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EL PASO CORP/DE  
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Date: October 16, 2011





















**IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC**

Kinder Morgan, Inc. ( KMI ) plans to file with the SEC a Registration Statement on Form S-4 in connection with the proposed transaction, and KMI and El Paso Corporation ( EP ) plan to file with the SEC and mail to their respective stockholders a Joint Proxy/Information Statement/Prospectus in connection with the proposed transaction. THE REGISTRATION STATEMENT AND THE JOINT PROXY/INFORMATION STATEMENT/PROSPECTUS WILL CONTAIN IMPORTANT INFORMATION ABOUT KMI, EP, THE PROPOSED TRANSACTION AND RELATED MATTERS. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY/INFORMATION STATEMENT/PROSPECTUS CAREFULLY WHEN THEY BECOME AVAILABLE. Investors and security holders will be able to obtain free copies of the Registration Statement and the Joint Proxy/Information Statement/Prospectus and other documents filed with the SEC by KMI and EP through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders will be able to obtain free copies of the Registration Statement and the Joint Proxy/Information Statement/Prospectus by phone, e-mail or written request by contacting the investor relations department of KMI or EP at the following:

Kinder Morgan, Inc.  
500 Dallas Street, Suite 1000  
Houston, Texas 77002  
Attention: Investor Relations  
Phone: (713) 369-9490  
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El Paso, Inc.  
1001 Louisiana Street  
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**PARTICIPANTS IN THE SOLICITATION**

KMI and EP, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies in respect of the proposed transactions contemplated by the merger agreement. Information regarding KMI's directors and executive officers is contained in KMI's Form 10-K for the year ended December 31, 2010, which has been filed with the SEC. Information regarding EP's directors and executive officers is contained in EP's Form 10-K for the year ended December 31, 2010 and its proxy statement dated March 29, 2011, which are filed with the SEC. A more complete description will be available in the Registration Statement and the Joint Proxy/Information Statement/Prospectus.

**SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS**

Statements in this document regarding the proposed transaction between KMI and EP, the expected timetable for completing the proposed transaction, future financial and operating results, benefits and synergies of the proposed transaction, future opportunities for the combined company, the sale of EP's exploration and production assets, the possible drop-down of assets and any other statements about KMI or EP managements' future expectations, beliefs, goals, plans or prospects constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should also be considered to be forward looking statements. There are a number of important factors that

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could cause actual results or events to differ materially from those indicated by such forward looking statements, including: the ability to consummate the proposed transaction; the ability to obtain the requisite regulatory approvals, shareholder approvals and the satisfaction of other conditions to consummation of the transaction; the possibility that financing might not be available on the terms committed; the ability to consummate contemplated asset sales; the ability of KMI to successfully integrate EP's operations and employees; the ability to realize anticipated synergies and cost savings; the potential impact of announcement of the transaction or consummation of the transaction on relationships, including with employees, suppliers, customers and competitors; the ability to achieve revenue growth; national, international, regional and local economic, competitive and regulatory conditions and developments; technological developments; capital and credit markets conditions; inflation rates; interest rates; the political and economic stability of oil producing nations; energy markets, including changes in the price of certain commodities; weather conditions; environmental conditions; business and regulatory or legal decisions; the pace of deregulation of retail natural gas and electricity and certain agricultural products; the timing and success of business development efforts; terrorism; and the other factors described in KMI's and EP's Annual Reports on Form 10-K for the year ended December 31, 2010 and their most recent quarterly reports filed with the SEC. KMI and EP disclaim any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this document.

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Dear Team El Paso:

A few months ago, when we made one of the most important announcements in our company's history with Project Zygosity, I told you that we would always strive to do the right thing for our shareholders. Our decision to separate El Paso into two independent, publicly traded companies was more than the best opportunity at that time for us to deliver value for our investors; it was also about creating two companies that would be well-positioned to compete with the best and win for the long term.

Being good stewards of the investment that people have entrusted to us has always meant that we've kept a close eye on the big—and sometimes, the even bigger—picture. Not only do our shareholders expect it of us; we expect it of ourselves, even when it means going in a new and different direction. And as our company has continued to perform and execute on its plan, as well as hit the mark on our financial and operational results, we've found ourselves in the enviable position to consider several strategic options.

With all this as a backdrop, I have an even more important announcement than the one I shared with you in May. In a news release issued earlier today, Kinder Morgan announced that it has entered into a definitive agreement with El Paso through which Kinder Morgan will acquire El Paso for approximately \$38 billion.

We and Kinder Morgan think very highly of one another. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States. Our transaction will create the largest natural gas pipeline enterprise, the largest midstream energy company, and the fourth largest energy corporation in North America. The approximately \$94 billion combined enterprise will have 80,000 miles of pipelines, including a natural gas pipeline transportation network of approximately 67,000 miles. The combined entities will also represent the largest independent transporter of petroleum products in the U.S., the largest transporter of CO<sub>2</sub> in the U.S. and the largest independent terminal owner/operator in the U.S. Following the completion of the transaction, which is expected in the second quarter of 2012, the company will be named Kinder Morgan, Inc. and remain headquartered in Houston.

I'd like to discuss why I strongly believe today's announcement is in the best interest of the company and its shareholders, as well as why I'm confident that a sale to Kinder Morgan represents a unique opportunity for our company to grow as part of larger platforms. In addition, I want to discuss what the transaction means to you while assuring you of the Executive leadership's commitment to open and frequent communications throughout the regulatory, transition, and integration planning processes. I've always shot straight with you, and while we may not have all the answers at this point in the process, I'll tell you what we know.

### **Transaction Overview**

Kinder Morgan's offer represents a significant premium to our recent share price and gives El Paso's shareholders the opportunity to participate in the ongoing success of the combined company. The value of the offer is \$26.87 per EP share based on KMI's closing price as of October 14, 2011, representing a 47 percent premium to the 20-day average closing price of EP common shares and a 37 percent over the closing price of EP common shares on October 14, 2011. The offer is comprised of \$14.65 in cash, 0.4187 KMI shares (valued at \$11.26 per share) and 0.640 KMI warrants (valued at \$0.96 per share) based on KMI's closing price on October 14, 2011. The warrants will have an exercise price of \$40 and a five-year term. EP shareholders will be able to elect, for each EP share held, either (i) \$25.91 in cash, (ii) 0.9635 shares of KMI common stock, or (iii) \$14.65 in cash plus 0.4187 shares of KMI common stock. All elections will be subject to proration and in all cases EP shareholders will receive 0.640 KMI warrants per share of EP common stock. Upon closing, KMI shareholders are expected to own approximately 68 percent of the combined company and EP shareholders are expected to own the remaining 32 percent.



In addition to the details I just mentioned, our deal with Kinder Morgan is for all of El Paso Corporation, so that means that we won't be separating the company as previously planned. I know an incredible amount of time and hard work has gone into Project Zygoty across the company, and I want to thank you for everything you've done over the past five months to get us ready.

In connection with the transaction, Kinder Morgan has informed us that it will be pursuing a sale of our E&P Company. While we were on a great path, we believe this transaction will provide even greater value for our shareholders than we expected through the planned spin-off of our E&P business. I believe Kinder Morgan's decision will also provide the E&P Company with an opportunity to achieve the very same goals that we expected to achieve through the separation—positioning the company for future success and growth as a pure E&P play with the right strategies, the right inventory, and the right people. And much of the work associated with Project Zygoty will provide value as our E&P Company prepares to enter into the next phase of growth and success.

The transaction is subject to customary regulatory approvals. One of the most important aspects of the transaction from a regulatory perspective will be the review and clearance by the Federal Trade Commission (FTC). Our companies will be working closely with the FTC staff to provide appropriate information on a timely basis to facilitate this regulatory review.

