Retirement Savings Plan – *RSP Select*

El Paso Corporation

January 1, 2008

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In case of conflict between this Summary Plan Description and the Plan documents, the Plan documents will prevail. El Paso Corporation reserves the right to modify, amend, terminate, or otherwise change the Plan at any time.

El Paso Corporation Retirement Savings Plan – *RSP Select*

Purpose

The purpose of the Plan is to encourage and assist eligible employees in adopting a regular savings program to provide additional security for their retirement.

Important Information

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933, as amended.

This Summary Plan Description ("SPD") covers common stock of El Paso Corporation ("El Paso" or the "Company") and related plan interests, offered pursuant to the El Paso Corporation Retirement Savings Plan (the "Plan"). The provisions of the Plan govern the terms and conditions of the offer and sale of the common stock, including the prices of the shares.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith, files annual, quarterly, and current reports, proxy statements, and other information with the Securities and Exchange Commission ("SEC"). In addition, the Plan is subject to certain informational requirements of the Exchange Act, and in accordance therewith, files annual reports and other information with the SEC. The public may read and copy any reports, statements, or other information filed by the Company and the Plan at the SEC public reference room at Headquarters Office, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The filings are also available to the public from commercial document retrieval services and at the Web site maintained by the SEC at **http://www.sec.gov**.

The El Paso Corporation common stock is listed on the New York Stock Exchange under the symbol "EP." The Company's reports, proxy statements and other information may be read and copied at the New York Stock Exchange at 30 Broad Street, New York, New York 10005.

As of August 30, 2005, 15,000,000 shares of Company common stock are available for purchase through the Plan.

Incorporation of Documents by Reference

The following documents filed by the Company with the SEC are incorporated into this SPD by reference:

1. The Company's and the Plan's latest annual report filed pursuant to Section 13(a) or 15(d) of the Exchange Act, or with respect to the Company, either (i) the Company's latest prospectus filed pursuant to Rule 424(b) under the Exchange Act that contains audited financial statements for the Company's latest fiscal year for which such statements have been filed, or

(ii) the Company's effective registration statement on Form 10, Form 20-F or, to the extent applicable, Form 40-F filed under the Exchange Act containing audited financial statements for the Company's latest fiscal year, as applicable.

2. All other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the document referred to in (i) or (ii) above.

3. The description of the Company's common stock contained in a registration statement filed under the Exchange Act, including any amendment or report filed for the purpose of updating such description.

All documents subsequently filed by the Company with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment that indicates that all securities offered under the Plan have been sold or that deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this SPD and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein (or in any subsequently filed document which also is incorporated by reference herein or any document which constitutes part of the prospectus relating to the Plans meeting the requirements of Section 10(a) of the Securities Act of 1933, as amended) modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part hereof.

Right to Receive Company Information and Plan Annual Information

The Company hereby undertakes to provide without charge to each participant in the Plan, on the written or oral request of any person, a copy of (i) any or all of the documents that have been incorporated herein by reference (not including exhibits to the documents that are incorporated by reference unless such exhibits are specifically incorporated by reference into the documents that are incorporated herein), and (ii) each other document constituting a part of the prospectus covering the securities offered in connection with the Plan. Upon request, and without charge, the Company will also deliver to any Plan participant copies of all reports, proxy statements, and other communications distributed to stockholders. Requests for such copies should be directed to:

Corporate Secretary
El Paso Corporation
1001 Louisiana Street
Houston, TX 77002
TEL: (713) 420-2600

The Plan is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which sets forth the minimum requirements concerning participation, vesting and other matters that an employee benefit plan must satisfy, and provides rules regarding the manner in which an employee benefit plan is to be administered. ERISA also requires that an employee benefit plan prepare periodic reports and provide or make available other information to the participants in the Plan. For additional information concerning your rights under ERISA, see the *"Statement of ERISA Rights"* section within this SPD.

The complete terms and conditions of the Plan are set forth in the Plan document and the Trust Agreement for the El Paso Corporation Retirement Savings Plan (the "El Paso Trust Agreement") between El Paso Corporation Retirement Savings Plan Committee, El Paso Corporation and JPMorgan Chase Bank, N.A. (the "Trustee"). The information in this SPD with respect to the provisions of the Plan is a summary only and is subject to, and qualified by, reference to those documents.

About This Summary Plan Description

This Summary Plan Description ("SPD") provides information on benefits under the El Paso Corporation Retirement Savings Plan.

The Plan is commonly referred to in newsletters and other communications as ***RSP Select.***
RSP Select is a component of ***Select Benefits*** – the name generally used when referring to the overall benefits program for El Paso Corporation employees.

Access Your Benefits via the Internet or the El Paso Benefits Service Center

You can access your account 24 hours a day, seven days a week by logging on to **www.eprsp.com** or by calling the El Paso Benefits Service Center at **866-301-2359** and choosing option 2. When you are connected to the automated telephone system at JPMorgan, you will need your User ID and personal access code. You can speak with a representative weekdays between 7 a.m. and 7 p.m. Central Time.

Your User ID and Personal Access Code
You will need a User ID and personal access code to access your account information at JPMorgan.

Online

When you access your RSP account information on **www.eprsp.com** for the first time, you should use your Social Security number as your User ID. Your personal access code will consist of the last four digits of your Social Security number and your two-digit birth month and two-digit birth day.

For example:

Sample Social Security number................123-45-6789
Sample birth date..04-09-1968
Sample personal access code.........................67890409

Once you have accessed your RSP account, you will be prompted to create your own personalized User ID and access code. A User ID and access code that you create may be easier to remember. When you create your own User ID, you won't have to use your Social Security number to log on to **www.eprsp.com**.

Telephone

Your new personal access code will work with the JPMorgan automated telephone system, too. Call the El Paso Benefits Service Center at **866-301-2359**, choose option 2, enter your Social Security number and your new access code using your telephone keypad to convert any letters to numbers.

Note: You can only change your User ID through **www.eprsp.com**. You will continue to use your Social Security number as your User ID to access the JPMorgan automated telephone system.

