EL PASO CORP/DE
Form DEF 14A
March 18, 2008

Table of Contents

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 þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
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El Paso Corporation

(Name of Registrant as Specified In Its Charter)

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

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Table of Contents

Dear El Paso Stockholder:

We cordially invite you to attend our 2008 Annual Meeting of Stockholders. The Annual Meeting will be held on May 14, 2008, beginning at 9:00 a.m. (local/Central time) at the Doubletree Hotel Houston Downtown, 400 Dallas Street, Houston, Texas 77002.

At this year s Annual Meeting, you will be asked to vote on the election of directors, and the ratification of Ernst & Young LLP s appointment as our independent registered public accounting firm.

With regard to the election of directors, you should know that your company is well-governed. Thirteen of our 14 nominee directors are independent. We have a separate Chairman and CEO and we do not have a staggered board, so each of our directors stands for election every year. Our By-laws provide for the election of directors by the majority vote of stockholders in uncontested elections. This means the votes cast for a nominee s election must exceed the votes cast against such nominee s election in order for him or her to be elected to the Board. 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 the event a 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. Our Board has adopted certain standards of independence to assist the Board in its assessment of the independence of each director and the materiality of the director s relationship with El Paso.

In addition, we do not have a poison pill plan, and all shares of El Paso common stock available for grant to our directors, executive officers and employees have been approved by our stockholders. But as important as any of this, we have an active and engaged Board with the right mix of leadership, industry, finance, academic and legal experience that is built on El Paso s five core values: stewardship, integrity, safety, accountability and excellence.

We continue to welcome the SEC s enhanced disclosure requirements for director and officer compensation and are committed to providing transparent and fulsome compensation disclosures. In addition to required disclosures, we have included in the accompanying proxy statement individual executive profiles that summarize the compensation earned or paid in 2007 to our CEO, our CFO and our three other most highly compensated executive officers. These individual executive profiles summarize the compensation disclosures that are provided in more detail in the Compensation Discussion and Analysis and executive compensation tables. We believe these individual executive profiles, which begin on page 22 of the proxy statement, provide a clear and concise summary that is easy to understand.

I urge you to vote for your Board s nominees. Your vote is important. I hope you will be able to attend the meeting, but if you cannot, please vote your proxy as soon as you can.

Sincerely,

Douglas L. Foshee
President and Chief Executive Officer

Houston, Texas
March 27, 2008

Table of Contents

EL PASO CORPORATION
1001 Louisiana Street
Houston, Texas 77002

NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS
May 14, 2008

On May 14, 2008, El Paso Corporation will hold its 2008 Annual Meeting of Stockholders at the Doubletree Hotel Houston Downtown, 400 Dallas Street, Houston, Texas 77002. The Annual Meeting will begin at 9:00 a.m. (local/Central time).

Only El Paso stockholders who owned shares of our common stock at the close of business on March 17, 2008, 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, you will be asked to consider and take action with respect to the election of 14 directors, each to hold office for a term of one year, and to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

We will also attend to any other business properly presented at the Annual Meeting. The Board of Directors is not aware of any other matters to be presented at the Annual Meeting.

By Order of the Board of Directors

Marguerite N. Woung-Chapman
Corporate Secretary

Houston, Texas
March 27, 2008

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2008 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 14, 2008

Our proxy statement for the 2008 Annual Meeting and our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 are available on our website at *www.elpaso.com* under the tab entitled Investors.

Table of Contents

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 pages 2 and 3 for more information on what documents you will need for admission to the Annual Meeting. Registration will begin at 8:00 a.m. (local/Central time), 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 Doubletree Hotel Houston Downtown and at other public parking garages around the Doubletree Hotel Houston Downtown.

TABLE OF CONTENTS

Table of Contents

EL PASO CORPORATION
1001 Louisiana Street
Houston, Texas 77002

PROXY STATEMENT

2008 ANNUAL MEETING OF STOCKHOLDERS May 14, 2008

Our Board of Directors is furnishing you with this proxy statement to solicit proxies on its behalf to be voted at the 2008 Annual Meeting of Stockholders of El Paso Corporation. The Annual Meeting will be held at the Doubletree Hotel Houston Downtown, 400 Dallas Street, Houston, Texas 77002, on Thursday, May 14, 2008, at 9:00 a.m. (local/Central time). The proxies also may be voted at any adjournments or postponements of the Annual Meeting.

This proxy statement, the notice of Annual Meeting and the enclosed proxy card are being mailed to stockholders beginning on or about March 27, 2008. All properly executed written proxies that are delivered pursuant to this solicitation will be voted at the Annual Meeting. Each person who is an El Paso stockholder of record at the close of business on March 17, 2008, the record date, is entitled to vote at the Annual Meeting, or at adjournments or postponements of the Annual Meeting.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

1. Who can 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 17, 2008, 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 17, 2008. 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:

A. Receive notice of the Annual Meeting; and

B. 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 702,297,943 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. How do I vote?

You can vote in person at the Annual Meeting or by proxy. For shares that you hold directly as a registered shareholder, you have three ways to vote by proxy:

A. Connect to the Internet at *www.investorvote.com/ep;*

B. Call 1-800-652-VOTE (8683); or

C. Complete the proxy card and mail it back to us.

Complete instructions for voting your shares can be found on your proxy card.

Table of Contents

If you change your mind on any issue, you may revoke your proxy at any time before the close of voting at the Annual Meeting.

There are four ways to revoke your proxy:

A. Connect to the Internet at *www.investorvote.com/ep;*

B. Call 1-800-652-VOTE (8683);

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

D. Give notice of revocation to the Inspector of Election at the Annual Meeting.

5. How do I vote if my shares are held in street name?

If your shares of common stock are held in the name of your broker, a bank, or other nominee, only your broker, bank or other nominee may execute a proxy and vote your shares. Please sign, date and promptly return the instruction card you received from your broker, bank or other nominee, in accordance with the instructions on the card. You may vote by the Internet or telephone if your bank or broker makes those methods available, in which case you can follow the instructions on the card. If you wish to vote your street name shares directly, you will need to obtain a document known as a legal proxy from your broker, bank or other nominee. Please contact your bank, broker or other nominee if you wish to do so.

6. 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 the proxy card. Shares represented by proxies will be voted in accordance with the instructions given by the stockholders. If no instructions are given, proxy cards that are signed and returned will be voted FOR the election of all El Paso director nominees and FOR the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm.

7. 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 proxy holders, Douglas L. Foshee, El Paso s President and Chief Executive Officer, and Robert W. Baker, El Paso s Executive Vice President and General Counsel, will vote your shares at their discretion.

8. Who will count the votes?

A representative of Computershare Trust Company, N.A., 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.

9. What is a quorum?

A quorum is a majority of the aggregate voting power of the outstanding shares of common stock and is required to hold the Annual Meeting. A quorum is determined by counting shares of common stock 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. Shares that brokers do not have the authority to vote in the absence of timely instructions from the beneficial owners (broker non-votes) are treated as present for the purposes of determining a quorum.

10. 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 17, 2008, and invited guests of El Paso.

Table of Contents

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.

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 17, 2008, then you must bring a valid government-issued personal identification (such as a driver s license or passport).

If a broker, bank or other nominee was the record holder of your shares of El Paso common stock on March 17, 2008, 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 17, 2008.

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 17, 2008; (2) a brokerage account statement indicating that you owned El Paso common stock on March 17, 2008; or (3) the voting instruction card provided by your broker indicating that you owned El Paso common stock on March 17, 2008.

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 17, 2008, 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 17, 2008, proof of the stockholder s ownership of shares of El Paso common stock on March 17, 2008, 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 17, 2008.

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

11. How many votes must each proposal receive to be adopted?

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 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.

With respect to the ratification of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008, the proposal must receive the affirmative vote of more than 50 percent in voting power of the votes cast on the proposal.

12. How are votes counted?

Votes are counted in accordance with our By-laws and Delaware law. A broker non-vote with respect to the election of directors or any proposal will not be counted in determining the election of directors or whether the proposal is approved. A broker non-vote or abstention will be counted towards a quorum. If a stockholder returns an executed proxy card but does not indicate how his or her shares are to be voted, the shares covered by such proxy card will be included in determining if there is a quorum and will also be counted as votes FOR the election of all of El Paso s director nominees and FOR the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm. 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.

Table of Contents

13. Do I have to vote?

No. However, we strongly urge you to vote, regardless of the amount of your holdings. Your vote is important. You may abstain from voting or vote FOR or AGAINST all or some of El Paso s director nominees. You may abstain from voting or vote FOR or AGAINST the ratification of Ernst & Young LLP as our independent registered public accounting firm.

14. How can I view the stockholder list?

A complete list of 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.

15. Who pays for the proxy solicitation related to the Annual Meeting?

We do. In addition to sending 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 Shareholder Communications, Inc. to assist us in soliciting your proxy for an estimated fee of $16,500, 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 additional copies of the 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 proxy materials to the beneficial owners of El Paso common stock.

16. If I want to submit a stockholder proposal for the 2009 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 November 27, 2008. El Paso will consider only proposals meeting the requirements of the applicable rules of the Securities and Exchange Commission (SEC).

Additionally, under our By-laws, for a stockholder to bring any matter before the 2009 Annual Meeting that is not included in the 2009 Proxy Statement, 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 2008 Annual Meeting. Under this criterion, stockholders must provide us with a notice of a matter to be brought before the 2009 Annual Meeting between January 14, 2009 and February 13, 2009.

If the 2009 Annual Meeting is held more than 30 days before or 60 days after May 14, 2009, for a stockholder seeking to bring any matter before the 2009 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 2009 Annual Meeting or by the tenth day after we publicly announce the date of the 2009 Annual Meeting, if that would result in a later deadline.

17. How can I receive the proxy materials electronically?

If you want to stop receiving paper copies of the proxy materials, you must consent to electronic delivery. You can give consent by going to *www.econsent.com/ep* and following the instructions. Those of you that hold shares with a broker under a street name can give consent by going to *www.ICSDelivery.com/ep* and following the instructions.

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

A copy of El Paso s 2007 Annual Report on Form 10-K is being mailed with this proxy statement to each stockholder entitled to vote at the Annual Meeting. If you do not receive a copy of the Annual Report on Form 10-K, you may obtain one free of charge by writing or calling 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. The Annual Report on Form 10-K is also available on our website at *www.elpaso.com* under the tab entitled Investors.

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, regulatory agencies and other stakeholders. A summary of our Corporate Governance Guidelines is set forth below.

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, 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.*

Independence of Board Members. Our Corporate Governance Guidelines require that a majority of our Board of Directors meet the independence requirements of the New York Stock Exchange (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.*

The Board has affirmatively determined that each of our directors, with the exception of our President and Chief Executive Officer Douglas L. Foshee, meet the standards of independence adopted by the Board and are independent. Among other things, the Board has reviewed all of the payments received by Mr. Kuehn during 2007 (as reflected in the Director Compensation table on page 64 of this proxy statement) and has determined that none of these payments affects his independence on the Board because the payments received by him related to either his service on the Board, or pension and other benefits Mr. Kuehn is entitled to pursuant to his termination and consulting agreement that was entered into as part of the merger with Sonat Inc. in 1999 and which are not dependent upon his continued service on the Board. The Board also reviewed each director s commercial and charitable relationships and determined that, with the exception of Mr. Foshee s service as our President and CEO, none of these relationships affect the independence of the individual directors. Thus, 13 of the 14 nominees for the El Paso Board (93 percent) are independent. Further, our Audit, Compensation, Governance & Nominating, Finance and Health, Safety & Environmental Committees are composed entirely of independent directors.

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.

Table of Contents

Non-Executive Chairman. Mr. Kuehn currently serves as the Chairman of our Board of Directors in a non-executive capacity. As the Chairman of the Board of Directors, Mr. Kuehn has a number of responsibilities, which include setting board meeting agendas in collaboration with the Chief Executive Officer (CEO), presiding at Board meetings, executive sessions and the annual stockholders meeting, assigning tasks to the appropriate committees, and ensuring that information flows openly between management and the Board. Stockholders may communicate directly with Mr. Kuehn by writing to Chairman of the Board, c/o Corporate Secretary, El Paso Corporation, P.O. Box 2511, Houston, Texas 77252-2511, facsimile (713) 420-4099.