#### **What's Ahead**

You will hear more details about the transaction in the coming days and weeks, starting with an All-Employee Meeting tomorrow at 11 a.m. where Kinder Morgan CEO Rich Kinder and I will discuss the transaction and answer your questions. In the meantime, I know the most important question on many of your minds relates to what this means to you, your role and responsibilities, El Paso's programs and services, and other employee-related matters.

Because we're very early in the process, many of these questions cannot be answered yet. However, in our discussions with the leadership of Kinder Morgan, it was clear that one of the most important aspects of the transaction was the caliber of Team El Paso and the commitment, knowledge, and experience that you'll bring to a combined company. Work will begin right away on the regulatory, transition, and integration planning processes. As we determine how the processes will work and who will be involved, we'll update you.

The sale to Kinder Morgan will constitute a change-of-control, so there will be more information in time about what this may mean to you. I also want to let you know that bonuses will be paid in 2012 for 2011 performance.

Two of the primary drivers for the transaction also relate to delivering value to each company's shareholders and maximizing the potential of the combined company. Along those lines, we will need to identify areas where we can be more efficient and reduce our combined costs.

#### **What I Need from You**

I know this is a lot to take in. And that it will create uncertainty. At the end of the day, these are two different companies and we may not always do or see things the same way. That's okay. We've never been a company or a team that have avoided opportunities for continuous

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improvement, so let's keep an open mind and look for ways that may help our combined company be even better than we are today. I know the team at Kinder Morgan will do the same.



Between today and when the transaction is complete, it will be business-as-usual and we and Kinder Morgan remain separate companies. We still have a Vision and Values to work and live by, a Purpose to achieve, 5,000 members of Team El Paso to support, businesses to run, and customers to serve. Above all else, it's important that we don't lose sight of our core value of safety and ensuring we keep doing what we need to do to finish each day incident- and injury-free, both in the field and at the office. Making our transaction with Kinder Morgan successful will take the collective commitment of each of us.

I commit to you that we'll be full speed ahead on integration planning processes and we'll let you know how things are progressing. As I've asked you on several occasions before, it's critical that we're all positive and proactive participants in writing this new chapter of our company. You should keep an eye on the special transaction site on El Paso Today for the latest news and resources.

Finally, I want to go back to three questions we asked ourselves when we were planning the company separation, but make a few slight adjustments to reflect today's announcement:

*Am I getting what I need to support the transaction?*

*Are all the dots connecting for me on the transaction?*

*Am I informed, equipped, and engaged to lead my area toward a successful transaction?*

I want to challenge each of you to keep asking yourself these three questions. Making our transaction with Kinder Morgan successful and building the premier energy infrastructure company for the next 80-plus years will take the collective commitment of each of you. If you come up short when you ask yourself those questions, do what you need to get comfortable. Talk to your supervisor. Reach out to the leader or HR representative nearest you and ask questions. Attend town halls or Q&A sessions. Speak up and stay engaged.

I know today's announcement will take El Paso in a direction that you may not have expected. But it's the right decision at the right time for our company. How do I know? In every meeting with leadership at Kinder Morgan, El Paso's Executive team, and the Board, in every conversation with outside advisors who have participated in dozens of transactions like this one, and in every free minute of time when I've had an opportunity to think and reflect on what we're about to do, the answer has always been the same: we are doing the right thing for our owners—the thousands of shareholders around the globe that depend on us to maximize the value of the investment they entrusted to our care.

Talk to you soon.

Doug

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Address:	500 Dallas Street, Suite 1000 Houston, Texas 77002 Attention: Investor Relations	1001 Louisiana Street Houston, Texas 77002 Attention: Investor Relations
Phone:	(713) 369-9490	(713) 420-5855
E-mail:	<a href="mailto:kmp_ir@kindermorgan.com">kmp_ir@kindermorgan.com</a>	<a href="mailto:investorrelations@elpaso.com">investorrelations@elpaso.com</a>

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Dear E&P Team:

For as long as we've been in the exploration and production business—well before I joined El Paso—our company has faced much change and numerous challenges. In many ways, that's the nature of our business. We've dealt with fluctuating commodity prices, increasing service and supply costs, shifting technologies, changing regulation and limited opportunity sets. Along the way, we have risen to every challenge, strengthened our hand, and improved our performance.

I believe the winners in the exploration and production industry are those that don't just survive when faced with challenges; they thrive. That's our E&P Company. And that's why we're a winning E&P team.

Yesterday, we announced that Kinder Morgan will acquire El Paso, and in connection with the transaction Kinder Morgan will pursue a sale of our E&P Company. Not the path that we were planning to take, but clearly another opportunity for us to collectively rise to the occasion. And when I refer to us, I mean all the members of Team El Paso who were designated to be a part of EP Energy.

In the months ahead, that team will need to further improve our performance, continue our momentum and punctuate our accomplishments together. Here's what I mean.

- **We have positioned ourselves for long-term success.** When I look at what we've accomplished together, thriving is an understatement. We've efficiently managed our capital program in the face of steady headwinds, grown our oil and gas reserves, replicated our Haynesville success in the Eagle Ford program, grew our Altamont position, established and made significant progress with our Wolfcamp program, grew our International production and optimized our base production. In short, successful execution of our strategy has enabled us to build an inventory of opportunities that is much larger, more domestic, more oil-focused, and significantly more valuable.
- **We have taken many important steps that have strengthened our company for the future.** In addition to our improved portfolio, we achieved our goal of becoming a top-tier E&P Company by improving many of our processes, aligning our organization structure with our strategy and by strengthening our team and our leadership capabilities. As a result, we now enjoy a very competitive cost structure, we are generating very competitive returns on our capital programs and are delivering results that are very competitive with the best E&P companies.
- **We have a strong head start on the transition and sales process through Project Zygotity.** As we have discussed in the past, managing an E&P Company for long-term, enduring success results in a more valuable enterprise. Those same value drivers also make the enterprise and the assets more valuable in the M&A market. The work we've done over the past five months to prepare for the spinoff has prepared us even more. Although we won't become an independent company, everything we've been doing since the announcement of our separation from El Paso—from working together with a renewed sense of teamwork and purpose, to telling our company's growth and value story to our stakeholders—has positioned us for success in our new objective.

Success stories don't always have clear beginnings or endings. Every success that we enjoy, sets the stage for even greater achievements in the future. And that will be the case with our sale. What we have been doing for years and our focus since May—executing on our core business,

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improving our performance and preparing for the separation have positioned us well for the future. I'm optimistic that through the process with Kinder Morgan everyone will see what I see - one heck of an E&P Company with great assets and the best team that I've ever worked with in my career.

We will speak again soon and often. Until then, stay focused, stay safe and continue to do all you do to make our E&P Company a winner.

Regards,

Brent

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**El Paso Today (Intranet site)**

On Sunday, October 16, 2011, Kinder Morgan and El Paso announced a definitive agreement through which Kinder Morgan will acquire El Paso.

The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States. Our transaction will create the largest natural gas pipeline enterprise, the largest midstream energy company, and the fourth largest energy corporation in North America. The approximately \$94 billion combined enterprise will have 80,000 miles of pipelines, including a natural gas pipeline transportation network of approximately 67,000 miles. The combined entities will also represent the largest independent transporter of petroleum products in the U.S., the largest transporter of CO<sub>2</sub> in the U.S. and the largest independent terminal owner/operator in the U.S. Following the completion of the transaction, which is expected in the second quarter of 2012, the company will be named Kinder Morgan, Inc. and remain headquartered in Houston.

We all have an opportunity to play a part in combining El Paso and Kinder Morgan into the nation's premier energy infrastructure company. At the same time and throughout the approval, transition, and integration processes, it's important that we continue to manage our businesses safely, effectively, and efficiently.