Always keep your User ID and personal access code confidential.

RSP Select Highlights

Part of planning your financial future is saving for your long-term needs. The El Paso Corporation Retirement Savings Plan – ***RSP Select*** – can help you meet your financial goals.

- Generally, if you're an employee of a participating employer, and are not classified as a "temporary" employee, you are immediately eligible to participate in ***RSP Select***. A "temporary" employee must satisfy certain age and service requirements before becoming eligible to participate.

- If you are eligible, you may enroll in ***RSP Select*** online or by calling the El Paso Benefits Service Center.

- If you are eligible, you will be automatically enrolled to contribute 2 percent of your non-bonus earnings on a before-tax basis, unless you make a different election or decline to participate.

- You can make before-tax contributions, after-tax contributions, and Roth contributions to ***RSP Select*** totaling 1 percent to 50 percent of your earnings through payroll deductions.

- El Paso matches your contributions – \$0.75 for every \$1.00 you contribute – on the first 6 percent of earnings you contribute. After the end of each year El Paso may elect to make an additional matching contribution, based on your contributions made in the previous year, for those employed on January 31st of the following year, in an amount and under terms determined by El Paso.

- Beginning with the year in which you reach age 50, you may be eligible to contribute additional before-tax or Roth contributions that may exceed the normal Plan limits.

- ***RSP Select*** offers you a wide range of investment options for investing your savings.

- While you're still working, you may be eligible to take a loan or withdrawal to cover immediate financial needs.

- Your account grows tax-deferred until you receive a withdrawal or distribution. Amounts withdrawn or distributed are taxed differently depending on whether they are attributable to before-tax, after-tax, or Roth contributions.

- You can request a distribution of your entire account when you terminate employment.

Becoming a Participant

Eligibility

You are an eligible employee if you are an employee of a participating employer and are not:

- a non-resident alien;
- a foreign national employee who is working in the U.S. on a temporary assignment;
- a leased employee;
- treated as a non-employee for payroll tax purposes; or
- an employee who is covered under a collective bargaining agreement that does not provide for retirement benefits under this Plan.

If you have questions about your eligibility, call the El Paso Benefits Service Center (see page 7). Final determinations regarding your eligibility are made by the RSP Committee, which administers the Plan.

Special eligibility rules apply if you are classified as a "temporary" employee. If you are a temporary employee you may not become a participant until you have attained age 21 and have performed at least 1,000 hours of service for a participating employer during your first 12 months of employment or during any calendar year that ends after your first anniversary. A temporary employee becomes an eligible employee on the next January 1st or July 1st after satisfying the age and service requirements. You will be credited with 190 hours for each month in which you earn at least one hour of service for which you are paid or entitled to payment. If you are temporary and you terminate before you become a participant, and you are later rehired as a temporary employee, you must complete the service requirement after you return if a "break in service" occurred. A "break in service" is a calendar year in which you earn less than 501 hours of service.

Participation

You are eligible to enroll in ***RSP Select*** if you are an eligible employee of a participating employer. You will be automatically enrolled, unless you elect otherwise. Your decision to participate in ***RSP Select*** is voluntary, which means you may elect how much to contribute, or you may elect to not participate. The enrollment procedures are simple.

Automatic Enrollment

You will be automatically enrolled in ***RSP Select***, and will be deemed to have elected to contribute 2 percent of your non-bonus earnings on a before-tax basis unless you make another election. See *"Definition of Earnings"* on page 15. Your enrollment will be effective for the first pay period beginning more than 30 days following your date of hire (or the date you become eligible to participate if you are classified as a temporary employee), or as soon thereafter as administratively feasible. If you are automatically enrolled, your contributions will be invested in the age-appropriate JPMorgan SmartRetirement Fund (assuming you intend to retire at or near age 65), unless you make another investment election.

Making an Election

If you want to avoid automatic enrollment and contribute a different amount, start your contributions sooner, or not participate in the Plan at all, you must make an election before your automatic enrollment becomes effective. To make an election, you must go online or call the El Paso Benefits Service Center (see page 7) to choose a different contribution percentage, or to choose zero contributions. You may also go online or call the El Paso Benefits Service Center if you want to begin contributions before your automatic enrollment would become effective, and if you want to direct the investment of your contributions.

IMPORTANT: If you have not made another election before your automatic enrollment becomes effective, 2 percent of your non-bonus earnings will be deducted from subsequent paychecks before taxes are calculated and withheld, and that amount will be contributed to ***RSP Select*** on your behalf and will be invested in the age-appropriate JPMorgan SmartRetirement Fund (assuming you intend to retire at or near age 65), unless you make another investment election. These deductions will continue until you make different elections and your new elections are processed. Amounts automatically deducted and contributed on your behalf will not be refunded to you and may only be accessed as provided under the terms of ***RSP Select***.

How to Enroll

You may enroll in ***RSP Select*** online or by calling the El Paso Benefits Service Center (see page 7).

As part of the enrollment process, you will need to:

- Elect the percentage of your earnings, if any, that you want to contribute on a before-tax basis, after-tax basis, Roth basis, or any combination of the three. You may contribute any whole percentage of your earnings from 1 percent up to 50 percent. You make a separate election for your non-bonus earnings and for your bonus.

- Elect how your savings should be invested among the ***RSP Select*** investment fund options.

- Name a beneficiary to receive the distribution of your account if you die. You can change your beneficiary at any time by accessing your account via the internet or the El Paso Benefits Service Center (see page 7). However, if you're married, federal law requires that you may only name someone other than your spouse as beneficiary if your spouse signs the spousal consent on the Beneficiary Designation Authorization Form and has it notarized.

When Participation Ends

Once you begin saving in ***RSP Select***, your participation generally continues throughout your employment with El Paso Corporation or another participating employer. However, a participant may suspend or resume contributions as desired in accordance with the terms of the Plan. When you receive a final distribution of your account after termination of employment, your participation ends.

Building Your Account

Overview of Contributions

This section summarizes the different types of contributions that are allowed in ***RSP Select***. Both employee and basic Company matching contributions are made to ***RSP Select*** following the close of each payroll period. Additional Company matching contributions may be made annually, after the end of the year.