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. Kuehn presides over the executive sessions of the Board. During 2007, non-management members of the Board met in executive session four 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.*

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. The individual director evaluations were last done in 2006. During 2007, each director completed a written self-assessment of the Board and its committees. The results of these assessments were compiled and presented to the Board and the respective committees for discussion and, if necessary, action.

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, an educational program designed by a nationally recognized board educational organization. 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.

Mandatory Retirement. Our Corporate Governance Guidelines provide that directors are subject to a mandatory retirement age and cannot stand for reelection in the calendar year following their 72nd birthday. In 2007, our Board of Directors, upon the recommendation of the Governance & Nominating Committee, elected to waive the mandatory retirement provision for one year for Messrs. Joyce, Kuehn and Wyatt, each of whom would otherwise have been unable to stand for reelection in 2008. Messrs. Joyce, Kuehn and Wyatt abstained from the vote. In reaching this decision, the Board noted that we are in the process of executing and implementing the final stages of our strategic turnaround plan and felt that continuity of leadership would benefit our company and its stockholders. At the same time, the Board affirmed its support of the mandatory retirement age and reaffirmed all provisions in the Corporate Governance Guidelines.

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 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 the measurement date. Shares of restricted stock, deferred shares, 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 measurement date. Each of our executive officers and non-employee directors met the stock ownership requirements as of December 31, 2007.

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 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 reelection at the next meeting at which such person would face reelection. 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 Business Conduct, that applies to all of our directors and employees, including our CEO, Chief Financial Officer (CFO) and senior financial and accounting officers. Our Code of Business 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 Business 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 Business Conduct. We also have an Ethics & Compliance Office and Ethics & Compliance Committee, which is composed of members of senior management that administer our ethics and compliance program and reports to the Audit Committee of our Board of Directors. A copy of our Code of Business Conduct is available on our website at *www.elpaso.com.* We will post on our internet website all waivers to or amendments of our Code of Business 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 Business Conduct. We believe our Code of Business Conduct exceeds the requirements set forth in the applicable SEC regulations and the corporate governance rules of the NYSE.

Related Person Transactions Policy. In 2007 our Board 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.

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.*

Related Person Transactions in 2007. During 2007, we and certain of our subsidiaries made payments to Nalco Company, and its subsidiary Nalco Energy Services LP, in the amount of $2,435,189. The payments relate to the purchase of maintenance chemicals and lubricants used by our pipeline and exploration and production business units for certain equipment. Our director William H. Joyce served as Chairman of the Board and Chief Executive Officer of Nalco Company during 2007 until his retirement from Nalco in December 2007. While these purchases were not done on a competitive bid basis, the amounts paid for such products are considered fair value, and it would have cost us substantially more to use a different vendor to purchase a similar product.

Special Stockholder Meetings. In 2007 our Board of Directors approved an amendment to our By-laws to permit stockholders who own at least 25 percent of our outstanding shares to call a special meeting of stockholders. A stockholder proposal to permit stockholders to call special meetings was presented at our 2007 Annual Meeting and received a vote in favor of 67 percent.

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 Business 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,* and access to this information is free of any charge to the user (except for any internet provider or telephone charges). Copies will also be provided to any stockholder upon request. Information contained on our website is not part of this proxy statement.

Process for Shareholder 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,

Table of Contents

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 2007 Annual Meeting attended our 2007 Annual Meeting of Stockholders, with the exception of Ms. McClean, who was not able to attend due to recent surgery.

INFORMATION ABOUT THE BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors held seven meetings during 2007. 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 2007 and their principal responsibilities below.

Audit	Compensation	Governance & Nominating	Finance	Health, Safety & Environmental
Thomas R. Hix (Chairman)	Joe B. Wyatt (Chairman)	Anthony W. Hall, Jr. (Chairman)	Robert W. Goldman (Chairman)	John Whitmire (Chairman)
Juan Carlos Braniff	James L. Dunlap	James L. Dunlap	Juan Carlos Braniff	Anthony W. Hall, Jr.
Robert W. Goldman	William H. Joyce	Robert F. Vagt	Thomas R. Hix	William H. Joyce
Steven J. Shapiro	Ferrell P. McClean	Joe B. Wyatt	Ferrell P. McClean	J. Michael Talbert
John Whitmire	Steven J. Shapiro		Robert F. Vagt	
	J. Michael Talbert			

Audit Committee

The Audit Committee held nine meetings during 2007. The Audit Committee currently consists of five non-employee directors, each of whom the Board has determined is independent as such term is defined in Section 10A of the Securities Exchange Act of 1934, as amended (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;

- our disclosure controls and procedures and internal control over financial reporting;

- the evaluation and retention, including a review of the qualifications, independence and performance, of independent auditors and any independent petroleum reserves engineer;
- the performance of our internal audit and ethics and compliance functions;
- our compliance with legal and regulatory requirements and our Code of Business Conduct; and
- our risk management policies and procedures.

Table of Contents

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.

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 appointment, compensation, retention, oversight and dismissal of any independent petroleum reserves engineer engaged for the purpose of reviewing, preparing or auditing an estimate of our natural gas and oil reserves.

The review of procedures for the receipt, retention and treatment of complaints received by us regarding any accounting, internal accounting controls 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.*

Policy for Approval of Audit and Non-Audit Fees

During 2007, 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 cap 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 beginning on page 70 of this proxy statement for the aggregate fees paid to Ernst & Young LLP for the years ended December 31, 2007 and 2006.

Compensation Committee

The Compensation Committee held five meetings during 2007. The Compensation Committee currently consists of six 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.

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

Review appropriate criteria for establishing performance targets and determining 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 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 approve all related fees.

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

The Compensation Committee is responsible for determining and approving, on an annual basis, the total compensation level of our CEO and other senior officers who are subject to Section 16(a) of the Exchange Act, based on its evaluation of company performance and the executive s individual performance relative to pre-established performance goals. At the beginning of each calendar year, the committee approves our corporate and business unit financial and non-financial performance goals. 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 committee determines the appropriate funding of the annual cash incentive pool for payment of annual incentive bonuses and the funding of the equity pool for grants of long-term incentive awards. The Compensation Committee then 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 committee meets at least quarterly and reviews, among other things, our compensation programs and recommended changes, our peer group, proxy and survey benchmarking data, internal pay disparity trends, total compensation profiles for our CEO and other executive officers, CEO and senior management accountabilities and the general compensation landscape.

See the Compensation Discussion and Analysis beginning on page 28 of this proxy statement for a further discussion of our procedures for determining and establishing executive compensation, including the Compensation Committee s engagement of an independent executive compensation consultant, and the role of management in determining executive compensation.

Compensation Committee Interlocks and Insider Participation

During 2007, the following independent directors served on our Compensation Committee: Messrs. Dunlap, Joyce, Shapiro, Talbert and Wyatt and Ms. McClean. The Compensation Committee has neither interlocks nor insider participation.

Governance & Nominating Committee

The Governance & Nominating Committee met five times during 2007. 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

Table of Contents

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.*

Director Nomination Process

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 should possess the education, experience and skills necessary to assist and provide oversight to our management in the operation of our businesses. 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 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. Each director nominee who appears on the ballot has been recommended by the Governance & Nominating Committee to the full Board.

Stockholders seeking to nominate persons for election as directors at the 2009 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 2009 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 2008 Annual Meeting. Under these criteria, stockholders must provide us with notice of nominations sought to be made at the 2009 Annual Meeting between January 14, 2009 and February 13, 2009.

Table of Contents

If the 2009 Annual Meeting is held more than 30 days before or 60 days after May 14, 2009, for a stockholder seeking to bring any matter before the 2009 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 2009 Annual Meeting or by the tenth day after we publicly announce the date of the 2009 Annual Meeting, if that would result in a later deadline.

Finance Committee

The Finance Committee met five times during 2007. The Finance Committee currently consists of five 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.

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

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 2007. 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 pipeline integrity program and our greenhouse gas emissions inventory and reduction program.

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.*

PROPOSAL NO. 1 Election of Directors

The Board. You will have the opportunity to elect our entire Board of Directors, consisting of 14 members, at the Annual Meeting. All of our incumbent directors are standing for reelection. All directors are elected annually and serve a one-year term or until his or her successor has been duly elected and shall qualify.

Nominations. At the Annual Meeting, we will nominate the 14 persons named in this proxy statement as 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. 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 the event a 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. Each of the nominees named below 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.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES NAMED BELOW.

General Information about the Nominees for Election, as of March 17, 2008. Each of the following nominees has agreed to be named in this proxy statement and to serve as a director if elected.

Juan Carlos Braniff **Director since 1997**
Age 50

Member Audit Committee
Member Finance Committee

Mr. Braniff has served as a director since 1997. Mr. Braniff has been Managing Partner of Capital I Ltd. Partners and a Partner in Alpha Patrimonial S.A. de C.V. in Mexico City since August 2005. Mr. Braniff was a business consultant from January 2004 to August 2005. Mr. Braniff served Grupo Financíero BBVA Bancomer as Vice Chairman from October 1999 to January 2004, as Deputy Chief Executive Officer of Retail Banking from September 1994 to October 1999 and as Executive Vice President of Capital Investments, Mortgage Banking and Tourism from December 1991 to September 1994.

James L. Dunlap **Director since 2003**
Age 70

Member Compensation Committee
Member Governance & Nominating Committee

Mr. Dunlap has served as a director since 2003. Mr. Dunlap has primarily been engaged in business consulting since 1999. Mr. Dunlap previously served as Vice Chairman, President and Chief Operating Officer of Ocean

Energy/United Meridian Corporation from 1996 to 1999, where he was responsible for exploration and production and the development of the international exploration business. For 33 years prior to that date, Mr. Dunlap served Texaco, Inc. in various positions, including Senior Vice President, President of Texaco USA, President and Chief Executive Officer of Texaco Canada Inc. and Vice Chairman of Texaco Ltd., London. Mr. Dunlap is currently a member of the Advisory Council of the Nantucket Conservation Foundation, a trustee of the Culver Educational Foundation and a member of the Corporation of the Woods Hole Oceanographic.

Table of Contents

Douglas L. Foshee **Director since 2003**
Age 48

President and Chief Executive Officer,
El Paso Corporation

Mr. Foshee has been President, Chief Executive Officer and a director of El Paso since September 2003. Mr. Foshee became Executive Vice President and Chief Operating Officer of Halliburton Company in 2003, having joined that company in 2001 as Executive Vice President and Chief Financial Officer. Several subsidiaries of Halliburton, including DII Industries and Kellogg Brown & Root, commenced prepackaged Chapter 11 proceedings to discharge current and future asbestos and silica personal injury claims in December 2003 and an order confirming a plan of reorganization became final effective December 31, 2004. Under the plan of reorganization, all current and future asbestos and silica personal injury claims were channeled into trusts established for the benefit of asbestos and silica claimants. Prior to assuming his position at Halliburton, Mr. Foshee was President, Chief Executive Officer and Chairman of the Board of Nuevo Energy Company from 1997 to 2001. From 1993 to 1997, Mr. Foshee served Torch Energy Advisors Inc. in various capacities, including Chief Executive Officer and Chief Operating Officer.
Mr. Foshee serves on the Federal Reserve Bank of Dallas, Houston Branch, as a director. Mr. Foshee serves on the Board of Trustees of Rice University, where he chairs the Building and Grounds Committee and serves as a member of the Council of Overseers for the Jesse H. Jones Graduate School of Management at Rice University. He is a member of the Greater Houston Partnership Board and Executive Committee and serves as Chair of the Environment Advisory Committee. In addition, Mr. Foshee serves on the boards of Central Houston, Inc., Children s Museum of Houston, Goodwill Industries, Small Steps Nurturing Center and the Texas Business Hall of Fame Foundation.
Mr. Foshee serves on the board of directors of El Paso Pipeline GP Company, L.L.C., the general partner of El Paso s publicly-traded master limited partnership, El Paso Pipeline Partners, L.P.