We encourage you to check this site often for information and insight about the transaction and what it means to Team El Paso.

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Dear Pipeline Team:

By now you've seen Doug's email. He summarized the agreement for Kinder Morgan to acquire El Paso, why it's an excellent one for our company and our shareholders, and described the next steps and what we all can do over the next days and months to make the transaction successful.

I simply want to elaborate on a few points specific to the Pipes and Pipeline Group employees.

First, it's clear that one of Kinder Morgan's main attractions to El Paso is our industry-leading natural gas pipeline franchise. We have the nation's largest natural gas pipeline system, and we're well-positioned in the most attractive growing regions. An equally important part of our franchise is our reputation and commitment to serve customers safely and reliably. And perhaps most important is the knowledge and experience of our Pipeline Group employees across the country.

Second, while Kinder Morgan's interstate natural gas pipeline assets are not as extensive as ours, the two systems are highly complementary and primarily serve different supply sources and destinations across the country. Kinder Morgan also has an outstanding reputation and a proven track record of merging companies, operating assets efficiently, and growing assets through expansions.

Third, all this ought to translate into very good opportunities in the combined company for our Pipeline Group employees. It will be an even larger pipeline franchise—67,000 miles of pipe—with an even larger platform for growth. And one of the main goals of the integration will be to maximize the combined Pipes' potential, including creating the most effective and efficient organization possible.

Fourth, work will begin right away on the regulatory, transition, and integration planning processes. As we determine how the processes will work and who will be involved, we'll update you. Because the transaction requires Federal Trade Commission (FTC) clearance, our companies will work closely with the FTC staff to provide appropriate information for its review. And so outside the ordinary course of business, you shouldn't interact or share information with Kinder Morgan unless specifically requested by El Paso's legal or integration planning teams.

Finally, and most importantly, until the transaction closes, we have a business to run. And we're not just selling lemonade; we're transporting the energy required to heat homes, drive industry, and feed power plants. Let's not take our eye off the ball to serve our customers 24/7. We're also devoting significant effort to our pipeline integrity and safety programs. We have major initiatives ongoing in both the office and field to further improve performance. We have expansions to complete. None of this changes. And let's continue to do it all while finishing each day incident- and injury-free.

Step back, take some time to reflect on today's announcement, and ask some questions. Then please commit to get back to the business of running our Pipes and to make this transaction as successful as possible. And over the next few months, I know you won't be bashful in speaking your minds as we build the premier pipeline company for the next 80 years.

Regards,

Jim

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### Talking Points for E&P Leaders

*Communications Tip:* As a follow-up to the announcement that Kinder Morgan will be pursuing a sale of our E&P Company, the following talking points about an E&P retention program should be used, as appropriate, with your team members. The agreement with Kinder Morgan includes an overview about the program, so it may come up in the all-employee meeting or you may be asked about it directly.

- As you know, in connection with the transaction, Kinder Morgan has informed us that it will be pursuing a sale of our E&P Company.
- Kinder Morgan's intention is to sell the E&P assets as soon as possible, post-closing, for the highest value.
- Together, we have built a valuable, high-performing E&P enterprise that would have been realized, longer-term, through the company separation.
- To help us realize this value while ensuring a continued high-end performance for our E&P Company, Kinder Morgan has agreed to a retention program for E&P.
- The purpose of the program is to provide both a retention element to E&P employees, as well as an incentive for key employees.
- The program will consist of retention for all full-time E&P Company employees, as well as retention for key E&P employees as identified by E&P leadership as having certain skills necessary for the sales process and/or running our business safely, efficiently, and effectively.
- As is customary with a retention program, if an employee leaves the E&P Company prior to the designated date, or prior to the sale of designated assets, then he/she won't receive a retention bonus.
- It's too soon to share any additional details or specifics about the retention program, including the financial amounts and timing. The E&P leadership team and Human Resources will be working closely together over the coming days to formalize the process and begin the communications process with you.
- I understand that a sale of the E&P Company wasn't the path that we were planning to take, but I hope you'll see it as yet another opportunity for us to collectively rise to the occasion and continue our momentum on building a valuable enterprise for the long term. And I

hope the potential of a retention bonus will demonstrate that you are, and will be, an important part of the team.

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**Elected official-Regulator Letter Template**

Dear [Name]:

Earlier today, it was announced that Kinder Morgan has entered into an agreement with El Paso through which Kinder Morgan will acquire our company. I'd like to take a moment today to provide you with a brief overview of the transaction and what you can expect from us going forward.

We and Kinder Morgan think very highly of one another. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States. Our transaction will create the largest natural gas pipeline enterprise, the largest midstream energy company, and the fourth largest energy corporation in North America. The approximately \$93 billion combined enterprise will have 80,000 miles of pipelines, including a natural gas pipeline transportation network of approximately 67,000 miles. The combined entities will also represent the largest independent transporter of petroleum products in the U.S., the largest transporter of CO2 in the U.S. and the largest independent terminal owner/operator in the U.S. Following the completion of the transaction, which is expected in the second quarter of 2012, the company will be named Kinder Morgan, Inc. and remain headquartered in Houston.

Together, we're confident that our combined company will build on a solid foundation of performance, a shared commitment to safety, efficiency, and dependability, and a common appreciation for the importance of outstanding customer service, day-in and day-out.

Looking ahead, I want to leave you with two commitments. First, we will keep in contact with you about progress with the transaction. Second, we will continue to provide the leadership and resources required to support your daily activities with our company. This is the same pledge we've always made to our stakeholders, and we fully intend to maintain that focus throughout the coming months.

We're excited about our new partnership with Kinder Morgan and the opportunities ahead for our combined company. I look forward to communicating more detail in the near future. In the meantime, please do not hesitate to call me at \_\_\_\_\_ with any questions.

Regards,

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**Vendor Letter Template for E&P**

Dear [Name]:

Earlier today, it was announced that Kinder Morgan has entered into an agreement with El Paso through which Kinder Morgan will acquire our company. I'd like to take a moment today to provide you with a brief overview of the transaction and what you can expect from us going forward.

We and Kinder Morgan think very highly of one another. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States. Our transaction will create the largest natural gas pipeline enterprise, the largest midstream energy company, and the fourth largest energy corporation in North America. The approximately \$94 billion combined enterprise will have 80,000 miles of pipelines, including a natural gas pipeline transportation network of approximately 67,000 miles. The combined entities will also represent the largest independent transporter of petroleum products in the U.S., the largest transporter of CO<sub>2</sub> in the U.S. and the largest independent terminal owner/operator in the U.S. Following the completion of the transaction, which is expected in the second quarter of 2012, the company will be named Kinder Morgan, Inc. and remain headquartered in Houston.

In connection with the transaction, Kinder Morgan has informed us that they will be pursuing a sale of our E&P Company. Looking ahead, I want to leave you with two commitments. First, we will keep in contact with you about progress with the transaction. Second, we will continue to provide the leadership and resources required to support our work together over the coming months. This is the same pledge we've always made to all our stakeholders, and we fully intend to maintain that focus until the transaction and the sale of the E&P Company have been completed.

I look forward to communicating more detail in the near future. In the meantime, please do not hesitate to call me at \_\_\_\_\_ with any questions.

Regards,

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Dear Shared Services Team:

When it comes to measuring our success, Shared Services has a lot to be proud of. As an integrated organization, our groups work successfully to deliver strong results through cost-effective services and solutions to our internal clients, as well as to one another. We efficiently support our business unit's people, technology, business, and financial performance and legal needs; have led our continued process, system and balance sheet improvements, and successfully implemented strategies to increase El Paso's value.

Our reputation was one of the key reasons why Kinder Morgan made the decision to acquire our company. Many of you know Kinder Morgan and that it, too, has an outstanding reputation and a proven track record of merging companies, operating assets efficiently, and growing assets through expansions. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States.

