of Financial Advisors to Kinder Morgan.* The Kinder Morgan board of directors took into account the opinions of each of Evercore and Barclays Capital to the effect that, as of October 16, 2011, and based upon and subject to the assumptions and qualifications set forth therein, the merger consideration to be paid by Kinder Morgan pursuant to the merger agreement was fair to Kinder Morgan from a financial point of view, in each case, as more fully described under "Opinions of Kinder Morgan's Financial Advisors."

In addition, the Kinder Morgan board of directors also identified and considered several potentially negative factors to be balanced against the positive factors listed above, including the following, the order of which does not necessarily reflect their relative significance:

that the pendency of the transactions for an extended period of time following the announcement of the execution of the merger agreement could have an adverse impact on Kinder Morgan or El Paso;

the potential for diversion of management and employee attention during the period prior to completion of the merger, and the potential negative effect on Kinder Morgan's and El Paso's business;

the risk that Kinder Morgan may not be able to sell El Paso's exploration and production assets in a timely manner, on satisfactory terms and conditions, at a satisfactory price, or at all;

the risk that potential benefits and synergies sought in the transactions may not be realized, or may not be realized within the expected time period, and the risks associated with integration of the operations of the two companies;

the risks that the regulatory approvals and clearances necessary to complete the transactions might not be obtained or that governmental authorities would condition approval of the transactions on the companies' compliance with certain burdensome conditions or require certain burdensome divestitures, or that regulatory approvals may be delayed;

the risks inherent in completing over \$11.5 billion in new financing necessary to consummate the transactions, given the recent volatility in the U.S. debt markets;

the risk that Kinder Morgan may be liable for damages to El Paso if it is unable to obtain the financing necessary to consummate the transactions;

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the potential negative consequences that could result from the combined company's significant amount of indebtedness following the closing of the transactions;

the risk that Kinder Morgan may not be able to consummate the sale (drop-down) of El Paso's natural gas pipeline assets to KMP and EPB on satisfactory terms and conditions;

the risks inherent in completing financing on the part of KMP and EPB for the potential drop-down of assets from Kinder Morgan;

the risk that commodity prices may fluctuate and impact the proceeds expected to be received from the anticipated sale of El Paso's exploration and production assets;

the merger agreement's restrictions on the conduct of Kinder Morgan's and El Paso's business during the period between execution of the merger agreement and the consummation of the transactions;

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the risk that, despite the efforts of Kinder Morgan and El Paso prior to the consummation of the transactions, the combined company may lose key personnel; and

the potential that the combined company might not achieve its projected financial results.

In view of the variety of factors and the quality and amount of information considered, the Kinder Morgan board of directors as a whole did not find it practicable to and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination but conducted an overall analysis of the transaction. Individual members of the Kinder Morgan board of directors may have given different relative considerations to different factors.

The explanation of the reasoning of the Kinder Morgan board of directors and certain information presented in this section are forward-looking in nature and, therefore, the information should be read in light of the factors discussed in the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors."

**Certain El Paso Financial Projections**

El Paso does not as a matter of course make public forecasts as to future performance, earnings or other results, and El Paso is especially reluctant to disclose forecasts due to the unpredictability of the underlying assumptions and estimates. However, El Paso has included below certain information that was furnished to third parties and that was considered by El Paso's financial advisor and by the board of directors of El Paso for the purposes of evaluating the proposed transactions with Kinder Morgan.

	2011E	2012E	2013E	2014E	2015E
	(in millions)				
Pipeline Segment EBITDA(1)(2)	\$ 2,050	\$ 2,077	\$ 2,171	\$ 2,374	\$ 2,509
Exploration and Production Segment EBITDA(1)(2)	\$ 1,374	\$ 1,630	\$ 1,997	\$ 2,396	\$ 2,811
Total El Paso Consolidated Segment EBITDA(1)(2)	\$ 3,423	\$ 3,707	\$ 4,167	\$ 4,771	\$ 5,320

(1) Segment EBITDA is defined as net income (loss) adjusted for interest and debt expense, depreciation, depletion and amortization and income taxes. The projected Segment EBITDA was also adjusted for certain items that El Paso has historically adjusted for in reporting its earnings that it believes are useful in analyzing the company's ongoing earnings potential and understanding certain significant items impacting the comparability of El Paso's results. It does not reflect a reduction for any amounts attributable to noncontrolling interests. Segment EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to net income (loss), operating income or other performance measures derived in accordance with GAAP.

(2) With respect to El Paso's unconsolidated affiliates, Segment EBITDA includes El Paso's equity income.

El Paso had previously furnished to Morgan Stanley information relevant to the calculation of Pipeline Segment EBITDA and Total El Paso Consolidated Segment EBITDA which would have resulted in an estimate for such items of \$2,120 million and \$3,493 million for 2011, respectively. Morgan Stanley has advised El Paso that it did not utilize a 2011 estimate of Pipeline Segment EBITDA or Total El Paso Consolidated Segment EBITDA in its analysis or its opinion.

The internal financial forecasts were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with the published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts or generally accepted accounting principles in the United States, referred to as "GAAP." Neither Ernst & Young LLP, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. The Ernst & Young LLP report incorporated by reference in this document relates to El Paso's historical financial information. It does not extend to the prospective financial information and should not be read to do so. The summary of these internal financial forecasts is being included in this information statement/proxy statement/prospectus not to influence your decision whether to vote for adoption of the merger agreement and the first merger agreement and approval of the transactions.





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contemplated by the merger agreement and the first merger agreement, but because these internal financial forecasts were made available to Kinder Morgan and to El Paso's and Kinder Morgan's financial advisors.

These internal financial forecasts were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of El Paso's management. Important factors that may affect actual results and cause the internal financial forecasts not to be achieved include, but are not limited to, risks and uncertainties relating to El Paso's business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, the regulatory environment, general business and economic conditions and other matters described under the section entitled "Cautionary Statement Regarding Forward-Looking Statements." The internal financial forecasts also reflect assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in these internal financial forecasts. Accordingly, there can be no assurance that the internal financial forecasts will be realized.

The inclusion of these internal financial forecasts in this information statement/proxy statement/prospectus should not be regarded as an indication that any of El Paso, Kinder Morgan or any of their respective affiliates, advisors, officers, directors, partners or representatives considered the internal financial forecasts to be predictive of actual future events, and the internal financial forecasts should not be relied upon as such. None of El Paso, Kinder Morgan or any of their respective affiliates, advisors, officers, directors, partners or representatives can give you any assurance that actual results will not differ from these internal financial forecasts, and none undertakes any obligation to update or otherwise revise or reconcile these internal financial forecasts to reflect circumstances existing after the date the internal financial forecasts were generated or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the projections are shown to be in error. El Paso does not intend to make publicly available any update or other revision to these internal financial forecasts. El Paso has made publicly available its actual results of operations for the fiscal year ended December 31, 2010, and for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011, and you should review carefully El Paso's Form 10-K and Form 10-Qs for such periods, which are incorporated by reference into this document. None of El Paso or its affiliates, advisors, officers, directors, partners or representatives has made or makes any representation to any stockholder or other person regarding El Paso's ultimate performance compared to the information contained in these internal financial forecasts or that forecasted results will be achieved. El Paso has made no representation to Kinder Morgan, in the merger agreement or otherwise, concerning these internal financial forecasts.

**Certain Kinder Morgan Financial Projections**

Kinder Morgan does not as a matter of course make public forecasts as to future performance, earnings or other results, and Kinder Morgan is especially reluctant to disclose forecasts due to the unpredictability of the underlying assumptions and estimates. However, Kinder Morgan has included below certain information that was furnished to third parties and that was considered by Kinder Morgan's financial advisors and by the board of directors of Kinder Morgan for the purposes of evaluating the proposed transactions with El Paso.

*Projections Provided by Kinder Morgan's Management:*

	2011E	2012E	2013E	2014E	2015E
			(in millions)		
Kinder Morgan Distributable Cash Flow(1)(2)	\$ 834.8	\$ 923.2	\$ 1,012.2	\$ 1,104.3	\$ 1,186.8
KMP EBITDA(1)(3)	3,516.9	4,120.2	4,520.2	4,907.9	5,118.1
El Paso Consolidated EBITDA(1)(4)	3,458.2	3,896.4	4,378.6	4,920.8	5,426.9

- (1) Distributable cash flow and EBITDA are not measurements of financial performance under GAAP and should not be considered as alternatives to net income (loss), operating income, or other performance measures derived in accordance with GAAP.

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- (2) Kinder Morgan Distributable Cash Flow is defined as total distributions (including share distributions from KMR) received by Kinder Morgan from its investments in KMP and NGPL less cash interest expense, cash taxes, G&A, and sustaining capital expenditures.
- (3) KMP EBITDA is defined as net income plus DD&A, including KMP's share of DD&A for REX, MEP, FEP, KinderHawk, Cypress, Parkway and EagleHawk (in the case of KinderHawk through the second quarter of 2011), plus income tax expense and interest expense.
- (4) Including EPB. With respect to El Paso's unconsolidated joint ventures, EBITDA only takes into account El Paso's proportional share of its joint ventures' free cash flow.

The internal financial forecasts were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with the published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or GAAP. The prospective financial information of Kinder Morgan included in this document was prepared by, and is the responsibility of, Kinder Morgan. Neither Kinder Morgan's independent accountants, PricewaterhouseCoopers LLP, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaims any association with, the prospective financial information. The PricewaterhouseCoopers LLP report included in this document relates to Kinder Morgan's historical financial information. It does not extend to the prospective financial information and should not be read to do so. The summary of these internal financial forecasts is not being included in this document to influence your decision on how to vote on any proposal, but because these internal financial forecasts were made available to El Paso (with respect to Kinder Morgan only) and to Kinder Morgan's and El Paso's financial advisors.

These internal financial forecasts were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of Kinder Morgan's management. Important factors that may affect actual results and cause the internal financial forecasts not to be achieved include, but are not limited to, risks and uncertainties relating to Kinder Morgan's business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, the regulatory environment, general business and economic conditions and other matters described under the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors." The internal financial forecasts also reflect assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in these internal financial forecasts. Accordingly, there can be no assurance that the internal financial forecasts will be realized.

The inclusion of these internal financial forecasts in this information statement/proxy statement/prospectus should not be regarded as an indication that any of Kinder Morgan, El Paso or any of their respective affiliates, advisors, officers, directors, partners or representatives considered the internal financial forecasts to be predictive of actual future events, and the internal financial forecasts should not be relied upon as such. None of Kinder Morgan, El Paso or any of their respective affiliates, advisors, officers, directors, partners or representatives can give you any assurance that actual results will not differ from these internal financial forecasts, and none undertakes any obligation to update or otherwise revise or reconcile these internal financial forecasts to reflect circumstances existing after the date the internal financial forecasts were generated or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the projections are shown to be in error. Kinder Morgan does not intend to make publicly available any update or other revision to these internal financial forecasts. None of Kinder Morgan or its affiliates, advisors, officers, directors, partners or representatives has made or makes any representation to any stockholder or other person regarding Kinder Morgan's ultimate performance compared to the information contained in these internal financial forecasts or that forecasted results will be achieved. Kinder Morgan has made no representation to El Paso in the merger agreement or otherwise, concerning these internal financial forecasts.

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**Opinion of El Paso's Financial Advisor**

El Paso retained Morgan Stanley to provide it with financial advisory services and a financial opinion in connection with the potential acquisition of El Paso by Kinder Morgan. El Paso's management recommended the retention of Morgan Stanley to El Paso's board of directors. Due to the prior relationship with Morgan Stanley and concerns regarding maintaining confidentiality in the context of the discussions with Kinder Morgan, the El Paso board of directors and management did not interview any other financial advisors in connection with the proposed transaction. El Paso's board of directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, reputation, expertise and experience in mergers and acquisitions. El Paso's board of directors also considered Morgan Stanley's knowledge of and familiarity with El Paso's business affairs, operations and management. El Paso's board of directors also took into account that Morgan Stanley represented the special committee of the board of directors of Kinder Morgan when Kinder Morgan was purchased in a going-private transaction in 2006. At the meeting of El Paso's board of directors on October 16, 2011, Morgan Stanley rendered to El Paso's board of directors its oral opinion, subsequently confirmed in writing, that as of October 16, 2011, and based upon and subject to the various assumptions, factors, qualifications and limitations set forth in the written opinion, the merger consideration to be received by the holders of shares of El Paso common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

**The full text of the written opinion of Morgan Stanley, dated as of October 16, 2011, is attached hereto as Annex E and is incorporated into this information statement/proxy statement/prospectus by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. Stockholders are urged to, and should, read the opinion carefully and in its entirety. Morgan Stanley's opinion is directed to El Paso's board of directors and addresses only the fairness from a financial point of view of the consideration to be received by the holders of shares of El Paso common stock pursuant to the merger agreement, as of the date of the opinion. Morgan Stanley's opinion does not address any other aspect of the transactions contemplated by the merger agreement and expresses no opinion or recommendation as to the underlying decision of El Paso to engage in the proposed transactions or as to how any stockholder of El Paso or Kinder Morgan should vote at any stockholders' meeting held in connection with the proposed transactions. Morgan Stanley's opinion does not in any manner address the prices at which the Kinder Morgan Class P common stock and the Kinder Morgan warrants will trade following consummation of the transactions or any time in the future. The summary of the opinion of Morgan Stanley set forth in this information statement/proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

In connection with rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other business and financial information of El Paso and Kinder Morgan, respectively;

reviewed certain internal financial statements and other financial and operating data concerning El Paso and Kinder Morgan, respectively;

reviewed certain financial projections prepared by the managements of El Paso and Kinder Morgan, respectively;

attended a presentation made by the financial advisor engaged by El Paso in connection with the proposed spin-off of El Paso's exploration and production business;

discussed the past and current operations and financial condition and the prospects of El Paso with senior executives of El Paso;

discussed the past and current operations and financial condition and the prospects of Kinder Morgan with senior executives of Kinder Morgan;



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reviewed the pro forma impact of the transactions on Kinder Morgan's cash flow, cash flow per share and various credit statistics;

reviewed the reported prices and trading activity for El Paso common stock and Kinder Morgan Class P common stock;

compared the financial performance of El Paso and Kinder Morgan and the prices and trading activity of El Paso common stock and Kinder Morgan Class P common stock with that of certain other publicly traded companies comparable with El Paso and Kinder Morgan, respectively, and their securities;

compared the implied volatility of call options of Kinder Morgan, call options of El Paso and call options of certain other publicly traded companies comparable with Kinder Morgan;

reviewed the historical stock price volatility of El Paso and of certain other publicly traded companies comparable with Kinder Morgan;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in certain discussions and negotiations among management representatives of El Paso and Kinder Morgan and each of their respective financial and legal advisors;

reviewed the merger agreement and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise discussed with or made available to Morgan Stanley by El Paso and Kinder Morgan, and formed a substantial basis for its opinion. With respect to the financial projections, or material derived or extrapolated therefrom, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of El Paso and Kinder Morgan of the future financial performance of El Paso and Kinder Morgan.