Robert W. Goldman **Director since 2003**
Age 65

Chairman Finance Committee
Member Audit Committee

Mr. Goldman has served as a director since 2003. Mr. Goldman s primary occupation has been as a financial consultant since October 2002. Prior to that, Mr. Goldman served as Senior Vice President, Finance and Chief Financial Officer of Conoco, Inc. from 1998 to 2002 and Vice President, Finance from 1991 to 1998. For more than five years prior to that date, Mr. Goldman held various executive positions with Conoco, Inc. and E.I. Du Pont de Nemours & Co., Inc. Mr. Goldman is the elected Vice President, Finance of the World Petroleum Council, and a member of the Financial Executives Institute and the Outside Advisory Council of Global Infrastructure Partners.
Mr. Goldman serves on the board of directors of McDermott International, Inc., Parker Drilling Company and Tesoro Corporation. Mr. Goldman also serves on the Board of Trustees of Kenyon College, Gambier, Ohio.

Anthony W. Hall, Jr. **Director since 2001**
Age 63

Chairman Governance & Nominating Committee
Member Health, Safety & Environmental Committee

Mr. Hall has served as a director since 2001. Mr. Hall has been Chief Administrative Officer of the City of Houston since January 2004. Mr. Hall served as the City Attorney for the City of Houston from March 1998 to January 2004. Mr. Hall served as a director of The Coastal Corporation from August 1999 to January 2001. Prior to March 1998, Mr. Hall was a partner in the Houston law firm of Jackson Walker, LLP. Mr. Hall is a director of Houston Endowment Inc. and Chairman of the Boulé Foundation.

Thomas R. Hix **Director since 2004**
Age 60

Chairman Audit Committee
Member Finance Committee

Mr. Hix has served as a director since 2004. Mr. Hix has been a business consultant since January 2003. Mr. Hix served as Senior Vice President of Finance and Chief Financial Officer of Cooper Cameron Corporation from January 1995 to January 2003. From September 1993 to April 1995, Mr. Hix served as Senior Vice President of Finance, Treasurer and Chief Financial Officer of The Western Company of North America. Mr. Hix is a member of the board of directors of Health Care Service Corporation.

William H. Joyce **Director since 2004**
Age 72

Member Compensation Committee
Member Health, Safety & Environmental Committee

Dr. Joyce has served as a director since 2004. Dr. Joyce served as Chairman of the Board and Chief Executive Officer of Nalco Company from November 2003 to December 2007. From May 2001 to October 2003, Dr. Joyce served as Chairman and Chief Executive Officer of Hercules Inc. From February 2001 to May 2001, Dr. Joyce served as Vice Chairman of the Board of Dow Chemical Corporation following its merger with Union Carbide Corporation. Dr. Joyce was named Chief Executive Officer of Union Carbide Corporation in 1995 and Chairman of the Board in 1996. Prior to 1995, Dr. Joyce served in various positions with Union Carbide. Dr. Joyce is a director of CVS Corporation.

Table of Contents

Ronald L. Kuehn, Jr. **Director since 1999**

Age 72

Chairman of the Board,
El Paso Corporation

Mr. Kuehn has served as a director since 1999 and is currently the Chairman of the El Paso Board of Directors. Mr. Kuehn was Chairman of the Board and Interim Chief Executive Officer of El Paso from March 2003 to September 2003. From September 2002 to March 2003, Mr. Kuehn was the Lead Director of El Paso. From January 2001 to March 2003, he was a business consultant. Mr. Kuehn served as non-executive Chairman of the Board of El Paso from October 25, 1999 to December 31, 2000. Mr. Kuehn served as President and Chief Executive Officer of Sonat Inc. from June 1984 until his retirement on October 25, 1999. Mr. Kuehn was Chairman of the Board of Sonat Inc. from April 1986 until his retirement. Mr. Kuehn is a director of Praxair, Inc. and served on the Board of Directors of The Dun & Bradstreet Corporation until September 30, 2007 and Regions Financial Corporation until April 19, 2007. Mr. Kuehn serves as Chairman of the Board of El Paso Pipeline GP Company, L.L.C.

Ferrell P. McClean **Director since 2006**

Age 61

Member Compensation Committee
Member Finance Committee

Ms. McClean has served as a director since 2006. Ms. McClean has been a business consultant since 2002. Ms. McClean served as Managing Director and Senior Advisor of J.P. Morgan Chase & Co. s energy/power investment banking group from 2000 to 2002. From 1991 until 2000, Ms. McClean served as Managing Director and headed the investment banking and global energy group at J.P. Morgan & Co. Prior to 1991, Ms. McClean held various positions with J.P. Morgan & Co. Ms. McClean served as a member of the board of directors of Unocal Corporation and is currently on the board of directors of GrafTech International Ltd. (formerly UCAR International, Inc.).

Steven J. Shapiro **Director since 2006**

Age 56

Member Audit Committee
Member Compensation Committee

Mr. Shapiro has served as a director since 2006. From October 2000 to April 2006, Mr. Shapiro served as executive vice president and chief financial officer of Burlington Resources Inc. During his five-year tenure at Burlington Resources, Mr. Shapiro served as a member of the board of directors and the office of the chairman. Before that, he served as senior vice president, chief financial officer and director at Vastar Resources, Inc. and spent 16 years in various roles of increasing responsibility with Atlantic Richfield Company (ARCO). Mr. Shapiro recently served as chairman of the executive committee of the American Petroleum Institute s general committee on finance and is a trustee of the Houston Museum of Natural Science. Mr. Shapiro is a member of the board of directors of Barrick Gold Corporation.

Table of Contents

J. Michael Talbert **Director since 2003**
Age 61

Member Compensation Committee
Member Health, Safety & Environmental Committee

Mr. Talbert has served as a director since 2003. Mr. Talbert served as executive Chairman of the Board of Transocean Inc. from October 2002 to October 2004 and as non-executive Chairman from October 2004 to November 2007. Previously, Mr. Talbert served as Chief Executive Officer of Transocean, Inc. and its predecessor companies from August 1994 until October 2002, Chairman of the Board from August 1994 until September 1999, and as President from December 1999 until December 2001. Mr. Talbert served as Chairman of the Board of The Offshore Drilling Company (TODCO) from February 2004 to October 2005. He served as President and Chief Executive Officer of Lone Star Gas Company from 1990 to 1994. Mr. Talbert served as President of Texas Oil & Gas Company from 1987 to 1990, and served in various positions at Shell Oil Company from 1970 to 1982. Mr. Talbert is a past Chairman of the National Ocean Industries Association and a member of the University of Akron s College of Engineering Advancement Council. Mr. Talbert is a member of the board of directors of Transocean Inc.

Robert F. Vagt **Director since 2005**
Age 61

Member Finance Committee
Member Governance & Nominating Committee

Mr. Vagt has served as a director since 2005. Mr. Vagt has served as President of The Heinz Endowments since January 2008. Prior to that time, he served as President of Davidson College from July 1997 to August 2007. Mr. Vagt served as President and Chief Operating Officer of Seagull Energy Corporation from 1996 to 1997. From 1992 to 1996, he served as President, Chairman and Chief Executive Officer of Global Natural Resources. Mr. Vagt served as President and Chief Operating Officer of Adobe Resources Corporation from 1989 to 1992. Prior to 1989, he served in various positions with Adobe Resources Corporation and its predecessor entities.

John L. Whitmire **Director since 2003**
Age 67

Chairman Health, Safety & Environmental Committee
Member Audit Committee

Mr. Whitmire has served as a director since 2003. Mr. Whitmire has been Chairman of CONSOL Energy, Inc. since 1999. He served as Chairman and Chief Executive Officer of Union Texas Petroleum Holdings, Inc. from 1996 to 1998, and spent over 30 years serving Phillips Petroleum Company in various positions including Executive Vice President of Worldwide Exploration and Production from 1992 to 1996 and Vice President of North American Exploration and Production from 1988 to 1992. Mr. Whitmire also served as a member of the Phillips Petroleum Company Board of Directors from 1994 to 1996. Mr. Whitmire is a member of the board of directors of Transocean Inc.

Table of Contents

Joe B. Wyatt **Director since 1999**
Age 72

Chairman Compensation Committee
Member Governance & Nominating Committee

Mr. Wyatt has served as a director since 1999. Mr. Wyatt has served as Chancellor Emeritus of Vanderbilt University since August 2000. For eighteen years prior to that date, he served as Chancellor, Chief Executive Officer and Trustee of Vanderbilt University. Prior to joining Vanderbilt University, Mr. Wyatt was a member of the faculty and Vice President Administration of Harvard University. From 1984 until October 1999, Mr. Wyatt was a director of Sonat Inc. Mr. Wyatt is a principal of the Washington Advisory Group and Chairman of the Universities Research Association. He is a director of Ingram Micro, Inc. and Hercules, Inc.

Table of Contents

SECURITY OWNERSHIP OF A CERTAIN BENEFICIAL OWNER AND MANAGEMENT

The following table sets forth information as of February 29, 2008 regarding beneficial ownership of our common stock by each director, our CEO, our CFO and the other three most highly compensated executive officers in the last fiscal year, our directors and executive officers as a group and each person or entity known by us to own beneficially more than 5 percent of our outstanding shares of common stock. No family relationship exists between any of our directors or executive officers.

Title of Class	Name of Beneficial Owner	Beneficial Ownership (Excluding Options) (1)	Stock Options (2)	Total	Percent of Class (3)
Common Stock	Franklin Resources, Inc.(4) One Franklin Parkway San Mateo, CA 94403-1906	56,493,607	0	56,493,607	8.1%
Common Stock	FMR LLC(5) 82 Devonshire Street Boston, MA 02109	37,109,628	0	37,109,628	5.3%
Common Stock	J. C. Braniff	97,646(6)	15,000	112,646	*
Common Stock	J. L. Dunlap	60,119	8,000	68,119	*
Common Stock	R. W. Goldman	73,096	8,000	81,096	*
Common Stock	A. W. Hall, Jr.	72,358	12,000	84,358	*
Common Stock	T. R. Hix	55,653	0	55,653	*
Common Stock	W. H. Joyce	53,872	0	53,872	*
Common Stock	R. L. Kuehn, Jr.	350,148(7)	123,600	473,748	*
Common Stock	F. P. McClean	33,056(8)	0	33,056	*
Common Stock	J. M. Talbert	50,315	8,000	58,315	*
Common Stock	S. J. Shapiro	24,217	0	24,217	*
Common Stock	R. F. Vagt	24,518	0	24,518	*
Common Stock	J. L. Whitmire	88,127	8,000	96,127	*
Common Stock	J. B. Wyatt	94,492	14,000	108,492	*
Common Stock	D. L. Foshee	777,593	1,769,533	2,547,126	*
Common Stock	D. M. Leland	221,329	346,256	567,585	*
Common Stock	B. J. Smolik	176,073	35,371	211,444	*
Common Stock	R. W. Baker	257,783	475,228	733,011	*
Common Stock	J. C. Yardley	177,818	332,685	510,503	*
Common Stock	Directors and executive officers as a group (21 persons total), including those individuals listed above	3,007,553	3,917,905	6,925,458	*

* Less than one percent

(1)

The directors and executive officers named in the table have sole voting and investment power with respect to shares of our common stock beneficially owned, except that Mr. Talbert shares with one or more other individuals voting and investment power with respect to 5,000 shares of common stock. This column also includes shares of common stock held in the El Paso Corporation Benefits Protection Trust (as of February 29, 2008) as a result of deferral elections made in accordance with our benefit plans. These individuals share voting power with the trustee under that plan and receive dividend equivalents on such shares, but do not have the power to dispose of, or direct the disposition of, such shares until such shares are distributed. In addition, some shares of common stock reflected in this column for certain individuals are subject to restrictions. None of the shares of common stock reflected in this column have been pledged as security.

(2) The directors and executive officers have the right to acquire the shares of common stock reflected in this column within 60 days of February 29, 2008, through the exercise of stock options. As of February 29, 2008,

Table of Contents

certain individuals listed in the table have vested stock options that have an exercise price of $40 or higher, which options are included in the table above. It is not likely that our stock price will reach $40 during the remaining terms of these stock options, thus it is not likely the stock options will be in-the-money before they expire by their own terms. The number of stock options at or above a $40 exercise price for Messrs. Braniff, Hall, Kuehn, Wyatt, Leland, Baker and Yardley is 5,000, 6,000, 8,000, 8,000, 144,375, 156,709 and 174,375 stock options, respectively. Stock options granted under our plans are not subject to execution, attachment or similar process and cannot be transferred, assigned, pledged or hypothecated in any manner other than by will or by the applicable laws of descent and distribution.

