

EL PASO CORP/DE  
Form DEF 14A  
March 29, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**El Paso Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear El Paso Stockholder:

We cordially invite you to attend our 2011 Annual Meeting of Stockholders. The Annual Meeting will be held on Tuesday, May 17, 2011, beginning at 9:00 a.m., CDT at the Hilton Americas-Houston, 1600 Lamar Street, Houston, Texas 77010.

At this year's Annual Meeting, you will be asked to elect all 12 members of our Board of Directors, each for a term of one year, to vote on an advisory proposal on the compensation of our named executive officers (say on pay), to vote on an advisory proposal on the frequency of holding subsequent say on pay votes, and to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011.

We are pleased to again be using the U.S. Securities and Exchange Commission rule allowing companies to furnish proxy materials to stockholders over the Internet. We believe that this process expedites our stockholders' receipt of proxy materials, lowers the costs of distribution and reduces the environmental impact of printing and distributing proxy materials.

In accordance with this rule, we are mailing to most of our stockholders an Important Notice Regarding the Availability of Proxy Materials ( Notice ) instead of a paper copy of this proxy statement, our 2010 Annual Report on Form 10-K and our 2010 Summary Report. The Notice contains instructions on how to access those documents over the Internet. The Notice also contains instructions on how to request a paper copy of our proxy materials, including this proxy statement and a form of proxy card, our 2010 Annual Report on Form 10-K and our 2010 Summary Report. All stockholders who do not receive a Notice will receive a paper copy of the proxy materials by mail.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, we urge you to read the proxy statement and vote your proxy as soon as you can.

Sincerely,

Douglas L. Foshee  
*Chairman, President and Chief Executive Officer*

Houston, Texas  
April 5, 2011

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**EL PASO CORPORATION  
1001 Louisiana Street  
Houston, Texas 77002**

**NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS  
May 17, 2011**

On May 17, 2011, El Paso Corporation will hold its 2011 Annual Meeting of Stockholders at the Hilton Americas-Houston, 1600 Lamar Street, Houston, Texas 77010. The Annual Meeting will begin at 9:00 a.m., CDT.

Only El Paso stockholders who owned shares of our common stock at the close of business on March 22, 2011, are entitled to notice of, and can vote at, this Annual Meeting or any adjournments or postponements that may take place. At the Annual Meeting the following items of business will be considered:

1. The election of 12 directors, each to hold office for a term of one year;
2. An advisory vote on executive compensation;
3. An advisory vote on the frequency of holding an advisory vote on executive compensation; and
4. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

These proposals are described in the attached proxy statement. We will also attend to any other business properly presented at the Annual Meeting.

By Order of the Board of Directors

Marguerite N. Woung-Chapman  
*Corporate Secretary*

Houston, Texas  
April 5, 2011

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE 2011 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 17, 2011**

Our proxy statement for the 2011 Annual Meeting, our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and our 2010 Summary Report are available at [www.proxyvote.com](http://www.proxyvote.com).

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**ATTENDING THE MEETING**

If you plan to attend the Annual Meeting in person and are a stockholder of record, bring with you a form of government-issued personal identification to the Annual Meeting. If you own stock through a bank, broker or other nominee, you will need proof of ownership as of the record date to attend the Annual Meeting. If you are an authorized proxy holder, you must present the proper documentation. Please see page 4 for more information on what documents you will need for admission to the Annual Meeting. Registration will begin at 8:00 a.m., CDT, and seating will be on a first come, first served basis. No cameras, recording equipment or other electronic devices will be allowed in the meeting room. If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the Annual Meeting. In addition, please note parking is not provided for the Annual Meeting. There is parking generally available at the Hilton Americas-Houston and at other public parking garages around the Hilton Americas-Houston.

**MEETING LOCATION AND DIRECTIONS**

Hilton Americas-Houston  
1600 Lamar Street  
Houston, TX 77010

*From Bush Intercontinental Airport (IAH)*

Exit Bush Intercontinental Airport and follow the directional signs to the I-45/Beltway 8 exit. Proceed onto Beltway 8 West, and then exit onto I-45 South. Follow I-45 South to downtown. Exit McKinney Street (on the left) and follow McKinney Street to LaBranch Street. Turn right on LaBranch Street. Go down two blocks to Dallas Street and turn left on Dallas Street. Go two blocks and the hotel will be on the right.

*From William P. Hobby Airport (HOU)*

Exit Hobby Airport and follow the directional signs to I-45 North. Take I-45 North to the Downtown/Scott Street split. Exit onto Pease Street. Continue on Pease Street to Austin Street and turn right. Then turn right on Dallas Street and continue on Dallas for three blocks. The hotel will be on the right.

*From Highway 59 South*

Take Highway 59 North into Houston. Take the Polk Street exit and turn left. Turn right on Avenida de las Americas. Turn left on Lamar Street. The hotel will be on the left.

*From I-10 East*

Take I-10 West, exit US-59 South via Exit 770A on the left towards downtown. Take the Hamilton Street exit (Downtown Destinations) and continue straight on North Hamilton Street. Turn right on Capitol. Take the first left onto Avenida de las Americas. Turn right on Lamar Street. The hotel will be on the left.

*From I-10 West*

Take I-10 East and merge onto I-45 South via Exit 768B on the left towards Galveston. Take the McKinney Street exit (47C) on the left. Continue on McKinney Street. Turn right on LaBranch Street. Turn left on Dallas Street. Take the first left on Crawford Street. The hotel will be on the right.



**EL PASO CORPORATION**

**PROXY STATEMENT**

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**EL PASO CORPORATION  
1001 Louisiana Street  
Houston, Texas 77002**

**PROXY STATEMENT**

**2011 ANNUAL MEETING OF STOCKHOLDERS May 17, 2011**

Our Board of Directors is furnishing you with this proxy statement to solicit proxies on its behalf to be voted at the 2011 Annual Meeting of Stockholders of El Paso Corporation. The Annual Meeting will be held at the Hilton Americas-Houston, 1600 Lamar Street, Houston, Texas 77010, on Tuesday, May 17, 2011, at 9:00 a.m., CDT. The proxies also may be voted at any adjournments or postponements of the Annual Meeting.

In accordance with the Notice and Access rules adopted by the U.S. Securities and Exchange Commission ( SEC ), we have elected to provide access to our proxy materials to our stockholders by providing access to such documents on the Internet. Accordingly, on or about April 5, 2011, an Important Notice Regarding the Availability of Proxy Materials ( Notice ) will be mailed to our stockholders of record. Stockholders will have the ability to access the proxy materials on a website referred to in the Notice or request a printed set of the proxy materials be sent to them, by following the instructions on the Notice.

*Unless stated otherwise or the context otherwise requires, all references in this proxy statement to us, we, our, company or El Paso are to El Paso Corporation.*

**GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**1. Who may vote?**

Stockholders holding shares of El Paso's common stock, par value \$3.00 per share, as of the close of business on the record date, March 22, 2011, and present in person or represented by a properly executed proxy are entitled to vote at the Annual Meeting, or any adjournments or postponements of the Annual Meeting. You have one vote for each share of common stock held as of the record date, which may be voted on each proposal presented at the Annual Meeting.

