



Political Accountability Policy

I. Purpose:

The decisions of public policymakers at the federal, state and local levels, as well as in international locations, frequently impact our business operations and the overall returns to our shareholders. El Paso Corporation is committed to being a responsible corporate citizen and believes that it is important to encourage the development of sound public policy. As a result, the Company is committed to participating in the political process to promote public policies of long-term interest and importance to the Company and the energy industry. This participation includes (1) informing public officials about our businesses and the impact public policy decisions would have on our operations, (2) participating in industry trade associations to assist in developing industry-wide policy positions that shape laws and regulations impacting our businesses and (3) supporting candidates for public office. The Company also encourages all of its personnel on a voluntary basis to participate in the public policy process, encouraging them to exercise their individual rights of citizenship through their vote, advocating the development of sound public policy and supporting candidates for public office of their own personal selection. Finally, the Company has established a Political Action Committee and several state Political Action Committees (collectively referred to as the "PAC"). All employees meeting certain legal criteria are entitled to participate in the PAC on a voluntary basis. Although the PAC is sponsored by the Company, the PAC is a separate legal entity from the Company and is registered with the Federal Election Commission. In all levels of participation, El Paso demands the highest standards of professional conduct from those representing El Paso and its PAC.

II. General Policy Statement:

This policy identifies and summarizes some of the important laws and regulations applicable to El Paso and its political activities in the United States and in international locations. This policy also specifies the internal policies and procedures of the Company that (1) ensures compliance with both the letter and spirit of such laws and regulations, (2) provides controls and procedures to ensure that our activities are consistent with furthering the interests of the Company and our key stakeholders, including our shareholders, employees and the communities in which we operate and (3) ensures disclosure and accountability to our shareholders. The laws and regulations in this area are generally complex and require compliance with detailed reporting and disclosure requirements. As a result, you must seek guidance from the Company experts in these areas prior to engaging in political fundraising, making political contributions or otherwise actively participating in lobbying or other political activities. Failure to comply with these laws could subject you and the Company to severe criminal and civil penalties, as well as have a material negative impact on our public relations, reputation and shareholder value.

III. Applicability of Policy:

This policy applies to (1) all employees and non-employee directors of El Paso Corporation and its subsidiaries in the United States and in international locations and (2) any lobbyists or other outside representatives engaged in political activities on behalf of the Company, which shall be given a copy of, and be required to comply with, these policies. These policies also apply to political contributions made by the Company or the PAC, as well as restrictions on the use of the Company's assets or resources in relation to personal political activities by employees

of the Company. El Paso's employees, officers, directors and agents are responsible for promptly reporting to their supervisor, the Law Department or the Ethics & Compliance Office any violations of this policy by other individuals of which they become aware.

IV. Definitions:

A. El Paso Corporation

"El Paso Corporation" means El Paso Corporation, and its subsidiaries, divisions, groups, and affiliates ("El Paso" or the "Company").

B. El Paso Employees

"El Paso Employees" means the employees of El Paso Corporation, and its subsidiaries, divisions, groups, and affiliates ("El Paso employees" or "Employees").

C. Political Contribution

"Political contribution" is any gift, loan, advance or deposit of money, extension of credit, guarantee, provision of goods or services for free or at a discount, agreement made, obligation incurred or any other direct or indirect transfer of anything of value, made: (1) in connection with, or for the purpose of influencing any election for federal, country, state or local office or a ballot initiative; or (2) to pay debt incurred in connection with any such election or ballot initiative.

V. Policy Guidelines:

A. Summary of Applicable U.S. and International Laws and Regulations

All representatives of the Company shall comply with all applicable laws and regulations at the federal, state, local and international level in their political activities and interaction with public policymakers. This includes compliance with all disclosure and reporting requirements set forth in these applicable laws and regulations. Set forth below is a summary and non-exhaustive list of a few of the more significant laws and regulations that we must comply with in our political activities.

1. United States Federal Laws: There are many different federal laws and regulations that govern participation in the political process. However, there are three major laws that regulate this area in general:

a. The Federal Election Campaign Act ("FECA") establishes contribution limits for individuals, political action committees, and political parties. Importantly, the FECA prohibits campaign contributions for federal elections from corporations and foreign nationals, as well as cash contributions over a certain minor level. Although there are specific rules that are applicable to prohibitions on campaign contributions for partnerships and limited liability companies, you should assume that the same prohibitions applicable to corporations apply equally to any partnership or limited liability companies that are owned by the Company. It also governs disclosure requirements associated with campaign contributions and campaign expenditure.

b. The Bipartisan Campaign Reform Act governs campaign finance rules, including banning the national parties and federal candidates from accepting unlimited and unregulated donations known as soft money and prohibiting the use of political advertisements that were presented as issue ads.

c. The Lobbying Disclosure Act ("LDA"), as recently amended, imposes restrictions and reporting requirements for companies and "lobbyists." Lobbyists are defined based upon the amount of time spent on lobbying activities, the level of contacts with members and staff of Congress and certain levels of the executive branch and amount of compensation derived from such activities. There are various requirements for certain lobbyists to register and file periodic reports. There are restrictions on former government officials

and staff from lobbying for defined “cooling off” periods, as well as dealings with immediate family members of government officials. There are also other restrictions and reporting requirements imposed upon gifts, meal reimbursement, entertainment and trips for public policymakers, none of which shall be done without the review and approval of the General Counsel of the Company (or his or her designee).

