

EL PASO CORP/DE
Form 425
December 06, 2011

Companies Run By Shareholders, For Shareholders

David Kinder

VP Corporate Development & Treasurer

December 6, 2011

Filed

by

Kinder

Morgan,

Inc.

Pursuant

to

Rule

425

under

the

Securities

Act

of

1933

and

deemed

filed

pursuant

to

Rule

14a-12

of

the

Securities

Exchange

Act

of

1934.

Subject

Company:

El

Paso

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Commission
File
No.:
001-14365
Commission
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for
Registration
Statement
on
Form
S-4:
333-177895

Forward-Looking Statements

This presentation contains forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results or the ability to generate revenues, income or cash flow or to make distributions or pay dividends are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations of Kinder Morgan Energy Partners, L.P., Kinder Morgan Management, LLC and Kinder Morgan, Inc. may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond Kinder Morgan's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future, including, among others, the ability to achieve synergies and 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; 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 other uncertainties.

There
is
no
assurance
that
any
of
the

actions,
events
or
results
of
the
forward-looking
statements
will

occur, or if any of them do, what impact they will have on our results of operations or financial condition. Because of these uncertainties, you are cautioned not to put undue reliance on any forward-looking statement.

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Use of Non-GAAP Financial Measures

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The non-generally accepted accounting principles ("non-GAAP") financial measures of distributable cash flow before certain items, earnings before depreciation, depletion, amortization and amortization of excess cost of equity investments ("DD&A") and certain items, and earnings before interest, taxes and DD&A ("EBITDA") before certain items are included in this presentation and are considered as alternatives to GAAP measures such as net income or any other GAAP measure of liquidity or financial performance. Distributable cash flow before certain items and EBITDA before certain items are significant metrics used by us and by external investors, research analysts, commercial banks and others, to compare basic cash flows generated by us to the cash distributions on an ongoing basis. Management uses these metrics to evaluate our overall performance. Distributable cash flow before certain items is used to determine the coverage ratio of estimated ongoing cash flows to expected cash distributions. Distributable cash flow before certain items and EBITDA before certain items are important non-GAAP financial measures for our unitholders because they serve as indicators of our success in providing a cash distribution. They indicate to investors whether or not we typically are generating cash flow at a level that can sustain or support an increase in the value of our partnership agreement. Our partnership agreement requires us to distribute all available cash. Distributable cash flow before certain items and similar measures used by other publicly traded partnerships are also quantitative measures used in the investment community. The yield is generally determined by the unit's yield (which in turn is based on the amount of cash distributions the entity pays to a unitholder). The ratio of distributable cash flow before certain items and EBITDA before certain items is to measure and estimate the ability of our assets to support cash distributions to our investors.

We define distributable cash flow before certain items to be limited partners' pretax income before certain items and DD&A, less capital expenditures for KMP, plus DD&A less sustaining capital expenditures for Rockies Express, Midcontinent Express, Fayetteville Express, and other equity method investees, less equity earnings plus cash distributions received for Express and Endeavor, two additional equity investees. Unit distributable cash flow per unit is distributable cash flow before certain items divided by average outstanding units. Segment distributable cash flow before certain items and DD&A less sustaining capital expenditures. In certain instances to calculate segment distributable cash flow before certain items and DD&A less sustaining capital expenditures for Rockies Express, Midcontinent Express, Fayetteville Express, KinderHawk and Cypress, our equity method investees are treated as pretax income before certain items, plus interest expense and DD&A, including the DD&A of REX, MEP, FEP, KinderHawk and Cypress. "Certain items" are items that are required by GAAP to be reflected in net income, but typically either (1) do not have a cash impact, (2) are compensation for which we will never be responsible, and results from assets prior to our ownership that are required to be reflected in net income regarding entities under common control, or (2) by their nature are separately identifiable from our normal business operations and occur sporadically, for example legal settlements, hurricane impacts and casualty losses. Management uses this measure and believes these financial statements because it believes the measure more effectively reflects our business' ongoing cash generation capacity than a similar measure. For similar reasons, management uses segment earnings before DD&A and certain items and segment distributable cash flow before certain items and DD&A less sustaining capital expenditures to evaluate performance and managing our business. We believe segment earnings before DD&A and certain items and segment distributable cash flow before certain items and DD&A less sustaining capital expenditures are performance metrics because they enable us and external users of our financial statements to better understand the ability of our assets to support cash distributions on an ongoing basis. We believe they are useful metrics to investors because they are measures that management believes are important and used for the purposes of making decisions about allocating resources to our segments and assessing the segments' respective performance. We believe the GAAP measure most directly comparable to distributable cash flow before certain items and to EBITDA before certain items and DD&A is the GAAP measure most directly comparable to segment earnings before DD&A and certain items and segment distributable cash flow before certain items and DD&A less sustaining capital expenditures. Our non-GAAP measures described above should not be considered as an alternative to GAAP net income, segment earnings before DD&A and certain items, segment distributable cash flow before certain items, segment earnings before DD&A and certain items, segment distributable cash flow before certain items and DD&A less sustaining capital expenditures. Distributable cash flow before certain items, segment earnings before DD&A and certain items, segment distributable cash flow before certain items and DD&A less sustaining capital expenditures are not financial measures in accordance with GAAP and have important limitations as analytical tools. You should not rely on these measures in isolation or as a substitute for an analysis of our results as reported under GAAP. Because distributable cash flow before certain items and EBITDA before certain items include some but not all items that affect net income and because these measures are defined differently by different companies in our industry,

certain items and EBITDA before certain items may not be comparable to similarly titled measures of other companies. Segment distributable cash flow have similar limitations. Management compensates for the limitations of these non-GAAP measures, understanding the differences between the measures and taking this information into account in its analysis and its d
A reconciliation of these measures to the most comparable GAAP measures is provided on our website at: <http://www.kinderm>