**2. What is the record date and what does it mean?**

The record date for the Annual Meeting is March 22, 2011. The record date was established by the Board of Directors as required by our By-laws and Delaware law. Owners of record of El Paso's common stock at the close of business on the record date are entitled to:

Receive notice of the Annual Meeting; and

Vote at the Annual Meeting, and any adjournments or postponements of the Annual Meeting.

**3. How many shares of El Paso common stock were outstanding on the record date?**

There were 765,481,274 shares of common stock outstanding and entitled to vote at the Annual Meeting at the close of business on the record date. Common stock is the only class of stock entitled to vote.

**4. Why did I receive a Notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?**

This year, in connection with SEC rules that allow companies to furnish their proxy materials over the Internet, we have sent to most of our stockholders an Important Notice Regarding the Availability of Proxy Materials instead of a paper copy of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. A stockholder's election to receive proxy materials by mail or e-mail will remain in effect until the stockholder terminates the election.

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**5. Why didn't I receive a Notice in the mail regarding the Internet availability of proxy materials?**

We are providing stockholders who have previously requested to receive paper copies of the proxy materials with paper copies of the proxy materials instead of a Notice. If you would like to reduce the costs incurred by us in mailing proxy materials, you can consent to receive all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions provided in your Notice, or if you received a printed version of the proxy materials by mail, by following the instructions provided with your proxy materials and on your proxy card or voting instruction card to vote using the Internet. When prompted, indicate that you agree to receive or access stockholder communications electronically in the future.

**6. Can I vote my shares by filling out and returning the Notice?**

No. The Notice will, however, provide instructions on how to vote by Internet, by requesting and returning a paper proxy card, or by submitting a ballot in person at the Annual Meeting.

**7. How can I access the proxy materials over the Internet?**

You can view the proxy materials for the Annual Meeting on the Internet at *www.proxyvote.com*. Please have your 12 digit control number available. Your 12 digit control number can be found on your Notice. If you received a paper copy of your proxy materials, your 12 digit control number can be found on your proxy card or voting instruction form.

Our proxy materials are also available on our website at *www.elpaso.com*.

**8. What am I voting on?**

You are voting on the following:

the election of 12 directors;

an advisory vote on executive compensation;

an advisory vote on the frequency of holding an advisory vote on executive compensation; and

the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

**9. How does the Board recommend that I vote?**

The Board recommends that you vote:

**FOR** each of the nominees for director;

**FOR** the proposal regarding an advisory vote on executive compensation;

**EVERY YEAR** for the proposal regarding the frequency of holding an advisory vote on executive compensation; and

**FOR** the approval of the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

**10. Why should I vote?**

Your vote is very important regardless of the number of shares you hold. The Board strongly encourages you to exercise your right to vote as a stockholder of the company. Please note that the rules that determine how your broker can vote your shares have changed. Unless you provide voting instructions to any broker holding shares on your behalf, your broker may no longer use discretionary authority to vote your shares on any of the matters to be considered at the Annual Meeting other than the ratification of the appointment of our independent registered public accounting firm. Please provide your broker with voting instructions so that your vote can be counted. See question 14, What happens if I do not specify a choice for a proposal when returning a proxy? below for additional information.

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**11. How do I vote?**

You may vote by any of the following methods:

*By Telephone or Internet* If you have telephone or Internet access, you may submit your proxy vote by following the instructions provided in the Notice or on your proxy card or voting instruction form.

*By Mail* You may submit your proxy vote by mail by signing a proxy card if your shares are registered or, for shares held beneficially in street name, by following the voting instructions included by your broker, trustee or nominee, and mailing it in the enclosed envelope. If you provide specific voting instructions, your shares will be voted as you have instructed.

*In Person at the Annual Meeting* If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the stockholder of record. As the stockholder of record, you have the right to vote in person at the Annual Meeting. If your shares are held in a brokerage account or by another nominee or trustee, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you are also invited to attend the Annual Meeting. Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from your broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. See question 18, "Who can attend the Annual Meeting?" below for additional information.

**12. If I vote by telephone or Internet and received a proxy card in the mail, do I need to return my proxy card?**

No.

**13. Can I change my vote?**

If you are a stockholder of record, you may revoke your proxy at any time before the voting polls are closed at the Annual Meeting, by the following methods:

voting at a later time by telephone or Internet;

writing our Corporate Secretary, Marguerite N. Woung-Chapman, El Paso Corporation, P.O. Box 2511, Houston, Texas 77252-2511; or

giving notice of revocation to the Inspector of Election at the Annual Meeting.

If you are a street name stockholder and you vote by proxy, you may later revoke your proxy by informing the holder of record in accordance with that entity's procedures.

**14. What happens if I do not specify a choice for a proposal when returning a proxy?**

You should specify your choice for each proposal on your proxy card or voting instruction form. Shares represented by proxies will be voted in accordance with the instructions given by the stockholders. If you are a registered stockholder and your proxy card is signed and returned without voting instructions, it will be voted according to the recommendation of the Board of Directors. If you are a beneficial stockholder and fail to provide voting instructions, your broker, bank or other holder of record is permitted to vote your shares on the ratification of Ernst & Young LLP

as our independent registered public accounting firm. **However, absent instructions from you, the record holder may not vote on the election of directors, on the advisory vote on executive compensation or on the frequency of holding an advisory vote on executive compensation.** Without your voting instructions on these proposals, a broker non-vote will occur, which means your vote will not be counted.

**15. What happens if other matters come up at the Annual Meeting?**

The matters described in the notice of Annual Meeting are the only matters we know of which will be voted on at the Annual Meeting. If other matters are properly presented at the Annual Meeting, the persons named in the enclosed proxy card or voting instruction form will vote your shares according to their best judgment.

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**16. Who will count the votes?**

A representative of Broadridge, an independent tabulator appointed by the Board of Directors, will count the votes and act as the Inspector of Election. The Inspector of Election shall have the authority to receive, inspect, electronically tally and determine the validity of the proxies received.

**17. What is a quorum ?**

To transact any business at the Annual Meeting, a quorum must be present. A quorum is a majority of the aggregate voting power of our outstanding shares of common stock that are entitled to vote and are present in person at the Annual Meeting or represented by proxy. If you submit a properly executed proxy, you will be considered part of the quorum even if you abstain from voting. Broker non-votes are treated as present for the purpose of determining a quorum.

**18. Who can attend the Annual Meeting?**

Admission to the Annual Meeting is limited to stockholders of El Paso, persons holding validly executed proxies from stockholders who held El Paso common stock on March 22, 2011 and invited guests of El Paso.

If you are a stockholder of El Paso, you must bring certain documents with you in order to be admitted to the Annual Meeting. The purpose of this requirement is to help us verify that you are actually a stockholder of El Paso. Please read the following rules carefully because they specify the documents that you must bring with you to the Annual Meeting in order to be admitted. The items that you must bring with you differ depending upon whether you are a record holder or hold your stock in street name through your broker or other nominee.

