

EL PASO CORPORATION

**POLICY WITH RESPECT TO
RELATED PERSON TRANSACTIONS**

A. Policy Statement

El Paso Corporation (“El Paso”) recognizes that Related Person Transactions (as defined below) can present potential or actual conflicts of interest and create the appearance that El Paso decisions are based on considerations other than the best interests of El Paso and its stockholders. Accordingly, as a general matter, it is El Paso’s preference to avoid Related Person Transactions. Nevertheless, El Paso recognizes that there are situations where Related Person Transactions may be in, or may not be inconsistent with, the best interests of El Paso and its stockholders, including but not limited to situations where El Paso may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when El Paso provides products or services to Related Persons (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, El Paso has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions.

B. Definitions

“Board of Directors” means the Board of Directors of El Paso.

“CEO” means the chief executive officer of El Paso.

“Director” means a member of the Board of Directors.

“Executive Officer” means the president, chief executive officer, any executive or senior vice president in charge of a principal business unit, division or function (such as sales, administration or finance) and any other person who performs a policy making function for El Paso, including certain senior officers of subsidiaries if they perform such policy making function for El Paso.

“Governance Committee” means the Governance & Nominating Committee of the Board of Directors.

“Immediate Family Member” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law or domestic partner, and any person (other than a tenant or employee) sharing the person’s household.

“Related Person” means:

1. any person who is, or at any time since the beginning of El Paso’s last fiscal year was, a Director or Executive Officer or a nominee to become a Director of El Paso;

2. any person who is known to El Paso to be the beneficial owner of 5% or more of any class of El Paso's voting securities;
3. any Immediate Family Member of any of the foregoing persons; and
4. any firm, corporation or other entity in which any of the foregoing persons is employed as an officer or in a similar policy-making role or is a general partner or principal or in a similar position or in which such person (or such person together with all other Related Persons) has a 10% or greater beneficial ownership interest (including a 10% or greater interest as a limited partner).

“Related Person Transaction” is (1) any transaction, arrangement or relationship, including indebtedness or guarantees of indebtedness (or any series of similar transactions, arrangements or relationships) in which El Paso (including any of its subsidiaries) was, is or will be a participant, the amount involved equals or exceeds \$120,000, either individually or in the aggregate of several transactions during any calendar year, and in which any Related Person had, has or will have a direct or indirect material interest; and (2) any material amendment or modification to any of the foregoing, regardless of whether the said transaction has previously been approved in accordance with this Policy.

“SEC” means the United States Securities and Exchange Commission.

C. Application of Policy

The procedures set forth in this Policy are supplemental to, and are not intended to replace or supersede, any other El Paso policies or procedures that require any governing body or an officer of El Paso or any of its subsidiaries to review and/or approve such transactions. In addition, these procedures are supplemental to, and are not intended to replace or supersede, El Paso's other policies and procedures that may be applicable to transactions with a Related Person, including (but not limited to) El Paso's By-laws, Code of Business Conduct, the Conflicts of Interest Policy, the Corporate Governance Guidelines, and any committee charter of the Board of Directors. Directors and Executive Officers shall continue to adhere to their obligations and responsibilities under the foregoing other policies and procedures. Transactions that are subject to the procedures set forth in this Policy must be reported by each Director, nominee for Director, and Executive Officer as required by Section D of this Policy, regardless of whether such transactions are in compliance with the foregoing other policies and procedures.

Approval or ratification of a Related Person Transaction in accordance with the procedures set forth in this Policy shall not constitute final approval of El Paso's or any of its subsidiary's participation in the transaction in any case where, in accordance with the standard governance practices and procedures of El Paso, the approval of the transaction by the Board of Directors, a committee of the Board of Directors, or an officer of El Paso or any of its subsidiaries would be required; nor, in any such case, shall the prior approval by the CEO, the General Counsel, the Corporate Secretary, or the Governance Committee relieve the Related Person from providing to the Board of Directors, such committee or such officer, as applicable, full disclosure of the material facts regarding the nature of the transaction and the Related Person's relationship to and interest in the transaction.

D. Notice of Potential Related Person Transactions

Any Director or Executive Officer shall notify El Paso's General Counsel or Corporate Secretary as soon as reasonably practicable about any potential Related Person Transaction. Although this Policy requires notice of all potential Related Person Transactions, Directors and Executive Officers should pay particular attention to relationships that are outside the ordinary course of business, such as employment of Immediate Family Members; transactions that would be considered unusual for one or both parties; and transactions that are provided on terms that would be more favorable than those available to the general public.

E. Determination of Related Person Transactions

El Paso's General Counsel, in consultation with other appropriate El Paso personnel and/or outside counsel, shall determine whether a potential transaction or relationship constitutes a Related Person Transaction that requires compliance with this Policy and/or disclosure as a Relation Person Transaction under applicable SEC rules. In the event the General Counsel determines that the transaction or relationship constitutes a Related Person Transaction (unless such transaction is covered by Section H below), the transaction will be referred to the CEO or the Governance Committee in accordance with Section F of this Policy.

F. Review, Approval or Ratification of Related Person Transactions

Unless a Related Person Transaction is covered by Section H below, a Related Person Transaction involving Executive Officers and/or their Immediate Family Members other than the CEO or the General Counsel will be referred to the CEO and the General Counsel for approval. In the event the CEO and the General Counsel cannot agree on the approval or non-approval of a Related Person Transaction involving an Executive Officer and/or their Immediate Family Members, the Related Person Transaction will be referred to the Governance Committee for approval. Related Person Transactions involving the General Counsel and/or his/her Immediate Family Members will be referred to the CEO for approval. Related Person Transactions involving El Paso stockholders owning 5% or more of any voting security, Directors, Director nominees or the CEO and/or their Immediate Family Members will be referred to the Governance Committee for approval. All determinations by the CEO and the General Counsel under this Policy shall be reported to the Governance Committee at its next regularly scheduled meeting.