Type of Contribution	Definition	Federal Income Taxes* on Contributions
Before-Tax	You may contribute from 1% to 50% of earnings on a before-tax basis (subject to certain limits) less any after-tax or Roth contributions elected. *The Company matches basic contributions ($0.75 for every $1.00 contributed) on the first 6% of earnings contributed.*	No tax when contributed; contributions and earnings taxable when withdrawn.
After-Tax	You may contribute from 1% to 50% of earnings on an after-tax basis (subject to certain limits) less any before-tax or Roth contributions elected. *The Company matches basic contributions ($0.75 for every $1.00 contributed) on the first 6% of earnings contributed.*	Taxable when contributed; no tax on contributions when withdrawn. Earnings are taxed when withdrawn.
Roth	You may contribute from 1% to 50% of earnings on a Roth basis (subject to certain limits) less any before-tax or after-tax contributions elected. *The Company matches basic contributions ($0.75 for every $1.00 contributed) on the first 6% of earnings contributed.*	Taxable when contributed; no tax on contributions or earnings when withdrawn.
Basic Company Match	The Company matches your contributions ($0.75 for every $1.00 contributed) on the first 6% of your earnings contributed (subject to certain limits). Company matching contributions are allocated on the same percentages and to the same fund options in which you have elected to invest your ***RSP Select*** contributions.	No tax when contributed; contributions and earnings taxable when withdrawn.
Additional Company Match	After the end of the year the Company may elect to make an additional matching contribution based on your contributions made during the year, under terms determined by the Company, if you remain employed on January 31st of the following year.	No tax when contributed; contributions and earnings taxable when withdrawn.
Rollover	You may roll over a qualified distribution from another employer's eligible retirement or savings plan, or an Individual Retirement Account (IRA).	Tax will depend on type of rollover. Please contact the El Paso Benefits Service Center (see Page 7) for more information regarding rollovers.

* Social Security taxes may apply to your contributions, even though income taxes may not.

Your Contributions

You may contribute from 1 percent to 50 percent of your earnings in any combination of before-tax, after-tax, and Roth contributions in 1 percent increments. You specify the contribution percentages that apply to non-bonus earnings and to your bonus. See *"Definition of Earnings"* on page 15 within this SPD for the definition of "non-bonus earnings" and "bonus." Before-tax dollars are deducted from your paycheck before federal income taxes and state and local taxes (where applicable) are calculated. Because you pay taxes on a smaller portion of your pay, your current taxes are lower.

All your contributions, whether they are before-tax, after-tax, or Roth, are considered wages for Social Security tax purposes.

Your contributions (before-tax, after-tax, and Roth) are matched by El Paso Corporation. See "*Company Matching Contributions*" below for more information.

Note: The Internal Revenue Code places limits on the amounts you may defer under the Plan. The extent of your participation in the Plan may be affected by these limits. See "Limits on Contributions" on page 13.

Company Matching Contributions

For every dollar you contribute to ***RSP Select*** as a before-tax, after-tax, or Roth contribution – up to 6 percent of your earnings – El Paso will contribute 75 cents to your account. The maximum percentage of your earnings that are matchable and the rate of the match are set by the Company and are subject to change.

These basic Company matching contributions are made each pay period, and are contributed at the same time as the before-tax, after-tax, or Roth contributions to which they relate. There may be circumstances (*e.g.,* participation for only part of the year or changes in your deferral percentage during the year) when, at the end of the year, your total basic Company matching contributions do not total at least 75 cents for every dollar, up to 6 percent of earnings, that you contributed as before-tax, after-tax, or Roth contributions. If this happens to you, El Paso will make an annual corrective basic Company matching contribution (called a "true-up" contribution) to your account, so that you receive the maximum basic Company matching contribution for the year, when considering your total contributions and total earnings for the year.

For example, Bob is hired on July 1st and earns $5,000 per month. During July, August and September, he chooses to contribute 12 percent of his earnings ($600 each month, for a total of $1,800), and then changes his contribution percentage to 0 percent for the rest of the year. During July, August and September, the Company makes a basic matching contribution of 75 cents for every dollar he contributes up to 6 percent of his earnings each pay period, for a total of $675. At the end of the year, Bob has earned $30,000 and contributed $1,800 (6 percent of his earnings), but the matching contribution of $675 that he has received is only 37.5 cents for each dollar he contributed. After the end of the year, the Company makes a "true-up" matching contribution of an additional $675, so that Bob's total basic matching contribution is the full 75 cents for every dollar he contributed up to the first 6 percent of his earnings.

In addition to basic Company matching contributions, after the end of each year, the Company may decide to make an additional matching contribution based on your before-tax, after-tax, and Roth contributions made during the previous year. The terms of the additional matching contribution, if any, will be determined by the Company each year. You will only be eligible to receive an additional Company matching contribution if you (i) remain employed by the Company or a participating employer on January 31st following the end of the year for which the additional Company matching contribution is made, and (ii) made matchable contributions during such year. Senior officers are not eligible for the additional Company matching contribution.

Company matching contributions are generally made in cash, however, the Company may decide to make Company matching contributions in Company stock in lieu of cash. If this occurs, the contribution will initially be invested in Company stock rather than according to your investment elections. You can change your investments on a daily basis.

Note: The Internal Revenue Code places limits on matching contributions under the Plan. The extent of your participation in the Plan may be affected by these limits. See "Limits on Contributions" on page 13.

Catch-Up Contributions

Employees who have or will have attained age 50 as of the last day of the year are eligible to make special "catch-up contributions" in that year to accelerate their savings. Employees do not make a separate catch-up contribution election. A catch-up contribution is the amount an employee who is age 50 or older may contribute on a before-tax or Roth basis to ***RSP Select*** that may be in excess of the normal Plan or IRS limits established for a taxable year – up to the maximum catch-up amount allowed for that year (for example, $5,000 for 2008). Participants eligible to make catch-up contributions may elect to contribute up to 75 percent of their earnings to the Plan.