Proof of ownership of El Paso stock must be shown at the door. Failure to provide adequate proof that you were a stockholder on the record date may prevent you from being admitted to the Annual Meeting.

**If you were a record holder of El Paso common stock on March 22, 2011**, then you must bring a valid form of government-issued personal identification (such as a driver's license or passport).

**If a broker, bank, trustee or other nominee was the record holder of your shares of El Paso common stock on March 22, 2011**, then you must bring:

Valid government-issued personal identification (such as a driver's license or passport); and

Proof that you owned shares of El Paso common stock on March 22, 2011.

Examples of proof of ownership include the following: (1) a letter from your bank or broker stating that you owned El Paso common stock on March 22, 2011; (2) a brokerage account statement indicating that you owned El Paso common stock on March 22, 2011; or (3) the voting instruction form provided by your broker indicating that you owned El Paso common stock on March 22, 2011.

**If you are a proxy holder for a stockholder of El Paso**, then you must bring:

The validly executed proxy naming you as the proxy holder, signed by a stockholder of El Paso who owned shares of El Paso common stock on March 22, 2011; and

Valid government-issued personal identification (such as a driver's license or passport); and

If the stockholder whose proxy you hold was not a record holder of El Paso common stock on March 22, 2011, proof of the stockholder's ownership of shares of El Paso common stock on March 22, 2011, in the form of a letter or statement from a bank, broker or other nominee indicating that the stockholder owned El Paso common stock on March 22, 2011.

You may not use cameras, recording equipment or other electronic devices during the Annual Meeting.

**19. How many votes must each proposal receive to be approved?**

With respect to the election of directors, our By-laws provide for the election of directors by the majority vote of stockholders in uncontested elections. This means the number of votes cast for a nominee's



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election must exceed the number of votes cast against such nominee's election in order for him or her to be elected to the Board of Directors. Abstentions and broker non-votes do not count as votes cast for or against the director's election and therefore will have no effect on the outcome of such election. See Corporate Governance Voting Standard to Elect Directors on page 10 of this proxy statement for additional information.

With respect to the advisory vote on executive compensation, the proposal must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting to be considered approved. Abstentions have the same effect as a vote against the advisory resolution. Broker non-votes will have no effect on the outcome of the advisory vote. While the vote is advisory and non-binding in nature, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation matters.

With respect to the advisory vote on the frequency of holding future advisory votes on executive compensation, the frequency receiving the greatest number of votes (every one, two or three years) will be considered the frequency recommended by stockholders. Broker non-votes and abstentions will have no effect on the outcome of the frequency vote.

With respect to the ratification of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011, the proposal must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting to be considered approved. Abstentions will have the same effect as a vote against the proposal.

### **20. How are votes counted?**

Votes are counted in accordance with our By-laws and Delaware law. Shares will not be voted at the Annual Meeting if a properly executed proxy card covering those shares has not been returned and the holder does not cast votes in respect of those shares in person at the Annual Meeting.

### **21. How can I view the stockholder list?**

A complete list of the registered stockholders entitled to vote at the Annual Meeting will be available to view during the Annual Meeting. You may access this list at El Paso's offices at 1001 Louisiana Street, Houston, Texas 77002 during ordinary business hours for a period of ten days before the Annual Meeting.

### **22. Who pays for the proxy solicitation related to the Annual Meeting?**

We do. In addition to sending you or making available to you these materials, some of our directors and officers as well as management and non-management employees may contact you by telephone, mail, e-mail or in person. You may also be solicited by means of press releases issued by El Paso, postings on our website, *www.elpaso.com*, and advertisements in periodicals. None of our officers or employees will receive any extra compensation for soliciting you. We have retained Georgeson Inc. to assist us in soliciting your proxy for an estimated fee of \$17,500, plus reasonable out-of-pocket expenses. Georgeson will ask brokers and other custodians and nominees whether other persons are beneficial owners of El Paso common stock. If so, we will supply them with the Notice or proxy materials for distribution to the beneficial owners. We will also reimburse banks, nominees, fiduciaries, brokers and other custodians for their costs of sending the Notice or proxy materials to the beneficial owners of El Paso common stock.

### **23. If I want to submit a stockholder proposal for the 2012 Annual Meeting, when is it due?**

If you want to submit a proposal for possible inclusion in next year's proxy statement, you must submit it *in writing* to the Corporate Secretary, El Paso Corporation, P.O. Box 2511, Houston, Texas 77252-2511, telephone (713) 420-4018 and facsimile (713) 420-4099. El Paso must receive your proposal on or before December 7, 2011. El Paso will consider only proposals meeting the requirements of the applicable rules of the SEC.

Additionally, under our By-laws, for a stockholder to bring any matter before the 2012 Annual Meeting that is not included in the 2012 Proxy Statement, the stockholder's written notice must be received not less than 90 days

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nor more than 120 days prior to the first anniversary of the 2011 Annual Meeting. Under this criterion, stockholders must provide us with a notice of a matter to be brought before the 2012 Annual Meeting during the period from January 18, 2012 to February 17, 2012.

If the 2012 Annual Meeting is held more than 30 days before or 60 days after May 17, 2012, for a stockholder seeking to bring any matter before the 2012 Annual Meeting, the stockholder's written notice must be received not less than 90 days nor more than 120 days before the date of the 2012 Annual Meeting or by the tenth day after we publicly announce the date of the 2012 Annual Meeting, if that would result in a later deadline.

### **24. How can I obtain a copy of the Annual Report on Form 10-K?**

As set forth on the Notice, you may receive a hard copy of proxy materials, including the Annual Report on Form 10-K, by following the directions set forth on the Notice. The Annual Report on Form 10-K is also available on our website at [www.elpaso.com](http://www.elpaso.com).

## **CORPORATE GOVERNANCE**

We are committed to maintaining the highest standards of corporate governance. We believe that strong corporate governance is critical to achieving our performance goals, and to maintaining the trust and confidence of investors, employees, suppliers, business partners, customers, communities in which we operate, regulatory agencies and other stakeholders.

*Corporate Governance Guidelines.* Our Corporate Governance Guidelines, together with the Board committee charters, provide the framework for the effective governance of El Paso. The Board of Directors has adopted our Corporate Governance Guidelines to address matters including qualifications for directors, standards for independence of directors, election of directors, responsibilities of directors, mandatory retirement for directors, limitation on serving on other boards/committees, the composition and responsibility of committees, conduct and minimum frequency of Board and committee meetings, management succession, director access to management and outside advisors, director compensation, stock ownership requirements, prohibition on hedging company stock, director orientation and continuing education, annual self-evaluation of the Board, its committees and directors and our policy on poison pills. The Board of Directors recognizes that effective corporate governance is an on-going process, and the Board, either directly or through the Governance & Nominating Committee, will review and revise as necessary our Corporate Governance Guidelines annually, or more frequently if deemed necessary. Our Corporate Governance Guidelines may be found on our website at [www.elpaso.com](http://www.elpaso.com).

