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EL PASO CORP/DE
Form 425
January 25, 2012

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 Corporation

Commission File No.: 001-14365

Commission File No. for Registration Statement

on Form S-4: 333-177895

Representatives of Kinder Morgan, Inc (KMI) made presentations, including the following presentations, on January 25, 2012 during KMI s 2012 Investor Conference.

Stable Platforms, Exceptional Growth
January 25, 2012

IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC

Kinder
Morgan,
Inc.
(KMI)
has
filed
with
the
SEC
a
Registration
Statement
on
Form
S-4
in
connection
with
the
merger
agreement
providing
for
the
proposed
acquisition
of
El
Paso
Corporation
(EP),
including

a
preliminary
Information
Statement/Prospectus
of
KMI
and
a
preliminary
Proxy
Statement
of
EP.
The
Registration
Statement
has
not
yet
become
effective.
Following
the
Registration
Statement
having
been
declared
effective
by
the
SEC,
KMI
and
EP
plan
to
file
with
the
SEC
and
mail
to
their
respective
stockholders
a
definitive
Information

Statement/Proxy
Statement/Prospectus
in
connection
with
the
proposed
transaction.
INVESTORS
AND
SECURITY
HOLDERS
ARE
URGED
TO
READ
THE
REGISTRATION
STATEMENT
AND
THE
PRELIMINARY
INFORMATION
STATEMENT/PROXY
STATEMENT/PROSPECTUS
AND
ANY
OTHER
RELEVANT
DOCUMENTS
FILED
OR
TO
BE
FILED
BY
KMI
OR
EP,
INCLUDING
THE
DEFINITIVE
INFORMATION
STATEMENT/PROXY
STATEMENT/PROSPECTUS,
BECAUSE
THEY
CONTAIN
OR
WILL

CONTAIN
IMPORTANT
INFORMATION.
Investors
and
security
holders
are
able
to
obtain
free
copies
of
the
Registration
Statement
and
the
preliminary
Information
Statement/Proxy
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
or
by
phone,
e-mail
or
written

request
by
contacting
the
investor
relations
department
of
KMI

or
EP

at
the
following:

Kinder 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
sale
of
securities
in
any
jurisdiction
in
which
such
offer,
solicitation
or
sale
would
be
unlawful
prior
to
the
registration
or
qualification
under
the
securities
laws
of
any
such
jurisdiction.
No
offering
of
securities
shall
be
made
except
by
means
of
a
prospectus
meeting
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 merger agreement. Information regarding KMI's directors and executive officers is contained in KMI's Form 10-K for the year ended December 31, 2011. Information regarding EP's directors and executive officers is contained in EP's Form 10-K for the year ended December 31, 2011. A more complete description will be available in the Registration Statement and the Information Statement/Proxy Statement.

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,
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.
2

Use of Non-GAAP Financial Measures

KMP

The non-generally accepted accounting principles ("non-GAAP") financial measures of distributable cash flow before certain items, aggregate and per unit), segment earnings before depreciation, depletion, amortization and amortization of excess cost of equity investments ("DD&A") and certain items, segment distributable cash flow before certain items, and earnings before interest, taxes and DD&A certain items are included in this presentation. Our non-GAAP financial measures may be different from those used by others, 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 statements, such as investors, research analysts, commercial banks and others, to compare basic cash flows generated by us to our distributions we expect to pay our unitholders on an ongoing basis. Management uses these metrics to evaluate our overall performance. Distributable cash flow before certain items also allows management to simply calculate the coverage ratio of estimated ongoing expected cash distributions. Distributable cash flow before certain items and EBITDA before certain items are also important non-GAAP financial measures for our unitholders because they serve as indicators of

our
success
in
providing
a
cash
return
on
investment.
These
financial
measures
indicate
to
investors
whether
or
not
KMP
typically
is
generating
cash
flow
at
a
level
that
can
sustain
or
support
an
increase
in
the
quarterly
distributions
we
are
paying
pursuant
to
the
KMP
partnership
agreement.
The
partnership
agreement

requires
us
to
distribute
all
available
cash.
Distributable
cash
flow
before
certain
items,
EBITDA
before
certain
items
and
similar
measures
used
by
other
publicly
traded
partnerships
are
also
quantitative
measures
used
in
the
investment
community
because
the
value
of
a
unit
of
such
an
entity
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
economic
substance
behind
our
use
of
distributable
cash
flow
before
certain
items
and
EBITDA
before
certain
items
is
to
measure
and
estimate
the
ability
of
our
assets
to
generate
cash

flows
sufficient
to make 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
cash
taxes
paid
and

sustaining capital expenditures for KMP, plus DD&A less sustaining capital expenditures for Rockies Express, Midcontinent Express, KinderHawk (through second quarter 2011), Eagle Hawk, Red Cedar and Cypress, our equity method investees, less cash distributions received for Express and Endeavor, additional equity investees.