Changing or Stopping Your Contributions

You may have two contribution elections in effect at a time – one that applies to non-bonus earnings, and one that applies to bonus earnings. Your contribution agreements will continue in effect until you make a new agreement with respect to the same type of earnings. You can change the percentage you contribute to ***RSP Select***, or stop contributions entirely, at any time.

For example, you may change the contribution percentage, elect zero deferrals, or change between before-tax, after-tax, and Roth contributions. Completing a new contribution agreement will automatically revoke all prior agreements that apply to the same earnings. For example, if you have elected to defer 5 percent of both non-bonus earnings and bonus, and later change your election with respect to bonus to 3 percent, your agreement to defer 5 percent of non-bonus earnings will continue to apply, and 3 percent of your future bonus earnings will be contributed to the Plan.

Your changes will take effect as soon as administratively possible. Typically, contribution changes take effect in one to two pay periods from the time of request. To make changes to your contributions or to suspend or reinstate your contributions, you may access your account online, or by calling the El Paso Benefits Service Center (see page 7).

Your contribution elections continue from year to year unless you change your elections.

If You Take a Leave of Absence

In general, your contributions to the Plan will stop during any period of unpaid leave. Your account will remain invested in ***RSP Select*** and your contributions will automatically begin again when you return from leave.

Limits on Contributions

The government regulates the total amount that you and the Company can contribute annually to ***RSP Select***.

- Federal law limits the total amount of before-tax and Roth contributions you may contribute each year. For 2008, this amount is $15,500. For those eligible for catch-up contributions, the limit for 2008 is $20,500. If you reach the maximum amount of before-tax and Roth contributions into ***RSP Select***, your contributions will be suspended during the remainder of that year. If you wish to have these excess amounts contributed as after-tax contributions you must change your contribution elections online or by calling the El Paso Benefits Service Center (see page 7). If you contributed to both ***RSP Select*** and another employer's plan in the same year, it is your responsibility to ensure that your combined contributions do not exceed the annual limit. If your combined contributions exceed the annual limit, you may request that ***RSP Select*** refund the excess amount to you. ***RSP Select*** may, but is not required to, honor your request. ***RSP Select*** may only do so if it is administratively feasible to make the refund by April 15th of the following year. In general, requests received after April 1st cannot be honored.

- Federal law also limits the combined before-tax, after-tax, Roth, and matching contributions made to your account (excluding any catch-up contributions). This limit is the lesser of $46,000 (in 2008) or 100 percent of your earnings.

- The amount of earnings recognized for savings is also limited. Earnings above $230,000 (in 2008) must be disregarded for purposes of calculating contributions to the Plan. However, if this limit would otherwise be exceeded with respect to your earnings, your contribution percentage will be deemed to have been the minimum percentage of earnings necessary (not to exceed 50 percent) to allow the contributions actually made on your behalf. For example, if you elected to contribute 3 percent of your earnings, and earned $460,000, you would still be able to contribute the full $13,800 that you elected, but your contribution percentage would be deemed to be 6 percent of $230,000, rather than 3 percent of $460,000.

These limits increase from year to year based on changes in the cost of living.

The Plan may also impose additional limits on the contributions you make to ***RSP Select*** to insure that the Plan does not discriminate in favor of highly compensated employees. In some circumstances, tax laws may require the Plan to refund contributions and related earnings to certain highly compensated employees (and forfeit related matching contributions) after year-end. If this occurs, affected participants will be notified.

Rollovers from Other Plans

You may be eligible to roll over all or part of your distribution (including after-tax and Roth contributions) from one of the following types of plans to ***RSP Select***:

- a traditional or Roth IRA (or a SIMPLE IRA in which you participated for two or more years);

- any plan that is qualified under Section 401(a) of the Internal Revenue Code (*e.g.*, a 401(k) plan, a defined benefit pension plan, a money purchase pension plan, a profit-sharing plan, a thrift plan, an employee stock ownership plan, or a stock bonus plan);

- a Section 403(a) annuity contract;

- a Section 403(b) tax-sheltered annuity;

- a Section 457 eligible deferred compensation plan of a state or local governmental entity; or

- a SIMPLE 401(k) plan.

If you roll over such an amount, you will postpone paying taxes. Rollover contributions are generally taxable when withdrawn. However, if you roll over after-tax or Roth contributions, those contributions are not taxed when withdrawn (although the earnings thereon may be).

Although active participation in ***RSP Select*** is not required, you must be an eligible employee of El Paso or a participating employer to roll over amounts into the Plan.

To Request a Rollover
Specific rules apply to rolling over money into a qualified plan, such as ***RSP Select***. Call an El Paso Benefits Service Center representative at **1-866-301-2359 (select option 2)**, from 7:00 a.m. to 7:00 p.m., Central Time, Monday through Friday, for more information.

Vesting
You are always 100 percent vested in the entire value in your ***RSP Select*** account.

Definition of Earnings
For the purposes of the Plan, "earnings" is defined as total pay earned while an eligible employee, including:

- non-deferred salary or wages;
- sick and disability pay;
- pay for time off (whether time off is taken or cashed out);
- overtime;
- shift differentials;
- before-tax contributions, after-tax contributions, Roth contributions and catch-up contributions to the Plan, and any ***Flex Select*** salary reduction amounts;
- before-tax contributions to the Transportation Subsidy Account (pre-tax parking spending account);
- non-deferred annual performance bonuses;
- spot bonuses, CEO Discretionary Awards and ACE awards;
- cash awards under the El Paso Production and Non-Regulated Operations Incentive Awards Plan; and
- payments in lieu of notice under the WARN Act.