In addition, Morgan Stanley assumed that the transactions will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things that (1) the first merger and the LLC conversion, taken together, and (2) the second merger and the third merger, taken together, will each be treated as a tax-free reorganization, pursuant to the Code. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the transactions, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the transactions. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of El Paso and its legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of El Paso's officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of El Paso common stock in the transactions. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of El Paso or Kinder Morgan, nor was Morgan Stanley furnished with any such valuations or appraisals. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, October 16, 2011. Events occurring after October 16, 2011 may affect Morgan Stanley's opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion. See the section entitled "Risk Factors."

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In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to an acquisition, business combination or other extraordinary transaction, involving El Paso or certain of its constituent businesses, nor did Morgan Stanley negotiate with any party, other than Kinder Morgan.

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The following is a brief summary of the material analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion letter dated October 16, 2011. Some of these summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

In arriving at its opinion regarding the consideration to be paid to holders of El Paso common stock, Morgan Stanley performed an analysis of the value of 0.640 Kinder Morgan warrants per share of El Paso common stock (referred to as the Per Share Warrant Consideration) using a Black-Scholes option valuation model, assuming a volatility range of 25% to 35% as well as certain other assumptions. The assumed volatility range was based on the historical stock price volatility and implied volatility of call options for Kinder Morgan, El Paso and other companies engaged in a business similar to Kinder Morgan (including Spectra Energy Corp., Energy Transfer Equity, L.P. and ONEOK, Inc.). The analysis indicated an estimated value range for the Per Share Warrant Consideration of \$0.33 to \$2.02 per share of El Paso common stock. Based on the experience and judgment of Morgan Stanley, Morgan Stanley estimated a value of \$0.96 per share of El Paso common stock. Morgan Stanley then noted that the consideration to be received by holders of shares of El Paso common stock in the proposed transactions pursuant to the merger agreement is \$25.91 (excluding the Per Share Warrant Consideration) and \$26.87 (including the Per Share Warrant Consideration), each based on the closing share price for Kinder Morgan Class P common stock on October 14, 2011 of \$26.89.

***Historical Share Price Analysis***

Morgan Stanley reviewed the share price performance of El Paso and Kinder Morgan during various periods ending on October 14, 2011 (the last trading day prior to El Paso board meeting approving the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement). Morgan Stanley noted that the range of low and high intra-day prices of El Paso common stock during the prior 52-week period was \$12.51 to \$21.54. Morgan Stanley noted that the range of low and high intra-day prices of Kinder Morgan Class P common stock during the period since Kinder Morgan's February 10, 2011 initial public offering was \$23.51 to \$32.14.

Morgan Stanley next compared the implied transaction consideration of \$25.91 (excluding the Per Share Warrant Consideration) and \$26.87 (including the Per Share Warrant Consideration) to each of (1) the closing share price of El Paso common stock on October 14, 2011 of \$19.59, (2) the average closing price per share of El Paso common stock during the 30-day period ending October 14, 2011 of \$18.47 and (3) the 52-week intra-day high price of \$21.54 per share of El Paso common stock. The following table lists the implied transaction premiums based on such calculations:

<b>Date/Time Period</b>	<b>Transaction Premium Excluding the Per Share Warrant Consideration</b>	<b>Transaction Premium Including the Per Share Warrant Consideration</b>
October 14, 2011 Price of \$19.59	32.3%	37.2%
Last 30 Trading Day Price of \$18.47	40.3%	45.5%
52-Week Intra-Day High Price of \$21.54	20.3%	24.7%

***Equity Research Future Price Targets***

Morgan Stanley reviewed the public market trading price targets for El Paso common stock prepared and published by equity research analysts prior to October 14, 2011 (the last trading day prior to El Paso board meeting approving the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement). These targets reflected each analyst's estimate of the future public market trading price of El Paso common stock one year in the future. Morgan Stanley noted that the range of one-year research analyst price targets for El Paso was \$22.00 to \$29.50 per share. Using a discount rate



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of 10%, reflecting estimates of the cost of equity for El Paso, Morgan Stanley discounted the analysts' price targets back one-year to arrive at a range of present values for these targets. Morgan Stanley's analysis of the present value of equity research analysts' future price targets implied a value per share of El Paso common stock in the range of approximately \$20.00 to \$26.82 per share.

Morgan Stanley noted that the consideration to be received by holders of shares of El Paso common stock in the proposed transactions pursuant to the merger agreement is \$25.91 (excluding the Per Share Warrant Consideration) and \$26.87 (including the Per Share Warrant Consideration), each based on the closing share price for Kinder Morgan common stock on October 14, 2011 of \$26.89.

In addition, Morgan Stanley reviewed the public market trading price targets for Kinder Morgan Class P common stock prepared and published by equity research analysts prior to October 14, 2011. These targets reflected each analyst's estimate of the future public market trading price of Kinder Morgan Class P common stock one year in the future. Morgan Stanley noted that the range of one-year research analyst price targets for Kinder Morgan was \$29.50 to \$34.00 per share. Using a discount rate of 7.5%, reflecting estimates of the cost of equity for Kinder Morgan, Morgan Stanley discounted the analysts' price targets back one-year to arrive at a range of present values for these targets. Morgan Stanley's analysis of the present value of equity research analysts' future price targets implied a value per share of Kinder Morgan Class P common stock in the range of approximately \$27.44 to \$31.63 per share.

The public market trading price targets published by equity research analysts do not necessarily reflect current market trading prices for El Paso common stock or Kinder Morgan Class P common stock, and these estimates are subject to uncertainties, including the future financial performance of El Paso, Kinder Morgan and future financial market conditions.

***Comparable Company Sum-of-the-Parts Analysis***

Morgan Stanley performed a comparable company sum-of-the-parts analysis with respect to El Paso and Kinder Morgan. This valuation methodology is designed to provide an implied public trading value of a company by comparing segments of a company's business to trading levels of other companies engaged in a similar business and aggregating the implied valuations of each segment. With respect to El Paso, Morgan Stanley compared certain financial information of El Paso with publicly available information for peers that operate in and are exposed to similar lines of business as El Paso's primary two segments of business (1) the pipeline segment, primarily consisting of United States-based interstate natural gas transmission systems (referred to in this section as the Pipeline Segment) and (2) the exploration and production segment, primarily consisting of exploration and production of crude oil, natural gas and natural gas liquids (referred to in this section as the Exploration and Production Segment).

With respect to the Pipeline Segment, the peer group included the following companies (collectively referred to in this section as the Pipeline Peer Group Companies):

Enbridge Inc.

Kinder Morgan

ONEOK, Inc.

Spectra Energy Corp

Questar Corporation

Targa Resources, Inc.

TransCanada Corporation

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With respect to analysis of the Pipeline Segment, Morgan Stanley analyzed the following statistics, among other things, for each of these companies, as of October 14, 2011, and based on estimates for the peer group companies provided by Institutional Broker's Estimate System (referred to in this section as IBES), equity research analysts, and public filings:

the ratio of aggregate value, defined as market capitalization, plus consolidated total debt, plus minority interests (including market value of minority interests associated with master limited partnership (referred to in this section as MLP) interests, as applicable) and less consolidated total cash and cash equivalents (referred to in this section as Aggregate Value), to estimated calendar year 2012 earnings before interest taxes and depreciation on a fully consolidated basis (including minority interests associated with MLP interests, as applicable) (referred to in this section as Aggregated EBITDA or EBITDA);

the ratio of disaggregated value, defined as Aggregate Value less debt associated with MLPs, less minority interests and plus cash and cash equivalents associated with MLPs, to disaggregated EBITDA, defined as estimated calendar year 2012 EBITDA, less EBITDA associated with MLPs, plus cash flows associated with MLP general partnership (referred to in this section as GP) interests and plus cash flows associated with MLP limited partnership (referred to in this section as LP) interests (referred to in this section as Disaggregated EBITDA); and

yield, defined as annualized estimated calendar year dividends per share divided by current market trading price per share (referred to in this section as Yield) for 2012.

A summary of the reference ranges of trading multiples is set forth below:

<b>Trading Multiples</b>	<b>Mean</b>	<b>Median</b>	<b>High</b>	<b>Low</b>
Aggregate Value to Estimated 2012 EBITDA	11.0x	11.0x	14.1x	8.4x
Disaggregated Value to Disaggregated EBITDA	13.0x	13.0x	18.5x	8.5x
Estimated 2012 Yield	4.0%	4.1%	4.9%	3.3%

Based on the analysis of the relevant metrics for each of the comparable companies and on the experience and judgment of Morgan Stanley, Morgan Stanley selected a representative range of financial multiples of the comparable companies and applied this range of multiples to the relevant financial statistics for the Pipeline Segment.

For purposes of valuing the Pipeline Segment, Morgan Stanley also employed a disaggregated valuation approach (referred to in this section as the Disaggregated Approach), pursuant to which Morgan Stanley aggregated the separate valuations of El Paso's Disaggregated EBITDA for the Pipeline Segment, the value of El Paso's limited partner units held in EPB as of October 14, 2011 and the value of El Paso's GP cash flows using the following multiples and statistics. The value of El Paso's Disaggregated EBITDA for the Pipeline Segment were valued based on a comparable company multiple range of 9.5x to 11.0x (which range was computed using applicable estimates for the Pipeline Peer Group Companies provided by IBES, equity research analysts and public filings and based on the experience and judgment of Morgan Stanley). The value of El Paso's limited partner units held in EPB were valued based on the number of limited partner units held by El Paso and the closing price on October 14, 2011 of \$38.01 per unit of EPB. The value of El Paso's GP cash flows were valued based on a comparable company yield range of 4.0% to 3.0% (which range was computed using applicable estimates for the Pipeline Peer Group Companies provided by IBES, equity research analysts and public filings and based on the experience and judgment of Morgan Stanley).

For purposes of estimated EBITDA, dividends and GP and LP cash flows of El Paso, Morgan Stanley utilized financial forecasts prepared by the management of El Paso.

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Based on El Paso's current outstanding shares and options, Morgan Stanley estimated the implied equity value per share of the Pipeline Segment as of October 14, 2011 as follows:

<b>Ratio</b>	<b>Comparable Company Multiple Statistic Range</b>	<b>Pipeline Segment Implied Equity Value Per Share of El Paso Common Stock</b>
Aggregate Value to Estimated 2012 EBITDA	10.0x - 12.0x	\$ 9.10 - \$15.31
Aggregate Value to Estimated 2012 Disaggregated EBITDA	12.0x - 14.0x	\$ 10.82 - \$14.55
Estimated 2012 Yield per share	5.00% - 3.75%	\$ 12.00 - \$16.00
Disaggregated Approach	Various <sup>(1)</sup>	\$ 10.55 - \$14.03

(1) The various multiple statistic ranges used in the Disaggregated Approach are as described in the above paragraph.

Based on the data in the table above, Morgan Stanley calculated an implied equity value per share of El Paso's Pipeline Segment of \$10.62 to \$14.97 as of October 14, 2011 (referred to in this section as the Pipeline Comparable Company Valuation).

With respect to the Exploration and Production Segment, the peer group included the following (collectively referred to in this section as the E&P Peer Group Companies):

Cabot Oil & Gas Corporation

Comstock Resources, Inc.

EXCO Resources Inc.

Forest Oil Corporation

Newfield Exploration Company

QEP Resources, Inc.

SM Energy Company

With respect to analysis of the Exploration and Production Segment, Morgan Stanley analyzed the following statistics for each of these companies, as of October 14, 2011, and based on estimates for the peer group companies provided by IBES, equity research analysts and public filings:

the ratio of Aggregate Value to estimated calendar year 2012 EBITDA;

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the ratio of adjusted Aggregate Value, defined as Aggregate Value less Aggregate Value associated with non-exploration and production assets, as applicable (referred to in this section as Adjusted Aggregate Value ), to estimated calendar year 2011 production; and

the ratio of Adjusted Aggregate Value to proved reserves for the calendar year 2010.