*Independence of Board Members.* Our Corporate Governance Guidelines require that a majority of our Board of Directors meet the independence requirements of the NYSE listing requirements and at least 75 percent of our Board of Directors must not be from current management. The Board of Directors observes and complies with all criteria for independence established by the NYSE listing requirements and other governing laws and regulations. The Board of Directors makes its determination of the independence of its members based on categorical standards it has adopted to assist in its assessment of the independence of each director. The categorical standards adopted by the Board of Directors are consistent with the NYSE listing requirements and provide that a director, in order to be considered independent, must not have a direct or indirect material relationship with us or our management other than as a director. The standards of independence adopted by the Board are contained in our Corporate Governance Guidelines, which may be found on our website at [www.elpaso.com](http://www.elpaso.com).

The Board has affirmatively determined that each of our directors, with the exception of our Chairman, President and Chief Executive Officer ( CEO ), Douglas L. Foshee, meet the standards of independence adopted by the Board and are independent. In reaching this determination, the Board reviewed each director's commercial and charitable

relationships as well as any potential related party transactions and determined that none of these relationships or transactions affect the independence of the individual directors. Thus, 11 of the 12 nominees for the El Paso Board are independent. Further, our Audit, Compensation, Governance & Nominating, Finance and Health, Safety & Environmental Committees are composed entirely of independent directors.

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*Audit Committee Financial Expert.* The Audit Committee plays an important role in promoting effective accounting, financial reporting, risk management and compliance procedures and controls. All members of our Audit Committee meet the financial literacy standard required by the NYSE rules and at least one member qualifies as having accounting or related financial management expertise under the NYSE rules. In addition, the Board of Directors has affirmatively determined that Messrs. Hix (chairman of our Audit Committee), Goldman and Shapiro are audit committee financial experts.

*Board Leadership Structure.* Douglas L. Foshee serves as both Chairman of the Board and our President and CEO. Mr. Foshee has served as our President and CEO since September 2003 and was subsequently named Chairman in May 2009, when the Board elected to combine the positions of Chairman and CEO. The Board believes this is the most effective Board leadership structure at the present time and believes that Mr. Foshee, in his role as Chairman/CEO, has the ability to execute on both the company's short-term and long-term strategies necessary for the challenging marketplace in which the company competes. The Board reviews this leadership structure each year to assess whether it remains the most effective structure and whether any other changes are required to maintain the highest standard of corporate governance and accountability of the CEO to the Board.

In making this assessment this year, the Board believes that El Paso has in place sound counter-balancing mechanisms to ensure that the company maintains these standards. These counter-balancing mechanisms include:

A super-majority of independent directors on the Board.

An independent Lead Director, J. Michael Talbert, who was designated Lead Director in May 2009. Mr. Talbert has been a member of our Board since 2003 and until 2007 served as non-executive Chairman of the Board of Transocean Ltd. Mr. Talbert has been a strong and influential addition to the Board and played an integral role in promoting and facilitating the Board's execution of its responsibilities. As detailed below in how the roles interact, Mr. Talbert's responsibilities as Lead Director and advisory role to Mr. Foshee complement Mr. Foshee's role as Chairman/CEO while providing the necessary checks and balances to hold both the Board and the Chairman/CEO accountable in their respective roles.

Each of the Board's standing committees, including the Audit, Compensation, Governance & Nominating, Finance and Health, Safety & Environmental Committees, are comprised of and chaired solely by non-employee directors who meet the independence requirements under the NYSE listing standards and other governing laws and regulations.

Review and determination of Mr. Foshee's compensation and performance remains within the purview of the Compensation Committee.

The independent directors continue to meet in regular executive sessions without management present to discuss the effectiveness of the company's management, the quality of the Board meetings and any other issues and concerns.

The Board provides continued oversight of succession planning.

As stated in our Corporate Governance Guidelines, the Board does not have a policy as to whether the role of the CEO and the Chairman should be separate, or whether the Chairman should be a management or non-management director. Thus, while the Board has determined that Mr. Foshee should serve in the combined role of Chairman and CEO, the Board has the right to separate those roles if in the future it determines that such a separation would be in the best interests of the company and its stockholders.



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Below is a summary of the respective responsibilities of the Chairman/CEO and the Lead Director.

**Chairman/CEO**

**Lead Director**

Calls meetings of the Board and the stockholders

Calls meetings of the Board or executive sessions with the independent directors

Chairs meetings of the Board and the annual meeting of stockholders

Chairs meetings of the Board and the annual meeting of stockholders when the Chairman is unavailable  
Chairs meetings of the Board when there is a potential conflict of interest with the Chairman on issues to be considered  
Chairs executive sessions of the independent directors

Establishes Board meeting schedules and agendas

Coordinates with the Chairman to ensure that meeting schedules allow sufficient time for discussion of all agenda items and agendas cover all items necessary for the Board to discharge its responsibilities  
Establishes agendas for executive sessions

Ensures that information provided to the Board is sufficient for the Board to fulfill its primary responsibilities

Provides input to the Chairman on the scope, quality, quantity and timeliness of the information provided to the Board

Communicates with all directors on key issues and concerns outside of Board meetings

Serves as a non-exclusive conduit to the Chairman of views and concerns of the independent directors

With Lead Director, jointly recommends Committee Chair positions to full Board and the Governance & Nominating Committee

With Chairman, jointly recommends Committee Chair positions to full Board and the Governance & Nominating Committee

In conjunction with the Governance & Nominating Committee, ensures that the Board is balanced in composition and structure and leads Board recruitment efforts

Collaborates with the Chairman and the Governance Committee in monitoring the composition and structure of the Board and assists in Board recruitment efforts

Oversees compliance with the company's governance principles

Collaborates with the Governance & Nominating Committee on questions of possible conflicts of interest or breaches of the company's governance principles by other directors, including the Chairman

Represents the company to and interacts with external stakeholders and employees

Is available for consultation and direct communication with stockholders and interested parties



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**Chairman/CEO**

Leads the Board review of management succession and development plans

**Lead Director**

Leads the executive sessions of the independent directors on management succession and development plans and provides feedback to the Chairman/CEO  
 Oversees the process of hiring or firing a CEO including any compensation arrangements  
 Recommends to the Board the retention of outside advisors who report directly to the Board  
 Participates with the Compensation Committee Chair in communicating performance feedback and compensation decisions to the CEO

*Board's Role in Risk Oversight.* The Board has oversight responsibility with regard to assessment of the major risks inherent in the business of the company and measures to address and mitigate such risks. The Board is actively involved in overseeing risk management and reviews, at least annually, the company's system of enterprise risk management.

While the Board is ultimately responsible for risk oversight at our company, the committees of the Board assist the Board in fulfilling its oversight responsibilities by considering the risks within their respective areas of expertise. For example, the Audit Committee assists the Board in fulfilling its risk oversight responsibilities relating to the company's risk management policies and procedures. As part of this process, the Audit Committee meets periodically with management to review, discuss and provide oversight with respect to the processes and controls established by the company to assess, monitor, manage and mitigate the company's significant risk exposures (whether financial, operating or otherwise). In providing such oversight, the Audit Committee may also discuss such processes and controls with the company's internal and independent auditors. The Finance Committee assists the Board in fulfilling its risk oversight responsibilities relating to financial risks by reviewing with management on an annual basis the financial risk management policies, strategies and positions of the company. The Compensation Committee likewise assists the Board in fulfilling its risk oversight responsibilities with respect to the management of risks associated with compensation-program design by reviewing whether there are risks arising from our compensation programs and practices that are reasonably likely to have a material adverse effect on the company. The Governance & Nominating Committee assists the Board in fulfilling its risk oversight responsibilities relating to the management of risks associated with corporate governance, board organization and membership, and policies governing conflicts of interest. Finally, the Health, Safety & Environmental Committee assists the Board in fulfilling its risk oversight responsibilities relating to health, safety and environmental-related matters, including environmental regulations, health and safety initiatives and accountabilities, and crisis response.