Work will begin right away on the regulatory, transition, and integration planning processes. As we determine how the processes will work and who will be involved, we'll update you. The transaction requires Federal Trade Commission (FTC) clearance, so our companies will be working closely with the FTC staff to provide appropriate information for its review.

As we begin our work, we'd ask you to do two things. First, tackle these important new assignments with the same approach and attitude we take with every initiative. Everything we do from today forward with Kinder Morgan will help us build the best company possible. Second, until the transaction closes, it's business-as-usual and we and Kinder Morgan remain separate companies. Outside the ordinary course of business, you shouldn't interact or share information with Kinder Morgan unless specifically requested to do so by El Paso's legal or integration planning teams.

Finally, the one area where we all need to be focused in the months ahead is service—service to our clients, both within and outside of the Shared Service organization. We've worked hard to raise the bar on our service and build outstanding relationships across our company, and it's more important than ever that we stay focused on these objectives. From moving full steam ahead with our year-end financial reporting and 2012 Plan, to maintaining our high standards around internal controls and technology systems, what we do and how we do it will position our company for success and enable us to hit the ground running when the transaction with Kinder Morgan is complete.

Until we talk again, be safe, work smart, and continue to do all you do to deliver exceptional service and solutions across El Paso.

Regards,

Bob, Sue, J. R., and Dane

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### Talking Points for Leaders

*Communications Tip:* As part of today's outreach to employees about Kinder Morgan's announcement that it is acquiring El Paso Corporation, employees will be eager to from you. At your first available opportunity, please connect with your team members face-to-face, either in a group or individually, to discuss the proposed transaction.

#### *Opening Common Messages*

- Yesterday, Kinder Morgan and El Paso announced a definitive agreement through which Kinder Morgan will acquire El Paso for approximately \$38 billion.
- The transaction will create the largest natural gas pipeline enterprise, the largest midstream energy company, and the fourth largest energy corporation in North America.
- The value of the offer is \$26.87 per El Paso share based on Kinder Morgan's closing price as of October 14, 2011, representing a 47 percent premium to the 20-day average closing price of El Paso's common shares and a 37 percent over the closing price of El Paso's common shares on October 14, 2011.
- The offer is comprised of \$14.65 in cash, 0.4187 KMI shares (valued at \$11.26 per EP share) and 0.640 KMI warrants (valued at \$0.96 per EP share) based on KMI's closing price on October 14, 2011.
- The warrants will have an exercise price of \$40 and a five-year term.
- EP shareholders will be able to elect, for each EP share held, either (i) \$25.91 in cash, (ii) 0.9635 shares of KMI common stock, or (iii) \$14.65 in cash plus 0.4187 shares of KMI common stock. All elections will be subject to proration and in all cases EP shareholders will receive 0.640 KMI warrants per share of EP common stock.
- Upon closing, KMI shareholders are expected to own approximately 68 percent of the combined company and EP shareholders are expected to own the remaining 32 percent.
- Kinder Morgan is acquiring all of El Paso Corporation. As a result, we won't be moving forward with our previously announced plans to separate El Paso into two independent, publicly traded companies.
- I want to thank everyone for their tireless efforts over the past five months to prepare our company for a separation.

## Edgar Filing: EL PASO CORP/DE - Form 425

- While we were on a great path, we believe this transaction will provide even greater value for our shareholders than we expected through the planned spin-off of our E&P business.
- Our two companies think very highly of one another. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States.
- The approximately \$94 billion combined enterprise will have 80,000 miles of pipelines, including a natural gas pipeline transportation network of approximately 67,000 miles.

- The combined entities will also represent the largest independent transporter of petroleum products in the U.S., the largest transporter of CO<sub>2</sub> in the U.S. and the largest independent terminal owner/operator in the U.S.
- Following the completion of the transaction, which is expected in the second quarter of 2012, the company will be named Kinder Morgan, Inc. and remain headquartered in Houston.
- The transaction is subject to customary regulatory approvals, including Federal Trade Commission (FTC) clearance.

*E&P Company-related*

- In connection with the transaction, Kinder Morgan has informed us that they will be pursuing a sale of our E&P Company.
- As I mentioned, while we were on a great path, we believe this transaction will provide even greater value for our shareholders than we expected through the planned spin-off of our E&P business.
- Kinder Morgan's decision will also provide the E&P Company with an opportunity to achieve the very same goals that the separation was striving to achieve – positioning the company for future success and growth as a pure E&P play with the right strategies, the right inventory, and the right people.
- Much of the work associated with Project ZygoSity will provide value to the sale, as well as prepare us for it.
- All the members of the team who were designated to be a part of the E&P Company following the previously planned company separation will remain part of E&P.

*Pipeline Group/Midstream/Shared Services-related*

- Our companies will be working closely with the FTC staff to provide appropriate information on a timely basis to facilitate regulatory review of the sale.
- Work will begin right away on the regulatory, transition, and integration planning processes. As we determine how the processes will work and who will be involved, we'll update you.
- Until the transaction closes, it's business-as-usual and we and Kinder Morgan remain separate companies.
- Outside the ordinary course of business, you shouldn't interact or share information with Kinder Morgan unless specifically requested to do so by El Paso's legal or integration planning teams.
- Two of the primary drivers for the transaction also relate to delivering value to each company's shareholders and maximizing the potential of the combined company. Along those lines, we will need to identify areas where we can be more efficient and reduce our combined costs.
- To learn more, I encourage you to
- Read the communication from Doug and other leaders that have been emailed to employees.

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- Listen to a replay Kinder Morgan's conference call with analysts where leadership discussed the announcement; a link is available on El Paso Today.

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- Read the company news release that's posted on El Paso Today in the Company to Own section.
- Send your questions to the special email that we'll post on El Paso Today.
- We're just starting this process with Kinder Morgan, so please be patient as we work to get answers to your questions.
- There will be a lot more information to come on the transaction
- We're holding an All-Employee Meeting in Houston at 11 a.m. today; Doug and Kinder Morgan Chairman and CEO Rich Kinder will discuss the transaction and answer your questions.
- We've created a special section on El Paso Today that will capture all the communications about the transaction.
- We'll create a special eNewsletter to cover the transaction, approval process, milestones.
- And, as always, talk to your supervisor and/or HR representative.

### *Closing Common Messages*

- Our reputation was one of the key reasons why Kinder Morgan made the decision to acquire our company. Many of you know Kinder Morgan and that it, too, has an outstanding reputation and a proven track record of merging companies, operating assets efficiently, and growing assets through expansions.
- Today's announcement is in the best interest of the company and its shareholders, and I'm confident that a sale to Kinder Morgan represents a unique opportunity for our company to grow as part of larger platforms.
- The offer represents a significant premium to our recent share price and gives El Paso's shareholders the opportunity to participate in the ongoing success of the combined company.
- We also expect the combined enterprise to create long-term benefits for our customers.
- It's important for us to be positive and proactive participants in writing this next chapter of our company.
- Making our transaction with Kinder Morgan successful, including building the premier energy infrastructure company for the next 80-plus years and a strategic sale of our E&P Company, will take the collective commitment of each of us.

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- We all have an opportunity to play a part in transforming El Paso and Kinder Morgan, as well as the E&P Company, into strong, competitive, and enduring industry leaders for many years to come.
  
- Between today and when the transaction is complete
- We still have a Vision and Values to work and live by;
- A Purpose to achieve;
- 5,000 members of Team El Paso to support;
- Businesses to run; and
- Customers/clients to serve.
  
- Above all else, it's important that we don't lose sight of our core value of safety and ensuring we keep doing what we need to do to finish each day incident- and injury-free, both in the field and at the office.
  
