

MEMORANDUM

To: All Option Members, Member Organizations and ROPs

From: Market Watch

Date: May 29, 2007

Subject: Kinder Morgan, Inc. (KMI) Pending Merger

On Tuesday, December 19, 2006, the shareholders of Kinder Morgan, Inc. (KMI) approved the proposed merger with Knight Holdco LLC, which is currently owned by Richard D. Kinder and is affiliated with GS Capital Partners V Fund, L.P., American International Group, Inc., The Carlyle Group & Riverstone Holdings LLC. Pursuant to the merger terms, each KMI share will be converted into the right to receive \$107.50 cash. **The merger is anticipated to become effective on Wednesday, May 30, 2007.**

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding KMI options will be adjusted as follows:

EFFECTIVE DATE: Option changes are anticipated to become effective on Thursday, May 31, 2007
NEW DELIVERABLE: \$10,750.00 cash per contract (\$107.50 x 100)

Existing open interest in all KMI options will remain until options are exercised or expire. Since they are American style options, they are exercisable at the option of the holder.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.