Distributable
cash
flow
before
certain
items
per
unit
is
distributable

cash flow before certain items divided by average outstanding units. Segment distributable cash flow before certain items is se

certain
items
and
DD&A
less
sustaining
capital
expenditures.

In
certain
instances
to
calculate
segment
distributable
cash
flow,
we
also
add
DD&A
less
sustaining
capital
expenditures
for
Rockies
Express,
Midcontinent
Express,
Fayetteville
Express,
KinderHawk
(through
second
quarter
2011),
Eagle
Hawk,
Red
Cedar
and
Cypress,
our
equity
method
investees.

We
define
EBITDA

before
certain
items
as
pretax
income
before
certain
items,

plus interest expense and DD&A, including the DD&A of REX, MEP, FEP, KinderHawk (through second quarter 2011), Eagle
Cypress, our equity method investees.

3

Use
of
Non-GAAP
Financial
Measures

Cont d
4

"Certain items" are items that are required by GAAP to be reflected in net income, but typically either (1) do not have a cash in goodwill impairments, allocated compensation for which we will never be responsible, and results from assets prior to our own required to be reflected in our results due to accounting rules regarding entities under common control, or (2) by their nature are identifiable from our normal business operations and in our view are likely to occur only sporadically, for example legal settlement impacts and casualty losses. Management uses this measure and believes it is important to users of our financial statements because the measure more effectively reflects our business' ongoing cash generation capacity than a similar measure with the certain items. For similar reasons, management uses segment earnings before DD&A and certain items and segment distributable cash flow before certain items in its analysis of segment performance and managing our business. We believe segment earnings before DD&A and certain items and segment distributable cash flow before certain items are significant performance metrics because they enable us and external users of our financial statements to better understand the ability of our segments to generate cash on an ongoing basis. We believe they are useful measures because they are measures that management believes are important and that our chief operating decision makers use for 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 is net income. Segment earnings before 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.

Our non-GAAP measures described above should not be considered as an alternative to GAAP net income, segment earnings before certain items or any other GAAP measure. Distributable cash flow before certain items, segment earnings before DD&A and certain items, segment earnings before certain items and EBITDA before certain items are not financial measures in accordance with GAAP and have various limitations as analytical tools. You should not consider any of these non-GAAP measures in isolation or as a substitute for an alternative results as reported under GAAP. Because distributable cash flow before certain items and EBITDA before certain items exclude certain items that affect net income and because these measures are defined differently by different companies in our industry, our distributable cash flow before certain items and EBITDA before certain items may not be comparable to similarly titled measures of other companies. Segment earnings before DD&A and certain items and segment distributable cash flow have similar limitations. Management compensates for the limitations of these non-GAAP measures by reviewing our comparable GAAP measures, understanding the differences between the measures and incorporating that information into account in its analysis and its decision making processes.

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Use
of
Non-GAAP
Financial
Measures

Cont'd
5
KMI

The non-generally accepted accounting principles, or non-GAAP, financial measure of cash available to pay dividends is presented in this release. This non-GAAP financial measure should not be considered as an alternative to a GAAP measure such as net income or a GAAP measure of liquidity or financial performance. Cash available to pay dividends is a significant metric used by us and by other investors, financial statements, such as investors, research analysts, commercial banks and others, to compare basic cash flows generated from operations to cash dividends we expect to pay our shareholders on an ongoing basis. Management uses this metric to evaluate our overall performance. Cash available to pay dividends is also an important non-GAAP financial measure for our shareholders because it serves as an indicator of our ability to provide a cash return on investment. This financial measure indicates to investors whether or not we typically are generating cash flows at a level that can sustain or support an increase in the quarterly dividends we are paying. Our dividend policy provides that, subject to certain conditions, we will pay quarterly cash dividends generally representing the cash we receive from our subsidiaries less any cash disbursements. The amount of cash dividends established by our board of directors. Cash available to pay dividends is also a quantitative measure used in the investment community to determine the value of a share of an entity like KMI that pays out all or a substantial proportion of its cash flow, is generally determined by the amount of cash available to pay dividends (which in turn is based on the amount of cash dividends the corporation pays to its shareholders). The economic substance behind the use of cash available to pay dividends is to measure and estimate the ability of our assets to generate cash flows sufficient to pay dividends to our investors.

We believe the GAAP measure most directly comparable to cash available to pay dividends is income from continuing operations. The reconciliation of cash available to pay dividends to income from continuing operations is provided in this release. Our non-GAAP measure of cash available to pay dividends should not be considered as an alternative to GAAP net income and has important limitations as an analytical tool. Our computation of cash available to pay dividends may differ from similarly titled measures used by others. You should not consider this non-GAAP measure as a substitute for an analysis of our results as reported under GAAP. Management compensates for the limitations of this non-GAAP measure by reviewing our comparable GAAP measures, understanding the differences between the measures and taking this information into account in its analysis and its decision making processes.