- Thank you for everything you do, day-in and day-out, and keep up the great work.

**IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC**

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	<u>Kinder Morgan, Inc.</u>	<u>El Paso Corporation</u>
Address:	500 Dallas Street, Suite 1000 Houston, Texas 77002	1001 Louisiana Street Houston, Texas 77002
	Attention: Investor Relations	Attention: Investor Relations
Phone:	(713) 369-9490	(713) 420-5855
E-mail:	<a href="mailto:kmp_ir@kindermorgan.com">kmp_ir@kindermorgan.com</a>	<a href="mailto:investorrelations@elpaso.com">investorrelations@elpaso.com</a>

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Dear Midstream Team:

Filling the "white space" between production fields and the nation's extensive interstate natural gas transportation network is critical to our ability to leverage the natural gas supply revolution. For more than a year, this team has been working hard to identify the right opportunities at the right time to fill that white space by expanding the growth of existing midstream projects and developing new ventures. We've made a lot of progress, and we recognize the even greater potential that lies ahead for our business.

Our reputation was one of the key reasons why Kinder Morgan made the decision to acquire our company. Many of you know Kinder Morgan and that it, too, has an outstanding reputation and a proven track record of merging companies, operating assets efficiently, and growing assets through expansions. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States. Kinder Morgan is connected to many important natural gas shale pays, including Eagle Ford, Marcellus, Utica, Haynesville, Fayetteville, and Barnett, and it's the largest provider of contracted natural gas treating services and owner/operator of significant other midstream gathering assets.

Work will begin right away on the regulatory, transition, and integration planning processes. As we determine how the processes will work and who will be involved, we'll update you. The transaction requires FTC clearance, so our companies will be working closely with the FTC staff to provide appropriate information for its review.

As we begin our work, I'd ask you to do two things. First, tackle these important new assignments with the same approach and attitude we take with every initiative. Everything we do from today forward with Kinder Morgan will help us build the best company possible. Second, until the transaction closes, it's business-as-usual and we and Kinder Morgan remain separate companies. Outside the ordinary course of business, you shouldn't interact or share information with Kinder Morgan unless specifically requested to do so by El Paso's legal or integration planning teams.

Thanks in advance for your support of the transaction. I'm confident our combined company will build on a solid foundation of performance, a shared commitment to safety, efficiency, and dependability, and a common appreciation for the importance of outstanding customer service, day-in and day-out.

Regards,

Mark

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Dear Team El Paso:

The proposed merger with Kinder Morgan requires regulatory approvals, including clearance by the Federal Trade Commission (FTC). Although the merger agreement was signed yesterday, it may be several months until we receive federal antitrust clearance and satisfy other conditions precedent required to close the sale. Until the closing occurs, the antitrust laws place significant limits on communications or coordination that can take place between El Paso and Kinder Morgan.

The basic rule can be stated simply: in this pre-closing period, El Paso and Kinder Morgan must continue to conduct business as usual and must operate as separate and independent companies. Although we cannot set forth in this document an exact list of all do's and don'ts, areas of particular antitrust concern are set forth in the List of Examples below. To avoid problems, it is very important that we adhere to the procedures and general guidelines discussed below concerning pre-closing coordination of business operations and all pre-closing exchanges of information:

- The antitrust laws prohibit El Paso and Kinder Morgan from implementing plans or otherwise coordinating competitive activities prior to the merger. The antitrust agencies expect the parties to operate as independent entities and to compete with one another until all antitrust reviews are completed and the merger is closed. In other words, it's business as usual. Thus, you should review with the legal department any proposed deviation from existing business plans that may involve activity potentially relating to the business or operations of Kinder Morgan. Examples would include proposed decisions to abandon a pipeline facility, cancel or delay an expansion project, cease negotiations with a potential customer, terminate a line of business, or any other decision that could be perceived as outside the ordinary course of business.
- Communications and activities focused on integration planning for the *post*-merger period are permitted and present less risk. Thus, El Paso and Kinder Morgan may meet prior to closing to discuss and develop plans for organizational matters, as well as the efficient transfer of the companies. However, to the extent that integration planning might involve exchanging sensitive commercial information relating to current competitive activities, antitrust issues are presented. Moreover, given that we are about to enter a period of FTC reviews (including potential document productions) related to the merger, we must be mindful that the government is likely to receive all of our documents related to the planning process.
- If your job involves contacts with Kinder Morgan in the ordinary course of business, you may continue to have those contacts. Otherwise, you should not interact or share information with Kinder Morgan unless specifically requested to do so by El Paso's legal or integration planning teams that will likely be established in the near term.
- Joint communications (i.e. communications by El Paso and Kinder Morgan together) with customers, vendors, or contractors are not permitted unless specifically authorized by El Paso's legal or integration planning teams. It is important that you not leave El Paso's customers or other business partners with the impression that El Paso and Kinder Morgan have already pooled resources or otherwise integrated their businesses. It should be emphasized to customers, vendors, and partners that until the transaction receives all required approvals and the closing takes place, the two companies remain separate and will compete separately.
- If customers raise questions about the FTC clearance process or the transaction's potential impact on competition, please contact me.



The simple guidelines detailed above are important. If at any time between now and closing you have questions or concerns about any aspect of our pre-closing antitrust obligations, please do not hesitate to call me, John Shoemaker or Marguerite Woung-Chapman in the legal department. We will be working closely with Kinder Morgan and the FTC staff to provide information and documents for that process. Between now and the time the merger closes, it is critical that each of us comply with the applicable antitrust restrictions.

**LIST OF EXAMPLES**

Areas of discussion which are particularly sensitive from an antitrust perspective in businesses where El Paso and Kinder Morgan are competitors:

- Customers or prices (past or future)
- Competitive strategies of El Paso, Kinder Morgan, or competitors
- Negotiating strategies, plans, or goals for contracts or contract terms
- Responses to anticipated bid or joint venture opportunities
- Pricing or bidding activities of El Paso, Kinder Morgan, or competitors
- Anticipated changes in prices or contract terms
- Anticipated changes in costs of key inputs
- Negotiating strategies for dealing with suppliers or contractors
- Cost of materials, wage rates, overhead and other elements that enter into price
- Profit levels or margins
- Information about the purchasing or bidding plans of customers or competitors
- Servicing or planning to sell to actual or potential customers
- Non-public information about capacity or capacity utilization
- Sales levels
- Marketing or promotional activities and plans
- Plans regarding expansion, contraction, acquisition, or sale of any facilities

Regards,

Bob

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500 Dallas Street, Suite 1000  
Houston, Texas 77002  
Attention: Investor Relations  
Phone: (713) 369-9490  
E-mail: kmp\_ir@kindermorgan.com

El Paso, Inc.  
1001 Louisiana Street  
Houston, Texas 77002  
Attention: Investor Relations  
Phone: (713) 420-5855  
investorrelations@elpaso.com

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## **El Paso-Kinder Morgan Transaction**

### **1. What was announced?**

- Yesterday, Kinder Morgan, Inc. (NYSE:KMI) announced that has agreed to acquire El Paso Corporation for approximately \$26.87 per share in cash, stock and warrants, a premium of 37 percent from Friday's close.
- As a result of the pending sale, we won't be moving forward with our previously announced plans to separate El Paso into two independent, publicly traded companies.

### **2. What are the benefits of this transaction?**

- This agreement delivers significant immediate and long-term value to our shareholders.
- The transaction will create the largest natural gas pipeline enterprise, the largest midstream energy company, and the fourth largest energy corporation in North America.
- The merged company will own approximately 80,000 miles of pipelines, of which about 67,000 miles are natural gas pipelines.
- We expect the merged company to have superior infrastructure opportunities.
- Its pipelines will have superior connectivity to the nation's key natural gas shale plays including the Eagle Ford, Marcellus, Utica, Haynesville, Fayetteville and Barnett.
- It will also be a leading provider of contracted natural gas treating services and owner/operator of significant other midstream gathering assets.
- We expect the transaction to provide a broader set of opportunities for our employees and long-term benefits for our customers.