A summary of the reference ranges of trading multiples is set forth below:

Trading Multiples	Mean	Median	High	Low
Aggregate Value to Estimated 2012 EBITDA	4.7x	4.2x	8.2x	3.0x
Adjusted Aggregate Value to Estimated 2011 Production (MMcfepd)	\$ 8,851	\$ 8,347	\$ 16,451	\$ 4,297
Adjusted Aggregate Value to 2010 Proved Reserves (\$ / Mcfe)	\$ 2.41	\$ 1.51	\$ 5.29	\$ 1.40

Based on the analysis of the relevant metrics for each of the comparable companies and on the experience and judgment of Morgan Stanley, Morgan Stanley selected a representative range of financial multiples of the comparable companies and applied this range of multiples to the relevant financial statistics for the Exploration and Production Segment. For purposes of estimated EBITDA, estimated production and proved reserves data, Morgan Stanley utilized financial forecasts prepared by the management of El Paso.

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Based on El Paso's current outstanding shares and options and an estimated net debt of \$2.25 billion for the Exploration and Production Segment, Morgan Stanley estimated the implied equity value per share of the Exploration and Production Segment as of October 14, 2011 as follows:

Ratio	Comparable Company		Exploration and Production Segment	
	Multiple Statistic Range		Implied Equity Value Per Share of El Paso Common Stock	
Aggregate Value to Estimated 2012 EBITDA	3.5x	4.5x	\$4.40	\$6.47
Adjusted Aggregate Value to Estimated 2011 Production	\$6,000	\$9,500	\$3.60	\$7.37
	(per MMcfepd)			
Adjusted Aggregate Value to 2010 Proved Reserves	\$1.50	\$2.50 (per Mcfe)	\$3.56	\$7.84

Based on the data in the table above, Morgan Stanley calculated an implied equity value per share of the Exploration and Production Segment of \$3.85 to \$7.23 as of October 14, 2011 (referred to in this section as the E&P Comparable Company Valuation).

Morgan Stanley aggregated the Pipeline Comparable Company Valuation and the E&P Comparable Company Valuation and, based on El Paso's current outstanding shares and options, estimated the implied equity value per share of El Paso common stock as of October 14, 2011 to be \$14.47 to \$22.20.

Morgan Stanley noted that the consideration to be received by holders of shares of El Paso common stock in the transactions pursuant to the merger agreement is \$25.91 (excluding the Per Share Warrant Consideration) and \$26.87 (including the Per Share Warrant Consideration), each based on the closing share price for Kinder Morgan common stock on October 14, 2011 of \$26.89.

With respect to Kinder Morgan, Morgan Stanley compared certain financial information of Kinder Morgan with publicly available information for peer group companies that operate in and are exposed to similar lines of business as Kinder Morgan, primarily consisting of United States-based interstate natural gas transmission systems. Specifically, Morgan Stanley looked at the Pipeline Peer Group Companies and analyzed statistics for such companies that are similar to those described above for the comparable company sum-of-the-parts analysis of El Paso's Pipeline Segment.

Based on the analysis of the relevant metrics for each of the comparable companies and on the experience and judgment of Morgan Stanley, Morgan Stanley selected a representative range of financial multiples of the comparable companies and applied this range of multiples to the relevant financial statistics for Kinder Morgan.

Based on Kinder Morgan's current outstanding shares, Morgan Stanley estimated the implied equity value per share of Kinder Morgan Class P common stock as of October 14, 2011 by using a Disaggregated Approach. The value of Kinder Morgan's limited partner units held in KMP and shares in KMR were valued based on the number of units or shares held by Kinder Morgan and the closing prices on October 14, 2011 of KMP (\$71.51 per unit) and KMR (\$62.46 per share). The value of Kinder Morgan's after-tax GP cash flows were valued based on a comparable company Yield range of 5.5% to 4.5%. The value of Kinder Morgan's after-tax distributions from its equity interest in NGPL were valued based on a comparable company multiple of 10.0x. For purposes of estimated GP cash flows and after-tax distributions from NGPL, Morgan Stanley utilized estimates of equity research analysts. Based on the Disaggregated Approach, Morgan Stanley calculated an implied equity value per share of Kinder Morgan Class P common stock of \$24.07 to \$31.19.

No company utilized in the comparable company sum-of-the-parts analysis is identical to El Paso or Kinder Morgan. In evaluating peer companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of El Paso and Kinder Morgan, such as the impact of competition on the businesses of El Paso

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and Kinder Morgan and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of El Paso, Kinder Morgan or the industry or in the financial markets in general. Mathematical analysis, such as determining the average or median, is not in itself a meaningful method of using peer group data.

***Discounted Future Equity Value Analysis***

Morgan Stanley performed a discounted future equity value analysis with respect to El Paso, which is designed to provide insight into the estimated future implied value of a company's common equity as a function of (1) with respect to the Pipeline Segment, estimated future dividends per share and a potential range of Yields and (2) with respect to the Exploration and Production Segment, estimated future EBITDA and a potential range of Aggregate Value to EBITDA multiples. Each of the resulting implied value is subsequently discounted and then aggregated to arrive at an implied present value for such company's stock price. In connection with this analysis, Morgan Stanley calculated a range of present equity values per share of the common stock on a standalone basis of each of the Pipeline Segment and the Exploration and Production Segment and using both estimates from El Paso's management and estimates of equity research analysts, as follows:

*Estimates of El Paso Management:* To calculate the discounted equity value for the Pipeline Segment, Morgan Stanley computed the 2012-2014 calendar year-end hypothetical stock price using next twelve months dividend per share for such calendar year based on El Paso's management estimates, applied an assumed Yield of 3.75% to 5.00%, which was based on Yield for the Pipeline Peer Group Companies, to each such calendar year next twelve months dividend per share, added the estimated interim dividends paid between September 30, 2011 and the respective 2012-2014 calendar year-end period and discounted such aggregated per share values back to September 30, 2011 using a discount rate of 8.0% to 9.0%, reflecting estimates of the cost of equity for El Paso's Pipeline Segment. To calculate the discounted equity value for the Exploration and Production Segment, Morgan Stanley computed the 2012-2014 calendar year-end hypothetical stock price using next twelve months EBITDA for such calendar year based on El Paso's management estimates, applied an assumed next twelve months EBITDA multiple of 3.5x to 4.5x, which was based on EBITDA multiples for the E&P Peer Group Companies, to each such calendar year next twelve months EBITDA, subtracted estimated net debt and discounted such per share values back to September 30, 2011 using a discount rate of 10.5% to 11.5%, reflecting estimates of the cost of equity for El Paso's Exploration and Production Segment. Morgan Stanley then aggregated the calculated values for each of the Pipeline Segment and the Exploration and Production Segment. Based on the calculations set forth above, this analysis implied a value range for El Paso's common stock of approximately \$17.49 to \$27.49 based on El Paso's management estimates.

*Estimates of Equity Research Analysts:* To calculate the discounted equity value for the Pipeline Segment, Morgan Stanley computed the 2012 calendar year-end hypothetical stock price based on 2013 calendar year dividend per share from estimates of equity research analysts, applied an assumed Yield of 3.75% to 5.00%, which was based on Yield for the Pipeline Peer Group Companies, to such dividend per share, added the estimated interim dividends paid between September 30, 2011 and the 2012 calendar year-end period and discounted such aggregated per share values back to September 30, 2011 using a discount rate of 8.0% to 9.0%, reflecting estimates of the cost of equity for El Paso's Pipeline Segment. To calculate the discounted equity value for the Exploration and Production Segment, Morgan Stanley computed the 2012 calendar year-end hypothetical stock price based on 2013 calendar year EBITDA from estimates of equity research analysts, applied an assumed next twelve months EBITDA multiple of 3.5x to 4.5x, which was based on EBITDA multiples for the E&P Peer Group Companies, to such calendar year EBITDA, subtracted estimated 2012 net debt and discounted such per share values back to September 30, 2011 using a discount rate of 10.5% to 11.5%, reflecting estimates of the cost of equity for El Paso's Exploration and Production Segment. Morgan Stanley then aggregated the calculated values for each of the Pipeline Segment and the Exploration and Production Segment. Based on the calculations set forth above, this analysis implied a value range for El Paso's common stock of approximately \$17.94 to \$24.50 based on estimates of equity research analysts.

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Morgan Stanley noted that the consideration to be received by holders of shares of El Paso common stock in the proposed transactions pursuant to the merger agreement is \$25.91 (excluding the Per Share Warrant Consideration) and \$26.87 (including the Per Share Warrant Consideration), each based on the closing share price for Kinder Morgan common stock on October 14, 2011 of \$26.89.

In addition, Morgan Stanley performed a discounted future equity value analysis with respect to Kinder Morgan, which is designed to provide insight into the estimated future implied value of a company's common equity as a function of estimated future dividends per share and a range of potential Yields. The resulting implied value is subsequently discounted to arrive at an implied present value for such company's stock price. In connection with this analysis, Morgan Stanley calculated a range of present equity values per share of the common stock using both estimates from Kinder Morgan's management and estimates of equity research analysts, as follows:

*Estimates of Kinder Morgan Management:* To calculate the discounted equity value for Kinder Morgan, Morgan Stanley computed the 2012-2014 calendar year-end hypothetical stock price using next twelve months dividend per share for such calendar year based on Kinder Morgan's management estimates, applied an assumed Yield of 4.5% to 5.5%, which was based on Yield for the Pipeline Peer Group Companies, to each such calendar year next twelve months dividend per share, added the estimated interim dividends paid between September 30, 2011 and the respective 2012-2014 calendar year-end period and discounted such aggregated per share values back to September 30, 2011 using a discount rate of 7.0% to 8.0%, reflecting estimates of the cost of equity for Kinder Morgan. Based on the calculations set forth above, this analysis implied a value range for Kinder Morgan's common stock of approximately \$25.45 to \$34.29 based on Kinder Morgan's management estimates.

*Estimates of Equity Research Analysts:* To calculate the discounted equity value for Kinder Morgan, Morgan Stanley computed the 2012-2014 calendar year-end hypothetical stock price using next twelve months dividend per share for such calendar year based on estimates of equity research analysts, applied an assumed Yield of 4.5% to 5.5%, which was based on Yield for the Pipeline Peer Group Companies, to each such calendar year next twelve months dividend per share, added the estimated interim dividends paid between September 30, 2011 and the respective 2012-2014 calendar year-end period and discounted such aggregated per share values back to September 30, 2011 using a discount rate of 7.0% to 8.0%, reflecting estimates of the cost of equity for Kinder Morgan. Based on the calculations set forth above, this analysis implied a value range for Kinder Morgan's common stock of approximately \$25.27 to \$32.16 based on estimates of equity research analysts.

**Morgan Stanley noted this was merely an illustrative hypothetical market value analysis and should not be interpreted as a market value or stock price prediction.**

***Discounted Cash Flow Analysis***

Morgan Stanley calculated a range of implied equity values per share for El Paso and Kinder Morgan based on a discounted cash flow analysis. A discounted cash flow analysis is designed to provide an implied value of the present value of a company's future cash flows and terminal value of a company.

With respect to the valuation of El Paso common stock using estimates of El Paso's management, Morgan Stanley separately valued (i) the Pipeline Segment, (ii) the Exploration and Production Segment and (iii) the value of net operating loss carryforwards for U.S. federal income tax purposes of El Paso (referred to in this section as the "NOLs") using the following methodologies:

The value of the Pipeline Segment was based on an aggregated valuation approach and a Disaggregated Approach.

The aggregated approach for the Pipeline Segment was based on the net present value of the consolidated free cash flows for the years 2012 through 2015 based on the estimates of El Paso management and terminal values in the year 2015 based on an EBITDA exit multiple of 9.25x to 10.75x, which was based on EBITDA multiples for the Pipeline Peer Group Companies. These



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values were discounted to present values as of September 30, 2011 at a discount rate ranging from 5.0% to 6.5%, reflecting estimates of the weighted average cost of capital for the Pipeline Segment.

The Disaggregated Approach for the Pipeline Segment separately valued the cash flows for El Paso for the years 2012 through 2015 associated with (a) LP distributions received, (b) GP distributions received and (c) the remaining value of the Pipeline Segment. For the LP distributions received, terminal values in the year 2015 were based on a terminal Yield of 5.25% to 6.25%, which was based on Yield for the Pipeline Peer Group Companies, and these values were discounted to present values as of September 30, 2011 at a discount rate ranging from 9.5% to 10.5%, reflecting estimates of the cost of equity based on EPB and selected comparable companies. For the GP distributions received terminal values in the year 2015 were based on a terminal Yield of 3.5% to 4.5%, which was based on Yield for the Pipeline Peer Group Companies and these values were discounted to present values as of September 30, 2011 at a discount rate ranging from 11.5% to 12.5%, reflecting estimates of the cost of equity based on selected comparable companies. For the remaining value of the Pipeline Segment, terminal values in the year 2015 were based on an exit EBITDA multiple of 8.75x to 10.25x, which was based on EBITDA multiples for the Pipeline Peer Group Companies and these values were discounted to present values as of September 30, 2011 at a discount rate ranging from 5.0% to 6.5%, reflecting estimates of the weighted average cost of capital for the Pipeline Segment.

With respect to the Exploration and Production Segment, Morgan Stanley calculated the net present value of free cash flows for the years 2012 through 2015 based on the estimates of El Paso management and calculated terminal values in the year 2015 based on an EBITDA exit multiple of 4.75x to 5.50x, which was based on EBITDA multiples for the E&P Peer Group Companies. These values were discounted to present values as of September 30, 2011 at a discount rate ranging from 8.0% to 9.5%, reflecting estimates of the weighted average cost of capital for the Exploration and Production Segment.