(3) Based on 700,795,328 shares outstanding as of February 29, 2008.

(4) According to a Schedule 13G/A filed on February 8, 2008, as of December 31, 2007, Franklin Resources, Inc. was deemed to beneficially own 56,493,607 shares of common stock.

(5) According to a Schedule 13G filed on February 14, 2008, as of December 31, 2007, FMR LLC was deemed to beneficially own 37,109,628 shares of common stock.

(6) Mr. Braniff s beneficial ownership excludes 3,500 shares owned by his wife. Mr. Braniff disclaims any beneficial ownership in those shares.

(7) Mr. Kuehn s beneficial ownership excludes 28,720 shares owned by his wife or children. Mr. Kuehn disclaims any beneficial ownership in those shares.

(8) Ms. McClean s beneficial ownership includes 1,500 shares held by her husband s IRA and 2,475 shares held in a revocable trust.

The following table sets forth, as of February 29, 2008, the number of common units of our master limited partnership, El Paso Pipeline Partners, L.P., owned by each of our executive officers and directors and all of our executive officers and directors as a group.

Title of Class	Name of Beneficial Owner	Common Units Beneficially Owned	Percentage of Common Units Beneficially Owned (1)
Common Units	J. C. Braniff	0	*
Common Units	J. L. Dunlap	7,500	*
Common Units	R. W. Goldman	5,000	*
Common Units	A. W. Hall, Jr.	0	*
Common Units	T. R. Hix	0	*
Common Units	W. H. Joyce	0	*
Common Units	R. L. Kuehn, Jr.	62,070	*
Common Units	F. P. McClean	8,000	*
Common Units	J. M. Talbert	0	*
Common Units	S. J. Shapiro	6,000	*
Common Units	R. F. Vagt	0	*
Common Units	J. L. Whitmire	25,000	*
Common Units	J. B. Wyatt	15,000	*

Common Units	D. L. Foshee	25,000	*
Common Units	D. M. Leland	13,200	*
Common Units	B. J. Smolik	12,500	*
Common Units	R. W. Baker	5,000	*
Common Units	J. C. Yardley	10,000	*
	Directors and executive officers as a group (21 persons total), including those individuals listed above	196,270	*

* Less than one percent

(1) Based on 57,194,036 common units outstanding as of February 29, 2008.

21

INDIVIDUAL EXECUTIVE PROFILES

The following are individual executive profiles that summarize the compensation earned or paid in 2007 to our CEO, our CFO and our three other most highly compensated executive officers, whom we refer to as our named executive officers. The individual executive profiles provide biographical information and summarize the compensation disclosures that are provided in the Compensation Discussion and Analysis and executive compensation tables in this proxy statement. These profiles are supplemental and are being provided in addition to the detailed compensation tables required by the SEC that follow the Compensation Discussion and Analysis. We believe these profiles provide stockholders with a concise and easy to understand summary of 2007 compensation. The compensation information presented in the following executive profiles is calculated in accordance with the SEC regulations and is derived from the more detailed compensation tables that begin on page 43 of this proxy statement. Please consult those tables and the accompanying footnotes for an explanation of how the compensation information is calculated.

Douglas L. Foshee: Individual Executive Profile

President, Chief Executive Officer,
and a Director of El Paso Corporation

Age: 48
Tenure with El Paso: 5 years
Tenure in Industry: 26 years

MBA, Jesse H. Jones Graduate School of Management, Rice University
Graduate of Southwestern Graduate School of Banking, Southern Methodist University
BBA, Southwest Texas State University

Mr. Foshee has been President, Chief Executive Officer and a director of El Paso since September 2003. Prior to joining El Paso, Mr. Foshee served as Executive Vice President and Chief Operating Officer of Halliburton Company having joined that company in 2001 as Executive Vice President and Chief Financial Officer. Prior to Halliburton, Mr. Foshee served as President, Chief Executive Officer and Chairman of the Board of Nuevo Energy Company and Chief Executive Officer and Chief Operating Officer of Torch Energy Advisors, Inc. Mr. Foshee serves on the Federal Reserve Bank of Dallas, Houston Branch, as a director. Mr. Foshee serves on the Board of Trustees of Rice University where he chairs the Building and Grounds Committee and serves as a member of the Council of Overseers for the Jesse H. Jones Graduate School of Management at Rice University. He is a member of the Greater Houston Partnership Board and Executive Committee and serves as Chair of the Environment Advisory Committee. In addition, Mr. Foshee serves on the boards of Central Houston, Inc., Children s Museum of Houston, Goodwill Industries, Small Steps Nurturing Center and the Texas Business Hall of Fame Foundation. Mr. Foshee also serves as a director of El Paso Pipeline GP Company, L.L.C., the general partner of El Paso s publicly-traded master limited partnership, El Paso Pipeline Partners, L.P.

2007 Compensation[1]

Salary		
Base Salary	$	987,507
Performance-Based Cash Bonus	$	1,518,000
Perquisites and Personal Benefits	$	58,961
Annual Long-Term Incentive Award		
(Grant Date Fair Value)		
Restricted Stock	$	2,930,536
Stock Options	$	2,017,100
Restricted Stock Dividends	$	59,693
Retirement Benefits		
Pension Plan		
Annual increase in accumulated pension benefit	$	109,103

Retirement Savings Plan (RSP)

Company matching contribution to RSP	$	10,125
Supplemental RSP benefit	$	97,313
Annual earnings on supplemental RSP benefit	$	19,043

2007 Total Compensation

Stock Ownership Requirements

Mr. Foshee s ownership in our common stock exceeds the required ownership thresholds of five times base salary, as discussed elsewhere in this proxy statement.

Payment Upon Termination
(As of December 31, 2007)

Voluntary Termination	$	13,017,813
Involuntary Termination without Cause	$	3,327,353 [2]
Retirement	$	0 [2]
Death	$	15,439,751 [2]
Disability	$	8,718,048 [2]
Termination with Cause	$	0 [2]
Change in Control of El Paso	$	20,718,628 [2]

1 Please note total 2007 Compensation does not tie directly to the Summary Compensation Table.

2 Reflects incremental value of enhanced benefits above amounts Mr. Foshee is entitled to as a result of voluntary termination. Value of equity reflects $17.24, the closing price of our common stock on December 31, 2007.

Table of Contents

D. Mark Leland: Individual Executive Profile

Executive Vice President and
Chief Financial Officer

Age: 46
Tenure with El Paso: 22 years
Tenure in Industry: 22 years

BBA, University of Puget Sound
Certified Management Accountant
Certified Internal Auditor

Mr. Leland has been Executive Vice President and Chief Financial Officer of El Paso since August 2005. Mr. Leland served as Executive Vice President of El Paso Exploration & Production Company from January 2004 to August 2005, and as Chief Financial Officer and a director from April 2004 to August 2005. He served as Senior Vice President and Chief Operating Officer of GulfTerra Energy Partners, L.P. and its general partner from January 2003 to December 2003, as Senior Vice President and Controller from July 2000 to January 2003, and as Vice President from August 1998 to July 2000. Mr. Leland has also worked in various capacities for El Paso Field Services and El Paso Natural Gas Company since 1986. Mr. Leland also serves as a director of El Paso Pipeline GP Company, L.L.C., the general partner of El Paso s publicly-traded master limited partnership, El Paso Pipeline Partners, L.P.

2007 Compensation[1]

Salary		
Base Salary	$	513,567
Performance-Based Cash Bonus	$	430,358
Perquisites and Personal Benefits	$	0
Annual Long-Term Incentive Award		
(Grant Date Fair Value)		
Restricted Stock	$	1,153,438
Stock Options	$	579,626
Restricted Stock Dividends	$	15,867
Retirement Benefits		
Pension Plan		
Annual increase in accumulated pension benefit	$	0
Retirement Savings Plan (RSP)		
Company matching contribution to RSP	$	10,125
Supplemental RSP benefit	$	35,038
Annual earnings on supplemental RSP benefit	$	5,386

2007 Total Compensation

Stock Ownership Requirements

Mr. Leland s ownership in our common stock exceeds the required ownership thresholds of two times base salary, as discussed elsewhere in this proxy statement.

Payment Upon Termination
(As of December 31, 2007)

Voluntary Termination	$	1,735,205
Involuntary Termination without Cause	$	1,168,736 [2]
Retirement	$	0 [2]
Death	$	4,285,775 [2]
Disability	$	1,852,082 [2]
Termination with Cause	$	0 [2]
Change in Control of El Paso	$	4,983,952 [2]

1 Please note total 2007 Compensation does not tie directly to the Summary Compensation Table.

2 Reflects incremental value of enhanced benefits above amounts Mr. Leland is entitled to as a result of voluntary termination. Value of equity reflects $17.24, the closing price of our common stock on December 31, 2007.

Table of Contents

Brent J. Smolik: Individual Executive Profile

Executive Vice President and
President of El Paso Exploration
& Production Company

Age: 46
Tenure with El Paso: 2 years
Tenure in Industry: 24 years

BS, Petroleum Engineering, Texas A&M University

Mr. Smolik has been Executive Vice President of El Paso and President of El Paso Exploration & Production Company since November 2006. Prior to joining El Paso, Mr. Smolik was President of ConocoPhillips Canada from April 2006 to October 2006. Prior to the Burlington Resources merger with ConocoPhillips, he was President of Burlington Resources Canada from September 2004 to March 2006. From 1990 to 2004, Mr. Smolik held various engineering management and executive positions for Burlington Resources Inc.

2007 Compensation[1]

Salary		
Base Salary	$	550,008
Performance-Based Cash Bonus	$	622,100
Perquisites and Personal Benefits	$	337,425
Annual Long-Term Incentive Award		
(Grant Date Fair Value)		
Restricted Stock	$	768,964
Stock Options	$	579,626
Restricted Stock Dividends	$	27,594
Retirement Benefits		
Pension Plan		
Annual increase in accumulated pension benefit	$	27,913
Retirement Savings Plan (RSP)		
Company matching contribution to RSP	$	10,125
Supplemental RSP benefit	$	12,563
Annual earnings on supplemental RSP benefit	$	228

2007 Total Compensation

Stock Ownership Requirements

Mr. Smolik s ownership in our common stock exceeds the required ownership thresholds of two times base salary, as discussed elsewhere in this proxy statement.

Payment Upon Termination
(As of December 31, 2007)

Voluntary Termination	$	53,580
Involuntary Termination without Cause	$	986,333 [2]
Retirement	$	0 [2]
Death	$	3,867,695 [2]
Disability	$	1,015,982 [2]
Termination with Cause	$	0 [2]
Change in Control of El Paso	$	5,084,363 [2]

1 Please note total 2007 Compensation does <u>not</u> tie directly to the Summary Compensation table.

2 Reflects incremental value of enhanced benefits above amounts Mr. Smolik is entitled to as a result of voluntary termination. Value of equity reflects $17.24, the closing price of our common stock on December 31, 2007.

Table of Contents

Robert W. Baker: Individual Executive Profile

Executive Vice President and
General Counsel

Age: 51
Tenure with El Paso: 25 years
Tenure in Industry: 27 years

JD, The University of Texas Law School
BA and BS, Business, Economics and Accounting, University of Delaware
Licensed to practice law In Texas and Louisiana

Mr. Baker has been Executive Vice President and General Counsel of El Paso since January 2004. From February 2003 to December 2003, he served as Executive Vice President of El Paso and President of El Paso Merchant Energy. He was Senior Vice President and Deputy General Counsel of El Paso from January 2002 to February 2003. Prior to that time, he worked in various capacities in the legal department of Tenneco Energy and El Paso since 1983. Mr. Baker also serves as the Executive Vice President and General Counsel of El Paso Pipeline GP Company, L.L.C., the general partner of EI Paso s publicly-traded master limited partnership, El Paso Pipeline Partners, L.P.