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IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC

Kinderg Morgan, Inc. (KMI) has filed with the SEC a Registration Statement on Form S-4 in connection with the proposed transaction between KMI and a preliminary Proxy Statement of El Paso Corporation (EP). The Registration Statement has not yet become effective as required by the SEC, KMI and EP plan to file with the SEC and mail to their respective stockholders a definitive Information Statement in connection with this transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND INFORMATION STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED BY KMI OR EP WITH THE SEC AND INFORMATION STATEMENT/PROSPECTUS, BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION. Investors are urged to read the preliminary Information Statement/Proxy Statement/Prospectus and other documents filed with the SEC by KMI and EP. For more information, please call, by phone, e-mail or written request by contacting the investor relations department of KMI or EP at the following:

Kinderg Morgan, Inc.

El Paso Corporation

Address:

500 Dallas Street, Suite 1000

1001 Louisiana Street

Houston, Texas 77002

Houston, Texas 77002

Attention: Investor Relations

Attention: Investor Relations

Phone:

(713) 369-9490

(713) 420-5855

E-mail:

kmp_ir@kindermorgan.com

investorrelations@elpaso.com

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction. No offering will be made unless it meets the requirements of Section 10 of the Securities Act of 1933, as amended.

PARTICIPANTS IN THE SOLICITATION

KMI and EP, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxy for the proposed transaction. Information regarding KMI's directors and executive officers is contained in KMI's Form 10-K for the year ended December 31, 2010 and 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

more complete description will be available in the Registration Statement and the Information Statement/Proxy Statement/Prospectus Supplement.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

Statements in this document regarding the proposed transaction between KMI and EP, the expected timetable for completing the transaction, the expected benefits and synergies of the proposed transaction, future opportunities for the combined company, the sale of EP's exploration and production assets and other statements about KMI or EP management's future expectations, beliefs, goals, plans or prospects constitute forward looking statements under the Securities Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words "believe," "expect," "anticipate," "intend," "estimate," "forecast" and other similar expressions) should also be considered to be forward looking statements. There are a number of important factors that could cause actual results to differ from those indicated by such forward looking statements, including: the ability to consummate the proposed transaction; the ability to obtain the required regulatory approvals and conditions to consummation of the transaction; the possibility that financing might not be available on the terms committed; the ability to successfully integrate EP's operations and employees; the ability to realize anticipated synergies and cost savings; the potential impact of the transaction on relationships, including with employees, suppliers, customers and competitors; the ability to achieve revenue and profit targets in a competitive and regulatory conditions and developments; technological developments; capital and credit markets conditions; international market conditions; producing nations; energy markets, including changes in the price of certain commodities; weather conditions; environmental conditions; deregulation of retail natural gas and electricity and certain agricultural products; the timing and success of business development activities; and other factors. For more information see 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, as well as forward looking statements as a result of developments occurring after the date of this document.

Different Ownership Interests in Same Set of Assets

Kinder Morgan Energy Partners, L.P.

Market Equity

\$25.7

(a)

Debt

12.2B

(b)

Enterprise Value

\$37.9B

2011E LP Distribution per Unit

\$4.60

(c)

2011E Total Distributions

\$2.6B

(c)

85MM

(86%)

14MM

(14%)

Distributions
in additional
i-units / shares

KMR

(LLC)

99 million shares

(a)

LP & GP

Distributions

\$1.3B

(c)

KMI

Public

Float

KMI

Cash

distributions

KMP

(Partnership)

236 million units

(a)

214MM

(91%)

KMI

(Inc.)

708 million shares

(d)

Public

Float

Management /

Original S/H

Sponsors

22MM

(9%)

Kinder Morgan, Inc.

Market Equity

\$21.9B

(d)

Debt

3.2B

(e)

Enterprise Value

\$25.1B

2011E Dividend per Share

\$1.19

(f)

2011E Total Dividends

\$842MM

(f)

110MM

(16%)

319MM

(45%)

279MM

(39%)

(a)

As of 12/2/2011; KMP market equity based on ~236 million common units (includes 5.3 million Class B units owned by Kindred Capital Management, L.P. (KMP common units) at a price of \$78.78, and ~99 million KMR shares at a price of \$71.49

(b)

Debt balance as of 9/30/2011, excludes the fair value of interest rate swaps, net of cash

(c)

2011 budget

(d)

As of 12/2/2011; KMI market equity based on 708 million fully-diluted shares (including restricted shares) at a price of \$31.00, excluding management purchases reflected on SEC Form 4s through 11/23/2011