As mentioned above, the Board's role in risk management is one of oversight. Company management is responsible for day-to-day management of risks the company faces. The company has established a comprehensive enterprise risk management program overseen by a Risk Oversight Committee ( ROC ). The ROC is not a committee of the Board and is comprised of senior management, including our SVP, Strategy and Enterprise Business Development, who serves as chair of the committee, our Chief Financial Officer ( CFO ), our General Counsel, our Controller, as well as the head of each of the following functions: Pipeline Controller, Corporate Treasury, Business Excellence, Internal Audit and Financial Controls, Strategy and Market Analysis, and Enterprise Risk Management. The ROC coordinates with

internal audit and financial controls and ensures that the company identifies all potential material risks and implements appropriate mitigation measures. The ROC has direct access to company leadership, provides an annual update on the risk assessment process to the Audit Committee and presents an annual risk assessment to the full Board.

*Communications with Lead Director.* Interested parties may communicate directly with Mr. Talbert by writing to Lead Director of the Board, c/o Corporate Secretary, El Paso Corporation, P.O. Box 2511, Houston, Texas 77252-2511, facsimile (713) 420-4099.

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*Executive Sessions of the Board of Directors.* The Board of Directors holds regular executive sessions in which non-management Board members meet without any members of management present. Currently, Mr. Talbert presides over the executive sessions of the Board. During 2010, non-management members of the Board met in executive session six times and several Committees of the Board met in executive session without members of management present. The purpose of these executive sessions is to promote open and candid discussion among the non-management directors.

*Committees of the Board of Directors.* The Board of Directors has adopted charters for the Audit Committee, the Compensation Committee and the Governance & Nominating Committee that comply with the corporate governance rules adopted by the SEC pursuant to the Sarbanes-Oxley Act of 2002 and the NYSE listing standards. The Audit Committee, the Compensation Committee, the Governance & Nominating Committee, the Finance Committee and the Health, Safety & Environmental Committee charters may be found on our website at [www.elpaso.com](http://www.elpaso.com).

*Board/Committee/Director Evaluations.* Each year the Board of Directors and each Board committee participates in a self-assessment or evaluation of the effectiveness of the Board and its committees. At least once every three years, the Board conducts an evaluation of each individual director. During 2010, each director participated in a self-assessment of the Board and its committees. The Board and the respective committees discussed the results of these assessments and, as necessary, any action resulting from these assessments.

*Management Succession.* The Board periodically reviews with the CEO the management succession and development plan which includes the succession of the CEO in the event of an emergency or retirement, as well as the succession of other employees critical to our company's continued operations and success.

*Director Education.* We encourage and facilitate director participation in seminars and conferences and other opportunities for continuing director education. All of our directors are required to attend, at least once every two years, a continuing educational program, seminar or conference designed for board members. In addition, each of our directors is a member of the National Association of Corporate Directors. Each of our directors has met the continuing director education requirements specified above.

*Stock Ownership Requirements.* Our Board of Directors is committed to director and senior management stock ownership. Directors are required to own shares of our common stock with a value of five times the annual cash retainer paid to non-employee directors within a five-year time period following initial election to the Board. The Board also requires that our CEO own shares of our common stock with a value of at least five times his or her annual base salary, and that other executive officers own shares of our common stock with a value of at least two times their base salary within a five-year time period following initial election to that position. Each share of common stock owned on any date (a measuring date) by a director or executive officer is deemed to have a value equal to the greater of (i) the trading price of our common stock as of the date the applicable share was acquired by the director or executive officer or (ii) the trading price of the share of common stock as of that measuring date. Shares of restricted stock, deferred shares and shares in our retirement savings plan or other similar plans are counted towards meeting these requirements. Additionally, a director or executive officer is deemed to own shares of common stock with a value equal to the in-the-money value, if any, of any vested or unvested stock option, stock appreciation right, or similar equity-linked grant that is held by the director or executive officer on any given measuring date. Each of our executive officers and non-employee directors, with the exceptions of Messrs. Crane and Probert who joined the Board in December 2009, met the stock ownership requirements as of December 31, 2010. Messrs. Crane and Probert will be expected to be in compliance with the stock ownership requirements within five years from their appointment.

*Voting Standard to Elect Directors.* Our By-laws provide for the election of directors by the majority vote of stockholders in uncontested elections. This means the number of votes cast for a nominee's election must exceed the number of votes cast against such nominee's election in order for him or her to be elected to the Board of Directors.

Our By-laws provide for the election of directors by the plurality of votes cast in contested elections. This means that in elections where the number of nominees exceeds the number of directors to be elected, the nominees who receive the highest number of votes will be elected to the Board of Directors. In addition, our Corporate Governance Guidelines provide that the Board will nominate for election or appoint to Board vacancies only candidates who irrevocably agree to resign if they fail to receive the required majority vote in uncontested elections. In the event a

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director fails to receive a majority of votes cast and the Board accepts the resignation tendered, then that director would cease to be a director of El Paso. In accordance with our Corporate Governance Guidelines, our By-laws require as a part of a stockholder's written notice in connection with the nomination of a director, a statement whether the nominated individual intends to tender an irrevocable resignation effective upon such person's failure to receive the required vote for re-election at the next meeting at which such person would face re-election. Each of our directors has submitted an irrevocable letter of resignation that becomes effective in the event he or she does not receive a majority of votes cast for his or her election.

*Policy on Poison Pill Plans.* Our Corporate Governance Guidelines include a policy on poison pills, or stockholder rights plans. We do not currently have in place a stockholders rights plan, and the Board currently has no plans to adopt such a plan. However, if the Board is presented with a set of facts and circumstances which leads it to conclude that adopting a stockholder rights plan would be in the best interests of stockholders, the Board will seek prior stockholder approval unless the Board, in exercising its fiduciary responsibilities under the circumstances, determines by vote of a majority of the independent directors that such submission would not be in the best interests of our stockholders in the circumstances. If the Board were ever to adopt a stockholder rights plan without prior stockholder approval, the Board would present such plan to the stockholders for ratification within one year or cause it to expire within one year, without being renewed or replaced. Further, if the Board adopts a stockholder rights plan and our stockholders do not approve such plan, it will terminate.