"Earnings" does **not** include the following:

- income related to any type of equity-based compensation or attributable to any equity-based compensation plan;
- bonuses under business-unit-specific bonus or incentive compensation plans;
- reimbursement for expenses or expense allowances (moving, relocation, housing, transportation and others);
- employer contributions to a qualified retirement plan other than this Plan, and employer and employee contributions to a nonqualified deferred compensation plan, and any income attributable to benefits from those plans;

- employer contributions to this Plan other than before-tax and Roth contributions;
- payments made in exchange for a release;
- transition pay, or any type of pay to encourage retention;
- any amount paid by an employer or separate funding vehicle for fringe benefits (including but not limited to, health and welfare benefits, long-term disability benefits, group life insurance benefits, educational assistance benefits, transportation benefits or fitness club benefits) or other perquisites;
- deferred compensation;
- bonus payments or awards not specifically included in earnings;
- foreign service premiums, mobility premiums, assignment differentials and cost of living adjustments;
- commissions;
- imputed income (vehicle, group term life, housing and others);
- severance or termination payments;
- tax gross-up payments, tax advances, and tax equalization payments;
- gifts; and
- any other forms of remuneration not explicitly included in earnings.

You may make two contribution elections that apply separately to your non-bonus earnings and to your bonus. For this purpose, "bonus" means only the portion of your earnings that consist of annual performance bonuses, spot bonuses, cash awards under the El Paso Production and Non-Regulated Operations Incentive Awards Plan (or any successor annual performance incentive plan), CEO bonuses, and ACE awards.

The Before-Tax Advantage: An Example

Here's an example that compares the tax effect of before-tax savings with after-tax savings in ***RSP Select***. Assume:

- Your earnings are $60,000.
- You elect to save 6 percent of your earnings, or $3,600.
- You're married and claim three exemptions and the standard deduction on your federal income tax return.

	Savings Before-Tax	Savings After-Tax
Your Earnings	$60,000	$60,000
Before-Tax Savings	- 3,600	- 0
Annual Earnings Subject to Tax	$56,400	$60,000
Estimated Federal Income Taxes	- 4,543	- 5,083
Earnings After Taxes	$51,857	$54,917
After-Tax Savings	- 0	- 3,600
Remaining Take Home Earnings	$51,857	$51,317

In this example, you end up with an additional $540 in take home earnings if you save on a before-tax basis. And, you could have an even greater amount in extra take-home pay when state and local taxes are considered. Keep in mind that all tax situations are not the same. You may want to consult with a tax advisor about your individual situation.

The Roth Contribution Alternative

You may designate all or a portion of your contributions to the Plan as Roth contributions. Roth contributions differ from before-tax and after-tax contributions in several ways. If you elect to make Roth contributions, the Roth contribution amount will be included in income for federal income tax purposes in the year in which it is made. However, when Roth contributions are withdrawn, the Roth contribution amounts **and all earnings allocated to your Roth contributions** are not subject to federal income tax so long as the following two requirements are met:

- the distribution occurs after the five taxable year period beginning with the first taxable year in which you made a Roth contribution to the Plan; and
- the distribution occurs after you have attained age 59½, have become disabled, or have died.

Contributions designated as Roth contributions cannot be reclassified as before-tax or after-tax contributions. In addition, Roth contributions will count towards your annual limit on Plan contributions, when combined with your before-tax contributions ($15,500 for 2008).

For example, if you have annual compensation of $60,000 in 2008, and elect to make a Roth contribution equal to 5 percent of your compensation and a before-tax contribution equal to 5 percent of your compensation, your Roth contribution to the Plan will equal $3,000 and your before-tax contribution to the Plan will equal $3,000. The total of these contributions may not exceed the annual limit on Plan contributions ($15,500 for 2008). The Roth contribution portion ($3,000) will be included in your income for federal income tax purposes, and income tax withholding amounts will be deducted from the remainder of your pay in 2008. The before-tax contribution ($3,000) will not be included in your income for federal income tax purposes and amounts will not be deducted from the remainder of your pay in 2008. See *"The Before-Tax Advantage: An Example"* on page 16 for more information. If you attain age 59½ on January 1, 2013, and request a distribution of both your Roth contributions and your before-tax contributions that year, your Roth contributions, and all earnings allocated to your Roth contributions, will be distributed to you without any federal income tax being imposed on those amounts. Your before-tax contributions, and all earnings allocated to your before-tax contributions, would be subject to federal income tax.

The above is a simple example of the pros and cons of both Roth contributions and before-tax contributions. These pros and cons will impact different people in different ways, therefore, you should consult with your tax advisor to determine which type of contributions are right for you.

After-Tax Contributions

You may designate all or a portion of your contributions to the Plan as after-tax contributions. You may elect to contribute from 1 percent to 50 percent of earnings on an after-tax basis less any before-tax and Roth contributions elected. However, after-tax contributions are not subject to the same annual contribution limits that apply to before-tax and Roth contributions (see *"Limits on Contributions"* on page 13). If you elect to make after-tax contributions, the after-tax contribution amount will be included in income for federal income tax purposes in the year in which it is made, but taxes are deferred on any earnings on your after-tax contributions until they are distributed to you. For detailed information regarding how the earnings on after-tax contributions are taxed, see *"Distribution of After-Tax Contributions"* on page 30.

Investing Your Account

Investment Funds

Participants and Beneficiaries decide how to invest their accounts in ***RSP Select***. It is very important to consider your investment decisions carefully to ensure your account will provide you with adequate retirement income. Generally, many consider that a well-balanced and diversified investment portfolio is the best strategy for achieving retirement goals. Investment of more than 20 percent of your portfolio in the security of one entity (such as El Paso Corporation stock) may not provide adequate diversification. If you would like to learn more about individual investing and diversification, you can obtain additional information at www.http://www.dol.gov/ebsa/savingmatters.html.

RSP Select provides 17 active investment funds in which you can invest your savings. Below is a summary of each investment fund. You may receive current fund performance information online or by calling the El Paso Benefits Service Center (see page 7). Returns illustrated in the current fund performance information may differ slightly from actual returns experienced by participants due to timing of investments, administrative fees, and cash required for daily processing. Certain fees and administrative charges are spread across all funds to more equitably share costs among all participants. Under certain situations, there may be short periods of time during which your contributions are not immediately invested (but are pending investment) in ***RSP Select***. Additional information is available in each fund's prospectus. Copies of the prospectuses are available through the El Paso Benefits Service Center.