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Kinder Morgan 2012 Investor Conference

Agenda

8:00

8:45

Corporate

Overview:

Vision

Rich

Kinder

8:45

9:00

Corporate

Overview:
Financial
Excellence

Park
Shaper
9:00

9:15
Corporate
Overview:
Operational
Excellence

Steve
Kean
9:15

9:30
Break
9:30

10:15
Natural
Gas
Pipelines

Tom
Martin
10:15

10:45
Products
Pipelines

Tom
Bannigan
10:45

11:30
Terminals
Jeff Armstrong
11:30

11:45
Kinder Morgan Canada
Ian Anderson
11:45

12:30

Lunch

12:30

1:00

CO2

Tim Bradley

1:00

1:30

Financial Review

Kimberly Dang

1:30

2:00

Q & A

6

Vision
Rich Kinder
Chief Executive Officer

Then (first analyst conference-2001)

and Now:

Stable Platforms, Exceptional Growth

Then

(a)

Enterprise

value

of

\$14B

(c)

KMP Total distributions of \$333MM

KMP

LP
distribution

of
\$1.71/unit

(d)
3,569 employees

Now
(b)
(excluding El Paso)

Enterprise
value

of
\$63B

(c)
KMP Total distributions of \$3.1B
KMP LP distribution of \$4.98/unit
8,328 employees

2
Note: excludes any impact from the proposed acquisition of El Paso by KMI

(a)
As of and for the year ended 12/31/2000, representing Kinder Morgan at the time of the inaugural Kinder Morgan analyst day

(b)
Enterprise value / employees as of and for the year ended 12/31/2011, KMP total distributions / KMP LP distribution per unit

(c)
Kinder Morgan Energy Partners, L.P., Kinder Morgan Management, LLC and Kinder Morgan, Inc. combined

(d)
Split-adjusted

Stayed 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

KMP has completed \$11.7 billion in acquisitions and \$13.3 billion in greenfield / expansion projects since inception

(a)

Maintaining a strong balance sheet is paramount

Enables continued access to capital markets to grow the business

KMP accessed capital markets for nearly \$26 billion since inception

(a,b)

3

(a)

From

1997

through

2011

(b)

Gross

capital

issued,

\$24

billion

net

of

refinancing

4

Kinder Morgan

Asset Footprint

Note: excludes El Paso

(a)

2012 budget

(b)

2011 data not available

(c)

Excludes transload facilities (35) and transmix processing facilities (6)

(d)

Includes leased capacity
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
25,000 miles of natural gas 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
CO₂
in
the
U.S.

Transport

~1.3

Bcf/d

of

CO₂

(a)

2

largest
oil
producer
in
Texas

(b)

Produce ~51 MBbl/d of crude oil
gross (~34 MBbl/d net)

(a)

Largest independent terminal operator in the U.S.

Own an interest in or operate ~180 liquids / dry bulk terminals
(c)

~111 MMBbls domestic liquids capacity
(d)

Handle ~108 MMtons of dry bulk products
(a)

Including 44 MMtons of coal
(a)
Only Oilsands pipeline serving the West Coast

TMPL transports ~300 MBbl/d to Vancouver / Washington State
NGPL GAS STORAGE (KMI)
NATURAL GAS PROCESSING
NGPL (KMI)
NATURAL GAS STORAGE
NATURAL GAS PIPELINES
PRODUCTS PIPELINES
TERMINALS
TRANSMIX FACILITIES
PRODUCTS PIPELINES
GAS TREATERS
CO
PIPELINES
CO
OIL FIELDS
CRUDE OIL PIPELINES
TERMINALS
KM HEADQUARTERS
PETROLEUM PIPELINES
INDICATES NUMBER OF FACILITIES IN AREA
PETROLEUM PIPELINES
TERMINALS
2
2
nd
nd

Kinder Morgan: Three Ways to Invest

5

85MM

(86%)

14MM

(14%)

Distributions

in additional

i-units / shares

KMR

(LLC)

99 million shares

(a)

LP & GP

Distributions

\$1.6B

(c)

KMI

Public

Float

KMI

Cash

distributions

KMP

(Partnership)

238 million units

(a)

216MM

(91%)

KMI

(Inc.)

707 million shares

(d)

Public

Float

Management /

Original S/H

Sponsors

22MM

(9%)

114MM

(16%)

320MM

(45%)

273MM

(39%)

Kinder Morgan Energy Partners, L.P.

Market Equity

Debt

Enterprise Value