### **3. How will I stay informed about the sale?**

- We will keep you informed all along the way
- In coming days, we will create a new information site on El Paso Today to keep you abreast of the sale process and give you an email address to ask questions.
- Please read Doug's and Rich Kinder's letters to employees

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- Attend the employee meetings
  - Listen to the Kinder Morgan analyst call, which begins at 7:30 CT. You can listen by going to this link:  
<http://www.kindermorgan.com/>
-

**4. Why is El Paso being sold to Kinder Morgan instead of pursuing the planned spin-off of E&P?**

- While we were on a great path, we believe this transaction will provide even greater value for our shareholders than we expected through the planned spin-off of our exploration & production business.
- Our shareholders have been offered a substantial per-share premium and will receive cash, plus common stock and warrants that allow them to participate in the promising future for the combined company.
- The Board and senior management did a significant amount of work to evaluate this opportunity, and we believe it is a terrific outcome for our shareholders.

**5. When will the sale be complete?**

- We expect the sale to close in the second quarter of 2012.
- We will need Hart-Scott-Rodino anti-trust approval, and shareholders at both KMI and El Paso must approve the transaction. Our Board recommends that shareholders approve this transaction.

**6. What will be the name of the company?**

- El Paso Corporation's name will be replaced by Kinder Morgan, Inc. and the company will trade on the New York Stock Exchange under the ticker symbol KMI.
- The other Kinder Morgan publicly traded entities will be: Kinder Morgan Energy Partners, L.P. (NYSE: KMP), Kinder Morgan Management, LLC (NYSE: KMR) and El Paso Pipeline Partners, L.P. (NYSE:EPB).

**7. What should I know about Kinder Morgan, Inc.?**

- Kinder Morgan is based in Houston and is one of the most respected energy companies in the United States.
- It owns an interest in or operates more than 37,000 miles of pipelines and 180 terminals.
- There is a great deal of mutual respect between our companies. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States.
- In addition, Kinder Morgan owns pipelines that transport 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.

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- Kinder Morgan also owns the general partner interest in Kinder Morgan Energy Partners, L.P. (NYSE: KMP), one of the largest publicly traded pipeline limited partnerships in the United States.
  - Almost all of Kinder Morgan's assets exist at KMP, which has produced a compound annual growth rate to unitholders of 25 percent since 1996
  - Kinder Morgan is an extraordinarily successful company. You can learn more about KMI at <http://www.kindermorgan.com/>
-

**8. What is Kinder Morgan's strategy?**

- Kinder Morgan's strategy is very simple and has remained consistent since 1997
- Own and operate primarily fee-based assets that are core to the North American energy infrastructure that produce stable and substantial cash flow.
- Run these assets as safely and efficiently as possible with a strong commitment to protecting the public, our employees, contractors and the environment.
- Control costs as it's the investors' money - not management's.
- Leverage the asset's footprint to seek attractive capital investment opportunities through both expansions and acquisitions
- Maintain a strong balance sheet which enables Kinder Morgan to access the capital markets to continue growing the business
- Align management's interests with shareholders. For example, Chairman and CEO, Richard Kinder, currently owns about 31 percent of KMI and receives a salary of \$1 a year, no bonuses, no stock option grants and no restricted stock.

**9. How does Kinder Morgan expect to achieve efficiencies?**

- Kinder Morgan has been very successful in acquiring and merging companies and operating assets efficiently.
- At Kinder Morgan, the philosophy is to reduce corporate overhead expenses and apply a disciplined budgeting approach to operations. For example, the company caps base salaries for executives, and eliminates corporate perks and other unnecessary overhead. It has no corporate aircraft, no sponsorships, no sports tickets, no club memberships, and no supplemental retirement or special benefit plans for senior executives.
- Kinder Morgan describes itself as a company run by shareholders for shareholders.
- Management tries to run the company like a prudent person would run his or her own personal affairs and spend money on the things that really matter, like maintaining their assets.
- The hands-on senior management team meets weekly with Kinder Morgan business unit presidents and operational heads to review financial performance and receive operational updates

**10. Will El Paso have any directors on the Kinder Morgan board?**

- El Paso will have two members on the KMI board of directors who will be identified by the El Paso board

**11. What will happen in the interim?**

- Work will begin right away on the regulatory, transition, and integration planning processes. As we determine how the processes will work and who will be involved, we'll update you.
- Until the transaction closes, it's business-as-usual and we will continue to operate as separate companies.

**12. Will there be layoffs associated with this transaction? If so, when will they occur and how many?**

- Combined, the companies currently have approximately 12,800 employees.
- As a part of the transition and integration planning processes, Kinder Morgan will be assessing the future organizational structure of the new combined company.
- There will not be any reductions prior to closing.
- Rich Kinder, Chairman and CEO of Kinder Morgan, will be addressing our employees on Monday morning at 11:00 a.m. CT.

**13. What will happen to El Paso's management team?**

- Defining the go-forward management will be part of the transition planning process.

**14. What will happen to Doug Foshee?**

- As highlighted in its news release, Kinder Morgan's Chairman and CEO, Rich Kinder, will remain Chairman and CEO of the combined entity. Park Shaper will remain President and Steven J. Kean will continue as the Chief Operating Officer.
- Doug's focus will be on the transaction and creating a vibrant, leading energy infrastructure company from working with the great team at Kinder Morgan to supporting the regulatory, transition, and integration planning processes.

**15. Under the Project Zygoty plan, if I was scheduled to move into the E&P organization and be an EP Energy employee. Am I part of the E&P Company that is being sold, or am I an El Paso employee?**



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- If you were assigned to be with EP Energy Corporation following the previously planned company separation, those plans won't change; you will remain part of EP Energy throughout and following this transaction.
  - The buyer of the E&P business will determine if there are any changes to the E&P workforce.
-

**16. Will El Paso Pipeline Partners (EPB) keep its name?**

- While it will become part of the Kinder Morgan family of companies when the transaction closes, EPB will continue to operate under its current name as an entity listed on the New York Stock Exchange.
- It is possible that it will be combined with KMP in the future, but that is not part of this transaction.

**17. Will Kinder Morgan drop any assets down to KMP or EPB?**

- Yes. Over the next few years they plan to drop down some of the El Paso pipelines to KMP and some to EPB.
- Like El Paso, Kinder believes that the MLP structure is the most advantageous entity to own these types of assets.
- This will make the transaction more accretive to shareholders as time goes on.

**18. Will employees have to relocate?**

- That will be determined through the evaluation and integration process.
- However, it is likely that the majority of employees, especially the field and Houston-based employees, will not require a geographic move.

**19. What is a warrant?**

- A warrant is very much like a stock option. It is a contract that gives the holder the right to buy a stock at a certain price within a stated time frame.
- A warrant is issued by a company; whereas market makers create and trade stock options in various companies, independent of a company's activities.

**20. Will we close any offices?**

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- This will be evaluated during the planning and integration process, but most of the companies' assets are complementary

**21. I know some employees at Kinder Morgan. Is it okay for me to contact them and talk about El Paso?**

- Outside the ordinary course of business, you shouldn't interact or share information with Kinder Morgan unless specifically requested to do so by El Paso's legal or integration planning teams.
  - Remember, until the transaction closes, we will continue to operate as two separate companies.
-

**22. Can I pursue another opportunity within El Paso?**

- As you may recall, moves between the two companies ended on October 1 to prepare for the separation.
- As we work on the regulatory, transition, and integration planning processes, we will re-examine this and provide you with any updates.