EQUITY SECURITIES, SUCH AS COMMON STOCKS, ARE SUBJECT TO MARKET RISKS AND WILL FLUCTUATE IN VALUE. PARTICIPANTS SHOULD UNDERSTAND THAT THERE CAN BE NO ASSURANCE THAT THE RSP COMMITTEE'S AIMS AND OBJECTIVES FOR INVESTMENT FUNDS CONTAINING SUCH SECURITIES WILL BE ACHIEVED. THE EL PASO COMPANY STOCK FUND IS PARTICULARLY SUBJECT TO RISK BECAUSE THE FUND IS NOT DIVERSIFIED.

For more information about the RSP Committee, see *"RSP Committee"* on page 32.

Funds Overview

The following fund overviews show how the investment funds available through ***RSP Select*** compare in terms of investment objective, types of assets held and potential market risk. Recent performance history regarding ***RSP Select's*** investment funds can be accessed online or by calling the El Paso Service Benefits Center (see page 7). Keep in mind that fund performance represents *past* performance and should not be considered indicative of future performance. If you want to earn a higher return over the long term, you may have to accept more risk. Market risk typically goes up with return potential.

Core Funds

INVESCO Stable Value **Share Class: N/A** **Ticker N/A**

This fund is a stable value fund that seeks to provide for preservation of capital (amount invested) and stability of investment returns. The fund invests in a diversified portfolio of high-quality investments issued by major financial institutions. The fund may be appropriate for investors who seek minimal fluctuation of their invested principal or want to include a stable value fund in their diversified investment portfolio.

PIMCO Total Return **Share Class: Inst** **Ticker PTTRX**

This fund seeks maximum total return, investing for both current income and capital appreciation consistent with preservation of capital. The fund focuses on intermediate maturity fixed-income securities with an average duration ranging between three and six years. Investments are made in fixed-income securities and can include U.S. government and corporate bond securities, mortgages and other asset-backed securities. It may also invest in U.S. dollar and non-U.S. dollar denominated securities of foreign issuers.

Dodge & Cox Balanced **Share Class: Inst** **Ticker DODBX**

This fund seeks regular income, conservation of principal and an opportunity for long-term growth of principal and income. The fund invests in a diversified portfolio of common stocks, preferred stocks and fixed-income securities. The stock portion of the fund invests in companies that appear to be temporarily undervalued by the stock market. The fund will not hold more than 75 percent of its assets in stocks. The fixed-income portion of the fund consists of U.S. Government obligations, mortgage- and asset-backed securities, corporate bonds, collateralized mortgage-backed securities and others, while trying to maintain the fixed-income yield higher than the broad bond market.

Dodge & Cox Stock **Share Class: N/A** **Ticker DODGX**

This domestic equity fund seeks long-term growth of principal and income with a secondary objective to achieve a reasonable income. The fund invests primarily in a broadly diversified portfolio of common stocks that appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth.

Barclays Global Inv S&P 500 Equity Index Share Class: T Ticker N/A

This fund seeks long-term capital growth. This fund seeks to capture earnings and growth through investing in the same stocks held in the S&P 500 Index, which emphasizes stocks of large U.S. companies by using an indexing investment approach. A passive management style does not allow an opportunity to outperform the benchmark.

American Funds Growth Fund of America Share Class: R5 Ticker RGAFX

This fund's investment objective is to provide you with growth of capital. The fund invests primarily in common stocks of companies that appear to offer superior opportunities for growth of capital.

Laudus Rosenberg US Discovery Share Class: Select Ticker RDISX

This fund seeks a return (capital appreciation and current income) greater than that of the Russell 2500™ Index. In doing so, the fund will place relatively greater emphasis on capital appreciation than on current income. The fund invests primarily in the common stocks of small and mid capitalization companies that are traded principally in the markets of the United States. Under normal circumstances, the fund will invest at least 80 percent of its net assets in securities of U.S. Small/Mid Capitalization companies.

Harbor Small Cap Value Share Class: Inst Ticker HASCX

This fund seeks long-term total return. It invests in equity securities, principally common and preferred stocks, of small cap companies with market capitalizations in the approximate range of $100 million to $1.5 billion. The fund employs a value based investment style by seeking to identify companies with stocks trading at prices below what the fund believes are their intrinsic values.

UBS US Small Cap Growth Share Class: Y Ticker BISCX

This fund seeks to provide long-term capital appreciation. Under normal circumstances, the fund invests at least 80 percent of its assets (plus borrowings for investment purposes, if any) in equity securities of U.S. small capitalization companies. Small capitalization companies are those companies with market capitalizations of $2.5 billion or less at the time of purchase. Investments may include common stock and preferred stock. The fund may invest up to 20 percent of its net assets in foreign securities. The fund follows a strict growth discipline to identify strong companies believed to have sustainable competitive advantages and the potential for above average future earnings growth.

MFS Institutional International Equity ***Share Class: Inst*** ***Ticker: MIEIX***

This fund seeks capital appreciation. The fund invests, under normal market conditions, at least 65% of its net assets in common stocks and related securities, such as preferred stock, convertible securities and depository receipts, of foreign (including emerging market) issuers. The fund focuses on companies it believes have above average growth potential. While the fund may invest in companies of any size, the fund generally focuses on foreign companies with larger market capitalizations.

Lazard Emerging Markets-Inst ***Share Class: Inst*** ***Ticker: LZEMX***

This fund seeks long-term capital appreciation. The fund normally invests at least 80% of assets in equity securities of companies whose principal business activities are located in emerging market countries but focuses on companies in Latin America, the Pacific Basin and Eastern Europe. It may also engage in foreign currency transactions and lending portfolio securities.

El Paso Corporation Company Stock ***Share Class: N/A*** ***Ticker EP***

This investment is different from the other investment funds because it invests in a single entity. The investments are made exclusively in shares of common stock of El Paso Corporation. These shares are contributed to Plan participants' accounts at the fair market value of such shares as of the date of allocation.