(e)

Debt of KMI and its subsidiaries, excluding KMP and its subsidiaries as of 9/30/2011; excludes the fair value of interest rate swaps and Morgan G.P., Inc.'s \$100 million of Series A Fixed-to-floating Rate Term Cumulative Preferred Stock due 2057, net of cash

(f)

Based on expected 2011 dividend per share, on declared basis

5

KMR 101

(a)

KMR *is*

KMP

KMR shares are pari passu with KMP units

KMR dividend equal to KMP cash distribution, but paid in additional shares; effectively a dividend reinvestment program

(b)

Like KMP units,

KMR

shares

are

tax
efficient

but
with
simplified tax reporting (no K-1s, UBTI)

KMR is a significant entity
KMR market cap = \$7.0 billion, ~30% of total KMP
capitalization

(c)
~\$20 million in daily liquidity
KMR has generated strong returns for investors and trades
at an unjustified discount to KMP
14.9% compound annual total return since '01 IPO vs.
15.4% for KMP
Current 9.3% discount compared to historical 7.8%
discount since IPO

Insiders prefer KMR
Management has purchased KMR at a rate of over 2:1 vs
KMP, or almost 7:1 excluding one transaction

(d)
6
KMR Discount to KMP
Management Purchases of KMR / KMP

(d)
\$10
\$8
\$6
\$4
\$2
\$0
KMR
KMR
\$8.1
\$4.5
(millions)

10%
5%
0%
-5%
-10%
-15%
-20%

Dec-00
Dec-02
Dec-04
Dec-06
Dec-08
Dec-10
IPO 5/14/2001

(a)
All figures through / as of 12/2/2011; see footnotes on slide 10 for explanation of total return calculations

(b)
Calculation of share dividend: KMP quarterly cash distribution per unit divided by KMR 10-day avg price prior to x-date = fraction of share; example reflects actual KMR share dividend calculated for 3Q 2011 paid on 11/14/2011; refer to KMP 3Q 2011

(c)
As of 12/2/2011; see footnotes on slide 5 for more information

(d)
Purchase of KMR shares and KMP units by directors and officers of KMR/KMP since the KMR IPO in 2001, as reported in Schedule 13D. The 7:1 ratio excludes one open market purchase of KMP units relating to an arrangement requiring cash distributions for payment of dividends.

Our Strategy: Stay the Course

Focus on stable fee-based assets that are core to North American energy infrastructure

Market leader in each of our business segments

Control costs

It's
the
investors

money,
not
management s

treat
it
that
way

Leverage asset footprint to seek attractive capital investment opportunities,
both expansion and acquisition

Since 1997, KMP has completed \$11.5 billion in acquisitions and \$13.0
billion in greenfield / expansion projects
Maintaining a strong balance sheet is paramount

Enables continued access to capital markets to grow the business

KMP accessed capital markets for over \$24 billion since inception
(a,b)

Keep it simple

7

Same Strategy Since Inception

(a)

Through 9/30/2011

(b)

Adjusted for 3Q KMR dividend paid on 11/14/2011

(a)

8

Asset

Footprint

Largest independent transporter of
petroleum products in the U.S.

Transport ~1.9 MMBbl/d

(a)

2 largest transporter of natural gas in

the U.S.

Own an interest in / operate over 24,000
miles of interstate / intrastate pipeline

Connected to many important natural
gas shale plays including Eagle Ford,
Haynesville, Fayetteville and Barnett

Largest provider of contracted natural
gas treating services in U.S.

Largest
transporter
of
CO
2
in
the
U.S.

Transport

~1.3
Bcf/d
of
CO
2
(a)
2

largest oil producer in Texas

Produce ~54 MBbl/d of crude oil gross
(~36 MBbl/d net)

(a)
Largest independent terminal operator in
the U.S.

Own an interest in or operate over 180
liquids / dry bulk terminals

(b)

107 MMBbls domestic liquids capacity

(c)

Expect to handle over 100 MMtons of dry
bulk products in 2011

Largest handler of petcoke in U.S.
Only Oilsands pipeline serving the West
Coast

TMPL transports ~300 MBbl/d to
Vancouver / Washington State
Pacific
Northern
TransColorado
2
Pacific
CALNEV
KMCO
KMTP
KMTejas
Wink
SACROC
Yates
9
5
3
Plantation
Cypress
4
Central
Florida
7
2
2
4
3
2
2
3
KMIGT
Trailblazer
2
Cochin
Express
Platte
Trans
Mountain
Claytonville
KMLP
REX
REX
MEP
2
FEP
Puget
Sound
2
2
3

2
KinderHawk
Katz
Eagle Ford
ESPL
Horizon
NGPL
2
4
2
2
2
2
2
3
2
2
4
nd
nd
(a)
2011 budget
(b)
Excludes 33 transload facilities
(c)
Includes leased capacity
NGPL GAS STORAGE (KMI)
NATURAL GAS PROCESSING
NGPL (KMI)
NATURAL GAS STORAGE
NATURAL GAS PIPELINES
PRODUCTS PIPELINES
TERMINALS
TRANSMIX FACILITIES
PRODUCTS PIPELINES
GAS TREATERS
CRUDE OIL PIPELINES
TERMINALS
KM HEADQUARTERS
PETROLEUM PIPELINES
(2,3,8)
INDICATES NUMBER OF
FACILITIES IN AREA
PETROLEUM PIPELINES
TERMINALS
CO
2
PIPELINES
CO
2
OIL FIELDS