With respect to the valuation of the NOLs, Morgan Stanley calculated the net present value of free cash flows for the years 2012 through 2015 based on the estimates of El Paso management. These values were discounted to present values as of September 30, 2011 at a discount rate ranging from 6.5% to 8.0%, reflecting estimates of the weighted average cost of capital for El Paso. Morgan Stanley then aggregated the valuation of the Pipeline Segment, the Exploration and Production Segment and the NOLs.

With respect to the valuation of El Paso common stock using estimates of equity research analysts, Morgan Stanley calculated (i) the net present value of consolidated free cash flows for El Paso for the years 2012 through 2015 based on the estimates of equity research analysts and (ii) the NOLs based on estimates of El Paso management. Morgan Stanley then calculated terminal values in the year 2015 based on an EBITDA exit multiple of 7.0x to 8.5x, which was based on EBITDA multiples for selected comparable companies. These values were discounted to present values as of September 30, 2011 at a discount rate ranging from 6.5% to 8.0%, reflecting estimates of the weighted average cost of capital for El Paso.

The following table summarizes Morgan Stanley's analysis with respect to El Paso:

<b>Estimate Source</b>	<b>Implied Present Value Per Share of El Paso Common Stock</b>	
El Paso Management	\$ 22.13	\$30.37
Equity Research Analysts	\$ 18.43	\$26.21

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Morgan Stanley noted that the consideration to be received by holders of shares of El Paso common stock in the proposed transactions pursuant to the merger agreement is \$25.91 (excluding the Per Share Warrant Consideration) and \$26.87 (including the Per Share Warrant Consideration), each based on the closing share price for Kinder Morgan common stock on October 14, 2011 of \$26.89.

With respect to valuation of Kinder Morgan Class P common stock using estimates of Kinder Morgan's management, Morgan Stanley utilized projections from estimates of Kinder Morgan management and estimates of equity research analysts. With respect to estimates from Kinder Morgan management, Morgan Stanley calculated the net present value of dividends per share for Kinder Morgan for the second half of 2011 through 2015 based on the estimates of Kinder Morgan management and calculated terminal values in the year 2015 based on a terminal Yield of 4.0% to 5.0%, which was based on Yield for the Pipeline Peer Group Companies. These values were discounted to present values as of September 30, 2011 at a discount rate ranging from 7.0% to 8.0%, reflecting estimates of the cost of equity for Kinder Morgan.

With respect to valuation of Kinder Morgan Class P common stock using estimates of equity research analysts, Morgan Stanley calculated the net present value of dividends per share for Kinder Morgan for the second half of 2011 through 2015 based on the estimates of equity research analysts and calculated terminal values in the year 2015 based on a terminal Yield of 4.0% to 5.0%, which was based on Yield for the Pipeline Peer Group Companies. These values were discounted to present values as of September 30, 2011 at a discount rate ranging from 7.0% to 8.0%, reflecting estimates of the cost of equity for Kinder Morgan.

The following table summarizes Morgan Stanley's analysis with respect to Kinder Morgan:

<b>Estimate Source</b>	<b>Implied Present Value Per Share of Kinder Morgan Class P Common Stock</b>	
Kinder Morgan Management	\$ 29.74	\$37.11
Equity Research Analysts	\$ 27.92	\$34.79

***Precedent Transaction Analysis***

Morgan Stanley performed a precedent transactions analysis with respect to El Paso, which is designed to imply a value of a company based on publicly available financial terms of selected transactions that share some characteristics with the transactions pursuant to the merger agreement. In connection with its analysis, Morgan Stanley compared publicly available statistics for both transactions in the same sector as the Pipeline Segment (occurring between January 18, 2000 and July 19, 2011) and transactions in the same sector as the Exploration and Production Segment (occurring between May 7, 2001 and July 15, 2011). The following is a list of the transactions reviewed:

Selected transactions for the Pipeline Segment analysis (Acquiror/Target (date of transaction)):

Energy Transfer Equity, L.P. / Southern Union Company (7/19/2011)

Enterprise Products Partners L.P. / TEPPCO Partners, L.P. (6/29/2009)

Investor Group / Kinder Morgan (5/29/2006)

Kinder Morgan / Terasen (8/1/2005)

CCE Holdings / CrossCountry Energy (9/2/2004)

Enterprise Products Partners, L.P. / GulfTerra Energy Partners, L.P. (12/15/2003)

Duke Energy / Westcoast Energy Inc. (9/20/2001)

NiSource Inc. / Columbia Energy Group (2/28/2000)

El Paso / Coastal Corp. (1/18/2000)

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Selected transactions for the Exploration and Production Segment analysis (Acquiror/Target (date of transaction)):

BHP Billiton Group / Petrohawk Energy Corporation (7/15/2011)

Chevron Corporation / Atlas Energy Inc. (11/8/2010)

SandRidge Energy Inc. / Arena Resources Inc. (6/2/2010)

Apache Corporation / Mariner Energy Inc. (4/15/2010)

Exxon Mobil Corporation / XTO Energy Inc. (12/14/2009)

Denbury Resources Inc. / Encore Acquisition Company (11/1/2009)

Plains Exploration & Production Co. / Pogo Producing Company (7/17/2007)

Anadarko Petroleum Corporation / Western Gas Resources Inc. (6/23/2006)

Anadarko Petroleum Corporation / Kerr-McGee Corporation (6/23/2006)

Petrohawk Energy Corporation / KCS Energy Inc. (4/21/2006)

ConocoPhillips / Burlington Resources Inc. (12/12/2005)

Occidental Petroleum Corporation / Vintage Petroleum Inc. (10/13/2005)

Chevron Corporation / Unocal Corporation (7/18/2005)

Noble Energy Inc. / Patina Oil & Gas Corporation (12/16/2004)

En Cana Corporation / Tom Brown Inc. (4/15/2004)

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Kerr-McGee Corporation / Westport Resources Corporation (4/7/2004)

Devon Energy Corporation / Ocean Energy Inc. (2/24/2003)

Phillips Petroleum Corporation / Conoco Inc. (11/18/2001)

Devon Energy Corporation / Mitchell Energy & Development Corp. (8/14/2001)

Williams Companies Inc. / Barrett Resources Corp. (5/7/2001)

Based on the analysis of the relevant metrics for each of the comparable transactions related to the Pipeline Segment, and on the experience and judgment of Morgan Stanley, Morgan Stanley selected a representative range of Aggregate Value divided by next twelve months EBITDA multiples of the comparable transactions listed above of 11.0x to 12.0x and applied this range of multiples to the relevant Disaggregated EBITDA for the Pipeline Segment. In addition, Morgan Stanley applied a range of premia of 0% to 30%, which was based on premia for select comparable transactions, to the market price of the units of EPB held by El Paso and a range of multiples of 30x to 50x, which was based on multiples for select comparable transactions, to GP distributions received by El Paso. Based on the analysis of the relevant metrics for each of the comparable transactions related to the Exploration and Production Segment, and on the experience and judgment of Morgan Stanley, Morgan Stanley selected a representative range of Aggregate Value divided by last twelve months EBITDA multiples of the comparable transactions listed above of 5.5x to 7.0x and applied this range of multiples to the relevant EBITDA for the Exploration and Production Segment. Morgan Stanley then aggregated the valuations of the Pipeline Segment and the Exploration and Production Segment and, based on El Paso's current outstanding shares and options, estimated the implied equity value per share of El Paso common stock as of October 14, 2011 to be \$20.21 to \$28.60.

In addition, Morgan Stanley analyzed data with respect to historical premiums paid for precedent transactions for U.S. publicly listed targets with transaction values greater \$1 billion since September 15, 1991, since September 15, 2001 and since October 1, 2008, each as provided by Thomson Reuters. From such analysis, Morgan Stanley selected a representative range of implied premia of 30% to 40% and applied it to the closing share price of El Paso common stock on October 14, 2011 of \$19.59. Morgan Stanley estimated the implied equity value per share of El Paso common stock as of October 14, 2011 to be \$25.47 to \$27.43.

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Morgan Stanley noted that the consideration to be received by holders of shares of El Paso common stock in the proposed transactions pursuant to the merger agreement is \$25.91 (excluding the Per Share Warrant Consideration) and \$26.87 (including the Per Share Warrant Consideration), each based on the closing share price for Kinder Morgan common stock on October 14, 2011 of \$26.89.

No company or transaction utilized as a comparison in the selected precedent transactions analysis is identical to El Paso or Kinder Morgan, nor are the transactions identical to the transactions contemplated by the merger agreement. In evaluating the transactions listed above, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of El Paso and Kinder Morgan, such as the impact of competition on the business of El Paso, Kinder Morgan or the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of El Paso, Kinder Morgan or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared. Mathematical analysis, such as determining the average or median, is not in itself a meaningful method of using comparable transaction data.

***Relative Implied Exchange Ratio Analysis***

Morgan Stanley also performed an implied exchange ratio analysis which reviewed implied exchange ratios based on certain analyses for El Paso and Kinder Morgan compared to an estimated all-stock exchange ratio. The estimated all-stock exchange ratio for the transactions based on El Paso and Kinder Morgan share prices on October 14, 2011 was 0.9635x (excluding the Per Share Warrant Consideration) and 0.9992x (including the Per Share Warrant Consideration). This metric is calculated by taking the consideration to be received by holders of shares of El Paso common stock in the proposed transactions pursuant to the merger agreement, \$25.91 (excluding the Per Share Warrant Consideration) and \$26.87 (including the Per Share Warrant Consideration), and dividing such consideration by Kinder Morgan Class P common stock price of \$26.89 on October 14, 2011. Such analyses included in this implied exchange ratio analysis include 52-week share price ranges, discounted analyst price targets, comparable company sum-of-the-parts analysis, discounted equity value analysis, discounted cash flow analysis and precedent transactions analysis. Implied exchange ratios were calculated by estimated share prices for El Paso and Kinder Morgan based on the metrics and analyses below and dividing the applicable implied El Paso common stock price by the implied Kinder Morgan Class P common stock price. For the precedent transactions analysis, Kinder Morgan Class P common stock price of \$26.89 on October 14, 2011 was used.

The computations resulted in the following relative implied exchange ratios:

<b>Metric</b>	<b>Low</b>	<b>High</b>
52-Week Trading Range	0.5321x	0.6702x
Discounted Analyst Price Targets	0.6515x	0.7761x
Comparable Company Sum-of-the-Parts Analysis	0.6012x	0.7118x
Discounted Equity Value Analysis		
(using estimates of El Paso and Kinder Morgan management)	0.6871x	0.8019x
Discounted Equity Value Analysis		
(using estimates of equity research analysts)	0.7099x	0.7619x
Discounted Cash Flow Analysis		
(using estimates of El Paso and Kinder Morgan management)	0.7441x	0.8182x
Discounted Cash Flow Analysis		
(using estimates of equity research analysts)	0.6601x	0.7535x
Precedent Transactions Premium Paid Analysis	0.9471x	1.0199x
Precedent Transactions Analysis	0.7516x	1.0636x

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Morgan Stanley also performed an implied offer value analysis which reviewed the implied offer values to holders of El Paso common stock based on the per share value of Kinder Morgan Class P common stock computed using certain analyses. The implied offer value per share of El Paso common stock was calculated using (i) \$14.65 per share cash consideration, (ii) \$0.96 value of the Per Share Warrant Consideration and (iii) 0.4187 shares of Kinder Morgan Class P common stock per share of El Paso common stock (converted to dollars per share using the per share value of Kinder Morgan Class P common stock computed using certain analyses). Morgan Stanley compared the resulting implied offer values per share of El Paso common stock to the estimated per share values of El Paso common stock computed using certain corresponding analyses described herein (referred to in this section as the "El Paso Reference Range"). Such analyses included in this implied offer value analysis include 52-week share price ranges, discounted analyst price targets, comparable company sum-of-the-parts analysis, discounted equity value analysis and discounted cash flow analysis.

The computations resulted in the following implied offer values per share of El Paso common stock compared to the applicable El Paso Reference Range:

Metric	Implied Offer Value Per Share of El Paso Common Stock		El Paso Reference Range	
	Low	High	Low	High
52-Week Trading Range	\$ 25.45	\$ 29.07	\$ 12.51	\$ 21.54
Discounted Analyst Price Targets	\$ 27.10	\$ 28.85	\$ 20.00	\$ 26.82
Comparable Company Sum-of-the-Parts Analysis	\$ 25.69	\$ 28.67	\$ 14.47	\$ 22.20
Discounted Equity Value Analysis				
(using estimates of El Paso and Kinder Morgan management)	\$ 26.27	\$ 29.97	\$ 17.49	\$ 27.49
Discounted Equity Value Analysis				
(using estimates of equity research analysts)	\$ 26.19	\$ 29.07	\$ 17.94	\$ 24.50
Discounted Cash Flow Analysis				
(using estimates of El Paso and Kinder Morgan management)	\$ 28.06	\$ 31.15	\$ 22.13	\$ 30.37
Discounted Cash Flow Analysis				
(using estimates of equity research analysts)	\$ 27.30	\$ 30.17	\$ 18.43	\$ 26.21

***General***

In connection with the review of the proposed transactions by El Paso's board of directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Furthermore, Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying Morgan Stanley's analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be Morgan Stanley's view of the actual value of El Paso or Kinder Morgan.