The Federal Election Commission (“FEC”) is responsible for enforcing federal campaign finance law and serves as a clearinghouse for federal election disclosure reports. The FEC is comprised of six commissioners – three Democrats and three Republicans -- appointed by the President and approved by the Senate.

2. State and Local Laws: There are many different state and local laws and regulations that apply with regard to political activities in general, including laws and regulations that impact fundraising activities, making political contributions, lobbying activities and reporting requirements. Races for state and local offices operate under the laws of their jurisdictions. Contrary to federal campaigns, more than one-half of the states allow corporate contributions to local and state political candidates. Most states have limits on contributions from individuals that are frequently lower than the national limits. Most states have detailed reporting and disclosure requirements. The following is a link to a summary of the applicable state laws that apply with regard to political activities in each state: <http://www.fec.gov/pubrec/cfl/cfl98/chart4.html>. However, due to the complexity of such laws and regulations, you are required to seek the advice of the State Governmental Affairs or the Law Department prior to engaging in such activities on behalf of the Company or its PAC.

3. International Laws: There are many different laws and regulations that apply with regard to political activities in our locations outside of the United States, including laws and regulations that impact fundraising activities, making political contributions, lobbying activities and reporting requirements. You are required to seek the advice of the Law Department prior to engaging in such activities. For example, political contributions may be expressly prohibited in some countries in which we operate. In addition, we need to be mindful that political contributions may either violate or create the appearance of a violation of the Foreign Corrupt Practices Act. In this regard, review the policies set forth in the “International Compliance Policy – 100.2” with regard to any political contributions outside of the United States.

B. Political Contributions

1. Corporate Contributions: The Company will consider making political contributions for state and local elections on a limited basis where legally permitted and consistent with the guidelines set forth below.

2. PAC Contributions: The PAC will consider making political contributions for federal, state and local elections in accordance with all applicable laws and regulations and consistent with the guidelines set forth in paragraph 3 below.

3. General Policy Guidelines: With respect to either corporate or PAC contributions, the purpose of political contributions shall be to protect and enhance the interests of its key stakeholders, including its shareholders, employees and the communities in which we operate. Such contributions will reflect the interests of those key stakeholders and the Company and not the personal interests of its officers or directors. No employee or representative of the Company shall make any corporate or PAC contributions without the review and approval of the relevant governmental affairs representatives of the Company. Although we may provide contributions to other political action committees and other policy based organizations on a limited basis after thoroughly reviewing and conducting due diligence regarding the purpose and final uses of such contributions, our contributions will primarily focus on providing direct contributions to candidates where such contributions are permitted by law. Any indirect contributions to other organizations shall require the review and approval of the General Counsel of the Company (or his or her designee). Without limiting the above, in making political contributions, we will consider the candidate’s support on general industry issues as well as business issues important to our Company and its key stakeholders, including its shareholders, employees and the communities in which we operate. In reviewing such support, we focus on support on issues on a long-term basis, rather than merely support on an issue-by-issue basis. We do not expect candidates who receive contributions from our PAC or our Company to agree at all times with our positions on policy issues. Rather, we seek to support

candidates who recognize the importance of developing public policy that support the development and growth of natural gas and related energy products, as well as associated infrastructure projects to serve the energy requirements in the communities in which we operate.

C. Employee Political Activities

1. General Guidelines: Subject to the limitations below, the Company encourages all El Paso personnel to exercise their individual rights of citizenship by voting, making personal political contributions if they wish to do so with their own funds and being otherwise politically active in support of candidates or parties of their own personal selection. Such personal activities must be performed strictly in their individual and private capacities as responsible citizens and not on behalf of El Paso. El Paso personnel may not receive any direct or indirect reimbursement of offsetting refunds of any nature whatsoever with respect to political contributions made by them in any form.

2. Use of Company Resources: Employees may not generally use company time or resources, including telephones, email, stationery, faxes and photocopying machines, for personal political activities. Although certain federal, state and local election laws allow certain occasional, isolated or incidental uses of company facilities by employees for these types of personal political activities (e.g. minimal use of local telephones or email that does not cause the incurrence of incremental costs by the Company), employees must seek the approval of the General Counsel of the Company or designated legal representative prior to any such use of company facilities. Employees should not use their positions or titles with the Company in their personal efforts to elicit support on behalf of a candidate or political party. Furthermore, in making any personal political contributions, employees should not use company resources, including the services of assistants or governmental affairs representatives, to mail or deliver any personal contributions to political candidates.