2
3

15 Years of Consistent Growth

KMP Total Distributions (GP + LP) (\$MM)

(a)

KMP Annual LP Distribution Per Unit

(b)

KMP Net Debt to EBITDA

(c)

9

(a)

In 2010, total distributions paid were \$2,250 million. These distributions would have been \$2,420 million (\$170 million greater than cash from operations, rather than a portion being a distribution to the LPs of cash from interim capital transactions; the GP received cash from capital transactions

(b)

Annual LP distribution, rounded to 2 decimals where applicable

(c)

Debt is net of cash and excludes fair value of interest rate swaps

(d)

2011 budget

(e)

2011 forecast

Significant Historical Returns

(a)

Total Return

YTD

2011

2010

2-year

(e)

3-year

(e)

5-year

(e)

KMP

19%
23%
78%
61%
108%
KMR
15%
32%
97%
60%
114%
S&P 500 Index
1%
15%
46%
-8%
12%
Alerian MLP Index
9%
36%
140%
52%
115%
MSCI REIT Index
3%
28%
64%
2%
16%
Philadelphia UTY Index
14%
6%
16%
-15%
21%
KMP: 26% CAGR Since 96
(b)
KMR: 15% CAGR Since 01
(c)
Source: Bloomberg
(a) Total
returns
calculated
on
daily
basis
through
12/2/2011,
except
where

noted;
assume
dividends
/
distributions
reinvested
in
index
/
stock
/
unit

(b)Start date 12/31/1996

(c)Start date 5/14/2001; KMR initial public offering; KMP CAGR over
same period is 15%

(d)Alerian MLP index

(e)Calculated through 12/31/2010, start dates for 2-year, 3-year and 5-year return calculations are 12/31/2008, 12/29/2007 and
10

AMZ

(d)

= \$963

KMP = \$3,118

KMR

= \$431

Dollars

Dollars

S&P 500 = \$219

S&P 500 = \$122

AMZ

(d)

= \$446

IPO 5/14/2001

Promises Made, Promises Kept

KMP Budgeted

Distribution per unit:

2000:

\$1.60

2001:

\$1.95

2002:

\$2.40

2003:

\$2.63

2004:

\$2.84

2005:

\$3.13

2006:

\$3.28

2007:

\$3.44

2008:

\$4.02

2009:

\$4.20

2010:

\$4.40

2011:

\$4.60

KMP Actual

Distribution per unit:

2000:

\$1.71

2001:

\$2.15

2002:

\$2.435

2003:

\$2.63

2004:

\$2.87

2005:

\$3.13

2006:

\$3.26

2007:

\$3.48

2008:

\$4.02

2009:

\$4.20

2010:

\$4.40

Promises Made

Promises Kept

11

Achieved LP distribution target in 10 out of 11 years

Kinder Morgan 2011-2012 Budget Guidance

KMP

2011 Budget

\$4.60 per unit LP distributions declared

2012 Budget

\$4.98 per unit LP distributions declared

(8.3% growth)

(a)

Total segment earnings before DD&A of
almost \$4.4 billion

Assumes WTI crude oil price of \$93.75/Bbl
on unhedged crude oil production

Sensitivity is ~\$6 million per \$1/Bbl change
in crude price (slightly more than 0.1% of
total segment earnings before DD&A)

Total growth capex of \$1.7 billion

(b)

Over \$490 million of equity funded by KMR
dividend

KMI

2011 Budget

\$1.16 per share dividend (\$1.19 expected
on declared basis)

2012 Budget

\$1.35 per share dividend declared

(a,c)

12

Operate all of our assets in a safe, compliant and environmentally sound manner

(a)

Does not include any impact from the proposed acquisition of El Paso by KMI

(b)

Includes capital for internal expansions, small acquisitions and contributions to joint ventures

(c)

KMI previously announced that if the El Paso transaction were to close on January 1, 2012, KMI would expect to pay dividend
\$1.45 for 2012; since the transaction is unlikely to be in effect for the full year 2012, KMI's actual dividend in 2012 will likely

KMP

Diversified Cash Flow
\$1,079MM segment
EBDA
(a,d)

50% Interstate

50% Intrastate
(e)
\$730MM segment EBDA
(a)

56% Pipelines

39% Associated Terminals

5% Transmix

\$1,098MM segment EBDA

(a)

28% CO

2

transport and sales

72% oil production related

Production hedged

(b)

:

2011=87% (\$71/Bbl)

(c)

2012=72% (\$90)

2013=47% (\$92)

2014=25% (\$93)

2015=11% (\$99)

\$713MM segment EBDA

(a)

56% Liquids

44% Bulk

CO

2

Terminals

Products Pipelines

Natural Gas Pipelines

KMP Segment

Earnings before DD&A

2011E = \$3.8 billion

(a,d)

\$193MM segment EBDA

(a)

14

(a)

Budgeted 2011 segment earnings before DD&A excluding certain items

(b)