Target Retirement Date Funds

JPMorgan SmartRetirement 2010 ***Share Class: N/A*** ***Ticker N/A***

This fund is a multi-asset fund and is designed for someone who is retiring in or around 2010. The fund is conservatively invested in JPMorgan equity (domestic and international), fixed income, real estate and money market strategies with an emphasis on fixed income and cash and will have moderate price fluctuation. The allocation to different asset classes will change over time and the fund will become increasingly conservative as retirement approaches.

JPMorgan SmartRetirement 2015 ***Share Class: N/A*** ***Ticker N/A***

This fund is a multi-asset fund and is designed for someone who is retiring in or around 2015. The fund is conservatively invested in JPMorgan equity (domestic and international), fixed income and money market strategies with an emphasis on fixed income and cash and will have moderate price fluctuation. The allocation to different asset classes will change over time and the fund will become increasingly conservative as retirement approaches.

JPMorgan SmartRetirement 2020 ***Share Class: N/A*** ***Ticker N/A***

This fund is a multi-asset fund and is designed for someone who is retiring in or around 2020. Investors with longer time horizons are better able to support higher levels of price fluctuation. The fund is invested with a moderate level of risk in JPMorgan equity (domestic and international), fixed income and money market strategies and will have a higher level of price fluctuation. The allocation to different asset classes will change over time and the fund will become increasingly conservative as retirement approaches.

JPMorgan SmartRetirement 2030 ***Share Class: N/A*** ***Ticker N/A***

This fund is a multi-asset fund and is designed for someone who is retiring in or around 2030. Investors with long time horizons are better able to support higher levels of price fluctuation. The fund is invested with a high level of risk in JPMorgan equity (domestic and international), fixed income and money market strategies and will have a high level of price fluctuation. The allocation to different asset classes will change over time and the fund will become increasingly conservative as retirement approaches.

JPMorgan SmartRetirement 2040 ***Share Class: N/A*** ***Ticker N/A***

This fund is a multi-asset fund and is designed for someone who is retiring in or around 2040. Investors with long time horizons are better able to support higher levels of price fluctuation. The fund is invested with a high level of risk in JPMorgan equity (domestic and international), fixed income, real estate and money market strategies and will have a high level of price fluctuation. The allocation to different asset classes will change over time and the fund will become increasingly conservative as retirement approaches.

Investment Elections

Making Your Investment Elections

You can allocate your future contributions in any of the 17 active investment funds offered by ***RSP Select*** in increments of at least 1 percent. The contributions you make to your ***RSP Select*** account will continue to be invested according to your investment elections until you make a change. Matching contributions are automatically allocated by the same percentage and to the same fund options as you elect to invest your ***RSP Select*** contributions. If you do not make an investment election, contributions will be invested in the JPMorgan SmartRetirement Fund appropriate for your age, assuming you intend to retire at or near age 65.

If a beneficiary does not direct the investment of any amount of his or her account, the amount shall remain invested in the same manner as it was invested at the time of the participant's death.

Changing Your Investment Elections

RSP Select allows you to change the investment elections of your future contributions on a daily basis. In general, your changes, when received by 3:00 p.m., Central Time, will be effective at the end of the same business day. Changes received after 3:00 p.m., Central Time, will be effective the next business day.

Transferring Your Existing Balances

You can transfer your existing balances, including matching contributions, on a daily basis. In general, your changes, when received by 3:00 p.m., Central Time, will be effective at the end of the same business day. Changes received after 3:00 p.m., Central Time, will be effective the next business day. In addition, you may direct that your investments be rebalanced automatically every six months.

Limit on New Investments in El Paso Company Stock

New investments in the El Paso Company Stock Fund are subject to limits, to encourage diversification. You may direct up to 25 percent of any future contributions (including your contributions, Company matching contributions and loan repayments) to the El Paso Company Stock Fund. Furthermore, you may not transfer your existing balances into the El Paso Company Stock Fund to the extent the transfer would result in more than 25 percent of your total account balance being invested in the El Paso Company Stock Fund. If you elect a transfer that would result in more than 25 percent of your total account being invested in the El Paso Company Stock Fund, your election will only be given effect to the extent possible, without exceeding the 25 percent limit.

Determining Your Account Value

By investing your contributions in the funds available through ***RSP Select***, you share in the investment performance of those funds. The value of your account is determined each business day.

Your Voting Rights

If your account is invested in the El Paso Company Stock Fund, you are entitled to the voting rights associated with the stock credited to your account.

Before each annual or special shareholders' meeting, you will receive proxy materials and a proxy form to instruct the Trustee on how to vote your shares of stock. If you do not submit a validly executed proxy, the Trustee will vote the shares allocated to your account in the same proportion as those that were returned, unless the RSP Committee directs the Trustee otherwise.

Similarly, in the event of a tender or exchange offer, you will be given an opportunity to direct the Trustee as to whether or not to tender or exchange the shares in your account. If you do not direct the Trustee, shares in your account will be tendered or exchanged in the same proportion as those shares for which directions were received by the Trustee, unless the RSP Committee directs otherwise.

Your Accounts

The Plan maintains the following types of accounts for each participant to track different types of contributions.

Account Name	**Account holds the following type of contributions and related investment earnings**
Before-Tax Account	Before-tax contributions
After-Tax Account	After-tax contributions
Roth Account	Roth contributions
Supplemental Account	Supplemental after-tax contributions made in the past – new supplemental after-tax contributions are not permitted
Rollover Account	Before-tax rollover contributions received from other plans or IRAs
After-Tax Rollover Account	After-tax rollover contributions received from other plans or IRAs
Roth Rollover Account	Roth rollover contributions received from other plans or IRAs
Company Match Account	Company matching contributions (each pay period) and additional Company matching contributions (annual), if any
Flex Account	Flex contributions made from ***Flex Select*** credits in the past – new flex contributions are not permitted
IRA Account	IRA contributions made in the past – new IRA contributions are not permitted
Prior Plan Match Account	Matching contributions made to certain predecessor plans that have merged into the Plan, including without limitation, pre-1997 matching contributions made to the Tenneco Energy Thrift Plan, matching contributions made to The Coastal Corporation Thrift Plan, pre-1990 matching contributions formerly held in the Burlington Resources Inc. Retirement Savings Plan, pre-1994 matching contributions made to the Sonat Savings Plan, and amounts formerly held in the Zilkha Matching Account in the Sonat Savings Plan.