2007 Compensation[1]

Salary		
Base Salary	$	451,257
Performance-Based Cash Bonus	$	315,120
Perquisites and Personal Benefits	$	752
Annual Long-Term Incentive Award		
(Grant Date Fair Value)		
Restricted Stock	$	1,076,543
Stock Options	$	579,626
Restricted Stock Dividends	$	16,124
Retirement Benefits		
Pension Plan		
Annual increase in accumulated pension benefit	$	42,776
Retirement Savings Plan (RSP)		
Company matching contribution to RSP	$	10,125
Supplemental RSP benefit	$	28,266
Annual earnings on supplemental RSP benefit	$	5,696

2007 Total Compensation

Stock Ownership Requirements

Mr. Baker s ownership in our common stock exceeds the required ownership thresholds of two times base salary, as discussed elsewhere in this proxy statement.

Payment Upon Termination
(As of December 31, 2007)

Voluntary Termination	$	2,938,173
Involuntary Termination without Cause	$	1,146,759 [2]
Retirement	$	0 [2]
Death	$	4,291,610 [2]
Disability	$	2,139,783 [2]
Termination with Cause	$	0 [2]
Change in Control of El Paso	$	4,907,809 [2]

1 Please note total 2007 Compensation does not tie directly to the Summary Compensation table.

2 Reflects incremental value of enhanced benefits above amounts Mr. Baker is entitled to as a result of voluntary termination. Value of equity reflects $17.24, the closing price of our common stock on December 31, 2007.

Table of Contents

James C. Yardley: Individual Executive Profile

Executive Vice President,
Pipeline Group

Age: 56
Tenure with El Paso: 30 years
Tenure in Industry: 30 years

MBA, Harvard Business School
BA, Economics, Duke University

Mr. Yardley has been Executive Vice President of El Paso with responsibility for the regulated pipeline business unit since August 2006. He has served as President of Southern Natural Gas Company since May 1998, and President and Chairman of the Board of Tennessee Gas Pipeline since August 2006. He has also been Chairman of El Paso Natural Gas Company since August 2006. Mr. Yardley has been a member of the Management Committees of both Colorado Interstate Gas Company and Southern Natural Gas Company since their conversion to general partnerships in November 2007. Mr. Yardley served as Vice President, Marketing and Business Development for Southern Natural Gas Company from April 1994 to April 1998. Prior to that time, Mr. Yardley worked in various capacities with Southern Natural and Sonat Inc. beginning in 1978. Mr. Yardley also serves as the President and Chief Executive Officer of El Paso Pipeline GP Company, L.L.C., the general partner of El Paso s publicly-traded master limited partnership, El Paso Pipeline Partners, L.P.

2007 Compensation[1]

Salary		
Base Salary	$	500,004
Performance-Based Cash Bonus	$	432,191
Perquisites and Personal Benefits	$	38,818
Annual Long-Term Incentive Award		
(Grant Date Fair Value)		
Restricted Stock	$	1,038,096
Stock Options	$	579,626
Restricted Stock Dividends	$	11,236
Retirement Benefits		
Pension Plan		
Annual increase in accumulated pension benefit	$	0
Retirement Savings Plan (RSP)		
Company matching contribution to RSP	$	10,125
Supplemental RSP benefit	$	38,004

Annual earnings on supplemental RSP benefit	$	4,536

2007 Total Compensation

Stock Ownership Requirements

Mr. Yardley s ownership in our common stock exceeds the required ownership thresholds of two times base salary, as discussed elsewhere in this proxy statement.

Payment Upon Termination
(As of December 31, 2007)

Voluntary Termination	$	4,931,485
Involuntary Termination without Cause	$	501,999 [2]
Retirement	$	0 [2,3]
Death	$	3,067,279 [2]
Disability	$	930,758 [2]
Termination with Cause	$	0 [2]
Change in Control of El Paso	$	3,904,750 [2]

1 Please note total 2007 Compensation does not tie directly to the Summary Compensation Table.

2 Reflects incremental value of enhanced benefits above amounts Mr. Yardley is entitled to as a result of voluntary termination. Value of equity reflects $17.24, the closing price of our common stock on December 31, 2007.

3 Mr. Yardley is eligible for early retirement. The value of his retirement benefits is reflected under Voluntary Termination.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

At El Paso, stewardship and accountability are two of our core values. As active stewards, we strive to serve our customers and our shareholders by consistently building long-term value. In addition, accountability measures are a key part of the metrics we use to judge the performance of our company and the performance of our executive officers. These principles of stewardship and accountability play an integral role in our compensation programs, which are designed to reward performance and the creation of stockholder value.

The compensation discussion and analysis set forth below provides an explanation of our compensation programs, including the objectives of such programs and the rationale for each element of compensation, for our Chief Executive Officer and our other named executive officers. This section also describes the actions and decisions of the Compensation Committee of our Board of Directors, which oversees our compensation programs and sets executive officer compensation.

Our Compensation Programs

Our compensation programs, which reflect our core values of stewardship and accountability, have two primary and straight-forward objectives:

- attract, retain and motivate high-performing executive talent, and

- align the interests of our executive officers with both the short-term and long-term interests of our stockholders.

We believe these designs are accomplished by providing our executives with a competitive mix of short-term and long-term compensation, by rewarding superior performance, and by linking a significant portion of each officer s pay to specific, measurable performance goals.

Compensation Committee

The Compensation Committee of the Board of Directors has primary responsibility for determining and approving, on an annual basis, the total compensation level of our CEO and other senior officers who are subject to Section 16(a) of the Exchange Act, who we refer to as our *executive officers*. The Compensation Committee receives information and advice from its compensation consultant as well as from our human resources department and management to assist in compensation determinations.

Compensation Consultant

The Compensation Committee has retained Deloitte Consulting (Deloitte) as its independent compensation consultant. Deloitte advises the committee on an ongoing basis with regard to the general competitive landscape and trends in compensation and executive and director compensation matters, including (i) competitive benchmarking, (ii) incentive plan design, (iii) performance metrics testing, (iv) peer group selection, (v) updates on trends in executive and director compensation, (vi) review of the compensation discussion and analysis and related tables included in our proxy statement, and (vii) handling other matters requested by the Compensation Committee. The compensation consultant is directly accountable to the Compensation Committee and the committee approves all fees paid to the consultant for such compensation advice.

Certain Deloitte affiliates are also engaged by El Paso to provide the following services: tax and tax-related services, financial advisory services, process optimization consulting and technology consulting. The Compensation Committee and El Paso believe that each of these relationships is separate and independent and does not impair Deloitte s ability to provide independent advice to the committee.

Role of Management and CEO in Determining Executive Compensation

While the Compensation Committee has the responsibility to approve and monitor all compensation for our named executive officers, we, as management, play an important role in determining executive compensation. At

Table of Contents

the Compensation Committee s request, we recommend appropriate company-wide and business unit financial and non-financial performance goals. We work with the compensation consultant to analyze competitive market data and to recommend base salary levels, annual incentive awards and long-term incentive awards for all officers and employees. We also work with the Compensation Committee to establish the agenda and prepare meeting information for each Compensation Committee meeting. Our CEO likewise assists the Compensation Committee by providing his evaluation of the performance of the executive officers who report directly to him, and recommends compensation levels for such officers. The Compensation Committee also has a process for soliciting from the CEO a candid and critical self-assessment of his own performance.

Elements of Executive Compensation

Total Compensation. Our named executive officers total annual compensation includes three principal elements:

- base salary,
- performance-based annual cash incentive, and
- long-term equity-based incentive awards.

We also provide our executives with retirement and welfare benefits as well as certain limited perquisites.

While we seek to provide each executive officer with a level of cash compensation commensurate with the executive s professional status in the form of base salary, our main focus is on at-risk, performance-based pay. Such performance-based pay is designed to reward stewardship and accountability, to align our executive officers interests with those of our stockholders and to promote the creation of stockholder value.

Base Salary. Base salary is paid for ongoing performance throughout the year and consists of fixed cash salary. We pay base salaries in order to provide our executive officers with a level of assured cash compensation sufficient, together with performance-based incentives, to motivate the executives to perform at a consistently high level. The Compensation Committee reviews base salaries annually to ensure they are competitive and commensurate with each named executive officer s job responsibilities and the executive officer s performance.

Performance-Based Annual Cash Bonuses. Annual cash incentive bonuses are paid to reward short-term performance and the achievement of pre-established performance goals. The Compensation Committee establishes the annual cash incentive bonus opportunity for each named executive officer at the beginning of the year. Annual cash incentive bonuses are paid after the end of a calendar year once the Compensation Committee has determined our company s performance (and, where appropriate, the performance of our corporate shared services group and our pipeline and exploration and production business units) and each named executive officer s performance relative to the performance goals that were established at the beginning of each year.

Long-Term Equity Incentive Awards. We use restricted stock and stock options for our long-term incentive awards. The Compensation Committee believes restricted stock and stock options are appropriate forms of long-term incentive because these awards tie directly to the performance of our common stock and motivate the named executive officers to build stockholder value. The Compensation Committee further believes that annual grants of restricted stock and stock options provide an effective means of executive retention because the awards focus on long-term value and vest over a period of years. The target value of long-term incentive awards is allocated approximately 50% in restricted stock and 50% in stock options. The amount of equity available to fund the restricted stock portion of the equity pool is based on the achievement of pre-established performance goals: 50% on our achievement of the annual overall corporate performance goals and 50% on our relative total shareholder return (TSR) compared to our peer group of companies. The Compensation Committee believes this allocation is appropriate because restricted stock is designed to reward our named executive officers for the achievement of the performance goals, as well as to provide an incentive to create additional stockholder value. In contrast, stock options are not adjusted for either corporate or individual performance and are granted at target levels.

The Compensation Committee believes this is appropriate because the value of stock options is recognized only if our stock price increases, thereby creating value for all of our stockholders. A named executive officer will forfeit his or her long-term incentive awards if he or she voluntarily terminates employment prior to vesting or is terminated for cause.

Retirement Benefits. Our named executive officers participate in our Pension Plan and our Retirement Savings Plan, which are broad-based plans provided to all eligible employees. Our named executive officers also participate in our supplemental benefits plans.

The Retirement Savings Plan is a defined contribution 401(k) plan which provides for immediate vesting of benefits for both participant contributions and company matching contributions. Participating employees may electively contribute up to 50% of their eligible compensation into the plan. We contribute an amount equal to 75% of each participant s voluntary contributions under the plan, up to a maximum of 6% of eligible compensation for each participant.

The Pension Plan is a defined benefit plan which provides pension benefits under a cash balance formula. The Pension Plan s cash balance formula defines participant benefits in terms of a notional account balance based on quarterly interest credits and pay credits (determined by age and years of service). Participants are fully vested in their pension benefits upon the earliest of the completion of 5 years of service or attainment of age 65. Effective January 1, 2008, the vesting requirement was reduced from 5 to 3 years of service.

The Code places limitations on the amount of compensation that can be considered when calculating benefits under the Pension Plan and making contributions to the Retirement Savings Plan. These excess benefits are payable under our supplemental benefits plans. The supplemental benefits plans are described in more detail on pages 54 and 55 of this proxy statement. See page 53 of this proxy statement for the Pension Benefits table and further discussion regarding the actuarial present value of the named executive officers accumulated pension benefits under the Pension Plan and supplemental benefits plans.

Health and Welfare Benefits. We offer subsidized health and group benefits to all eligible employees. Each named executive officer may elect to receive the health and group benefits that are generally available to all employees subject to the payment of required premiums. We offer comprehensive cafeteria-style health and group benefits, which include medical, dental, vision, disability and life insurance coverage as well as dependent day-care and healthcare flexible spending accounts. In addition, each named executive officer participates in our Senior Executive Survivor Benefits Plan, which provides the officers with survivor benefit coverage in lieu of coverage generally provided under our group life insurance plan. The amount of the executive officer s survivor benefit, on an after-tax-basis, is two and one-half times the executive officer s annual salary. See page 58 of this proxy statement for a description of our Senior Executive Survivor Benefits Plan.