Percent

of

estimated

net

crude

oil

and

heavy
natural
gas
liquids
production;
2011
figures
represent
remaining
hedges

as
of
November,
2011

(c)
2011 budget assumes an \$89/Bbl price on unhedged barrels

(d)
Includes \$176.9 million of JV depreciation for REX, MEP, FEP, KinderHawk and Cypress

(e)
Includes upstream segment
(KMP)

Kinder Morgan Canada

28%

29%

19%

19%

5%

\$2.6 Billion Growth Expenditures Forecast in 2011

(a)

\$1,295 million of equity

-

\$838.8MM in KMP through secondary offerings / ATM

-

\$23.7MM issued as part of TGS acquisition

-

\$432.1MM in KMR dividends (includes KMR 3Q dividend paid 11/14/2011)

\$1,150 million of new debt (\$1,850 million including \$700 million refinancing)

(a)

2011 forecast; where applicable, includes equity contributions to joint ventures (~\$400 million) and acquisitions (~\$1.2 billion)

(b)

Includes
growth
capital
expenditures
for
Kinder
Morgan
Canada
of
~\$11 million
Natural Gas
Pipelines
Products
Pipelines
(b)
Terminals
CO
2
KMP Growth
Expenditures
2011E = \$2.6 billion
(a,b)
15
(KMP)
Year-to-date capital raised through 9/30/2011:

Near-term Areas of Growth

Potential Projects

Estimated Investment

Near-term (3-5 years)

(a)

Natural Gas / Liquids

Investments in shale infrastructure

Natural gas pipeline extensions / new construction

Crude / condensate storage
Convert natural gas assets to liquids / crude service

\$1.0 1.8 billion
Terminals

Coal exports
Add ~35mm tons of incremental export coal
capacity at existing facilities

\$0.7 0.8 billion
CO₂

CO
used for enhanced oil recovery (EOR)
100-300
MMcf/d
expansion
of
CO
source
and
transportation capacity

\$0.5 1.3 billion
Kinder Morgan
Canada

Move Oilsands crude and refined products to West
Coast for export
Expand Trans Mountain pipeline capacity by
80-400 MBbl/d

\$1.5 4.0 billion
16
(KMP)
\$3.7 to \$7.9 billion in potential future growth opportunities
(a)
Potential total project cost (8/8ths)
2
2

(\$ in billions)

(a)

Includes equity contributions to joint ventures

(b)

1998

2010, does not include 2011 budget

(c)

2011 forecast

Total

Invested

by

Type

(a,b)

Total

Invested

by

Segment

(a,b)

17

Total Invested by Year

(a,b)

Over \$22B of Growth Capital Invested

(a,b)

(KMP)

Returns on Capital

2000
2001
2002
2003
2004
2005
2006
2007
2008
2009

2010

Segment ROI

(a)

:

Products Pipelines

11.9%

11.8%

12.8%

12.9%

12.4%

11.6%

11.8%

13.2%

12.5%

13.4%

13.7%

Natural Gas Pipelines

13.3

15.5

12.9

13.5

14.0

15.5

16.7

17.5

16.9

14.0

11.9

CO

2

27.5

24.6

22.0

21.9

23.8

25.7

23.1

21.8

25.9

23.5

25.7

Terminals

19.1

18.2

17.7

18.4

17.8

16.9

17.1

15.8

15.5
15.1
14.6
Kinder Morgan Canada
--
--
--
--
--
--
--
11.0
12.1
12.8
13.7
KMP ROI
12.3%
12.7%
12.6%
13.1%
13.6%
14.3%
14.4%
14.1%
14.9%
13.9%
13.5%
KMP Return on Equity
17.2%
19.4%
20.9%
21.7%
23.4%
23.9%
22.6%
22.9%
25.2%
25.2%
24.3%
18
(KMP)

Note: A definition of this measure may be found in the appendix to the Analyst Conference presentation dated 3/24/2011, which is available at www.kindermorgan.com

(a) G&A is deducted to calculate the KMP ROI, but is not allocated to the segments and therefore not deducted to calculate the

Balance Sheet Remains Solid

(a)
2011
\$7
(e)
2012
\$967
(f)
2013
\$507
2014
\$501
2015
\$300

Total bank credit

\$2,200

Less:

Commercial paper

(353)

Letters of credit

(232)

Excess capacity

\$1,615

Credit Summary

Revolver Capacity

Long-Term Debt Maturities

Debt / EBITDA

(b,c)

3.6x

EBITDA / interest

(c)

6.4x

Long-term debt rating

Baa2 / BBB / BBB

(d)

(\$ in millions)

(a)

All figures as of 9/30/2011

(b)

Debt balance excludes fair value of interest rate swaps and is net of cash

(c)

EBITDA and interest are trailing 12 months, EBITDA includes our proportionate share of REX, MEP, FEP, KinderHawk (through 2011) and Cypress DD&A

(d)

As rated by Moody's, S&P and Fitch, respectively

(e)

Remaining 2011 maturities

(f)

Excludes 9% senior notes due 2/1/2019 with optional put in 2012

19

(KMP)

Focused on Distribution Growth
History of Delivering Distribution
Growth

(a)

:

1-year growth = 4.8%

3-year growth = 8.1%

5-year growth = 7.0%

Annual LP Distribution Per Unit

(b)

(a)

Compound annual growth in KMP LP distributions per unit for the 1-year, 3-year and 5-year periods ending 12/31/2010

(b)

Annual LP distribution, rounded to 2 decimals where applicable

(c)

2011 budget

20

(KMP)

KMI

98% of Cash Comes from KMP

A major interstate natural gas pipeline and one of the largest natural gas storage operators in the U.S.