*Code of Ethics.* We have adopted a code of ethics, referred to as our Code of Conduct, that applies to all of our directors and employees, including our CEO, CFO and senior financial and accounting officers. Our Code of Conduct is a value-based code that is built on our five core values: stewardship, integrity, safety, accountability and excellence. In addition to other matters, our Code of Conduct establishes policies to deter wrongdoing and to promote honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest, compliance with applicable laws, rules and regulations, full, fair, accurate, timely and understandable disclosure in public communications and prompt internal reporting of violations of our Code of Conduct. We also have an Ethics & Compliance Office and Ethics & Compliance Committee, which is composed of members of senior management, that administers our ethics and compliance program and reports to the Audit Committee of our Board of Directors. A copy of our Code of Conduct is available on our website at [www.elpaso.com](http://www.elpaso.com). We will post on our internet website all waivers to or amendments of our Code of Conduct, which are required to be disclosed by applicable law and the NYSE listing standards. Currently, we do not have nor do we anticipate any waivers of or amendments to our Code of Conduct. We believe our Code of Conduct exceeds the requirements set forth in the applicable SEC regulations and the corporate governance rules of the NYSE.

*Transactions with Related Persons.* Our Board has adopted a written related person transactions policy. The policy defines a related person transaction as one in which El Paso is a participant, the amount involved equals or exceeds \$120,000, and a related person has a direct or indirect material interest. The policy defines a related person as any executive officer, director or director nominee, person known to be the beneficial owner of 5 percent or more of El Paso's voting securities, immediate family member of any of the foregoing persons, or firm or corporation in which any of the foregoing persons is employed as an officer, a partner or greater than 10 percent owner.

The policy includes procedures to review and approve, as necessary, any related person transactions prior to the transaction being entered into, or ratify any related person transactions that have not been previously approved. Other than certain pre-approved transactions specifically set forth in the policy, any related person transaction involving executive officers or their immediate family members other than the CEO or the general counsel are referred to the CEO and general counsel for approval. If the CEO and the general counsel cannot agree on the approval or non-approval of the related person transaction, the transaction will be referred to the Governance & Nominating Committee for approval. Any related person transaction involving the general counsel and his or her immediate family members will be referred to the CEO for approval. Any related person transaction involving 5 percent stockholders,

directors, director nominees or the CEO and their immediate family members will be referred to the Governance & Nominating Committee for approval. All determinations made by the CEO and the general counsel are reported to the Governance & Nominating Committee at its next regularly scheduled meeting.

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In determining whether to approve a related person transaction, the CEO, general counsel or Governance & Nominating Committee will consider whether:

the terms of the transaction are fair to El Paso and would be on the same basis if the transaction did not involve a related person;

there are business reasons to enter into the transaction;

the transaction would impair the independence of an outside director;

the transaction would present an improper conflict of interest for any director or executive officer; and

the transaction is material.

The policy for approval of related person transactions can be found on our website at [www.elpaso.com](http://www.elpaso.com).

During 2010, our pipeline business unit made payments to certain subsidiaries of NRG Energy, Inc. in the amount of \$197,498. Our director David W. Crane currently serves as President and Chief Executive Officer of NRG Energy, Inc. Due to the relatively small amounts involved, the purchases were not done on a competitive bid basis.

Also during 2010, our exploration and production and pipeline business units made payments to certain subsidiaries of Halliburton Company in the amount of \$146,328,516. Our director Timothy J. Probert currently serves as President, Strategy and Corporate Development of Halliburton. The majority of these payments (approximately 90 percent of the total spend) were made by our exploration and production business unit on a competitive bid basis and related to services and supplies that were provided by Halliburton in relation to our drilling operations.

*Special Stockholder Meetings.* Our By-laws permit stockholders who own at least 25 percent of our outstanding shares to call a special meeting of stockholders.

*Web Access.* We provide access through our website to current information relating to corporate governance, including a copy of each of the Board's standing committee charters, our Corporate Governance Guidelines, our Code of Conduct, our Restated Certificate of Incorporation and By-laws, our policy for approval of related person transactions, biographical information concerning each director, and other matters regarding our corporate governance principles. We also provide access through our website to all filings submitted by El Paso to the SEC. Our website is [www.elpaso.com](http://www.elpaso.com), and access to this information is free of any charge to the user. Information contained on our website is not part of this proxy statement.

*Process for Communication with the Board.* Our Board has established a process for interested parties to communicate with the Board. Such communications should be in writing, addressed to the Board or an individual director, c/o Ms. Marguerite N. Woung-Chapman, Corporate Secretary, El Paso Corporation, P.O. Box 2511, Houston, Texas 77252-2511. The Corporate Secretary will forward all communications to the addressee.

*Director Attendance at Annual Meeting.* The Board encourages all director nominees standing for election to attend the Annual Meeting in accordance with our Corporate Governance Guidelines. All incumbent directors who were elected at our 2010 Annual Meeting attended our 2010 Annual Meeting of Stockholders, with the exception of Mr. Probert who was unable to attend due to an unexpected commitment.

**Table of Contents****INFORMATION ABOUT THE BOARD OF DIRECTORS AND COMMITTEES**

The Board of Directors held seven meetings during 2010. Each director attended at least 75 percent of his or her board and committee meetings.

The Board of Directors has established five standing committees to assist the Board in carrying out its duties: the Audit Committee, the Compensation Committee, the Governance & Nominating Committee, the Finance Committee and the Health, Safety & Environmental Committee. We describe the committees, their membership during 2010 and their principal responsibilities below.

<b>Name</b>	<b>Board</b>	<b>Audit</b>	<b>Compensation</b>	<b>Governance &amp; Nominating</b>	<b>Finance</b>	<b>Health, Safety &amp; Environmental</b>
Juan Carlos Braniff	Member	Member			Member	
David W. Crane	Member			Member	Member	
Douglas L. Foshee	Chairman					
Robert W. Goldman	Member	Member			Chair	
Anthony W. Hall, Jr.	Member			Member		Member
Thomas R. Hix	Member	Chair	Member			
Ferrell P. McClean	Member		Member		Member	
Timothy J. Probert	Member					Member
Steven J. Shapiro	Member	Member	Chair			
J. Michael Talbert	Lead			Chair		
Robert F. Vagt	Member		Member			Member
John L. Whitmire	Member			Member		Chair
Number of 2010 Meetings	7	9	4	5	5	4



## **Audit Committee**

The Audit Committee held nine meetings during 2010. The Audit Committee currently consists of four non-employee directors, each of whom the Board has determined is independent as such term is defined in Section 10A of the Exchange Act, the SEC rules thereunder, the NYSE listing standards and our Corporate Governance Guidelines. The Board of Directors has determined that each member of the Audit Committee possesses the necessary level of financial literacy required to enable him or her to serve effectively as an Audit Committee member. No Audit Committee member serves on more than three audit committees of public companies, including our Audit Committee. We maintain an Internal Audit Department to provide management and the Audit Committee with ongoing assessments of our risk management processes and system of internal controls. In addition, we maintain a Financial Controls Group to manage our internal control over financial reporting compliance activities. The Audit Committee's duties, which are discussed in detail in its charter, include, among other duties:

Assisting the Board of Directors in fulfilling its responsibilities with respect to the oversight of:

- the integrity of our financial statements, including recommending to the Board the filing of our audited financial statements;
- our disclosure controls and procedures and internal control over financial reporting;
- our independent auditors and any independent petroleum reserves engineer;
- the performance of our internal audit function;
- the performance of our ethics and compliance functions, including our compliance with legal and regulatory requirements and our Code of Business Conduct; and

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- the processes and controls, including guidelines and policies, established by the company to assess, monitor, manage and mitigate the company's significant risk exposures.