Perquisites and Personal Benefits. We seek to maintain equal standards of treatment between our executive officers and our non-executive employees, and in 2003 we eliminated perquisite and benefit allowances for all officers. While we no longer provide perquisite allowances, we do provide certain benefits which we consider to be business expenses that could be characterized as having a personal benefit. Specifically, we provide a separate parking space (with no incremental cost to us) for our CEO, Mr. Foshee. Our named executive officers may use season tickets purchased by us to attend sporting events when the tickets are not otherwise being used for business reasons (with no incremental cost to us). We make available for business use to our executive officers private aircraft that we have entered into lease agreements to use, and there are limited instances when the named executive officers are permitted to use leased aircraft for personal travel or to bring personal guests as passengers on business-related flights. When the executive officer s use of leased aircraft or a guest s travel does not meet the Internal Revenue Service s (IRS) standard for business use, but nevertheless is determined by us to be business-related, the cost of that travel is imputed as income to the officer and a gross-up payment for taxes is provided. We pay for the costs of annual physicals for all of our officers, including the named executive officers. In addition, during 2007, we paid for the installation of a home security system for Mr. Foshee. We do not have any outstanding loans with our executive officers, and no loans of any kind have been made by us to our executive officers since federal law prohibited this practice in 2002.

Factors Considered When Determining Total Compensation

Competitive Benchmark Data the Starting Point. When making compensation decisions, we review the compensation paid to our CEO and other named executive officers relative to the compensation paid to similarly-situated executives at our peer companies. This practice is often referred to as benchmarking. We also utilize survey data representing the market of companies in which we compete for executive talent as an additional means of benchmarking. While we believe benchmarks are helpful and provide a point of reference, they are not determinative. Rather, competitive benchmarking is a starting point in our evaluation of total executive compensation.

The Compensation Committee is provided market data compiled by its independent compensation consultant and our human resources department. This comparative information provides a basis for the evaluation of the compensation paid to our named executive officers. The committee then reviews the benchmarking data together with each officer s job responsibilities and individual performance, internal pay equity, and performance against pre-established targets, each as described below, in making compensation decisions. The committee also reviews an analysis of wealth accumulation and potential payments upon various termination scenarios as part of its competitive compensation decisions as described below.

The Compensation Committee generally sets total compensation targets for our executives, including base salary, performance-based annual incentives, and long-term equity awards, near the market median of our peer comparables. However, because comparative data is just one of several analytic tools that are used in determining executive officer compensation, pay may exceed or be less than the median range of comparative compensation based on:

- the level of achievement of our pre-established performance goals,
- our performance against our peer group,
- individual performance,
- scope of job responsibilities, and
- internal equity considerations.

The 2007 total direct compensation targets for our named executive officers fell at the 55th percentile when compared to 2006 proxy and survey data (based on the most recent information available in March 2007).

El Paso s Peer Groups 2007 and 2008. The Compensation Committee selects an appropriate peer group of companies to review executive officer compensation and to compare TSR relative to our performance. TSR is utilized as a metric in funding a portion of the long-term equity pool, described later in this compensation discussion and analysis. The Compensation Committee established our peer group of companies in 2006, initially consisting of 11 diversified energy companies and 7 non-diversified energy companies. The peer group of companies was selected by identifying U.S. publicly traded companies competing in the energy industry that had revenues and business characteristics similar to us. The peer group of companies included a proportional weighting of pipeline companies and exploration and production companies and a balanced range of revenues within the peer group. In February 2007, the Compensation Committee, upon advice from its compensation consultant, approved certain changes to our peer group for 2007. Specifically, Western Gas Resources, Inc. and Kinder Morgan, Inc. were removed from the peer group and Spectra Energy Corp., the former natural gas business of Duke Energy, which became a stand-alone, publicly traded company in January 2007, was added. Western Gas Resources, Inc. was removed because it had been acquired by Anadarko Petroleum Corp. during 2006, and Kinder Morgan was removed because of its acquisition by investors who intended to take the company private during the first part of 2007. Following these revisions, our peer group for 2007 consisted of the following companies:

Anadarko Petroleum Corp.	Equitable Resources, Inc.	Sempra Energy
Apache Corp.	NiSource, Inc.	Southern Union Co.
CenterPoint Energy, Inc.	ONEOK, Inc.	Spectra Energy Corp.
Devon Energy Corp.	PG&E Corp.	Transcanada Corp.
Dominion Resources, Inc.	PPL Corp.	Williams Companies, Inc.
Enbridge, Inc.	Questar Corp.	

Table of Contents

In October 2007, the Compensation Committee, in consultation with its compensation consultant, elected to approve a revised peer group for use starting in 2008. The revised peer group is comprised of our 2007 peer group (with the exception of PG&E Corporation and PPL Corporation, which in each case were removed due to their lack of comparable gas and pipeline business), as well as certain additional companies with which we compete for executive talent. The revised peer group is comprised of a proportional mix of exploration and production, pipeline and diversified energy companies within the oil and gas and electric and gas industries. The revised peer group consists of 22 companies, and is made up of 45% pipeline/utility companies, 41% exploration and production companies, and 14% diversified energy companies. Our peer group for 2008 is comprised of the following companies:

Anadarko Petroleum	Equitable Resources, Inc.	Questar Corporation
Apache Corporation	National Fuel Gas	Sempra Energy
CenterPoint Energy, Inc.	Newfield Exploration	Southern Union Company
Chesapeake Energy Corporation	NiSource Inc.	Spectra Energy Partners
Devon Energy Corporation	Noble Energy Company	TransCanada Corporation
Dominion Resources, Inc.	ONEOK, Inc.	Williams Companies
Enbridge Inc.	Pioneer Natural Resources	XTO Energy Inc.
EOG Resources, Inc.		

External Market Conditions and Individual Factors. As discussed above, while benchmarking data is helpful in assessing the overall competitiveness of our compensation program, we believe our executive compensation program must take into account external market conditions and individual factors. Some of these factors include the executive s level of experience, the executive s tenure and responsibilities within our company, the executive s position and the appropriate competitive pressures for that position within the industry, and of course, performance. In addition, the Compensation Committee asks its compensation consultant to provide it with an objective opinion regarding total executive compensation levels relative to each individual executive s responsibilities.

Internal Pay Equity. We also believe that our executive compensation program must be internally consistent and equitable in order to motivate our employees to create stockholder value. We are committed to internal pay equity and our Compensation Committee closely monitors, on an annual basis, the relationship between the compensation of our named executive officers and the compensation of our non-managerial employees. In 2007, the Compensation Committee reviewed a comparison of CEO pay and senior management pay to non-management employee pay. This analysis included a three-year period from 2004 through 2006. With respect to our CEO, the results showed a flat trend in base salary, a slightly increasing trend in bonus, and a slightly decreasing trend in total compensation in comparison to non-management employees. With respect to our other named executive officers, the results showed a slightly increasing trend in base salaries and bonuses, and a slightly decreasing trend in total compensation in comparison to non-management employees. Overall, it was noted that the disparity in total compensation between all of our named executive officers and non-management employees is on a slightly decreasing trend due primarily to reduced equity awards to the former group consistent with our lower TSR performance relative to our peer group. The Compensation Committee will continue to periodically conduct these analyses to monitor and avoid any unjustified widening of compensation differentials.

Tally Sheets and Payments upon Termination Events. When making compensation decisions, the Compensation Committee reviews tally sheets prepared for each of our named executive officers. These tally sheets are prepared by the compensation group of our human resources department and are reviewed by the compensation consultant. The tally sheets quantify the elements of each named executive s total compensation, including base salary, annual incentive bonus, and long-term equity grants.

The committee also reviews tally sheets reflecting the potential payments upon various termination scenarios. These termination scenarios include voluntary termination, involuntary termination without cause, termination with cause, retirement, death, disability and termination within two years following a change in control. The tally sheets provide the total remuneration that would be payable to the named executive officers, including all aspects of each named executive officer s compensation and benefits under our plans. In addition to qualified plan benefits, our named executive officers may be entitled to post termination benefits under the following plans:

> *Severance Pay Plan:* a broad-based severance plan available to all of our employees which provides benefits following an involuntary termination without cause. The maximum amount of severance payable under the plan is one times the employee s annual salary.
>
> *2004 Key Executive Severance Protection Plan:* a plan covering key executive personnel, including our named executive officers, which provides for payment of severance benefits in the event of a participant s involuntary termination of employment or termination for good reason within 2 years following a change in control. The plan provides benefits only upon a double triggering event, meaning both a change in control and an involuntary termination of employment must occur.
>
> *Senior Executive Survivor Benefits Plan:* a plan which provides our named executive officers with survivor benefit coverage in lieu of the coverage provided generally to employees under our group life insurance plan in the event of a named executive officer s death. The amount of the executive officer s survivor benefit, on an after-tax-basis, is two and one-half times the executive officer s annual salary.

In its most recent review of tally sheets, the Compensation Committee discovered no unintended consequences of the compensation program design, and consequently no material changes were made or deemed necessary to the executive compensation program or the individual elements of our executive officers compensation as a result of this review.

See the section entitled Potential Payments upon Termination or Change in Control beginning on page 56 of this proxy statement for the total amount of compensation and benefits each named executive officer could receive as a result of the various termination events and a description of our Severance Pay Plan, Senior Executive Survivor Benefits Plan and 2004 Key Executive Severance Protection Plan.

Wealth Accumulation. The Compensation Committee reviews annually all of the elements of total compensation paid to each named executive officer during the prior five-year period, including base salaries, annual cash incentive bonuses, the value of long-term incentive awards and any special payments made to an individual named executive officer. The committee also reviews the projected value of each named executive officer s accumulated equity grants over the subsequent five-year period based upon various stock appreciation scenarios. This is done to more effectively analyze not only the amount of compensation each named executive officer has accumulated to date, but also to better understand the amount the named executive officer could accumulate in the future. In connection with the Compensation Committee s 2007 review, no unintended consequences of the compensation program design were discovered and no material changes were made or deemed necessary to the executive compensation program as a result of this review.

Employment Agreements

We do not enter into employment agreements with our executive officers. However, in certain limited circumstances, we have entered into letter agreements to assist in recruiting critical talent at critical times.

We entered into a letter agreement with Mr. Foshee to serve as our President and CEO in 2003, at a time when our company was experiencing significant difficulties. The letter agreement was designed to recruit and motivate Mr. Foshee and to compensate him for the risk associated with his position. The letter agreement outlines the basic terms of his initial compensation arrangement.

We also entered into a letter agreement with Mr. Smolik to serve as our Executive Vice President and President of our exploration and production business in 2006, which letter agreement outlines the basic terms of his initial compensation arrangement.

A description of the letter agreements with Messrs. Foshee and Smolik can be found in the narrative following the Grants of Plan-Based Awards table.

We do not have letter agreements with any of our other named executive officers.

Director and Officer Indemnification Agreements

We have entered into indemnification agreements with each member of our Board of Directors and certain officers, including each of the named executive officers. These agreements reiterate the rights to indemnification that are provided to our Board and certain officers under our By-laws, clarify procedures related to those rights, and provide that such rights are also available to fiduciaries under certain of our employee benefit plans. As is the case under the By-laws, the agreements provide for indemnification to the full extent permitted by Delaware law, including the right to be paid the reasonable expenses (including attorneys fees) incurred in defending a proceeding related to service as a director, officer or fiduciary in advance of that proceeding s final disposition. El Paso may maintain insurance, enter into contracts, create a trust fund or use other means available to provide for indemnity payments and advances. In the event of a change in control (as defined in the indemnification agreements), El Paso is obligated to pay the costs of independent legal counsel who will provide advice concerning the rights of each director and officer to indemnity payments and advances.

Stock Ownership Requirements

Our corporate governance guidelines impose stock ownership requirements on our executive officers. These stock ownership requirements are designed to emphasize stock ownership by our executive officers and to further align their interests with our stockholders through good times and bad. These requirements are as follows:

Position	Minimum Aggregate Value
Chief Executive Officer	5 x base salary
Other Executive Officers	2 x base salary

Each executive officer is required to meet the ownership threshold within five years of election as an executive officer. As of December 31, 2007, each of our named executive officers ownership in our common stock exceeded the required ownership thresholds and did so in the requisite time frames. See pages 6 and 7 of this proxy statement for further information regarding the stock ownership requirements for our executive officers.

Determination of 2007 Compensation

2007 Annual Base Salary Adjustments and 2007 Target Bonus Opportunities

At the beginning of 2007, the Compensation Committee considered whether adjustments would be made to the annual base salaries and target bonus opportunities for our named executive officers. On February 13, 2007, the Compensation Committee adjusted Messrs. Foshee s, Leland s and Baker s base salaries based on individual performance and 2007 market conditions. The Compensation Committee decided not to provide salary increases for Messrs. Smolik and Yardley for 2007 because each executive was relatively new to his current position at the time the base salary adjustments were considered, Mr. Smolik being hired in November 2006, and Mr. Yardley being promoted in August 2006. No adjustments were made to the named executive officer s 2007 target bonus opportunities. The following tables set forth the base salaries and annual target bonus opportunities for the named executive officers. The base salary adjustments for 2007 were effective April 1, 2007.