KMI owns a 20% equity interest and operates the pipeline

FERC-regulated

Primary customers are in Chicago

General Partner interest receives

incentive distributions from KMP

KMI owns ~11% of total limited

partner interests

Interests in KMP

(b)

NGPL

(a)

2011 budget

(b)

Includes: (i) general partner interest, (ii) 21.7 million KMP units and (iii) 14.1 million KMR shares

KMI Total

Cash Receipts

2011E = \$1.36 billion

(a)

Limited capital expenditures above KMP level

Post the IPO, new public stockholders own ~16% of KMI, the sponsors own ~45%, and Rich Kinder, other management and original stockholders own ~39%

In 2011, KMI is budgeted to receive \$1.36 billion in distributions, and after paying cash taxes, cash interest and G&A, is budgeted to have \$820 million to distribute

22

(KMI)

Liquidity Summary

(a)
2011

(d)
2012
\$839
2013

2014

2015
\$250

Total bank credit

\$1,000

Less:

Revolver drawn

(375)

Letters of credit

(41)

Excess capacity

\$584

Credit Summary

Revolver Capacity

Long-Term Debt Maturities

2.4x

Long-term debt rating

Ba1 / BB / BB+

(c)

(\$ in millions)

23

(a)

Debt of KMI's subsidiary, Kinder Morgan Kansas, Inc; all figures as of 9/30/2011

(b)

Distributions received from equity investees net of G&A and sustaining capital expenditures for trailing 12 months; net debt ex

(c)

As rated by Moody's, S&P and Fitch, respectively

(d)

Remaining 2011 maturities

(KMI)

Net debt / distributions received less G&A

(b)

swaps, purchase accounting and Kinder Morgan G.P., Inc.'s \$100 million of Series A Fixed-to-Floating Rate Term Cumulative

KMP Drives KMI Growth

Substantial cash flow

Minimal capital expenditures at

KMI level

Strong balance sheet

Growing distributions and

investment at KMP drive KMI

dividend growth

KMP Cash Distributions Received by KMI

24

(a)

In 2010, total distributions paid to KMI (GP + LP) were \$1,032 million. These distributions to KMI would have been \$1,202 million had KMI been a public company.

greater) if all distributions paid in August 2010 had been cash from operations, rather than a portion being a distribution to the capital transactions; the GP receives only 2% of distributions of cash from interim capital transactions

(b)

2011 budget

(KMI)

KMP Risks
Regulatory

Pacific Products Pipeline FERC / CPUC cases

Periodic rate reviews

Unexpected policy changes
Crude Oil Production Volumes
Crude Oil Prices

2011
budget
assumes
\$89/Bbl
realized
price
on
unhedged
barrels
Economically Sensitive Businesses (e.g., steel terminals)

Environmental
Terrorism
Interest Rates

~50% floating rate debt

The full-year impact of a 100-bp increase in rates equates to an approximate \$60 million increase in interest expense

25

KMI, KMP & KMR: Attractive Value Proposition

Unparalleled asset footprint

Established track record

Industry leader in all business segments

Experienced management team

Supportive general partner

Transparency to investors

Attractive returns driven by combination of yield plus growth

26

El Paso Update

Kinder Morgan National Footprint Pro Forma for
Proposed KMI Acquisition of El Paso
Kinder Natural Gas Pipelines
Natural Gas Storage
Natural Gas Processing
Gas Treaters
NGPL (KMI)
NGPL Gas Storage (KMI)

Products Pipelines
Products Pipelines Terminals
Transmix Facilities
CO
2
Pipelines
CO
2
Oil Fields
Crude Oil Pipelines
Terminals
Petroleum Pipelines
Petroleum Pipelines Terminals
Headquarters
El Paso Natural Gas Pipelines
Tennessee Gas Pipeline
Elba Express Pipeline
Elba Island LNG
Florida Gas Transmission (50%)
Gulf LNG (50%)
Southern Natural Gas
Cheyenne Plains Pipeline
Wyoming Interstate
Colorado Interstate Gas
Mojave Pipeline
El Paso Natural Gas
Ruby Pipeline (50%)
Combined Assets
28

El Paso Transaction Timeline

E&P sale process under way

Integration plan being developed

Expect Q1 2012 shareholder meeting

Registration statement filed

Expect Q2 2012 closing

HSR pre-merger notification forms filed

29

Appendix

KMP 2011 Budget

(a)