**23. Will my medical coverage change?**

- There will be no immediate change to medical coverage for the combined company.
- Post sale, there will be one set of benefits

**24. Will my vacation time change?**

- There will be no immediate change to vacation time.
- Post sale, there will be one set of benefits

**25. Can I get an early retirement?**

- There are no current plans for an early retirement program.

**26. Can I get a severance package?**

- Yes, Kinder Morgan will honor the existing El Paso severance plan for a certain period of time following the merger.
- However, to be eligible for severance: 1) the transaction must close; and, 2) the employee must meet the terms of the plan that they are covered under.

**27. What will happen to my compensation and benefits?**

- There are no immediate changes to compensation and benefits.
- Post sale, there will be one set of benefits

**28. What will happen to my 2012 bonus?**

- If you earn a performance bonus for 2011, it will still be paid in 2012.
-

**29. What will happen to my restricted stock and options?**

- The sale of El Paso is a change of control. All unvested equity and options will vest when the sale closes.

**30. Will our corporate giving be impacted?**

- Kinder Morgan supports the communities it serves through the Kinder Morgan Foundation, and we expect the combined entity will continue with that approach.

**31. What should I say if I am contacted by the media?**

- This transaction may result in attention from the media and it is important that we speak with one voice. Please refer all calls to Investor & Media Relations:
  - Bruce Connery 713-420-5855
  - Bill Baerg 713-420-2906
  - Richard Wheatley 713-420-6828

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**Kinder Morgan, Inc.**  
Address: 500 Dallas Street, Suite 1000

**El Paso Corporation**  
1001 Louisiana Street

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**Houston, Texas 77002**  
**Attention: Investor Relations**  
**Phone: (713) 369-9490**  
**E-mail: [kmp\\_ir@kindermorgan.com](mailto:kmp_ir@kindermorgan.com)**

**Houston, Texas 77002**  
**Attention: Investor Relations**  
**(713) 420-5855**  
**[investorrelations@elpaso.com](mailto:investorrelations@elpaso.com)**

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### Officer Talking Points

*Communications Tip:* As you connect with team members today and/or early tomorrow morning, they may or may not have heard about the announcement that Kinder Morgan is acquiring El Paso or seen Doug's communication to all employees. Please connect with your team members and use the opportunity to focus on the four Cs — **Connect, Confirm, Convey, and Close.**

#### *Connect*

- Hi and [good afternoon/good morning]
- I wanted to reach out to you today/gather everyone this morning to talk about the announcement we made with Kinder Morgan and give you a brief overview of what's happening.

#### *Confirm*

- Earlier today/yesterday, Kinder Morgan and El Paso announced a definitive agreement through which Kinder Morgan will acquire El Paso for approximately \$38 billion.
- The transaction will create the largest natural gas pipeline enterprise, the largest midstream energy company, and the fourth largest energy corporation in North America.
- The value of the offer is \$26.87 per El Paso share based on Kinder Morgan's closing price as of October 14, 2011, representing a 47 percent premium to the 20-day average closing price of El Paso's common shares and a 37 percent over the closing price of El Paso's common shares on October 14, 2011.
- The offer is comprised of \$14.65 in cash, 0.4187 KMI shares (valued at \$11.26 per EP share) and 0.640 KMI warrants (valued at \$0.96 per EP share) based on KMI's closing price on October 14, 2011.
- The warrants will have an exercise price of \$40 and a five-year term.
- EP shareholders will be able to elect, for each EP share held, either (i) \$25.91 in cash, (ii) 0.9635 shares of KMI common stock, or (iii) \$14.65 in cash plus 0.4187 shares of KMI common stock. All elections will be subject to proration and in all cases EP shareholders will receive 0.640 KMI warrants per share of EP common stock.
- Upon closing, KMI shareholders are expected to own approximately 68 percent of the combined company and EP shareholders are expected to own the remaining 32 percent.

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- Kinder Morgan is acquiring all of El Paso Corporation. As a result, we won't be moving forward with our previously announced plans to separate El Paso into two independent, publicly traded companies.
- I want to thank everyone for their tireless efforts over the past five months to prepare our company for a separation
- While we were on a great path, we believe this transaction will provide even greater value for our shareholders than we expected through the planned spin-off of our E&P business.

### *Convey*

- Our two companies think very highly of one another. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States.

- The approximately \$94 billion combined enterprise will have 80,000 miles of pipelines, including a natural gas pipeline transportation network of approximately 67,000 miles.
- The combined entities will also represent the largest independent transporter of petroleum products in the U.S., the largest transporter of CO<sub>2</sub> in the U.S. and the largest independent terminal owner/operator in the U.S.
- Following the completion of the transaction, which is expected in the second quarter of 2012, the company will be named Kinder Morgan, Inc. and remain headquartered in Houston.
- The transaction is subject to customary regulatory approvals, including Federal Trade Commission clearance.
- Here are some details about the transaction
- In connection with the transaction, Kinder Morgan has informed us that it will be pursuing a sale of our E&P Company.
- As I mentioned, while we were on a great path, we believe this transaction will provide even greater value for our shareholders than we expected through the planned spin-off of our E&P business.
- Kinder Morgan's decision will also provide the E&P Company with an opportunity to achieve the very same goals that the separation was striving to achieve – positioning the company for future success and growth as a pure E&P play with the right strategies, the right inventory, and the right people.
- Much of the work associated with Project Zygotity will provide value to the sale, as well as prepare us for it.
- All the members of the team who were designated to be a part of the E&P Company following the previously planned company separation will remain part of E&P.
- Our companies will be working closely with the FTC staff to provide appropriate information on a timely basis to facilitate regulatory review of the sale.
- Work will begin right away on the regulatory, transition, and integration planning processes. As we determine how the processes will work and who will be involved, we'll update you.
- Until the transaction closes, it's business-as-usual and we and Kinder Morgan remain separate companies.
- Outside the ordinary course of business, you shouldn't interact or share information with Kinder Morgan unless specifically requested to do so by El Paso's legal or integration planning teams.
- Two of the primary drivers for the transaction also relate to delivering value to each company's shareholders and maximizing the potential of the combined company. Along those lines, we will need to identify areas where we can be more efficient and reduce our combined costs.



- To learn more, I encourage you to
- Read the communication from Doug that was emailed to all employees.
- Listen to Kinder Morgan's live conference call with analysts where leadership is discussing the announcement; a link will be available on El Paso Today.
- Read the company news release that's posted on El Paso Today in the Company to Own section.
- Send your questions to the special email address posted on El Paso Today.
- We're just starting this process with Kinder Morgan, so please be patient as we work to get answers to your questions.
- There will be a lot more information to come on the transaction
- We're holding an All-Employee Meeting in Houston at 11 a.m. today; Doug and Kinder Morgan CEO Rich Kinder will discuss the transaction and answer your questions.
- We're creating a special section on El Paso Today that will capture all the communications about the transaction.
- We'll also create a special eNewsletter to cover the transaction, approval process, milestones.
- And, as always, talk to your supervisor and/or HR representative.

*Close*

- Our reputation was one of the key reasons why Kinder Morgan made the decision to acquire our company. Many of you know Kinder Morgan and that it, too, has an outstanding reputation and a proven track record of merging companies, operating assets efficiently, and growing assets through expansions.
- I support the Executive team and the Board on this decision as it will create significant long-term value for shareholders:
- I strongly believe today's announcement is in the best interest of the company and its shareholders, and I'm confident that a sale to Kinder Morgan represents a unique opportunity for our company to grow as part of larger platforms.
- The offer represents a significant premium to our recent share price and gives El Paso's shareholders the opportunity to participate in the ongoing success of the combined company.
- We also expect the combined enterprise to create long-term benefits for our customers.
- It's critical for us to be positive and proactive participants in writing this next chapter of our company.