The appointment, compensation, retention, oversight and dismissal of our independent auditor or any other accounting firm engaged for the purpose of preparing or issuing an audit report or related work, or performing other audit, review or attestation services and any independent petroleum reserves engineer engaged for the purpose of reviewing, preparing or auditing an estimate of our oil and natural gas reserves.

The pre-approval of all auditing services and fees and, for our principal auditor, allowable non-audit (including tax) services and fees provided to us.

The resolution of any disagreement between management and our independent auditor regarding financial reporting or audit matters.

The review of procedures for the receipt, retention and treatment of complaints received by us regarding any accounting, internal controls over financial reporting or auditing matters.

Our principal independent auditor, Ernst & Young LLP, reports directly to the Audit Committee. In addition, the Audit Committee provides an open avenue of communication between the internal auditors, the independent auditor and the Board. Interested parties may contact the Audit Committee members by following the process outlined in the Corporate Governance section of this proxy statement.

The Audit Committee Charter can be found on our website at [www.elpaso.com](http://www.elpaso.com).

## **Policy for Approval of Audit and Non-Audit Services**

During 2010, the Audit Committee approved all the types of audit and permitted non-audit services which our independent auditors were to perform during the year, as required under applicable law, and the pre-approved limit on fees for each of these categories. The Audit Committee's current practice is to consider for pre-approval annually all categories of audit and permitted non-audit services proposed to be provided by our independent auditors for a fiscal year. Pre-approval of tax services requires that the principal independent auditor provide the Audit Committee with written documentation of the scope and fee structure of the proposed tax services and discuss with the Audit Committee the potential effects, if any, of providing such services on the independent auditor's independence. The Audit Committee will also consider for pre-approval annually the maximum amount of fees and the manner in which the fees are determined for each type of pre-approved audit and non-audit services proposed to be provided by our independent auditors for the fiscal year. The Audit Committee must separately pre-approve any service that is not included in the approved list of services or any proposed services exceeding pre-approved cost levels. The Audit Committee has delegated pre-approval authority to the Chairman of the Audit Committee for services that need to be addressed between Audit Committee meetings. The Audit Committee is then informed of these pre-approval decisions, if any, at the next meeting of the Audit Committee. See "Principal Accountant Fees and Services" on page 77 of this proxy statement for the aggregate fees paid to Ernst & Young LLP for the years ended December 31, 2010 and 2009.

## **Compensation Committee**

The Compensation Committee held four meetings during 2010. The Compensation Committee currently consists of four non-employee directors, each of whom the Board has determined is independent under (a) the NYSE listing standards, (b) the non-employee director standards of Rule 16b-3 of the Exchange Act, (c) the outside director

requirements of Section 162(m) of the Internal Revenue Code (the Code ) and (d) our Corporate Governance Guidelines.

The Compensation Committee s functions, which are discussed in detail in its charter, include, among other functions, responsibility to:

Review and approve annually the individual elements of total compensation for the CEO, review and approve the corporate goals and objectives relevant to CEO compensation, evaluate the CEO s performance in light of those goals and objectives, and determine and approve the CEO s compensation level based on this evaluation.

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Review and approve annually the individual elements of total compensation for all executive officers, which includes all officers who are subject to Section 16(a) of the Exchange Act.

Review appropriate criteria for establishing performance targets and approve annual corporate and executive performance ratings.

Ensure that our executive long-term and short-term incentive compensation programs are administered in accordance with our stated compensation objectives, periodically review whether there are risks arising from our compensation programs that are reasonably likely to have a material adverse effect on the company and make recommendations with respect to such programs, where appropriate, for full Board approval.

Review our employee benefit and compensation programs (including all new equity-based compensation programs) and consider management recommendations subject, where appropriate, to stockholder or full Board approval.

Review and approve goals and objectives relevant to director compensation, including annual retainer and meeting fees, and terms and awards of equity compensation, and recommend changes, where appropriate, for full Board approval.

Select, retain, evaluate, and, where appropriate, replace the independent executive compensation consulting firm, and review all related fees.

The Compensation Committee Charter can be found on our website at [www.elpaso.com](http://www.elpaso.com).

At the beginning of each calendar year, the Compensation Committee approves our corporate and business unit financial and non-financial performance goals for our annual incentive compensation arrangements. The Compensation Committee also establishes the annual base salaries and minimum, target, and maximum annual cash incentive bonus levels for each of the executive officers. After the financial and non-financial results are available for the year, the Compensation Committee determines the appropriate achievement level of the performance goals for purposes of determining annual cash incentive bonuses and long-term incentive award grants. The Compensation Committee also takes into account the executives' individual performances to determine the amount of each executive's annual cash incentive bonus and the value of his or her long-term incentive awards. The Compensation Committee also considers recommendations from our CEO regarding the compensation levels for those executives reporting directly to him. During the year, the Compensation Committee generally meets at least four times and reviews, among other things, our compensation programs and recommended changes, our peer group, proxy and survey benchmarking data, internal pay disparity trends, wealth accumulation, total compensation profiles for our CEO and other executive officers, CEO accountabilities and the general compensation landscape.

See the Compensation Discussion and Analysis beginning on page 35 of this proxy statement for a further discussion of our procedures for determining and establishing executive compensation.

### **Compensation Consultant Payments**

The Compensation Committee has retained Deloitte Consulting LLP ( Deloitte ) as its independent compensation consultant. The compensation consultant is directly accountable to the Compensation Committee and the committee reviews all fees paid to the consultant for executive compensation advice. In addition, the Compensation Committee reviews, on an annual basis, the performance of the compensation consultant and provides the consultant with direct feedback. Deloitte's fees for executive compensation consulting to the Compensation Committee in 2010 were

\$403,857.

During 2010, certain Deloitte affiliates were also engaged by El Paso to provide limited non-executive compensation related services. These affiliates were retained by management in the normal course of business. The aggregate fees paid for those other services were \$124,501, which primarily related to carbon management consulting and limited tax and tax-related services. While the Compensation Committee does not approve non-executive compensation services provided to the company by Deloitte affiliates, the Compensation Committee does review on an annual basis the payments made to the Deloitte affiliates for non-executive compensation related services, as well as the specific services the Deloitte affiliates performed for El Paso, to ensure the compensation consultant's independence. During 2010, the Compensation Committee discussed the payments and services with

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its independent compensation consultant and confirmed that the consultant's compensation is not tied to the level of other services provided by Deloitte to El Paso. Based on its review, the Compensation Committee believes that the executive-compensation consulting advice it receives from Deloitte is objective and not influenced by Deloitte's or its affiliates' other relationships with the company.

### **Compensation Committee Interlocks and Insider Participation**

The Compensation Committee has neither interlocks nor insider participation.