In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business, regulatory, economic, market and financial conditions and other matters. Many of these assumptions are beyond the control of El Paso and Kinder Morgan. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

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Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness from a financial point of view of the consideration to be received by the holders of shares of El Paso common stock



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pursuant to the merger agreement in the proposed transactions to such holders and in connection with the delivery of its opinion, dated October 16, 2011, to El Paso's board of directors. These analyses do not purport to be appraisals or to reflect the prices at which shares of El Paso common stock or Kinder Morgan Class P common stock might actually trade. The consideration to be received by the holders of shares of El Paso common stock was determined through arm's length negotiations between El Paso and Kinder Morgan and was approved by El Paso's board of directors. Morgan Stanley provided advice to El Paso's board of directors during these negotiations. Morgan Stanley did not, however, recommend any specific consideration to El Paso or El Paso's board of directors or that any specific consideration constituted the only appropriate consideration for the transactions. In addition, Morgan Stanley's opinion and its presentation to El Paso's board of directors was one of many factors taken into consideration by El Paso's board of directors in deciding to approve and declare advisable the merger agreement and the first merger agreement and the transactions contemplated by the merger agreement and the first merger agreement. Consequently, the Morgan Stanley analyses as described above should not be viewed as determinative of the opinion of El Paso's board of directors with respect to the consideration or the value of El Paso or Kinder Morgan, or of whether El Paso's board of directors would have been willing to agree to different consideration.

Morgan Stanley's opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

El Paso's board of directors selected Morgan Stanley to act as its financial adviser based upon Morgan Stanley's qualifications, experience and expertise and its knowledge of the business affairs of El Paso and took into account that Morgan Stanley advised the special committee of the board of directors of Kinder Morgan when Kinder Morgan was purchased in a going-private transaction in 2006. Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of El Paso, Kinder Morgan, or any other company, or any currency or commodity, that may be involved in the transactions, or any related derivative instrument. In the two years prior to the date of its opinion, Morgan Stanley has not provided financial advisory or financing services to Kinder Morgan and has not received fees from Kinder Morgan. In the two years prior to the date of its opinion, Morgan Stanley has provided financial advisory and financing services to El Paso, its affiliates and certain affiliates of Kinder Morgan and has received fees in connection with such services. Morgan Stanley may also seek to provide such services to El Paso and its affiliates and Kinder Morgan and its affiliates in the future and expects to receive fees for the rendering of those services.

Under the terms of its engagement letter, Morgan Stanley provided El Paso financial advisory services and a financial opinion in connection with the transactions, and El Paso has agreed to pay Morgan Stanley an aggregate fee of \$35 million, \$7 million of which was payable upon public announcement of the merger agreement and the balance of which is contingent upon completion of the transactions. El Paso has also agreed to reimburse Morgan Stanley for its expenses incurred in performing its services, including reasonable fees and expenses of its legal counsel. In addition, El Paso has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, relating to or arising out of Morgan Stanley's engagement.

**El Paso's Engagement of Goldman Sachs**

El Paso engaged Goldman Sachs to act as its financial advisor in connection with its previously announced spin-off transaction and related matters in connection with the transaction with Kinder Morgan. Prior to receipt

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of Kinder Morgan's proposal, El Paso entered into an engagement letter with Goldman Sachs related to the spin-off and had paid Goldman Sachs \$5 million in connection with advice provided prior to El Paso's public announcement of its consideration of the proposed spin-off. Under the terms of such engagement letter, El Paso also agreed to pay Goldman Sachs a fee of \$25 million upon the closing of the spin-off. On October 6, 2011, El Paso entered into another engagement letter with Goldman Sachs pursuant to which Goldman Sachs agreed to provide El Paso with financial advice and assistance in connection with the possible sale of El Paso, including to Kinder Morgan, and in this regard Goldman Sachs specifically agreed to review and analyze El Paso's business plan in connection with the proposed spin-off for purposes of aiding El Paso in its analysis of the Kinder Morgan transaction. For these services, El Paso agreed to pay Goldman Sachs a fee of \$20 million upon completion of the transaction with Kinder Morgan. El Paso has also agreed under both engagement letters to reimburse Goldman Sachs for its expenses incurred in performing its services, including fees and expenses of its legal counsel. In addition, under both engagement letters El Paso has agreed to indemnify Goldman Sachs and its affiliates and their respective partners, directors, agents, employees and controlling persons against certain liabilities in connection with or as a result of Goldman Sachs' engagement. The engagement letter related to the Kinder Morgan transaction also contained an acknowledgment that none of the Goldman Sachs personnel working for El Paso had communicated or shared, and provided that none of such persons would communicate or share, any confidential information with respect to the transactions with Goldman Sachs personnel having responsibility for managing the investment by funds managed by an affiliate of Goldman Sachs in Kinder Morgan or any other member of such affiliate and that Goldman Sachs implemented procedures reasonably designed to monitor compliance with such restrictions. As of the date of this information statement/proxy statement/prospectus, to the best of El Paso's and Kinder Morgan's knowledge, this confidentiality was maintained throughout the course of the discussions between Kinder Morgan and El Paso. Furthermore, Goldman Sachs and El Paso agreed that Goldman Sachs personnel who are working for El Paso who have historically been involved in banking transactions for Kinder Morgan and its affiliates would continue to work with El Paso on the transactions and would not work on any transaction for Kinder Morgan during the term of the engagement. At the request of El Paso, on October 15, 2011, Goldman Sachs also delivered a letter to El Paso confirming that there would be no obligation of El Paso to retain Goldman Sachs as exclusive financial advisor in connection with sales of all or any portion of El Paso's exploration and production business in connection with the sale of El Paso to another party or to Kinder Morgan. See "Background of the Transactions" for a further description of Goldman Sachs' role in connection with the transactions.

**Opinions of Kinder Morgan's Financial Advisors*****Opinion of Evercore Group L.L.C. to the Kinder Morgan Board of Directors***

In connection with the transactions, Kinder Morgan retained Evercore Group L.L.C., or Evercore, to act as a financial advisor to the Kinder Morgan board of directors. On October 16, 2011, at a meeting of the Kinder Morgan board of directors, Evercore rendered its oral opinion, subsequently confirmed by delivery of a written opinion on October 16, 2011, that, as of October 16, 2011 and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the merger consideration pursuant to the merger agreement was fair, from a financial point of view, to Kinder Morgan.

**The full text of the written opinion of Evercore, dated as of October 16, 2011, which sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex F to this information statement/proxy statement/prospectus and is incorporated by reference in its entirety into this information statement/proxy statement/prospectus. You are urged to read this opinion carefully and in its entirety. Evercore's opinion was addressed to, and provided for the information and benefit of, the Kinder Morgan board of directors (in its capacity as such) in connection with its evaluation of the merger consideration from a financial point of view, and did not address any other aspects or implications of the transactions. The opinion does not constitute a recommendation to the Kinder Morgan board of directors or to any other persons in respect of the transactions, including as to how any holder of shares of Kinder Morgan common stock should act or vote in respect of the Kinder Morgan share and warrant issuances.**

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**Evercore's opinion does not address the relative merits of the transactions as compared to any other business or financial strategies that might be available to Kinder Morgan, nor does it address the underlying business decision of Kinder Morgan to engage in the transactions. Finally, Evercore did not express any opinion as to the price at which Kinder Morgan common stock and, when listed for trading, the Kinder Morgan warrants, the common units of KMP, the shares of KMR, El Paso common stock or the common units of EPB will trade at any time.**

In connection with rendering its opinion and performing its related financial analysis, Evercore, among other things:

reviewed certain publicly available business and financial information that Evercore deemed to be relevant filed with the SEC by Kinder Morgan and certain of its affiliates, including KMP, and by El Paso and certain of its affiliates, including EPB, as well as publicly available research analysts' estimates;

reviewed certain oil and gas reserve reports of El Paso (referred to in this section as the Reserve Reports) prepared by El Paso and audited by Ryder Scott Company, L.P.;

reviewed certain non-public projected financial and operating data and assumptions relating to Kinder Morgan and certain of its affiliates, including KMP, prepared and furnished to Evercore by management of Kinder Morgan;

reviewed certain non-public projected financial and operating data and assumptions relating to El Paso and certain of its affiliates, including EPB, prepared and furnished to Evercore by management of El Paso;

discussed past and current operations, current financial condition and financial projections of Kinder Morgan and certain of its affiliates, including KMP, with management of Kinder Morgan;

discussed past and current operations, current financial condition and financial projections of El Paso and certain of its affiliates, including EPB, with management of El Paso;

reviewed the amount and timing of the synergies expected to result from the transactions, the timing and use of certain tax attributes of El Paso, as well as certain transaction expenses and one-time cash costs arising from the transaction, each as estimated by management of Kinder Morgan;

reviewed certain non-public pro forma projected financial data and assumptions regarding Kinder Morgan and certain of its affiliates, including KMP, and El Paso and certain of its affiliates, including EPB, prepared and furnished to Evercore by management of Kinder Morgan and El Paso;

reviewed the reported prices and the historical trading activities for Kinder Morgan common stock, El Paso common stock, KMP common units, EPB common units, and KMR common stock;

compared the financial performance of Kinder Morgan and El Paso and their market trading multiples with those of certain other publicly traded master limited partnerships that Evercore deemed relevant;

compared the financial performance of KMP and EPB and their market trading multiples with those of certain other publicly traded companies that Evercore deemed relevant;

compared the proposed financial terms of the transactions with publicly available financial terms of certain transactions that Evercore deemed relevant;

reviewed a draft merger agreement dated October 16, 2011, which Evercore assumed was in substantially final form and from which Evercore assumed the final form would not vary in any respect material to its analyses; and

performed such other analyses and studies and considered such other information and factors as Evercore deemed appropriate. For purposes of its analysis and opinion, Evercore assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of

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the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, and Evercore assumed no liability therefor. With respect to the projected financial and operating data relating to Kinder Morgan, El Paso and certain of their respective affiliates (including KMP and EPB) prepared by the respective managements of Kinder Morgan and El Paso, Evercore assumed, based on the advice of the respective managements of Kinder Morgan and El Paso, that such data had been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the respective managements of Kinder Morgan and El Paso as to the future financial and operating performance of Kinder Morgan, El Paso and such affiliates. Evercore relied on the projections prepared by the respective managements of Kinder Morgan and El Paso with respect to projected financial and operating data of Kinder Morgan, El Paso and certain of their respective affiliates (including KMP and EPB). Evercore expressed no view as to such financial and operating data, or as to the assumptions on which they were based. Evercore was made aware that the management of Kinder Morgan considered possible asset divestitures and concessions that may have to be made in connection with obtaining governmental, regulatory and other consents, approvals and releases necessary for the consummation of the transactions, and that such asset divestitures and concessions were reflected in the projected financial and operating data relating to Kinder Morgan and certain of its affiliates, including KMP, prepared and furnished to Evercore by the management of Kinder Morgan. Evercore expressed no view as to the sufficiency of, or the assumptions underlying such projected financial and operating data regarding such possible divestitures and concessions. With respect to the expected synergies and integration costs estimated by Kinder Morgan management to result from the transactions, and the timing and use of the tax attributes of El Paso, Evercore assumed that the timing, use and amounts of such synergies, integration costs and tax attributes were reasonable and that the transactions will qualify for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code.

For purposes of rendering its opinion, Evercore assumed, in all respects material to its analysis, that the executed merger agreement was substantially the same as the draft dated October 16, 2011 and reviewed by Evercore, that the representations and warranties of each party contained in the merger agreement are true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement, and that all conditions to the consummation of the transactions will be satisfied without any material modification or waiver thereof. Evercore further assumed that there has been no material change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of Kinder Morgan, El Paso or any of their respective affiliates since the date of the most recent financial statements provided to Evercore. Finally, Evercore assumed that all governmental, regulatory and other consents, approvals and releases necessary for the consummation of the transactions will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on Kinder Morgan, El Paso or the consummation of the transactions or materially reduce the benefits of the transactions to Kinder Morgan other than with respect to the possible asset divestitures and concessions.

Evercore did not make or assume any responsibility for making any physical inspection, independent valuation or appraisal of the assets or liabilities of Kinder Morgan, El Paso or any of their respective affiliates and, except for the Reserve Reports, Evercore was not furnished with any such valuation or appraisal. Evercore did not evaluate the solvency or fair value of Kinder Morgan, El Paso or any of their respective affiliates under any state or federal laws relating to bankruptcy, insolvency or similar matters. In addition, at Kinder Morgan's direction, Evercore assumed that the outcome of any current and pending litigation affecting El Paso would not be material to Evercore's analysis. Evercore's opinion was necessarily based upon information made available to it as of the date of the opinion and financial, economic, market and other conditions as they existed and as could be evaluated on the date of the opinion. It is understood that subsequent developments may affect Evercore's opinion and that Evercore does not have any obligation to update, revise or reaffirm its opinion.

