



THE COMPANY TO OWN



At El Paso Corporation, we value the trust our shareholders place in us to be stewards of their investments. That's why during the last six years, we reduced our debt, improved our earnings, focused on safety, and, most importantly, maintained maximum flexibility to ensure we are positioned to deliver long-term value.



2008 in Review

For most of the year, El Paso enjoyed strong and rising commodity prices, growth in both of our core businesses, strong earnings and cash flow, and a stock that rose to a six-year high. In the latter part of 2008, however, the environment was much different. A worldwide recession gained momentum, capital markets collapsed, commodity prices were falling, and our stock neared a five-year low. We also experienced a very active hurricane season that impacted our operations offshore in the Gulf of Mexico, onshore along the Gulf Coast, and even at our headquarters in Houston.

Before the steep drop in commodity prices during the fourth quarter, the company was on track to make 2008 our sixth consecutive year of improved prices. In spite of unprecedented volatility, we stayed focused on our Pipeline and Exploration & Production businesses and realized some significant achievements.

Pipeline Group Performance

With more than 42,000 miles of pipeline in North America and an average daily throughput of approximately 19 billion British thermal units in 2008, we have the size, connectivity, and diversity to capitalize on growth opportunities and the dynamics of shifting supply and demand. This year, our Pipeline Group placed seven growth projects in service, while achieving the best safety record in the company's history. The successful completion of these projects was the result of investments we've made during the last two years to continue to improve our commercial skills, our supply chain management expertise, and our ability to successfully execute on projects. These investments will continue to pay dividends as we move forward on our signature achievement for 2008—increasing our backlog of committed growth projects to \$8 billion, which we expect to generate significant annual incremental cash flow when fully in service. This backlog of projects gives us a clear line of sight to annual pipeline earnings growth for the next five years.

In 2008, we committed to new growth projects in the Northeast, Southeast, and West, which will be placed in service between 2009 and 2012. The largest of these is our Ruby Pipeline, a new 680-mile, 42-inch pipeline which will connect competitively priced natural gas reserves in the Rocky Mountain region with markets in the Western United States. Ruby will be in service in early 2011.

Tennessee Gas Pipeline announced the 300 Line Expansion Project that will transport natural gas produced in the Appalachian and Marcellus shale regions to markets in the Northeast United States. The expansion facilities will consist of approximately 128 miles of 30-inch pipeline and approximately 55,000 horsepower of additional compression facilities to be constructed along our existing pipeline corridor in Pennsylvania and New Jersey. We anticipate construction will begin in late 2010, with the line being placed in service in late 2011. We have secured a customer commitment to a 15-year term for 100 percent of the expansion's capacity.

Colorado Interstate Gas announced the expansion of the natural gas pipeline transmission system that serves the Raton basin. The expansion project, which will consist of 118 miles of 16-inch pipeline, is supported by transportation commitments with three shippers for nearly all of the expansion's capacity. The in-service target is the second quarter of 2010. El Paso Pipeline Partners announced an expansion of the Wyoming Interstate Company pipeline system to transport natural gas from the Uinta Basin and Wamsutter production areas. This project will be in service in 2011.

Reliable supplies of liquefied natural gas (LNG) are also a critical component of the U.S. energy mix going forward. We own one of North America's best-located LNG facilities, Elba Island, near Savannah, Georgia, with 933 million cubic feet of daily base load send-out capacity. Elba Island receives regular LNG shipments from stable supply sources and serves as a key natural gas supply hub for markets in the Southeastern and Eastern United States, with current daily send-out capacity of more than 1.2 billion cubic feet. And we'll place a major expansion of our Elba Island facility in service in 2010.

Exploration & Production Company Performance

In our Exploration & Production business, we grew our non-proved inventory by almost 30 percent year-over-year. And that growth was in areas that have all the attributes we look for—significant acreage positions that are largely held by production, and large numbers of relatively low-risk, repeatable drilling opportunities that allow us to achieve substantial benefits from continuous process improvement and longevity of reserves. This business unit also replaced almost 200 percent of its reserves during the year at a cost per unit domestically of \$2.87 per thousand cubic feet equivalent (Mcf_e), before considering the effects of the price-related oil and gas reserve revision at year-end. This was a 12-percent improvement over 2007 during a year when most costs were at all-time highs.