2010

2011

Change

Actual

Budget

\$

%

Segment EBDA

\$3,311.8

\$3,636.7
 \$324.9
 10%
 Segment EBDA w/JV DD&A
 (b)
 \$3,457.4
 \$3,813.6
 \$356.2
 10%
 Distributable cash flow
 Net income
 \$1,505.5
 \$1,746.9
 \$241.4
 16%
 DD&A
 (b)
 1,056.2
 1,100.1
 43.9
 4
 Book / cash tax difference
 26.3
 38.1
 11.8
 45
 Eagle Ford / Express / Endeavor
 4.7
 6.8
 2.1
 45
 Sustaining capex
 (c)
 (179.2)
 (224.8)
 (45.6)
 25
 Total distributable cash flow
 2,413.5
 2,667.1
 253.6
 11
 General partner's interest
 (1,053.4)
 (1,153.0)
 (99.6)
 9
 Distributable cash flow
 \$1,360.1
 \$1,514.1

\$154.0

11%

Average Units Outstanding

307.1

321.1

14.0

5%

Total DCF per unit

\$4.43

\$4.72

\$0.29

6%

LP distribution per unit

\$4.40

\$4.60

\$0.20

5%

Excess coverage

\$8.5

\$37.0

Earnings per unit

\$1.47

\$1.85

(\$ in millions, except per unit)

31

(a) Excluding certain items

(b) Includes \$145.6 million and \$176.9 million of joint venture DD&A for full-year 2010 and 2011, respectively, for our share

(c) Includes joint venture sustaining capex for our share of REX, MEP, FEP, KinderHawk and Cypress

KMP Quarterly Profile

(a)

(a)Excluding certain items; please see KMP's periodic reports on Form 10-K and Form 10-Q for a more detailed presentation

(b)Includes joint venture DD&A for our share of REX, MEP, FEP, KinderHawk and Cypress

(c)2011 budget

(d)Includes our share of joint venture DD&A and is reduced by joint venture sustaining capital expenditures

1Q

2Q

3Q

4Q

Year

Segment EBDA w/JV DD&A

(b)

2011B Total Segments

(c)

24%

23%

25%

28%

\$3,813.6

2010

Products Pipelines

24%

26%

25%

25%

\$687.5

Natural Gas Pipelines

26%

22%

23%

29%

981.4

CO₂

26%

25%

24%

25%

960.2

Terminals

23%

25%

25%

27%

646.6

Kinder Morgan Canada

25%

24%

24%

27%

181.6

Total Segments

25%

24%

24%

27%

\$3,457.4

2009

Products Pipelines

23%

25%

26%
26%
\$635.1
Natural Gas Pipelines
25%
20%
25%
30%
862.1
CO₂
21%
25%
25%
29%
796.4
Terminals
23%
25%
25%
27%
576.1
Kinder Morgan Canada
21%
26%
29%
24%
165.7
Total Segments
23%
24%
25%
28%
\$3,035.4
DCF/unit
(d)
2011B
(c)
25%
20%
24%
31%
\$4.72/unit
2010
27%
24%
23%
26%
\$4.43/unit
2009
23%

23%
26%
28%
\$4.25/unit
Earnings/unit
2011B
(c)
23%
17%
23%
37%
\$1.85/unit
2010
29%
24%
16%
31%
\$1.47/unit
2009
16%
24%
29%
31%
\$1.38/unit
(\$ in millions, except per unit)
32

KMP's Stable Asset Base

Natural Gas

Pipelines

Products

Pipelines

CO

2

Terminals

Kinder Morgan

Canada

Volume Security

Interstate: virtually all

take or pay

Intrastate: ~75%

take or pay

(a)

Volume based

S&T: primarily
minimum volume
guarantee

Liquids: take or pay

Bulk: minimum
volume guarantee,
requirements

No volume risk
Remaining
Contract Life

Transportation: 9.0 yrs

Not applicable

S&T: 4.7 yrs

Liquids: 4.3 yrs

Bulk: 3.2 yrs

1.4 yrs

(b)

Pricing Security

Interstate: primarily
fixed based on contract

Intrastate: primarily
fixed margin

PPI + 2.65%

S&T: 76% fixed

O&G: volumes
87% hedged

(c)

Based on contract;
typically fixed or
tied to PPI

Fixed based on
toll settlement
Regulatory
Security

Interstate: regulatory
return mitigates
downside; may receive
higher recourse rates for
increased costs

Intrastate: essentially
market-based

Pipeline: regulatory
return mitigates
downside

Terminals &
transmix: not
price regulated
(d)

Primarily
unregulated

Not price regulated

Regulatory
return mitigates
downside
Commodity
Price Exposure

Interstate: no direct

Intrastate: limited

No direct

S&T: 24% tied to
oil price

O&G: volumes
13% unhedged
(c)

No direct

No direct

Note: all figures as of beginning of year, except where noted

(a)

Transportation for intrastate pipelines includes term purchase and sale portfolio

(b)

Assumes 1-year rate settlement on Trans Mountain

(c)

Percent hedged of remaining 2011 expected production, includes heavier NGL components (C4+) as of November 2011

(d)

Terminals are not FERC regulated, except portion of CALNEV

33

TransColorado

2

2

KMTP

KMTejas

KMIGT

Trailblazer

2

KMLP

REX

REX

FEP

MEP

KinderHawk

Eagle Ford

KMP Natural Gas Pipelines Segment

2011 Growth Drivers:

Fayetteville Express (FEP) pipeline in-service

Eagle Ford shale development (under JV with Copano, and on standalone basis)