3. Company PAC: The Company has established a PAC and eligible employees can join and contribute to the PAC. The PAC assists in providing support to the interests of the Company and its key stakeholders, including the shareholders, the employees and the communities in which our businesses operate. Such membership and contributions, however, are strictly on a volunteer basis only and no employees are required to participate or contribute to the PAC. As permitted by law, corporate funds and facilities may be used to provide the administrative support for the operation of the PAC.

D. Disclosure of Company and PAC Political Activities

1. Legal Reporting Requirements: There are various federal, state, local and international disclosure and reporting requirements associated with political contributions by the Company or the PAC. In particular, many of the state and local laws require similar disclosure and reporting requirements as those required by the FEC. We will comply fully with all such federal, state, local and international legal requirements.

2. Additional Voluntary Disclosures: To promote transparency for shareholders and others, the Company's annual voluntary disclosure will include the following information on a publicly available El Paso website:

- a. A copy of this Company Policy on Political Accountability.
- b. A link to the FEC website which details employee contributions to the Company's federal PAC, as well as the PAC's contributions to candidates, party committees and other PACs. A link to our reports filed with the Federal Election Commission is at www.fec.gov.
- c. A copy of the Company's Corporate Sustainability Report will be available to its shareholders each year. This report will include disclosures on the Company's policies and procedures regarding its political activities and the public policy issues of importance to the Company in the prior year.

Without limiting the above, the report will include the following information in each calendar year:

- i. The total political contributions made from the PAC;
- ii. The corporate political contributions by the Company and its majority owned subsidiaries in any state election campaigns where such corporate contributions are permitted by applicable state law, including individual corporate contributions in excess of (a) \$1,000 in any states in which there is no legal or regulatory obligation by the Company to report such individual corporate contributions or (b) \$200 in any states in which there is a legal or regulatory obligation by the Company to report such individual corporate contributions defined amounts;
- iii. Individual corporate contributions by the Company to organizations qualifying under Section 527 or Section 501(c)(4) of the Internal Revenue Code; and
- iv. Listing of any trade associations to which the Company is a member for which we paid dues in excess of \$50,000 that participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office and that qualify under Section 501(c)(6) of the Internal Revenue Code, including a report of the portion of the fees paid that are not deductible under Section 162(e)(1)(B) of the Internal Revenue Code.

E. Oversight of Political Activities

The Company has a comprehensive oversight process to ensure that political contributions and political activities are made in a legal, ethical and transparent manner that best represents the interests of our key stakeholders, including our shareholders, employees and the communities in which we operate.

1. Management Review and Oversight

a. **Political Contributions:** An advisory committee comprised of employees who are PAC participants assist the company's federal and state Government Affairs departments in recommending political contributions by the Company or the PAC. All political contributions by the Company or the PAC must be pre-approved by appropriate levels within the organization pursuant to the Company's established procedures regarding delegation of authority. In particular, any corporate or PAC political contributions in excess of \$25,000 must be approved by the President and CEO of the Company. Any political contributions up to \$25,000 can be approved by the General Counsel of the Company. Any political contributions up to \$10,000 can be approved by the representatives in charge of State and Federal Governmental Affairs functions in the Company.

b. **Company Resources:** Where permitted by law and authorized by the President and CEO, the General Counsel or the representatives in charge of State and Federal Governmental Affairs, expenditures may be made to inform or influence the voting public on issues critical to the business of the Company, its employees and stockholders. To that end, the Company may provide information to legislators, regulators and the public, in the form of testimony, advertising, or properly approved communications or information releases. Such efforts may further the cause of objective consideration of the issues, benefiting the public, as well as the Company and its shareholders. To the extent permitted by law and approved by the General Counsel of the Company, elected officials and candidates for public office may be permitted to tour the Company's facilities.

c. **Retention of Public Policymakers:** Many state and local legislatures only operate for limited sessions during each year. As a result, many public office holders frequently are engaged in private businesses or provide consulting or other professional services. In order to avoid the appearance of any conflict, prior to retaining any such state or local public office holder for work for the Company, the review and approval of the General Counsel of the Company shall be required.

2. **Board of Directors Oversight:** The Board of Directors, through the Governance and Nominating Committee, will

review at least annually the political activities of the Company and the PAC, including any political contributions made during the year and consistency of such contributions with the Company's guidelines set forth in this policy.

VI. Disclaimer:

This policy does not constitute nor imply a contract between the Company, El Paso employees, or any third-party. It has been voluntarily adopted for the sole and exclusive use of the Company and may be amended or withdrawn at any time without prior notice.