These accomplishments are a direct result of our efforts to high-grade our portfolio; improve supply chain management; and focus on larger scale, more repeatable drilling programs.

In addition, during the year we put in place commodity price protection for 2009. The end result is that we achieved a floor price for 75 percent of our 2009 domestic gas production at around \$9 per thousand cubic feet and 60 percent of our oil was sold at approximately \$110 a barrel for 2009. As market conditions declined in the second half of the year, we built significant liquidity to position us to address our capital needs going forward.

At the end of 2008, the E&P Company controlled 3.8 million net leasehold acres. Our proved natural gas and oil reserves were about 2.3 trillion cubic feet equivalent.¹² In addition to our proved reserves, we closed out 2008 with significant resource inventory, including 3.5 trillion cubic feet equivalent of net risked unproved resource potential. During the year, our production averaged about 816 Mcfe per day.¹³

Strategic divestitures have allowed us to enhance the strength of our remaining assets. During 2008, as part of our efforts to high-grade our asset portfolio, we completed the sale of non-core properties primarily in the Texas Gulf Coast and Gulf of Mexico regions. In January 2009, we completed the sale of additional non-core natural gas producing properties in our Western and Central regions. These transactions have increased the weighting of our existing inventory toward lower-risk, onshore basins in the United States.

Internationally, the company has established operations in Brazil and began operations in Egypt in 2008. Our operations in Brazil cover approximately 329,000 net acres in seven blocks and eight development areas in the Camamu, Espirito Santo, and Potiguar basins located offshore Brazil. Production in Brazil averaged 11 Mcfe per day in 2008. Our Egyptian operations included 1.2 million net acres in two onshore blocks in Egypt's Western Desert at the close of 2008.



2009 and Beyond

Going forward, El Paso will build on our core strengths. First, our primary commodity, natural gas, is abundant, clean, and has the potential to be a key bridge fuel as the global economy works to reduce its carbon footprint. Second, we have the best natural gas pipeline assets in the business, and we will grow them significantly over the next five years with projects already planned. Our E&P program has upside potential in the areas of infill drilling, emerging shale plays, and international exploration. In 2009, we will focus on preserving opportunities for future growth in the business as we emerge from the current global economic challenges.

We value the support of our stakeholders and work hard to provide comprehensive information about the company and its stock performance on our Web site. Information on our share price, earnings, cash flow, and debt reduction can be found in the Investor Relations section of our Web site, elpaso.com.

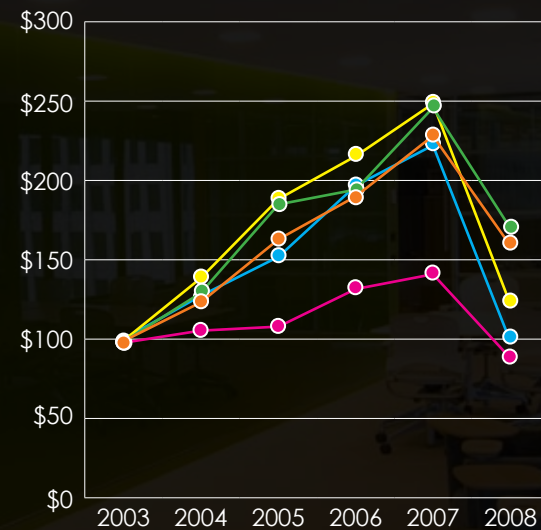
OVERVIEW OF CASH FLOW ACTIVITIES

During 2008, our Pipeline and Exploration & Production operations generated positive operating cash flow of approximately \$2.4 billion. In addition, \$0.7 billion was generated primarily from the sale of oil and gas properties and \$1.2 billion in proceeds in conjunction with the issuance of unsecured notes.

