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EL PASO CORP/DE  
Form 8-K  
May 31, 2002

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report: May 31, 2002  
(Date of Earliest Event Reported: May 29, 2002)

EL PASO CORPORATION  
(Exact name of Registrant as specified in its charter)

Delaware	1-14365	76-0568816
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

El Paso Building  
1001 Louisiana Street  
Houston, Texas 77002  
(Address of principal executive offices) (Zip Code)

(713) 420-2600  
(Registrant's telephone number, including area code)

Item 5. OTHER EVENTS

On May 29, 2002, we announced a plan to limit our investment in and exposure to energy trading and increase our investment in core natural gas businesses. The plan was announced via a press release dated May 29, 2002, and a conference call that was simultaneously webcast. The key elements of the strategic repositioning plan announced on May 29, 2002 include the following:

1. Restructuring our Merchant Energy segment.
  - \* Downsize trading and risk management activities.
  - \* Reduce trading personnel by approximately 50%. Achieve \$150 million of annualized cost savings. We expect to incur severance expense of approximately \$70 million after-tax over the second and third quarters of 2002.
  - \* Limit working capital investment in trading activities to \$1 billion.
  - \* Create three separate divisions in the Merchant Energy segment- Power, Petroleum and Liquefied Natural Gas (LNG), and Energy Trading.
2. Further enhance our credit beyond the plan announced in

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December 2001.

- \* Issue \$1.5 billion of equity securities.
  - \* Sell the San Juan Basin natural gas gathering assets to El Paso Energy Partners, L.P. for an estimated \$800 million. These assets include a 5,500-mile gathering system that is connected to 9,600 wells producing natural gas from the San Juan Basin located in northwest New Mexico.
  - \* Reduce company-wide annual operating expenses by at least \$300 million (inclusive of Merchant Energy savings).
  - \* Decrease net debt to total capitalization to approximately 49 percent, including the \$1.95 billion of guaranteed debt in the Electron and Gemstone transactions.
3. Increase investment in core natural gas assets.
- \* Increase capital spending in El Paso Production to \$2.3 billion.
  - \* Pursue an aggressive LNG strategy as outlined to investors in our first quarter analyst meeting.
  - \* Continue an active infrastructure investment program.
  - \* Reduce non-cash earnings to approximately 5% of 2003 net income.

In addition to the plan above, we have also modified our hedging strategy. We now expect our hedge position to be at or below 50 percent of our anticipated production for a rolling 12-month forward period.

This Form 8-K includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We have made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed herein, including our success in implementing the strategic repositioning plan. While we make these statements and projections in good faith, neither we nor our management can guarantee that the anticipated future results will be achieved. Reference should be made to our (and our affiliates') Securities and Exchange Commission filings for additional important factors that may affect actual results.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EL PASO CORPORATION

By: /s/ Jeffrey I. Beason

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Jeffrey I. Beason  
Senior Vice President and  
Controller  
(Principal Accounting Officer)

Date: May 31, 2002