Annual Base Salaries

	2006 Base Salary	2007 Base Salary	2006-2007

Name	Effective 4/1/06 ($)	Effective 4/1/07 ($)	Percentage Increase
Douglas L. Foshee	$ 950,004	$ 1,000,008	5%
D. Mark Leland	$ 495,000	$ 519,756	5%
Brent J. Smolik	$ 550,008	$ 550,008	0%
Robert W. Baker	$ 434,940	$ 456,696	5%
James C. Yardley	$ 500,004	$ 500,004	0%

Table of Contents

Target Bonus Opportunities

Name	2006 Target Bonus Opportunity (% of Salary)	2007 Target Bonus Opportunity (% of Salary)	2006-2007 Percentage Increase
Douglas L. Foshee	120%	120%	0%
D. Mark Leland	60%	60%	0%
Brent J. Smolik	90%	90%	0%
Robert W. Baker	60%	60%	0%
James C. Yardley	75%	75%	0%

Annual Cash Incentive Awards for 2007 Performance

On February 6, 2008 the Compensation Committee approved the amount of the named executive officers annual cash incentive awards for 2007 performance. The following discussion sets forth the process the Compensation Committee followed in determining the amount of each named executive officer s annual cash incentive award for 2007 performance. The annual cash incentive bonuses for 2007 performance are scheduled to be paid in March 2008.

Performance Goals. At the beginning of 2007, the Compensation Committee established a threshold, target and maximum annual cash incentive bonus level for each of the named executive officers (see the ranges of cash incentive bonuses as a percentage of base salary on page 38). The Compensation Committee also established corporate and business unit financial and non-financial performance goals. In a change from prior years, the Compensation Committee approved a threshold, target and maximum for each performance goal, as opposed to solely a threshold and target goal. This change was made in consultation with the Compensation Committee s independent compensation consultant and was done to ensure that above-target incentives correspond with superior satisfaction of the related goal. As an additional change, the committee approved designated weightings for each goal. This change was made to ensure a more formulaic method of calculating annual incentives.

Our 2007 corporate financial goals, which are the primary goals used in determining the annual incentive bonuses for our named executive officers, were as follows:

	2007 Goals			
Corporate Financial Goals	Threshold	Target	Maximum	Weighting
Earnings Per Share(1)	$ 0.77	$ 0.91	$ 1.05	35%
EBITDA(1)	$ 2,926 MM	$ 3,075 MM	$ 3,209 MM	35%
Cash Flow from Operations	$ 1,600 MM	$ 2,120 MM	$ 2,720 MM	15%
Debt (net of cash)	$ 12,200 MM	$ 11,600 MM	$ 11,000 MM	15%

(1) Excluded planned debt repurchase costs.

In addition, the Compensation Committee approved additional performance goals for our corporate shared services group and our pipeline and exploration and production business units. For our corporate shared services group, the 2007 financial goals included the corporate goals listed above, plus an additional goal of corporate cost. For our pipeline business unit, the 2007 financial goals were based on value creation, which is a measure of the cash value created in excess of the cost of invested capital. For our exploration and production (E&P) business unit, the 2007 financial goals included EBITDA, cash costs, average daily production rates measured in million cubic feet of natural gas equivalent per day (MMcfe/d), present value ratio, and reserve replacement cost.

Our corporate and business unit financial goals were set in alignment with our strategic plan and objectives for the year. In making the determination of the threshold, target and maximum levels, the Compensation Committee considered the specific circumstances expected to be faced by our company and its business units in 2007. Generally, target levels are set such that the relative difficulty of achieving the target level is consistent from year to year. Corporate and corporate shared services performance was determined to be above the target level for 2006 and

2005 performance and at target level for 2004 performance. For 2006, 2005 and 2004 performance, our pipeline business unit achieved performance above the target level that was set for each of those years and our E&P business unit achieved performance below the target level that was set for each of those years.

The Compensation Committee also approved certain non-financial goals for our corporate shared services group and business units, including certification of compliance with our Code of Business Conduct by 100 percent of our employees, no material weakness in our internal controls over financial reporting, and safety goals relating to (i) recordable injuries, (ii) preventable vehicle incident rates, and (iii) the number of spills outside of secondary containment. The 2007 non-financial goals also included a goal relating to the successful in-line inspection of our pipelines as part of our pipeline integrity program.

Potential Adjustment Considerations. At the same time the performance goals were approved, the Compensation Committee approved a list of potential adjustment categories relating to unusual or extraordinary events that the committee could consider, in its discretion, in evaluating whether the 2007 performance goals had been achieved.

Weighting of Corporate and Business Unit Goals

The annual cash incentive awards for our named executive officers, including our business unit heads, are primarily weighted towards the achievement of our corporate financial goals. With respect to our business unit heads, including Mr. Smolik and Mr. Yardley, the Compensation Committee determined it would be appropriate to weight their annual bonuses primarily on corporate performance to ensure the business unit heads are aligning the performance of their business units with corporate performance. Below is a chart summarizing the weighting of the corporate and business-unit goals for purposes of determining each officer s annual incentive award.

Performance Weights for Named Executive Officers
Annual Incentive Awards

Named Executive Officer	Corporate Goals	Corporate Shared Services Goals	Exploration & Production Goals	Pipeline Goals
Douglas L. Foshee	75%	25%		
D. Mark Leland	75%	25%		
Brent J. Smolik	75%		25%	
Robert W. Baker	75%	25%		
James C. Yardley	75%			25%

Funding of the Annual Incentive Bonus Pool Negative Discretion. The Compensation Committee uses negative discretion in funding the pool available for annual incentive awards for our corporate, corporate shared services, E&P and pipeline employees. For purpose of Section 162(m) of the Code, the annual incentive pool is funded at maximum to the extent any of the corporate financial goals are achieved at threshold performance. The Compensation Committee then exercises its negative discretion to reduce the funding of the incentive pool to reflect actual corporate, business unit and individual performance. By setting a high amount which can then be reduced, we believe our annual incentive payments qualify for full deductibility under Section 162(m) of the Code. This reduction is not a negative reflection on the performance of our company or our named executive officers, but rather is done to ensure maximum flexibility with respect to the payment of performance-based bonuses. If the Compensation Committee were to have instead funded the incentive pool at a minimum threshold and used discretion to increase the amounts to reflect company and individual performance, actual payouts would not qualify for the Section 162(m) tax deduction. For further information on Section 162(m), see the description of Section 162(m) beginning on page 42 of this proxy statement.

Table of Contents

After the 2007 financial results became available, the Compensation Committee determined the appropriate funding of the 2007 annual incentive bonus pool based on the achievement of the pre-established financial and non-financial performance goals for the year and the pre-approved adjustment factors. The following table sets forth the percentage that the annual incentive bonus pool is funded based on the level of performance relative to the performance goals that were established for the year.

Funding of the Annual Incentive Bonus Pool

Performance	Pool Funding
Maximum Goals Met	150%(1)
Target Goals Met	100%(2)
Threshold Goals Met	50%(3)
Threshold Not Met	0%(4)

(1) The maximum funding of the annual incentive bonus pool is 150% for performance at or above the maximum performance level.

(2) For performance above target but below maximum, actual funding is between 100%-150%, as determined by the Compensation Committee.

(3) For performance above threshold but below target, actual funding is between 50%-100%, as determined by the Compensation Committee.

(4) No annual incentive awards will be made if the minimum threshold is not met for at least one of the overall corporate financial goals.

Individual Performance Adjustment. As mentioned above, accountability plays an important role in our compensation programs, and individual performance is an important factor in determining annual incentives. In addition, individual performance goals support our objectives of being the place to work, the neighbor to have, and the company to own. Each year, our named executive officers receive an individual performance rating based on an evaluation of the executive officer s individual contribution and performance against his or her individual performance goals for the year and determined through our performance management program. Individual performance goals for 2007 included leadership training and development initiatives, recruiting top talent for key management positions, finalizing the ANR sale, controlling costs, successful IPO of our master limited partnership, supporting volunteer efforts in the communities in which we work, and continued improvement of metrics in our E&P business. The Compensation Committee applies the individual rating assigned to each named executive officer as an adjustment performance factor to determine the executive officer s actual annual cash incentive award. Based on such individual performance rating, the individual performance factor can range between 0 and 150%, as determined by the Compensation Committee.

Under this formula, the maximum bonus opportunity is 225% of the target bonus calculated by taking 150% of the maximum annual incentive bonus pool times 150% of the maximum individual performance adjustment factor in the case of exceptional performance by our company and the individual executive. The range of annual cash incentive bonuses, based on the level of company performance (and, where appropriate, the performance of our business units) and the individual executive, is illustrated as a percentage of base salary for each named executive officer in the following table. The actual percentage of cash incentive bonuses could be at any level between the minimum and maximum percentages based on performance.

Table of Contents

Range of Cash Incentive Bonuses as a Percentage of Base Salary for 2007

	Minimum Threshold Not Met	Minimum	Target	Maximum (1)
Douglas L. Foshee	0%	60%	120%	270%
D. Mark Leland	0%	30%	60%	135%
Brent J. Smolik	0%	45%	90%	202.50%
Robert W. Baker	0%	30%	60%	135%
James C. Yardley	0%	37.50%	75%	168.75%

(1) On February 13, 2007, the Compensation Committee determined that the range of cash incentive bonuses for all our named executive officers would be would be capped at 2.25 times each named executive officer s target bonus opportunity for the year.

The potential range of values of the annual cash incentive awards for 2007 performance for each of the named executive officers is reflected in the Grants of Plan-Based Awards table in the Estimated Possible Payouts under Non-Equity Incentive Plan Awards column on page 47 of this proxy statement.

El Paso Performance. On February 6, 2008, the Compensation Committee reviewed the actual performance of our company and its business units relative to the corporate and business unit performance goals that were established for the year. In reviewing our actual performance relative to the corporate financial goals, the Compensation Committee determined that it would be appropriate to consider certain pre-approved adjustment factors established in early 2007, including the effects of significant commodity price fluctuations, acquisitions, the effect of asset sales and impairments, and the impact of legacy items in the power, marketing and corporate segments. In addition, the committee considered the impact on our earnings, cash flow and net debt relating to our acquisition of Peoples Energy Production Company. The Compensation Committee also took into consideration the earnings and strategic benefits from the successful initial public offering in November 2007 of El Paso Pipeline Partners, L.P., El Paso s master limited partnership, in assessing the achievement of the financial goals. Based on these additional factors, the Compensation Committee determined that El Paso achieved:

adjusted earnings per share of $0.88, which is above the threshold performance goal of $0.77, but below the target of $0.91;

adjusted EBITDA of $3,177 million, which is above the target goal of $3,075 million;

adjusted cash flow from operations of $1,877 million, which is above the threshold performance goal of $1,600 million, but below the target of $2,120 million; and

adjusted outstanding debt (net of cash) of $11,245 million, which is less than the target of $11,600 million and therefore above target achievement.

In addition, the Compensation Committee determined that our corporate shared services group and our pipeline and E&P business units achieved their respective financial goals and substantially all of the non-financial performance goals.

Based on these results, for the 2007 performance period, the Compensation Committee approved cash incentive bonuses above target for corporate and corporate shared services performance, above target for our pipeline business unit, and above target for our E&P business unit.