Evercore was not asked to opine upon, and expressed no opinion with respect to, any matter other than the fairness, from a financial point of view, to Kinder Morgan of the merger consideration to be paid by Kinder Morgan to holders of shares of El Paso common stock, taken together in the aggregate, pursuant to the merger agreement. Evercore did not express any view on, and its opinion did not address, any other term or aspect of the

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merger agreement or the transactions or any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into or amended in connection with the transactions, including, without limitation (i) the fairness of the transactions to, or of the merger consideration received in connection therewith by, the creditors or other constituencies of Kinder Morgan or El Paso or the stockholders of El Paso, or (ii) the fairness of the amount or nature of any compensation to be paid or payable to any of the directors, officers or employees of Kinder Morgan, or any class of such persons, whether relative to the merger consideration or otherwise. Evercore's opinion did not address the relative merits of the transactions as compared to other business or financial strategies that might be available to Kinder Morgan, nor did it address the underlying business decision of Kinder Morgan to engage in the transactions. Evercore's opinion did not constitute a recommendation as to how any holder of Kinder Morgan common stock or Kinder Morgan warrants should act or, if applicable, vote in respect of the issuance of Kinder Morgan common stock or Kinder Morgan warrants in the transactions. Evercore expressed no opinion as to the price at which Kinder Morgan common stock and, when listed, the Kinder Morgan warrants, the common units of KMP, the shares of KMR, El Paso common stock or EPB common units will trade at any time. Evercore is not a legal, regulatory, accounting or tax expert and assumed, with Kinder Morgan's consent, the accuracy and completeness of assessments by Kinder Morgan, El Paso and their respective advisors with respect to legal, regulatory, accounting and tax matters.

Set forth below is a summary of the material financial analyses performed and reviewed by Evercore with the Kinder Morgan board of directors on October 16, 2011 in connection with rendering its oral opinion and the preparation of its written opinion letter dated October 16, 2011. Each analysis was provided to the Kinder Morgan board of directors. The following summary, however, does not purport to be a complete description of the analyses performed and reviewed by Evercore. In connection with arriving at its opinion, Evercore considered all of its analyses as a whole and the order of the analyses described and the results of these analyses do not represent any relative importance or particular weight given to these analyses by Evercore. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data (including the closing prices for the common stock or common units, as the case may be, of Kinder Morgan, El Paso, KMP, KMR and EPB) that existed on October 13, 2011, and is not necessarily indicative of current market conditions.

**The following summary of financial analyses includes information presented in tabular format. These tables must be read together with the text of each summary in order to fully understand the financial analyses performed by Evercore. The tables alone do not constitute a complete description of the financial analyses performed by Evercore. Considering the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Evercore's financial analyses.**

*Valuation of the Merger Consideration*

Evercore performed a series of analyses to derive an indicative valuation range of the per share merger consideration, which includes cash and Kinder Morgan common stock and warrants to be issued by Kinder Morgan pursuant to the merger agreement, by utilizing the following methodologies to value the Kinder Morgan common stock and warrants.

*Kinder Morgan Common Stock: Discounted Cash Flow Analysis*

Evercore performed a discounted cash flow analysis of Kinder Morgan to determine indicative values of Kinder Morgan common stock based on the present value as of July 1, 2011 of its projected standalone dividends from July 1, 2011 through December 31, 2015 and forecasted terminal values as of December 31, 2015. In performing this discounted cash flow analysis, Evercore utilized Kinder Morgan management forecasts of projected standalone dividends for each calendar year and terminal values as of December 31, 2015 based on a range of terminal value yields ranging from 3.75% to 5.50%, relative to Kinder Morgan's yield range of 3.70% to 5.07% since Kinder Morgan's initial public offering in February 2011. Evercore discounted all free cash flows

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and the terminal values to July 1, 2011 using discount rates ranging from 9.0% to 10.0% derived from the capital asset pricing model and 14.0% to 18.0%, derived from the total expected annual market return model from comparable general partners as of October 13, 2011.

Using the discount rates derived from the capital asset pricing model, Evercore's analysis indicated a range of implied values per share of Kinder Morgan common stock of \$23.86 to \$32.51. Using the discount rates derived from the total annual expected market return of comparable general partners as of October 31, 2011, Evercore's analysis indicated a range of implied values per share of Kinder Morgan common stock of \$18.24 to \$24.56. Evercore then used the mean of the low ends and the high ends of these calculations to arrive at a range of implied values per share of Kinder Morgan common stock of \$21.05 to \$28.53. This equals a range of implied values for 0.4187 shares of Kinder Morgan common stock of \$8.81 to \$11.95.

*Kinder Morgan Common Stock: Peer Group Trading Analysis*

Evercore performed a peer group trading analysis of Kinder Morgan by reviewing the market values and trading multiples of the following six publicly traded general partners of master limited partnerships that Evercore deemed comparable to KMP's general partner:

**Peer Group:**

Alliance Holdings GP, L.P.

Atlas Energy, L.P.

Crosstex Energy, Inc.

Energy Transfer Equity, L.P.

NuStar GP Holdings, LLC

Targa Resources Corp.

Although the peer group was compared to KMP's general partner for purposes of this analysis, no entity included in the peer group analysis is identical to KMP's general partner because of differences between the business mix of the underlying master limited partnership, position in the general partner incentive distribution right tier and also other characteristics of the peer group and KMP's general partner. In evaluating the peer group, Evercore relied on publicly available filings and equity research analyst estimates, which estimates are based in part on judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of KMP's general partner, such as the impact of competition on the business of KMP's general partner, as well as on the industry, generally, industry growth and the absence of any adverse material change in the financial condition and prospects of KMP's general partner or the industry or in the markets generally.

All peer group multiples were based on closing stock or unit prices on October 13, 2011. For each of the peer group entities, Evercore calculated the following:

Enterprise Value of GP Only/2011E GP Distribution, which is defined as market value of equity, plus debt and preferred stock, less cash and the value of limited partner units at their current common unit price (Enterprise Value of GP Only), as a multiple of the general partner's estimated general partner unit and incentive distribution right (GP-IDR) cash flows to be received by the general partner for the calendar year 2011.

Enterprise Value of GP Only/2012E GP Distribution, which is defined as Enterprise Value of GP Only as a multiple of the general partner's estimated GP-IDR cash flows to be received by the general partner for the calendar year 2012.





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A summary of the reference ranges of trading multiples is set forth below:

<b>Peer Group Comparable Companies</b>	<b>Mean</b>	<b>Median</b>	<b>High</b>	<b>Low</b>
Enterprise Value of GP Only /2011E GP Distribution	20.9x	19.4x	29.5x	15.5x
Enterprise Value of GP Only / 2012E GP Distribution	17.7x	17.2x	21.7x	14.5x

Evercore calculated a range of implied values of Kinder Morgan's interest in KMP's general partner by applying comparable trading value multiples to estimates of the GP-IDR cash flows for calendar years 2011 and 2012, as provided by Kinder Morgan management. Based on trading value multiples ranging from 16.0x to 20.0x applied to estimated GP-IDR cash flows for calendar year 2011, Evercore arrived at a range of implied values of Kinder Morgan's interest in KMP's general partner of approximately \$19.0 billion to approximately \$23.7 billion. Based on trading value multiples ranging from 15.0x to 18.0x applied to estimated GP-IDR cash flows for calendar year 2012, Evercore calculated a range of implied values of Kinder Morgan's interest in KMP's general partner of approximately \$21.2 billion to approximately \$25.4 billion. Evercore then used the mean of the low ends and the high ends of these calculations to determine a range of implied values of Kinder Morgan's interest in KMP's general partner of approximately \$20.1 billion to approximately \$24.6 billion. Evercore then added the market values of the KMP common units and KMR common stock as of October 13, 2011 held by Kinder Morgan to determine a range of implied enterprise values of Kinder Morgan of approximately \$22.4 billion to approximately \$26.9 billion. Evercore then subtracted the unconsolidated net debt of Kinder Morgan as of June 30, 2011 of approximately \$3.2 billion and divided the resulting range of implied total equity values of Kinder Morgan of approximately \$19.3 billion to approximately \$23.7 billion by the number of fully diluted shares of outstanding Kinder Morgan common stock to determine a range of implied values per share of Kinder Morgan common stock of \$27.24 to \$33.59. This equals a range of implied values for 0.4187 shares of Kinder Morgan common stock of \$11.41 to \$14.07.

*Kinder Morgan Common Stock: Present Value of Future Share Price Analysis*

Evercore performed a present value of future share price analysis of Kinder Morgan to determine indications of the implied value per share of Kinder Morgan common stock based on the present value as of July 1, 2011. In performing this analysis, Evercore calculated the potential future share prices of Kinder Morgan common stock in the calendar years 2011 through 2015 by applying the Kinder Morgan common stock yield of 4.46% as of October 13, 2011 to the projected standalone Kinder Morgan dividend. Evercore then discounted the resulting potential future share prices of Kinder Morgan common stock to July 1, 2011 using discount rates ranging from 9.0% to 10.0% derived from the capital asset pricing model and 14.0% to 18.0%, derived from the total expected annual market return from comparable general partners as October 13, 2011.

Using the discount rates derived from the capital asset pricing model, Evercore's analysis indicated a range of implied values per share of Kinder Morgan common stock of \$25.72 to \$27.06. Using the discount rates derived from the total expected annual market return, Evercore's analysis indicated a range of implied values per share of Kinder Morgan common stock of \$19.42 to \$26.05. Evercore then used the mean of the low ends and the high ends of these calculations to arrive at a range of implied values per share of Kinder Morgan common stock of \$22.57 to \$26.56. This equals a range of implied values for 0.4187 shares of Kinder Morgan common stock of \$9.45 to \$11.12.

*Kinder Morgan Common Stock: Summary*

Evercore's discounted cash flow analysis, peer group trading analysis and present value of future stock price analysis of Kinder Morgan resulted in indicative valuation ranges for 0.4187 shares of Kinder Morgan common stock of \$8.81 to \$11.95, \$11.41 to \$14.07 and \$9.45 to \$11.12, respectively. Given these results, Evercore arrived at a final range of implied values for 0.4187 shares of Kinder Morgan common stock of \$8.81 to \$14.07.

**Table of Contents****Index to Financial Statements***Kinder Morgan Warrants: Black-Scholes Analysis*

Evercore performed an analysis for the Kinder Morgan warrants included in the merger consideration based on the Black-Scholes pricing model. The Kinder Morgan warrant is an American-style option that can be exercised any time prior to its expiration in five years. Evercore assumed a volatility range of 20.0% to 30.0% relative to: (i) Kinder Morgan common stock's 100-day and 150-day historical volatility as of October 13, 2011 of 34.2632% and 29.6370%, respectively; (ii) other C-corporation pipeline companies that Evercore deemed to have certain characteristics similar to that of Kinder Morgan (including El Paso, Enbridge Inc., Spectra Energy Corp., TransCanada Corporation and The Williams Companies, Inc.), which as of October 13, 2011 traded at a median 100-day, 200-day, 250-day and 400-day historical volatility of 29.7972%, 24.6460%, 23.1366% and 25.0684%, respectively; and (iii) the Alerian MLP Index, which as of October 13, 2011 traded at a 100-day, 200-day, 250-day and 400-day historical volatility of 26.1845%, 20.7129%, 19.0322% and 18.6770%, respectively. Evercore's Black-Scholes analysis indicated an implied value range for 0.640 Kinder Morgan warrants of \$0.51 to \$1.57.

*Kinder Morgan Warrants: Theoretical Present Value Analysis*

Evercore performed a theoretical present value analysis to determine indications of the implied value for Kinder Morgan warrants included in the merger consideration. In performing this analysis, Evercore calculated an implied future share price of Kinder Morgan common stock for calendar year 2016 by assuming an estimated pro forma dividend per share of \$2.00 for calendar year 2016 and applying a yield range of 4.25% to 5.00%. Evercore then subtracted the strike price of \$40.00 per warrant from such implied future share price of Kinder Morgan common stock to determine the implied future value per Kinder Morgan warrant. Evercore then discounted the implied future value per Kinder Morgan warrant to July 1, 2011 using discount rates ranging from 9.0% to 10.0% derived from the capital asset pricing model and 14.0% to 18.0%, derived from the total expected annual market return model from comparable general partners as of October 13, 2011.

Using the discount rates derived from the capital asset pricing model, Evercore's analysis indicated a range of implied values per Kinder Morgan warrant of \$0.04 to \$4.84. Using the discount rates derived from the total expected market return model, Evercore's analysis indicated a range of implied values per Kinder Morgan warrant of \$0.03 to \$3.95. Evercore then used the mean of the low ends and the high ends of these calculations to arrive at a range of implied values per Kinder Morgan warrant of \$0.03 to \$4.84. Evercore then multiplied each value per Kinder Morgan warrant by 0.640 to derive a value of \$0.02 to \$2.69 for 0.640 Kinder Morgan warrants.

*Kinder Morgan Warrants: Summary*

Evercore's Black-Scholes analysis and theoretical present value analysis of the Kinder Morgan warrants resulted in indicative valuation ranges for 0.640 Kinder Morgan warrants of \$0.51 to \$1.57 and \$0.02 to \$2.69, respectively. Using the mean of the low ends and the high ends of these calculations, Evercore determined a final indicative valuation range for 0.640 Kinder Morgan warrants of \$0.27 to \$2.13.

*Valuation of Per Share Merger Consideration*

Based on the sum of the indicative valuations of each of the cash, stock and warrant components, Evercore calculated an indicative valuation range of the per share merger consideration. As discussed above, Evercore's analysis arrived at indicative valuation ranges for 0.4187 shares of Kinder Morgan common stock of \$8.81 to \$14.07, and Evercore determined a range of implied values for 0.640 Kinder Morgan warrants of \$0.27 to \$2.13. Adding the cash consideration of \$14.65 per share, Evercore arrived at an indicative valuation range for the per share merger consideration pursuant to the discounted cash flow analysis, peer group trading analysis and present value of future stock price analysis of \$23.46 to \$30.85, excluding and including the value of the Kinder Morgan warrants. From that range, Evercore then selected a range of \$23.46 to \$28.73 as the indicative value of the per share merger consideration.