EL PASO CORPORATION FIVE-YEAR STOCK PERFORMANCE

This graph reflects the comparative changes in the value of \$100 since December 31, 2003, as invested in El Paso's common stock, the Standard & Poor's 500 Stock Index, the Standard & Poor's 500 Oil & Gas Storage & Transportation Index, and our peer group.¹⁴ The peer group we used for this comparison is the same group we use to compare total shareholder return relative to our performance for compensation purposes.

- El Paso Corp.
- S&P 500 Stock Index
- S&P 500 Oil & Gas Storage & Transportation Index
- New Peer Group
- Old Peer Group





Governance

Our company is governed by an independent Board of Directors, according to standards established by the New York Stock Exchange. The Board consists of 11 members, nine of whom have joined the Board since 2003. As of April 2009, RiskMetrics Group (formerly Institutional Shareholder Services or ISS), reported that El Paso outperformed 93.4 percent of the companies in the S&P 500, and our Board's performance ranked better than 99.6 percent of the companies in the energy group in corporate governance matters.¹⁵ Although this rating is just one indicator of our Board's cumulative governance performance, we believe it reflects our Board's commitment to maintaining high standards of corporate governance.

RiskMetrics Group noted several factors having a positive impact on our company's governance rating, including:

- The Board is controlled by a supermajority of independent outside directors (greater than 90 percent);
- All Board committees, including our Audit Committee, are composed solely of independent outside directors;
- The full Board of Directors is elected annually;
- Executives and Directors are subject to stock ownership guidelines; and
- All stock-based incentive plans are approved by shareholders.

To contact non-management members of the Board of Directors, send written correspondence to the following address:

El Paso Corporation

_____, Director
c/o Marguerite Woung-Chapman, Corporate Secretary
P.O. Box 2511
Houston, TX 77252

To learn more El Paso's Board of Directors, including committee duties, please visit the Governance section of elpaso.com.

BOARD OF DIRECTORS¹⁶



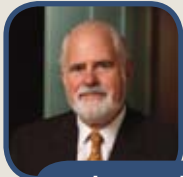
Juan Carlos Braniff



Anthony W. Hall, Jr.



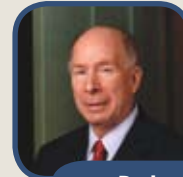
J. Michael Talbert



James L. Dunlap



Thomas R. Hix



Robert F. Vagt



Douglas L. Foshee*



Ferrell P. McClean



John L. Whitmire



Robert W. Goldman



Steven J. Shapiro

* Chairman of the Board

CORPORATE OFFICERS



Douglas L. Foshee

Chairman, President and Chief Executive Officer



D. Mark Leland

Executive Vice President and Chief Financial Officer



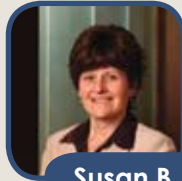
James C. Yardley

President, Pipeline Group



Robert W. Baker

Executive Vice President and General Counsel



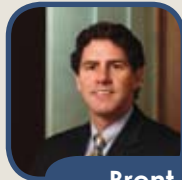
Susan B. Ortenstone

Senior Vice President, Human Resources & Administration



James J. Cleary

President, Western Pipelines



Brent J. Smolik

President, El Paso Exploration & Production Company

ACCESSING 2009 PROXY MATERIALS AND 2008 SUMMARY REPORT

As part of our vision to be the neighbor to have, El Paso Corporation adopted the Securities and Exchange Commission's "Notice and Access" model. This allows stockholders to access proxy materials online, with paper copies available upon request.

Our shareholders received an Important Notice Regarding the Availability of Proxy Materials from El Paso informing them how to access our 2009 proxy statement, 2008 annual report on Form 10-K, 2008 summary report, and their proxy ballot. Shareholders who prefer to receive paper copies through the mail were given instructions for requesting the materials in print. In addition to preserving our natural resources by conserving paper, we reduced the carbon footprint of our materials by reducing printing and delivering activities, and saved printing and postage costs as well. That's good stewardship no matter how you look at it.



www.elpaso.com/CSR

Please visit our Web site for more information about 2008 Awards and Recognition.