In reviewing Related Person Transactions, the CEO and the General Counsel or the Governance Committee will be provided with full details of the Related Person Transaction, including:

1. the terms of the transaction;
2. the business purpose of the transaction;
3. the benefits to El Paso or to any of its subsidiaries and to the relevant Related Person; and

4. whether the transaction would require a waiver of El Paso's Code of Business Conduct.

In determining whether to approve a Related Person Transaction, the CEO and the General Counsel and the Governance Committee will consider, among other things, the following factors to the extent relevant to the Related Person Transaction:

1. whether the terms of the Related Person Transaction are fair to El Paso or any of its subsidiaries and such terms would be on the same basis if the transaction did not involve a Related Person;
2. whether there are business reasons for El Paso or any of its subsidiaries to enter into the Related Person Transaction;
3. whether the Related Person Transaction would impair the independence of an outside Director;
4. whether the Related Person Transaction would present an improper conflict of interest for any Director or Executive Officer, taking into account: (i) the size of the transaction, (ii) the overall financial position of the Director or Executive Officer, (iii) the direct or indirect nature of the Director's or Executive Officer's interest in the transaction and (iv) the ongoing nature of any proposed relationship, and any other factors deemed relevant; and
5. whether the Related Person Transaction is material, taking into account: (i) the importance of the interest to the Related Person, (ii) the relationship of the Related Person to the transaction and of Related Persons to each other, (iii) the dollar amount involved and (iv) the significance of the transaction to El Paso's investors in light of all the circumstances.

Any member of the Governance Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Person Transaction, but may, if so requested by the Chair of the Governance Committee, participate in some or all of the Governance Committee's discussions of the Related Person Transaction.

G. Transactions That Are Not Ratified

In the event that either the CEO and the General Counsel or the Governance Committee determines not to ratify a Related Person Transaction that has been entered into without approval under this Policy, such approvers may consider additional action, in consultation with counsel as appropriate, including, but not limited to, termination of the transaction on a prospective basis, rescission of such transaction or modification of the transaction in a manner that would permit it to be ratified by the CEO and the General Counsel or the Governance Committee, as the case may be.

H. Standing Pre-Approval for Certain Related Person Transactions

The Governance Committee has reviewed the types of Related Person Transactions described below and has determined that each of the following Related Person Transactions shall be deemed to be pre-approved by the Governance Committee, even if the aggregate amount

involved will exceed \$120,000. In any event, any Related Person Transactions described below is not exempt from the notice requirements required by Section D of this Policy so that a determination can be made as to whether disclosure is required.

1. *Employment of Executive Officers.* Any employment by El Paso or any of its subsidiaries of an Executive Officer if:
 - a. the related compensation is required to be reported in El Paso's proxy statement under Item 402 of the SEC's compensation disclosure requirements (generally applicable to "named executive officers"); or
 - b. the Executive Officer is not an Immediate Family Member of another Executive Officer or Director, and the related compensation would be reported in El Paso's proxy statement under Item 402 of the SEC's compensation disclosure requirements if the Executive Officer was a "named executive officer", and El Paso's Compensation Committee approved (or recommended that the Board of Directors approve) such compensation.
2. *Director compensation.* Any compensation paid to a Director if the compensation is required to be reported in El Paso's proxy statement under Item 402 of the SEC's compensation disclosure requirements;
3. *Certain transactions with other companies.* Any transaction with another company at which a Related Person's only relationship is as an employee (other than an executive officer or similar policy-making position), director or beneficial owner (together with all other Related Persons) of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2 percent of that company's total annual consolidated gross revenues;
4. *Certain El Paso charitable contributions.* Other than non-discretionary contributions made pursuant to El Paso's matching contribution program for employees and Directors, any proposed charitable contribution, grant or endowment by El Paso (or the El Paso Corporate Foundation) to a charitable organization, foundation or university at which a Related Person's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$120,000, or 2 percent of the charitable organization's total annual receipts;
5. *Transactions where all shareholders receive proportional benefits.* Any transaction where the Related Person's interest arises solely from the ownership of El Paso's common stock and all holders of El Paso's common stock received the same benefit on a *pro rata* basis (e.g., dividends);
6. *Transactions involving competitive bids.* Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids;
7. *Regulated transactions.* Any transaction with a Related Person involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;
8. *Certain consumer transactions.* Any transaction with a Related Person in the ordinary course of El Paso's or any of its subsidiaries' business and on substantially the

same terms as those prevailing at the time for comparable services otherwise available from unrelated third parties.

9. *Certain banking-related services.* Any transaction with a Related Person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

10. *Business expenses.* Any transaction with a Related Person involving ordinary course business travel and expenses, advances and reimbursements.

11. *Indemnification payments.* Any transaction with a Related Person involving indemnification payments and payments under directors and officers indemnification insurance policies made pursuant to El Paso's Restated Certificate of Incorporation or By-Laws or pursuant to any policy, agreement or instrument.

I. Adoption and Amendments

This Policy has been reviewed and adopted by the Governance Committee and the Board of Directors. The Governance Committee shall review and may recommend changes to the Board of Directors for consideration from time to time.

Effective: July 26, 2007