KinderHawk full year plus volume growth

Storage expansions

Full year of MEP expansions

Long-term Growth Drivers:

Natural gas is the logical fuel of choice

Cheap, abundant, domestic and clean
Demand growth and shifting supply from multiple basins lead to:

Pipeline / storage expansions and extensions (e.g. Eagle Ford)

Greenfield development (e.g. FEP)

Integrated solutions (gas service, NGL lines / rail options)

Optionality of deploying portions of existing footprint in different product uses

Expand service offerings to customers (e.g. treating and G&P)

Acquisitions

Well-positioned in the Rockies, shales and in Texas

NATURAL GAS PIPELINES

NATURAL GAS STORAGE

NATURAL GAS PROCESSING

GAS TREATERS

KM HEADQUARTERS

(2)

INDICATES NUMBER OF FACILITIES IN AREA

34

KMP Products Pipelines Segment

2011 Growth Drivers:

PPI tariff escalator (PPI + 2.65 = ~6.8%

(a)

)

Organic volume growth

Full year of 2010 acquisitions (Chevron, Shell, High Sierra) and expansion projects (Carson, Colton, KMST)

Long-term Growth Drivers:

RFS

(b)

and proliferation of product specs
increase demand for storage and ancillary
services

Ethanol and biodiesel growth
including terminals and pipeline
expansions

Development of shale play liquids
infrastructure

Condensate transportation and
storage services from Eagle Ford

Bakken crude service on Cochin

Marcellus pipeline connection to
Cochin

Tariff index adjustments / organic volume
growth

Increased outsourcing of military fuel
logistics

Acquisitions

Well-located with origin in refinery / port hubs and terminus in population centers

(a)

Starting 7/1/2011

(b)

RFS (U.S. Renewable Fuels Standard) requires a two-fold increase in use of renewable fuels through 2022, from 13 Bgal/yr in
35

Pacific

Northern

2

Pacific

CALNEV

Plantation

Cypress

Central

Florida

2

2

4

3

2

Cochin

2

2

PRODUCTS PIPELINES

PRODUCTS PIPELINES

TERMINALS

TRANSMIX FACILITIES

KM HEADQUARTERS

(2)

INDICATES NUMBER OF
FACILITIES IN AREA

KMP Terminals Segment

2011 Growth Drivers:

Increase in rates on existing contracts

Higher coal and ethanol throughput

Full year of 2010 acquisitions (Slay, USD, Watco) and expansion projects (Carteret and Pier IX)

Partial benefit from \$159 million in expected 2011 acquisitions

Long-term Growth Drivers:
Diversity of product specs and
customer
desire
for
optionality
lead
to:

Expansions and higher rates at
well-located, high-connectivity
terminals
Two-fold increase in use of renewable
fuels through 2022
(a)
leads to:

Ethanol
/
biofuel
expansion
Newbuild and expansion of petcoke
and export coal terminals (IMT and
Houston)
Expansion of rail business
Acquisition of terminals from mom
and pop
owners and from majors
Well-located in refinery / port hubs and inland waterways
36

(a)
RFS (U.S. Renewable Fuels Standard) requires a two-fold increase in use of renewable fuels through 2022, from 13 Bgal/yr in

TERMINALS
KM HEADQUARTERS
INDICATES NUMBER OF
FACILITIES IN AREA

- (2)
- 9
- 5
- 2
- 3
- 2
- 4
- 7
- 3
- 2
- 4
- 3
- 4
- 2

2
2
3
2
2
2
2
3

KMP CO

2

Segment

2011 Growth Drivers:

Current forecast 250-300 Bbl/d

production increase at Katz

Higher overall oil / NGL prices

CO₂

S&T price increases

Relatively flat production at SACROC
and Yates

Long-term Growth Drivers:

Billions of barrels of domestic oil still
in place

Strong demand for CO₂

Higher rates and better terms on
new CO₂

S&T contracts

Potential
expansion

of

CO₂

source

fields / pipelines

Continue buildout of SACROC /

Yates / Katz

Continuing technology
improvements

Own and operate best source of CO

2

for EOR

37

*For asset descriptions and map see slide 6 of Appendix to 3/24/2011 Analyst Conference presentation, available on our website

CO

2

PIPELINES

CO

2

OIL FIELDS

KM HEADQUARTERS

CO

2

SOURCE FIELDS

CRUDE OIL PIPELINES

KMP Kinder Morgan Canada Segment
Sole oil pipeline from Oilsands to West Coast / export markets
38
KM HEADQUARTERS
PETROLEUM PIPELINES
PETROLEUM PIPELINES
TERMINALS
(2)
INDICATES NUMBER OF

FACILITIES IN AREA

Express

Platte

Trans

Mountain

Puget

Sound

2

2011 Growth Drivers:

New toll settlement pending on Trans

Mountain pipeline (TMPL)

Long-term Growth Drivers:

Expand Oilsands export capacity to

West Coast and China

TMPL is lowest-cost option with

ability to do staged expansions,

or one large expansion

Expanded dock capabilities

(Vancouver)

Merchant terminal opportunities on

West Coast

Bakken

opportunities

on

Platte

pipeline