**Table of Contents****Index to Financial Statements***Valuation of El Paso*

Evercore performed a series of analyses to derive an indicative valuation range for shares of El Paso common stock and compared each one of the resulting implied values per share from its various analyses to the indicative valuation range of the per share merger consideration of \$23.46 to \$28.73.

*Sum-of-the-Parts Analysis*

Given the different natures of the constituent business segments operated and interests owned by El Paso, Evercore analyzed El Paso on the basis of the sum of its constituent business segments and interests, or as the sum of the parts of El Paso. In this analysis, Evercore valued separately El Paso's (1) pipelines segment (including its midstream business), (2) exploration and production (E&P) segment, (3) general partner interest in EPB, and (4) limited partner interest in EPB. Evercore valued each part by performing a discounted cash flow analysis, peer group trading analysis and precedent transactions analysis and applying various multiples to selected financial or operational measures of each part of El Paso.

**(a) Discounted Cash Flow/Risked Net Asset Value Analyses**

Evercore calculated a range of implied values of El Paso common stock based on the sum of its parts resulting from Evercore's discounted cash flow analyses of El Paso's pipelines segment, general partner interest in EPB and limited partner interest in EPB, and from its risked net asset value analysis of El Paso's E&P segment. By totaling the low ends and the high ends of the valuations range for each of El Paso's parts, Evercore determined a range of implied enterprise values for El Paso of approximately \$23.6 billion to approximately \$32.1 billion. Evercore then subtracted El Paso's unconsolidated net debt as of June 30, 2011 of approximately \$10.1 billion from the range of implied enterprise values to arrive at a range of implied total equity values for El Paso of approximately \$13.4 billion to approximately \$22.0 billion. By dividing the range of implied total equity values by the number of fully diluted shares of outstanding El Paso common stock, Evercore determined a range of implied values per share of El Paso common stock of \$17.26 to \$28.00. Evercore then added the estimated net present value of synergies of \$3.85 to \$4.86 per share. Evercore based the implied value per share of the expected synergies on a discounted cash flow analysis of the after-tax cash flows projected to be derived from the expected synergies from July 1, 2011 through December 31, 2015 and a forecasted terminal value as of December 31, 2015 using the perpetuity growth method based on perpetuity growth rates ranging from (0.5%) to 0.5%. Evercore discounted the projected free cash flows projected to be derived from the expected synergies and the resulting terminal value to July 1, 2011 using discount rates ranging from 7.0% to 8.0%, reflecting estimates of the weighted average cost of capital of El Paso, to arrive at a range of implied values per share of El Paso common stock of \$21.11 to \$32.86.

**(b) Peer Group Trading Analyses**

Evercore calculated a range of implied values of El Paso common stock based on the sum of its parts resulting from Evercore's peer group analysis. By totaling the low ends and the high ends of the valuations range for each of El Paso's parts, Evercore determined a range of implied enterprise values for El Paso of approximately \$22.2 billion to approximately \$30.5 billion. Evercore then subtracted El Paso's unconsolidated net debt as of June 30, 2011 of approximately \$10.1 billion from the range of implied enterprise values to arrive at a range of implied total equity values for El Paso of approximately \$12.1 billion to approximately \$20.4 billion. By dividing the range of implied total equity values by the number of fully diluted shares of outstanding El Paso common stock, Evercore determined a range of implied values per share of El Paso common stock of \$15.55 to \$25.98. Evercore then added the estimated net present value of synergies to arrive at a range of implied values per share of El Paso common stock of \$19.39 to \$30.84.

**(c) Precedent Transactions Analyses**

Evercore calculated a range of implied values of El Paso common stock based on the sum of its parts resulting from its precedent transactions analysis. By totaling the low ends and the high ends of the valuations

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range for each of El Paso's parts, Evercore determined a range of implied enterprise values for El Paso of approximately \$22.0 billion to approximately \$29.5 billion. Evercore then subtracted El Paso's unconsolidated net debt as of June 30, 2011 of approximately \$10.1 billion from the range of implied enterprise values to arrive at a range of implied total equity values for El Paso of approximately \$11.9 billion to approximately \$19.4 billion. By dividing the range of implied total equity values by the number of fully diluted shares of outstanding El Paso common stock, Evercore determined a range of implied values per share of El Paso common stock of \$15.30 to \$24.71. Evercore then added the estimated net present value of synergies to arrive at a range of implied values per share of El Paso common stock of \$19.15 to \$29.57.

*El Paso Consolidated*

## (a) Discounted Cash Flow Analysis

Evercore performed a discounted cash flow analysis of El Paso to determine indications of implied values of El Paso common stock based on the present value as of July 1, 2011 of its unlevered free cash flows from July 1, 2011 through December 31, 2015 and forecasted terminal values as of December 31, 2015. In performing the discounted cash flow analysis, Evercore calculated unlevered free cash flows using El Paso management forecasts of EBITDA as adjusted by Kinder Morgan, existing tax, depreciation and capital expenditure bases, and net operating loss carryforwards available to El Paso. Evercore calculated terminal values based on estimated terminal value multiples ranging from 8.0x to 9.0x based on enterprise value multiples of a selected group of similar publicly traded companies. Evercore also calculated terminal values using the perpetuity growth method based on perpetuity growth rates ranging from 0.5% to 1.5%. Evercore discounted all free cash flows and terminal values to July 1, 2011 using discount rates ranging from 7.0% to 8.0%, reflecting estimates of the weighted average cost of capital for El Paso.

Using terminal value multiples, Evercore's analysis indicated a range of implied values per share of El Paso common stock of \$25.45 to \$31.50. Using the perpetuity growth method, Evercore's analysis indicated a range of implied values per share of El Paso common stock of \$17.32 to \$28.87. Evercore determined a range of implied values per share of El Paso common stock of \$17.32 and \$31.50 and added the estimated net present value of synergies to arrive at a range of implied values per share of El Paso common stock of \$21.17 to \$36.37.

## (b) Peer Group Trading Analysis

Evercore performed a peer group trading analysis of El Paso by reviewing the market values and trading multiples of the following seven publicly traded companies that Evercore deemed comparable to El Paso:

**Peer Group:**

Enbridge Inc.

EQT Corporation

National Fuel Gas Company

NiSource Inc.

Spectra Energy Corporation

TransCanada Corporation

The Williams Companies, Inc.

Although the peer group was compared to El Paso for purposes of this analysis, no company used in the peer group analysis is identical to El Paso because of differences between the business mix, markets served, operations and other characteristics of the peer group and El Paso. In evaluating the peer group, Evercore relied on publicly available filings and equity research analyst estimates, which estimates are based in part on judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of El Paso, such as the impact of competition on the business of El Paso, as well as on the industry, generally, industry growth and the absence of any adverse material change in the financial condition and prospects of El Paso or the industry or in the markets generally.



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All peer group multiples were based on closing stock prices on October 13, 2011. For each of the peer group companies, Evercore calculated the following:

Total Enterprise Value/2011E EBITDA, which is defined as market value of equity, plus debt and preferred stock, less cash (Total Enterprise Value), as a multiple of estimated EBITDA for the calendar year 2011.

Total Enterprise Value/2012E EBITDA, which is defined as Total Enterprise Value as a multiple of estimated EBITDA for the calendar year 2012.

A summary of the reference ranges of trading multiples is set forth below:

<b>Peer Group Comparable Companies</b>	<b>Mean</b>	<b>Median</b>	<b>High</b>	<b>Low</b>
Total Enterprise Value/2011E EBITDA	9.8x	9.5x	13.5x	7.1x
Total Enterprise Value/2012E EBITDA	8.8x	8.7x	12.4x	6.3x

Evercore calculated a range of implied enterprise values of El Paso by applying comparable trading value multiples to estimates of EBITDA of El Paso for calendar years 2011 and 2012, net of unallocated general and administrative expenses, as provided by El Paso and adjusted by Kinder Morgan. Based on trading value multiples ranging from 9.0x to 10.5x applied to estimated EBITDA of El Paso for calendar year 2011, net of unallocated general and administrative expenses, Evercore arrived at a range of implied enterprise values of El Paso of approximately \$24.4 billion to approximately \$28.5 billion. Based on trading value multiples ranging from 7.5x to 9.0x applied to estimated EBITDA of El Paso for calendar year 2012, net of unallocated general and administrative expenses, Evercore calculated a range of implied enterprise values of El Paso of approximately \$24.4 billion to approximately \$29.3 billion. Evercore then used the mean of the low ends and the high ends of these calculations to determine a range of implied enterprise values of El Paso of approximately \$24.4 billion to approximately \$28.9 billion. Evercore then subtracted El Paso's unconsolidated net debt as of June 30, 2011 of approximately \$10.1 billion from the range of implied enterprise values to arrive at a range of implied total equity values for El Paso of approximately \$14.3 billion to approximately \$18.8 billion. By dividing the range of implied total equity values by the number of fully diluted shares of outstanding El Paso common stock, Evercore determined a range of implied values per share of El Paso common stock of \$18.32 to \$23.95. Evercore then added the estimated net present value of synergies to arrive at a range of implied values per share of El Paso common stock of \$22.17 to \$28.81.

(c) Present Value of Future Stock Price Analysis

Evercore performed a present value of future share price analysis of El Paso to determine indications of the implied value per share of El Paso common stock based on the present value as of July 1, 2011.

In performing this analysis, Evercore calculated the potential future share prices of El Paso common stock in the calendar years 2011 through 2015 by applying El Paso's enterprise value/estimated 2011 EBITDA multiple as of October 13, 2011 of 9.5x to arrive at a range of implied enterprise values of El Paso of approximately \$25.2 billion to approximately \$45.4 billion. Evercore then subtracted El Paso's unconsolidated net debt as of June 30, 2011 of approximately \$10.1 billion from the range of implied enterprise values to arrive at a range of implied total equity values for El Paso of approximately \$15.1 billion to approximately \$35.2 billion. By dividing the range of implied total equity values by the number of fully diluted shares of outstanding El Paso common stock, Evercore determined a range of implied future values per share of El Paso common stock of \$19.28 to \$44.65. Evercore then discounted the potential future share prices of El Paso common stock to July 1, 2011 using discount rates ranging from 10.5% to 11.5% derived from the capital asset pricing model to arrive at range of implied values per share of El Paso common stock of \$18.26 to \$28.49.

In performing this analysis, Evercore also applied El Paso's latest twelve months price/earnings multiple as of October 13, 2011 of 27.0x to El Paso management estimates of earnings per share of El Paso common stock as

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adjusted by Kinder Morgan for the calendar years 2011 through 2015 to arrive at a range of implied future values per share of El Paso common stock of \$28.35 to \$65.34. Evercore then discounted the potential future share prices of El Paso common stock to July 1, 2011 using discount rates ranging from 10.5% to 11.5% derived from the capital asset pricing model to arrive at a range of implied values per share of El Paso common stock of \$26.85 to \$41.69.

Evercore then used the low ends and the high ends of these calculations to arrive at a range of implied values per share of Kinder Morgan common stock of \$18.26 to \$41.69. Evercore then added the estimated net present value of synergies to arrive at a range of implied values per share of El Paso common stock of \$22.10 to \$46.55.

**(d) Premiums Paid Analysis**

Evercore reviewed the premiums offered or paid in 26 U.S. mergers and acquisitions transactions since January 1, 2009 with transaction values of greater than \$5.0 billion and applied the relevant range of premiums to El Paso's relevant share price as of October 13, 2011. These precedent transactions involved premiums ranging from a discount of 42.0% as compared to the 52-week high stock price to a premium of 130.2% as compared to the one-month average stock price. Additionally, Evercore reviewed the premiums offered or paid in a subset of the transactions described above that included both cash and stock in the consideration. This subset of the precedent transactions involved premiums ranging from a discount of 36.9% as compared to the 52-week high stock price to a premium of 96.8% as compared to the stock price one day prior to the transaction announcement. Evercore then applied the premium ranges for these transactions as compared to the stock price one day prior to transaction announcement to El Paso's closing share price on October 13, 2011, which indicated an implied per share value range for El Paso common stock of \$20.34 to \$37.69 for all transactions as well as for transactions with cash and stock consideration.

***Pro Forma Analysis***

Evercore analyzed the projected pro forma impact of the transactions on Kinder Morgan common stock, EPB common units and KMP common units by analyzing its accretive or dilutive effect on the dividend per share of common stock or distributable cash flow per common unit, as the case may be, of Kinder Morgan, El Paso, KMP and EPB for the calendar years 2012 through 2015. The results of this analysis were based on forecasts of financial data for Kinder Morgan, KMP and EPB provided by Kinder Morgan and El Paso management, including estimates of dividends per share or distributable cash flows per unit for each calendar year and, in each case, using estimates of synergies resulting from the transactions provided by Kinder Morgan management and of the impact from certain contemplated divestitures and drop downs of assets into KMP and EPB following the completion of the transactions. The results of this analysis were based on the closing prices per share of Kinder Morgan common stock and El Paso common stock as of October 13, 2011.

***Miscellaneous***

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by Evercore. In connection with the review of the transactions by the Kinder Morgan board of directors, Evercore performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Evercore's opinion. In arriving at its fairness determination, Evercore considered the results of all the analyses and did not draw, in isolation, conclusions from or with regard to any one analysis or factor considered by it for purposes of its opinion. Rather, Evercore made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. In addition, Evercore may have given various analyses and factors more or less weight than other analyses and factors, and may have

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deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be the view of Evercore with respect to the actual value of the common stock or common units, as the case may be, of Kinder Morgan, El Paso, KMP or EPB. No company or partnership used in the above analyses as a comparison is directly comparable to Kinder Morgan, El Paso, KMP or EPB, and no transaction used is directly comparable to the transactions. Furthermore, Evercore's analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies or transactions used, including judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Kinder Morgan, El Paso and their respective advisors.