### **Governance & Nominating Committee**

The Governance & Nominating Committee met five times during 2010. The Governance & Nominating Committee currently consists of four non-employee directors, each of whom the Board has determined is independent as such term is defined in the NYSE listing standards and our Corporate Governance Guidelines. The Board has delegated to the Governance & Nominating Committee its oversight responsibilities relating to corporate governance and the establishment of criteria for Board selection (including an initial determination regarding director independence).

The Governance & Nominating Committee's functions, which are discussed in detail in its charter, include, among other functions, responsibility to:

- Develop and recommend to the Board corporate governance principles and review and make recommendations regarding the Corporate Governance Guidelines.

- Identify and review the qualifications of candidates for Board membership, screen possible candidates for Board membership and communicate with members of the Board regarding Board meeting format and procedures.

- Determine desired qualifications, expertise and characteristics and, to the extent the Governance & Nominating Committee deems necessary, conduct searches for potential candidates for Board membership with such attributes.

- Ensure that we have an appropriate policy on potential conflicts of interest, including, but not limited to, the policies on (1) related person transactions (including any dealings with directors, officers or employees), and (2) such other transactions that could have the appearance of a potential conflict of interest.

- Monitor and report to the Board whether there is any current relationship between any director and El Paso that may adversely affect the independent judgment of the director.

- Oversee the process of annual performance evaluations for the Board, each committee and directors.

- Act as a nominating committee and consider any nominations properly submitted by the stockholders to the Corporate Secretary in accordance with our Corporate Governance Guidelines, our By-laws and the process set forth in this proxy statement.

- Review and make recommendations to the Board of Directors as to the chairpersons and members of each committee of the Board (other than the Governance & Nominating Committee).

The Governance & Nominating Committee Charter can be found on our website at [www.elpaso.com](http://www.elpaso.com).

**Director Nomination Process and Board Diversity Considerations**

The Governance & Nominating Committee will review any nominations from stockholders, other Board members, third party search firms, executives and other such persons. At a minimum, we believe our directors, whether nominated by stockholders or by the Board, should possess the education, experience and skills necessary to assist and provide oversight to our management in the operation of our businesses, as set forth in our Corporate Governance Guidelines. Among other matters, the Board considers education; business, governmental and civic experience; leadership; diversity; communication, interpersonal and other required skills; independence; and other matters relevant to the Board's objectives. We have a comprehensive process in place to identify and evaluate

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candidates to be nominated for director. The Governance & Nominating Committee identifies the needs of the Board by asking each director to identify particular skills that will strengthen the Board, and that are in conformity with the goals identified in our Corporate Governance Guidelines. A third party search firm is then retained to help identify, assess qualifications and screen specific candidates. The Governance & Nominating Committee reviews the qualifications of the candidates presented and interviews the most qualified. The Governance & Nominating Committee recommends potential nominees to the full Board, which interviews the candidates and then makes nominations for election at the Annual Meeting. All of the nominees for director were elected by our stockholders last year. Each director nominee who appears on the ballot has been recommended by the Governance & Nominating Committee to the full Board.

In February 2010, the Board, upon the recommendation of the Governance & Nominating Committee, amended our Corporate Governance Guidelines to document our commitment to diversity as a consideration in identifying director nominees. In addition to the criteria set forth above, the Board will seek to achieve a mix of directors that represents a diversity of background and experience, including with respect to age, gender and race. In conducting searches for new directors, the Governance & Nominating Committee will take every reasonable step to ensure that diverse candidates are in the pool from which nominees are chosen. The Governance & Nominating Committee will review this policy annually in connection with its review and recommendation to the Board of director nominees for the next annual meeting. The Board's current composition reflects diversity in business and professional experience, skills, race and gender.

Stockholders seeking to nominate persons for election as directors at the 2012 Annual Meeting must submit, *in writing*, a timely notice complying with our By-laws to Ms. Marguerite N. Woung-Chapman, Corporate Secretary, El Paso Corporation, P.O. Box 2511, Houston, Texas 77252-2511, telephone (713) 420-4018 and facsimile (713) 420-4099. To be timely for a stockholder seeking to bring any matter before the 2012 Annual Meeting, the stockholder's written notice must be received not less than 90 days nor more than 120 days prior to the first anniversary of the 2011 Annual Meeting. Under these criteria, stockholders must provide us with notice of nominations sought to be made at the 2012 Annual Meeting during the period from January 18, 2012 to February 17, 2012.

If the 2012 Annual Meeting is held more than 30 days before or 60 days after May 19, 2012, for a stockholder seeking to bring any matter before the 2012 Annual Meeting, the stockholder's written notice must be received not less than 90 days nor more than 120 days before the date of the 2012 Annual Meeting or by the tenth day after we publicly announce the date of the 2012 Annual Meeting, if that would result in a later deadline.

## **Finance Committee**

The Finance Committee met five times during 2010. The Finance Committee currently consists of four non-employee directors, each of whom the Board has determined is independent under the NYSE listing standards and in accordance with our Corporate Governance Guidelines. The Finance Committee assists the Board in fulfilling its oversight responsibilities by reviewing and recommending appropriate action with respect to our capital structure, source of funds, payment of dividends, liquidity and financial position.

The Finance Committee's functions, which are discussed in detail in its charter, include, among other functions, responsibility to:

- Review and recommend to the Board our long-range financial plan, including the amount and allocation of capital spending and financing thereof.

- Review and approve capital projects in excess of \$25 million and up to \$75 million.



Recommend to the Board financial policies that maintain or improve our financial strength.

Develop and recommend dividend policies and recommend to the Board specific dividend payments.

Review terms and conditions of financing plans, including the issuance of securities, corporate borrowings, off-balance sheet structures and investments, and make recommendations to the Board regarding such financings.

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Review and make recommendations regarding our interest rate, foreign currency, commodity and other financial liquidity risks, as well as our financial risk management policies, strategies and positions.

Review with management and report to the Board, on a periodic basis, the Company's insurance program and coverage.

The Finance Committee Charter can be found on our website at *www.elpaso.com*.

**Health, Safety & Environmental Committee**

The Health, Safety & Environmental Committee met four times during 2010. The Health, Safety & Environmental Committee currently consists of four non-employee directors, each of whom the Board has determined is independent under the NYSE listing standards and our Corporate Governance Guidelines. The Health, Safety & Environmental Committee assists the Board in fulfilling its oversight responsibilities with respect to the Board's and our continuing commitment to improving the environment, ensuring the safety of our employees and ensuring that our businesses and facilities are operated and maintained in a safe and environmentally sound manner.

The Health, Safety & Environmental Committee's functions, which are discussed in detail in its charter, include, among other functions, responsibility to:

Review and provide oversight with regard to our policies, standards, accountabilities and programs relative to health, safety and environmental-related matters, including our employee and contractor safety programs, environmental compliance programs, pipeline integrity program and our greenhouse gas emissions inventory.

Advise the Board and make recommendations for the Board's consideration regarding health, safety and environmental-related issues.

Review and provide oversight with respect to our safety and readiness to respond to crisis situations.

The Health, Safety & Environmental Committee Charter can be found on our website at *www.elpaso.com*.

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