Chief Executive Officer 2007 Annual Incentive. Based on the policies described earlier in this compensation discussion and analysis, the Compensation Committee reviewed all elements of Mr. Foshee s total compensation for 2007, including his annual base salary, annual cash incentive bonus and long-term incentive award. Based on the Compensation Committee s review of these and external factors, they found Mr. Foshee s total compensation to be reasonable and not excessive. Under Mr. Foshee s leadership, 2007 marked El Paso s fifth consecutive year of continuous improvement. Our pipeline business unit put six expansion projects in place and enters 2008 with a multi-billion project backlog. Our E&P business unit increased production by 8%, decreased costs, high-graded its

Table of Contents

portfolio and made important international progress. In addition, El Paso completed a successful initial public offering of its master limited partnership, El Paso Pipeline Partners, L.P., and completed the sale of ANR Pipeline Company, our Michigan storage assets, and our 50% interest in Great Lakes Gas Transmission. Having reviewed the contribution that Mr. Foshee made to El Paso s performance in 2007, the Compensation Committee believes that he continues to demonstrate the integrity, planning and leadership qualities that the executive compensation program was designed to foster and reward. In light of the foregoing, the Compensation Committee concluded that Mr. Foshee should receive an annual cash incentive bonus for his 2007 performance in the amount of $1,518,000, which is based 75% on our above target corporate performance and 25% on our above target corporate shared services performance, as well as Mr. Foshee s individual performance. The amount was calculated by starting with the maximum bonus amount payable for Code Section 162(m) purposes, which was then reduced to reflect the following formula:

target bonus X weighted corporate/business unit funding percentage X individual performance factor = annual incentive award

The amount awarded to Mr. Foshee for his annual cash incentive bonus for 2007 performance is included in the Summary Compensation Table under the column Non-Equity Incentive Plan Compensation on page 43 of this proxy statement.

2007 Annual Incentives for Other Named Executive Officers. The Compensation Committee reviewed all elements of total compensation for the other named executive officers for 2007 in the same manner as the committee reviewed the total compensation of our CEO. The committee also considered recommendations from our CEO regarding total compensation for those executives reporting directly to him. Based upon corporate, corporate shared services and business unit performance for 2007, as well as the individual performance of the other named executive officers, the Committee concluded that:

Mr. Leland should receive an annual cash incentive bonus for his 2007 performance in the amount of $430,358, which is based 75% on our above target corporate performance and 25% on our above target corporate shared services performance, as well as Mr. Leland s individual performance;

Mr. Smolik should receive an annual cash incentive bonus for his 2007 performance in the amount of $622,100, which is based 75% on our above target corporate performance and 25% on our E&P business unit s above target performance, as well as Mr. Smolik s individual performance;

Mr. Baker should receive an annual cash incentive bonus for his 2007 performance in the amount of $315,120, which is based 75% on our above target corporate performance and 25% on our above target corporate shared services performance, as well as Mr. Baker s individual performance; and

Mr. Yardley should receive an annual cash incentive bonus for his 2007 performance in the amount of $432,191, which is based 75% on our above target corporate performance and 25% on our pipeline business unit s above target performance, as well as Mr. Yardley s individual performance.

The amount awarded to these executive officers for their annual cash incentive bonuses for 2007 performance is included in the Summary Compensation Table under the column Non-Equity Incentive Plan Compensation on page 43 of this proxy statement. The following is a comparison of each named executive officer s target annual cash incentive bonus versus the actual amount that will be paid to the executive officer for his annual cash incentive bonus for 2007 performance.

Table of Contents

**Target vs. Actual
Annual Cash Incentive Bonuses
Paid for 2007 Performance**

	Target Cash Incentive Bonus (1)	Actual Cash Incentive Bonus (2)
Douglas L. Foshee	$ 1,200,010	$ 1,518,000
D. Mark Leland	$ 311,854	$ 430,358
Brent J. Smolik	$ 495,007	$ 622,100
Robert W. Baker	$ 274,018	$ 315,120
James C. Yardley	$ 375,003	$ 432,191

(1) The range of potential annual cash incentive bonuses for 2007 performance for each named executive officer is reflected in the Grants of Plan-Based Awards table in the Estimated Possible Payments under Non-Equity Incentive Plan Awards column.

(2) Annual cash incentive bonuses for 2007 performance are scheduled to be paid in March 2008.

Long-Term Incentive Awards

We use our stockholder approved 2005 Omnibus Incentive Compensation Plan, or *omnibus plan*, for long-term incentive awards. Under the omnibus plan, the Compensation Committee is the plan administrator with respect to employees subject to Section 162(m) of the Code and Section 16 of the Exchange Act, which includes our named executive officers. The Compensation Committee determines the timing of when the annual grants of restricted stock and stock options to such executives will occur as well as the terms and restrictions applicable to such grants.

The Compensation Committee approves the annual grant to our executive officers after the financial results are available for the prior fiscal year and selects a future grant date (usually several weeks subsequent to the Compensation Committee s action) when the awards will be granted. The Compensation Committee s standard practice is to select the first trading day of the quarter following the filing of the Annual Report on Form 10-K as the grant date for long-term incentive awards, which historically has been the first trading day of April. Stock options are granted with an exercise price (or strike price) based upon the average between the high and low selling prices at which our common stock traded on the grant date. Grants may also be made in connection with significant hires or promotions.

As described earlier, annual long-term incentives are comprised of an approximate 50/50 combination of stock options and restricted stock. Options are granted at target levels and are not adjusted for company or individual performance. Restricted stock awards are performance-based and are adjusted for both company and individual performance, as described below. The target equity opportunities for the 2006 performance year and for the 2007 performance year, including both the option and restricted stock components, were as follows:

Target Long-Term Equity Opportunities

Name	2006 Performance Year Target Equity Opportunity (1)	2007 Performance Year Target Equity Opportunity (1)	2006-2007 Percentage Increase

Douglas L. Foshee	$ 4,350,000	$ 4,350,000	0%
D. Mark Leland	$ 1,250,000	$ 1,250,000	0%
Brent J. Smolik	$ 1,250,000	$ 1,250,000	0%
Robert W. Baker	$ 1,250,000	$ 1,250,000	0%
James C. Yardley	$ 1,250,000	$ 1,250,000	0%

(1) We use a Black Scholes valuation to convert the dollar value of the grant into options, and we use a 10 day average of the closing sales price of our stock in advance of the Compensation Committee meeting in which the awards are approved to convert the dollar value of the grant in into restricted stock.

Table of Contents

The amount of equity available to fund the equity pool for annual restricted stock grants is based 50% on achievement of the annual overall corporate financial goals and 50% on El Paso s relative TSR compared to our peer group of companies.

The portion of the equity pool used for restricted stock grants that is funded based on El Paso s TSR compared to its peer group of companies is determined as follows:

Funding of Portion of Equity Pool
for Restricted Stock Grants
Based on Total Shareholder Return

Total Shareholder Return	Equity Pool Funding
1st Quartile (75th to 100th percentile)	Funded at 150%
2nd Quartile (50th to 74th percentile)	Funded from 100% to 150% based on actual TSR results
3rd & 4th Quartile (0 to 49th percentile)	Funded from 0% to 100%(1)

(1) If our TSR is below the 50th percentile (i.e., third quartile), at least one of the pre-established corporate or business unit financial or non-financial performance goals must be achieved before any restricted stock grants will be awarded. If at least one of the pre-established performance goals is achieved, funding will be at 0%-100%, with the actual funding level determined by the Compensation Committee guided by competitive, market, industry and other factors.

The portion of the equity pool used for restricted stock grants that is funded based on achievement of the annual overall corporate financial goals is determined using the same percentage rating approved by the Compensation Committee for purposes of funding the corporate annual incentive pool.

Following the determination of the funding percentage for the equity pool, the Compensation Committee applies the individual performance factors described on page 37 as an adjustment performance factor to determine the executive officer s actual restricted stock award.

Annual Grant based on 2006 Performance

On February 13, 2007, the Compensation Committee approved the 2007 annual grant of long-term incentive awards in the form of restricted stock and stock options based on 2006 performance. These long-term awards were granted to the named executive officers on April 2, 2007. During 2006, we achieved above target performance of our overall corporate financial performance goals, resulting in the funding of one-half of the restricted stock portion of the equity pool at 110%. In addition, during 2006, El Paso s TSR relative to its peer group was in the second quartile (72nd percentile), resulting in the funding of one-half of the restricted stock portion of the equity pool at 144%. Accordingly, the restricted stock grants that were granted to the named executive officers on April 2, 2007 were funded at 127% of overall target and were adjusted for individual performance. Stock options were granted at target and were not adjusted for corporate or individual performance. The restricted stock and stock options vest in three equal annual installments beginning one year from the date of grant. The number of shares and grant date fair market value of the restricted stock and stock options awarded in April 2007 to each named executive officer is reflected in the Grants of Plan-Based Awards table on page 47 of this proxy statement.

Annual Grant based on 2007 Performance

On February 6, 2008, the Compensation Committee approved the 2008 annual grant of long-term incentive awards in the form of restricted stock and stock options based on 2007 performance. These long-term incentive awards are expected to be granted to the named executive officers on April 1, 2008. During 2007, we achieved above target performance of our overall corporate financial performance goals, resulting in the funding of one-half of the restricted stock portion of the equity pool at 115%. Also during 2007, El Paso s TSR relative to our peer group of companies was in the third quartile (41st percentile), resulting in the funding of one-half of the restricted stock portion of the equity pool at 82%. Accordingly, restricted stock grants that will occur in April 2008 based upon 2007 performance will be funded at 98.5% of overall target and the value of each named executive officer s individual grant will be adjusted for individual performance, as described above. Stock options will be granted at target and will not be adjusted for corporate or individual performance. The restricted stock and stock options will vest in three equal annual installments beginning one year from the date of grant. The following table sets forth the annual grant of long-term incentive awards that will be granted in April 2008 for 2007 performance for each of the named executive officers.

2008 Annual Grant of
Long-Term Incentive Awards
Based on 2007 Performance

Name	**Stock Options (#)**	**Restricted Stock (#)**
Douglas L. Foshee	376,950	139,115
D. Mark Leland	108,319	43,610
Brent J. Smolik	108,319	39,976
Robert W. Baker	108,319	36,341
James C. Yardley	108,319	36,341

Regulatory Considerations

Section 409A. Section 409A of the Code imposes new requirements for deferred compensation arrangements. During 2005 through 2007, we reviewed our plans and arrangements, identified what plans would be affected by Section 409A, operated in good faith compliance with the proposed regulations, and adopted the requisite amendments to our compensation plans to comply with the requirements of Section 409A.

Section 162(m). Section 162(m) of the Code imposes a limit of $1,000,000 on the amount that we may deduct for federal income tax purposes in any one year for compensation paid to our CEO and any of the our other named executive officers, other than our CFO, who are employed as of the end of the year. However, to the extent compensation is performance-based within the meaning of Section 162(m), the Section s limitations will not apply. Our executive compensation plans, including the 2005 Omnibus Incentive Compensation Plan, are structured so that awards under the plans are intended to qualify as performance-based compensation under Section 162(m). Specifically, annual cash incentive awards, stock options and performance-based restricted stock are designed to meet the requirements of Section 162(m). While the Compensation Committee strives to make awards under our plans that are intended to qualify as performance-based compensation under Section 162(m), it is possible under certain circumstances that some portion of the compensation paid to our executive officers will not meet the standards of deductibility under Section 162(m). The Compensation Committee reserves the right to award compensation which does not qualify as performance-based under Section 162(m) if it determines that such awards are necessary to provide a competitive compensation package to attract and retain qualified executive talent. The annual cash incentive awards, stock options and performance-based restricted stock that were granted to the named executive officers during 2007 were intended to be performance-based within the meaning of Section 162(m). Certain restricted stock grants awarded during 2006 and prior years may be considered non-performance-based within the meaning of Section 162(m) and, therefore, subject to the deductibility limitations under Section 162(m) when they vest.

Forfeiture of Certain Awards in the event of an Accounting Restatement

Under our omnibus plan, which provides for grants of annual cash incentive awards and long-term incentive awards, if it is determined that an executive officer in the plan knowingly engaged in, or was grossly negligent with respect to, misconduct that causes us to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws, the executive is required to reimburse us the amount of any payment in settlement of an award earned or accrued during the twelve-month period following the first public issuance or filing, whichever first occurred, of the financial document that is required to be restated. See the description of our omnibus plan beginning on page 68 of this proxy statement.

Table of Contents

Summary Compensation Table

The following table and the narrative text that follows it provide a summary of the compensation earned or paid in 2007 and 2006 to our CEO, our CFO and our three other most highly compensated executive officers according to applicable SEC regulations. The compensation reflected for each individual was for their services provided in all capacities to us and our subsidiaries. This table also identifies the principal capacity in which each of the named executive officers served us at the end of 2007.