Evercore prepared these analyses solely for the purpose of providing an opinion to the Kinder Morgan board of directors as to the fairness, from a financial point of view, of the merger consideration to be paid by Kinder Morgan pursuant to the merger agreement to Kinder Morgan. These analyses do not purport to be appraisals or to necessarily reflect the prices at which the business or securities actually may be sold. Any estimates contained in these analyses are not necessarily indicative of actual future results, which may be significantly more or less favorable than those suggested by such estimates. Accordingly, estimates used in, and the results derived from, Evercore's analyses are inherently subject to substantial uncertainty, and Evercore assumes no responsibility if future results are materially different from those forecasted in such estimates.

The issuance of the fairness opinion was approved by an opinion committee of Evercore.

The merger consideration pursuant to the merger agreement was determined through arm's-length negotiations between Kinder Morgan and El Paso and was approved by the Kinder Morgan board of directors. Evercore provided advice to Kinder Morgan during these negotiations. Evercore did not, however, recommend any specific merger consideration to Kinder Morgan or the Kinder Morgan board of directors or that any specific merger consideration constituted the only appropriate consideration for the transaction. Evercore's opinion to the Kinder Morgan board of directors was one of many factors taken into consideration by the Kinder Morgan board of directors in deciding to approve the transaction. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the Kinder Morgan board of directors with respect to the merger consideration or of whether the Kinder Morgan board of directors would have been willing to agree to different consideration.

Under the terms of Evercore's engagement letter with Kinder Morgan, Evercore provided Kinder Morgan financial advisory services and a financial opinion in connection with the transactions. Pursuant to the terms of its engagement letter, a success fee of \$15.0 million is payable to Evercore upon consummation of the transactions. Of the success fee, \$2.0 million was payable upon delivery of Evercore's fairness opinion to the Kinder Morgan board of directors. In addition, Kinder Morgan has agreed to reimburse Evercore for its reasonable out-of-pocket expenses (including reasonable legal fees, expenses and disbursements) incurred in connection with its engagement and to indemnify Evercore and any of its members, parties, officers, directors, advisors, representatives, employees, agents, affiliates or controlling persons, if any, against certain liabilities and expenses arising out of its engagement and any related transaction.

During the two year period prior to the date of Evercore's opinion, no material relationship existed between Evercore and its affiliates, on the one hand, and Kinder Morgan, El Paso or any of their respective affiliates, on the other hand, pursuant to which compensation was received or was intended to be received by Evercore or its affiliates as a result of such a relationship, and no such relationship was mutually understood to have been contemplated. Evercore may provide financial or other services to Kinder Morgan, El Paso or any of their respective affiliates in the future (including in connection with the contemplated divestitures of assets following the completion of the transactions) and in connection with any such services Evercore may receive compensation.



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In the ordinary course of business, Evercore or its affiliates may actively trade the equity, debt or other securities, or related derivative securities, or other financial instruments, including bank loans and other obligations, of Kinder Morgan, El Paso, KMP, EPB, KMR or any of their respective affiliates, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or instruments.

The management of Kinder Morgan recommended, and the Kinder Morgan board of directors determined, to engage Evercore to act as a financial advisor based on its qualifications, experience and reputation, because Evercore presented the transaction to Kinder Morgan and had a historical relationship with Kinder Morgan. For these reasons and concerns regarding maintaining confidentiality, the Kinder Morgan board of directors did not consider any other financial advisors in connection with the transactions (other than Barclays Capital). Evercore is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses in connection with mergers and acquisitions, leveraged buyouts, competitive biddings, private placements and valuations for corporate and other purposes.

***Opinion of Barclays Capital to the Kinder Morgan Board of Directors***

Kinder Morgan engaged Barclays Capital to act as a financial advisor with respect to the transactions. On October 16, 2011, Barclays Capital rendered its oral opinion (which was subsequently confirmed in writing) to Kinder Morgan's board of directors that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the merger consideration to be paid by Kinder Morgan in the transactions was fair, from a financial point of view, to Kinder Morgan.

**The full text of Barclays Capital's written opinion, dated as of October 16, 2011, is attached as Annex G to this information statement/proxy statement/prospectus. Barclays Capital's written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays Capital in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. The following is a summary of Barclays Capital's opinion and the methodology that Barclays Capital used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.**

Barclays Capital's opinion, the issuance of which was approved by Barclays Capital's Fairness Opinion Committee, is addressed to the board of directors of Kinder Morgan, addresses only the fairness, from a financial point of view, of the consideration to be paid by Kinder Morgan in the transactions and does not constitute a recommendation to any stockholder of Kinder Morgan as to how such stockholder should vote with respect to the transactions or any other matter. The terms of the transactions were determined through arm's-length negotiations between Kinder Morgan and El Paso and were approved by Kinder Morgan's board of directors. Barclays Capital did not recommend any specific form of consideration to Kinder Morgan or that any specific form of consideration constituted the only appropriate consideration for the transactions. Barclays Capital was not requested to address, and its opinion does not in any manner address, Kinder Morgan's underlying business decision to proceed with or effect the transactions or the likelihood of consummation of the transactions. In addition, Barclays Capital expressed no opinion on, and its opinion does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the transactions, or any class of such persons, relative to the merger consideration to be paid by Kinder Morgan in the transactions or otherwise. No limitations were imposed by Kinder Morgan's board of directors upon Barclays Capital with respect to the investigations made or procedures followed by it in rendering its opinion.

In arriving at its opinion, Barclays Capital reviewed and analyzed, among other things:

the merger agreement and the specific terms of the transactions;

publicly available information concerning Kinder Morgan, KMP, KMR, El Paso and EPB that Barclays Capital believed to be relevant to its analysis, including, without limitation, each of their respective Annual Reports on Form 10-K for the fiscal year ended 2010 and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2011 and June 30, 2011;

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financial and operating information with respect to the businesses, operations and prospects of Kinder Morgan, KMP and KMR furnished to Barclays Capital by Kinder Morgan, including financial projections of Kinder Morgan prepared by management of Kinder Morgan (referred to in this section as the Kinder Morgan Projections );

financial and operating information with respect to the businesses, operations and prospects of El Paso and EPB furnished to Barclays Capital by the management of El Paso and Kinder Morgan, including (i) financial projections of El Paso and EPB prepared by management of El Paso (the El Paso Projections ) and (ii) financial projections of El Paso and EPB prepared by management of Kinder Morgan (referred to in this section as the Kinder Morgan El Paso Projections );

the trading history of El Paso common stock from October 15, 2009 to October 14, 2011 and a comparison of that trading history with other companies that Barclays Capital deemed relevant;

the trading history of Kinder Morgan common stock and El Paso common stock from February 10, 2011 to October 14, 2011 and a comparison of those trading histories with each other and with those of other companies that Barclays Capital deemed relevant;

a comparison of the historical financial results and present financial condition of Kinder Morgan and El Paso with each other and with those of other companies that Barclays Capital deemed relevant;

a comparison of the financial terms of the transactions with the financial terms of certain other transactions that Barclays Capital deemed relevant;

the potential pro forma impact of the transactions on the current and future financial performance of the combined company, including (i) the amounts and timing of the cost savings and operating synergies (referred to in this section as the Expected Synergies ) expected by the management of Kinder Morgan to result from the transactions, (ii) the anticipated impact of certain asset dispositions and transfers discussed with the management of Kinder Morgan and (iii) the estimated tax savings expected to result from the historical net operating losses of El Paso expected by the management of Kinder Morgan to result from the transactions ((i) through (iii) collectively, referred to in this section as the Expected Benefits );

published estimates by independent equity research analysts with respect to the future financial performance of Kinder Morgan and El Paso;

the relative trading liquidity of Kinder Morgan common stock and the common stock of the pro forma combined company; and

estimates of certain (i) proved reserves, as of December 31, 2010, for El Paso prepared by the management of El Paso and audited by a third-party reserve engineer and rolled forward by the management of El Paso to July 1, 2011 and (ii) probable and possible reserves and contingent resources, as of July 1, 2011, prepared by the management of El Paso ((i) and (ii) collectively, referred to in this section as the El Paso Reserve Reports ).

In addition, Barclays Capital had discussions with the managements of Kinder Morgan and El Paso concerning their respective businesses, operations, assets, liabilities, financial conditions and prospects and undertook such other studies, analyses and investigations as Barclays Capital deemed appropriate.

In arriving at its opinion, Barclays Capital assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays Capital without any independent verification of such information and without assuming any responsibility or liability for any

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independent verification of such information and further relied upon the assurances of the managements of Kinder Morgan and El Paso they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Kinder Morgan Projections, upon the advice of Kinder Morgan, Barclays Capital assumed that such projections had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Kinder Morgan as to the future financial performance of Kinder Morgan and

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Barclays Capital relied on such projections in arriving at its opinion. With respect to the El Paso Projections, upon the advice of El Paso and Kinder Morgan, Barclays Capital assumed that such projections had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of El Paso as to the future financial performance of El Paso. With respect to the Kinder Morgan El Paso Projections, upon the advice of Kinder Morgan, Barclays Capital assumed that such projections had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Kinder Morgan as to the future financial performance of El Paso and Barclays Capital relied on such projections in arriving at its opinion. With respect to the Expected Benefits, Barclays Capital assumed that the amount and timing of the Expected Benefits were reasonable as estimated by the management of Kinder Morgan and Barclays Capital also assumed, upon the advice of Kinder Morgan, that the Expected Benefits would be realized substantially in accordance with such estimates. With respect to the El Paso Reserve Reports, Barclays Capital discussed these reports with the managements of Kinder Morgan and El Paso and upon the advice of Kinder Morgan and El Paso, Barclays Capital assumed that the El Paso Reserve Reports were a reasonable basis upon which to evaluate the proved, probable and possible reserve and contingent resource levels of El Paso. In addition, at the direction of Kinder Morgan, Barclays Capital considered the possible asset divestitures and concessions that Kinder Morgan may have to make in connection with the process to obtain governmental and regulatory approval for the transactions (referred to in this section as the Possible Divestitures ), which were discussed with Barclays Capital by the management of Kinder Morgan. Barclays Capital assumes no responsibility for and Barclays Capital expressed no view as to any projections or estimates described above in this paragraph or the assumptions on which they were based.

In arriving at its opinion, Barclays Capital did not conduct a physical inspection of the properties and facilities of either Kinder Morgan or El Paso, and did not make or obtain any evaluations or appraisals of the assets or liabilities of either Kinder Morgan or El Paso. Barclays Capital's opinion necessarily is based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion letter. Barclays Capital assumes no responsibility for updating or revising its opinion based on events or circumstances that may occur after the date of its opinion. In addition, Barclays Capital expressed no opinion as to the prices at which shares of (i) Kinder Morgan Class P common stock or El Paso common stock would trade at any time following the announcement of the transactions or (ii) Kinder Morgan Class P common stock would trade at any time following the consummation of the transactions.

Barclays Capital assumed the accuracy of the representations and warranties contained in the merger agreement and all agreements related thereto. In addition, Barclays Capital assumed that the transactions would be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. Other than as contemplated by the Possible Divestitures, Barclays Capital also assumed, upon the advice of Kinder Morgan, that necessary governmental, regulatory and third party approvals, consents and releases for the transactions would be obtained without any adverse effect that is material to Kinder Morgan, the combined company or the benefits expected by the management of Kinder Morgan to be realized from the transactions. Barclays Capital did not express any opinion as to any tax or other consequences that might result from the transactions, nor did its opinion address any legal, tax, regulatory or accounting matters, as to which Barclays Capital understands that Kinder Morgan obtained such advice as it deemed necessary from qualified professionals.

In connection with rendering its opinion, Barclays Capital performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays Capital did not ascribe a specific range of values to the shares of El Paso common stock but rather made its determination as to fairness, from a financial point of view, to Kinder Morgan of the merger consideration to be paid by Kinder Morgan in the transactions on the basis of various financial and comparative analyses. The preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

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In arriving at its opinion, Barclays Capital did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the particular transaction. Accordingly, Barclays Capital believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

The following is a summary of the material financial, comparative and other analyses used by Barclays Capital in preparing its opinion to Kinder Morgan's board of directors. Certain financial, comparative and other analyses summarized below include information presented in tabular format. In order to fully understand the financial, comparative and other analyses used by Barclays Capital, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial, comparative and other analyses. In performing its analyses, Barclays Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Kinder Morgan or any other parties to the proposed transaction. None of Kinder Morgan, El Paso, Barclays Capital or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or reflect the prices at which the businesses may actually be sold.

*Summary of Analyses*

Barclays Capital prepared separate valuations of El Paso both before and after considering the pro forma impact of the Expected Synergies from the transactions, and Kinder Morgan before considering the pro forma impact of the Expected Synergies in the transactions. In determining valuation for El Paso, Barclays Capital used the following methodologies:

discounted cash flows analysis,

comparable companies analysis,

comparable transactions analysis,

analysis of equity research analyst price targets and

sum of the parts analysis.

In determining valuation for Kinder Morgan, Barclays Capital used the following methodologies:

discounted cash flows analysis,

comparable companies analysis,

comparable transactions analysis and

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analysis of equity research analyst price targets.

Each of these methodologies was used to generate reference enterprise or equity value ranges for each of El Paso and Kinder Morgan, respectively. The enterprise value ranges for each company were