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- Making our transaction with Kinder Morgan successful, including building the premier energy infrastructure company for the next 80-plus years and a strategic sale of our E&P Company, will take the collective commitment of each of us.
- We all have an opportunity to play a part in transforming El Paso and Kinder Morgan, as well as the E&P Company, into strong, competitive, and enduring industry leaders.
- Between today and when the transaction is complete
- We still have a Vision and Values to work and live by;
- A Purpose to achieve;
- 5,000 members of Team El Paso to support;
- Businesses to run; and
- Customers/clients to serve.
- Above all else, it is important that we stay focused on our core value of safety and ensuring we keep doing what we need to do to finish each day incident- and injury-free, both in the field and at the office.
- Thank you for everything you do, day-in and day-out, and keep up the great work.

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**Customer Letter Template**

Dear [Name]:

Earlier today, it was announced that Kinder Morgan has entered into an agreement with El Paso through which Kinder Morgan will acquire our company. I'm excited about this announcement and its potential to help us build on our record of excellence in customer service. I'd like to take a moment today to provide you with a brief overview of the transaction and what you can expect from us going forward.

We and Kinder Morgan think very highly of one another. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States. Our transaction will create the largest natural gas pipeline enterprise, the largest midstream energy company, and the fourth largest energy corporation in North America. The approximately \$94 billion combined enterprise will have 80,000 miles of pipelines, including a natural gas pipeline transportation network of approximately 67,000 miles. The combined entities will also represent the largest independent transporter of petroleum products in the U.S., the largest transporter of CO<sub>2</sub> in the U.S. and the largest independent terminal owner/operator in the U.S. Following the completion of the transaction, which is expected in the second quarter of 2012, the company will be named Kinder Morgan, Inc. and remain headquartered in Houston.

Together, we're confident that our combined company will build on a solid foundation of performance, a shared commitment to safety, efficiency, and dependability, and a common appreciation for the importance of outstanding customer service, day-in and day-out.

Looking ahead, I want to leave you with two commitments. First, we will keep in contact with you about progress with the transaction. Second, we will continue to provide the leadership and resources required to support your daily activities with our pipelines. This is the same pledge we've always made to our valued customers, and we fully intend to maintain that focus throughout the coming months.

I look forward to doing my part, along with the rest of the El Paso team, to ensure you continue to receive the same exceptional level of service that you've come to expect. We're excited about our new partnership with Kinder Morgan and the opportunities ahead for our combined company. I look forward to communicating more detail in the near future. In the meantime, please do not hesitate to call me at with any questions.

Regards,

---

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**Vendor Letter Template**

Dear [Name]:

Earlier today, it was announced that Kinder Morgan has entered into an agreement with El Paso through which Kinder Morgan will acquire our company. I'd like to take a moment today to provide you with a brief overview of the transaction and what you can expect from us going forward.

We and Kinder Morgan think very highly of one another. The natural gas pipeline systems of our two companies are highly complementary, as they primarily serve different supply sources and destinations in the United States. Our transaction will create the largest natural gas pipeline enterprise, the largest midstream energy company, and the fourth largest energy corporation in North America. The approximately \$94 billion combined enterprise will have 80,000 miles of pipelines, including a natural gas pipeline transportation network of approximately 67,000 miles. The combined entities will also represent the largest independent transporter of petroleum products in the U.S., the largest transporter of CO2 in the U.S. and the largest independent terminal owner/operator in the U.S. Following the completion of the transaction, which is expected in the second quarter of 2012, the company will be named Kinder Morgan, Inc. and remain headquartered in Houston.

Looking ahead, I want to leave you with two commitments. First, we will keep in contact with you about progress with the transaction. Second, we will continue to provide the leadership and resources required to support our work together over the coming months. This is the same pledge we've always made to all our stakeholders, and we fully intend to maintain that focus until the transaction has been completed.

We're excited about our new partnership with Kinder Morgan and the opportunities ahead for our combined company. I look forward to communicating more detail in the near future. In the meantime, please do not hesitate to call me at \_\_\_\_\_ with any questions.

Regards,

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**IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC**

Kinder Morgan, Inc. ( KMI ) plans to file with the SEC a Registration Statement on Form S-4 in connection with the proposed transaction, and KMI and El Paso Corporation ( EP ) plan to file with the SEC and mail to their respective stockholders a Joint Proxy/Information Statement/Prospectus in connection with the proposed transaction. THE REGISTRATION STATEMENT AND THE JOINT PROXY/INFORMATION STATEMENT/PROSPECTUS WILL CONTAIN IMPORTANT INFORMATION ABOUT KMI, EP, THE PROPOSED TRANSACTION AND RELATED MATTERS. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY/INFORMATION STATEMENT/PROSPECTUS CAREFULLY WHEN THEY BECOME AVAILABLE. Investors and security holders will be able to obtain free copies of the Registration Statement and the Joint Proxy/Information Statement/Prospectus and other documents filed with the SEC by KMI and EP through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders will be able to obtain free copies of the Registration Statement and the Joint Proxy/Information Statement/Prospectus by phone, e-mail or written request by contacting the investor relations department of KMI or EP at the following:

Kinder Morgan, Inc.  
500 Dallas Street, Suite 1000  
Houston, Texas 77002  
Attention: Investor Relations  
Phone: (713) 369-9490  
E-mail: [kmp\\_ir@kindermorgan.com](mailto:kmp_ir@kindermorgan.com)

El Paso, Inc.  
1001 Louisiana Street  
Houston, Texas 77002  
Attention: Investor Relations  
Phone: (713) 420-5855  
[investorrelations@elpaso.com](mailto:investorrelations@elpaso.com)

**PARTICIPANTS IN THE SOLICITATION**

KMI and EP, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies in respect of the proposed transactions contemplated by the merger agreement. Information regarding KMI's directors and executive officers is contained in KMI's Form 10-K for the year ended December 31, 2010, which has been filed with the SEC. Information regarding EP's directors and executive officers is contained in EP's Form 10-K for the year ended December 31, 2010 and its proxy statement dated March 29, 2011, which are filed with the SEC. A more complete description will be available in the Registration Statement and the Joint Proxy/Information Statement/Prospectus.

**SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS**

Statements in this document regarding the proposed transaction between KMI and EP, the expected timetable for completing the proposed transaction, future financial and operating results, benefits and synergies of the proposed transaction, future opportunities for the combined company, the sale of EP's exploration and production assets, the possible drop-down of assets and any other statements about KMI or EP managements' future expectations, beliefs, goals, plans or prospects constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should also be considered to be forward looking statements. There are a number of important factors that

could cause actual results or events to differ materially from those indicated by such forward looking statements, including: the ability to consummate the proposed transaction; the ability to obtain the requisite regulatory approvals, shareholder approvals and the satisfaction of other conditions to consummation of the transaction; the possibility that financing might not be available on the terms committed; the ability to consummate contemplated asset sales; the ability of KMI to successfully integrate EP's operations and employees; the ability to realize anticipated synergies and cost savings; the potential impact of announcement of the transaction or consummation of the transaction on relationships, including with employees, suppliers, customers and competitors; the ability to achieve revenue growth; national, international, regional and local economic, competitive and regulatory conditions and developments; technological developments; capital and credit markets conditions; inflation rates; interest rates; the political and economic stability of oil producing nations; energy markets, including changes in the price of certain commodities; weather conditions; environmental conditions; business and regulatory or legal decisions; the pace of deregulation of retail natural gas and electricity and certain agricultural products; the timing and success of business development efforts; terrorism; and the other factors described in KMI's and EP's Annual Reports on Form 10-K for the year ended December 31, 2010 and their most recent quarterly reports filed with the SEC. KMI and EP disclaim any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this document.

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