Accessing Your Account While Working

RSP Select is designed to help you save for long-term needs. However, there may be times when you need access to your savings while you're still an active employee. Taking a withdrawal is one option for you; borrowing against your account is another. Keep in mind that taking a withdrawal may subject you to taxes and penalties. See *"Tax Consequences"* on page 30 for more information. Below is a summary of your in-service withdrawal and loan options. Please contact the El Paso Benefits Service Center (see page 7) for more information.

In-Service Withdrawals

You may be able to withdraw all or part of your accounts prior to your termination of employment even if you do not have a financial hardship.

In-Service Withdrawals Prior to Age 59½

If you are an active employee who has not yet attained age 59½, you may withdraw up to the entire balance of your IRA Account, Supplemental Account, Rollover Account, After-Tax Rollover Account, Roth Rollover Account, and Prior Plan Match Account. See *"Tax Consequences"* on page 30 for more information.

In-Service Withdrawals at or After Age 59½

If you are an active employee who has attained age 59½, you may withdraw up to the entire balance of your ***RSP Select*** account; however, there may be tax consequences. See *"Tax Consequences"* on page 30 for more information.

In-Service Withdrawal Sequence

In general, any withdrawal will come first from after-tax funds in your account, then from Roth funds in your account, and then from before-tax funds in your account. Otherwise, your accounts will be debited on a pro-rata basis. Note that you may be required to pay taxes and penalties on amounts that you withdraw. See *"Tax Consequences"* on page 30 for more information.

Hardship Withdrawals

If you are faced with a financial hardship, you may request a hardship withdrawal of contributions held in your After-Tax Account, Before-Tax Account, and Flex Account, in that order. Investment earnings in these accounts are not available for hardship withdrawals.

Hardship withdrawals are strictly regulated by the IRS. They may be approved only up to the amount you need to meet an immediate and heavy financial need (including amounts necessary to pay excise or income taxes arising from the distribution). In addition, to qualify for a hardship withdrawal, you must already have obtained all distributions (other than hardship withdrawals) and loans available from ***RSP Select*** and other El Paso retirement plans. Hardship distributions are not eligible for rollover. If you have a loan, you may not withdraw amounts pledged as collateral for your loan. You do not have to pay a hardship withdrawal back to the Plan. A hardship withdrawal is subject to any applicable federal, state or local income taxes. In addition, if you are under age 59½, your hardship withdrawal distribution might be subject to a 10 percent early withdrawal penalty tax. See *"Tax Consequences"* on page 30 for more information.

What Qualifies as a Hardship

Financial emergency withdrawal requests for the following types of expenses will be considered. You will need to provide documentation of the hardship with your request.

►***Expenses for medical care*** previously incurred or amounts necessary to obtain medical care for you, your spouse, or anyone who qualifies as your "dependent" for federal income tax purposes. Documentation required: detail of medical expenses, including an Explanation of Benefits from the insurance company, showing amounts you are responsible for paying. To be eligible, expenses must be tax-deductible health care expenses as defined by the IRS (determined without regard to whether the expenses exceed 7.5 percent of the adjusted gross income). Refer to the tax instructions for filing Form 1040 and IRS Publication 502 *Medical and Dental Expenses*. This publication is available from the public library or your local IRS office. Examples of health care expenses that are *not* covered are items such as cosmetic surgery (that is not required as a result of injury, disease or birth defect) or long-term care expenses.

►***Funeral and burial expenses*** for your deceased parent, spouse, children or dependents (as defined for federal income tax purposes).

Impact on Plan Participation

If your hardship withdrawal request is approved, your contributions to the Plan and certain other plans such as nonqualified deferred compensation plans, stock option plans, stock purchase plans and other similar plans maintained by the Company (or a participating employer) will be suspended for six months after you receive your withdrawal. Your contributions will automatically resume after the suspension period at the level in effect prior to the suspension period unless you make new elections.

Taking a Loan

If you need access to your ***RSP Select*** account while you are still working, a loan is an alternative to taking a withdrawal. When you take a loan from ***RSP Select***, you pay yourself back with interest through payroll deductions. The money you receive from the loan is not taxed as long as you pay back the loan in accordance with its terms. Your payments – including interest – are reinvested in your ***RSP Select*** account according to your investment elections.

Eligibility

You are eligible to take a loan if you are an active employee, and have at least $2,000 in your ***RSP Select*** account.

Loan Terms

The minimum loan amount you can borrow from your ***RSP Select*** account is $1,000. The maximum loan amount you can borrow from your account is 50 percent of the first $100,000 of your account balance (not including amounts in your IRA Account), less the highest outstanding loan balance in the last 12 months. You may have two loans from the Plan outstanding at one time. You must execute a promissory note for each loan you take.

You may not borrow amounts in your IRA Account, Roth Account, and Roth Rollover Account.

Loans are prorated across investment funds. This means that a portion of your loan amount will be taken from each of the investment funds in which your account is invested. Loans are deducted from your accounts according to the order established by the RSP Committee.

Interest Rate
When you take a loan from the Plan, you pay your own account back with interest. The interest rate on your loan is fixed, and is the prime rate for the month in which you request the loan, as published in the Wall Street Journal, plus 1 percent.

Repaying Your Loan
You are required to pay back your loan through after-tax payroll deductions within a period of at least 12 months, but not more than 60 months, unless your loan is to be used to acquire your principal residence, in which case the maximum loan term is 15 years. If you choose, you can repay the balance of your loan in full at any time prior to the end of your repayment term. Your payments – including interest – are repaid to your ***RSP Select*** account and are invested according to your current investment elections for new contributions.

Special rules may apply if you are on an authorized leave of absence or long-term disability.

Applying for a Loan
To model loan payments, request a loan, request a payoff amount, or review outstanding and new loan information, you may access your account online, or by calling the El Paso Benefits Service Center (see page 7).

If You Default on Your Loan
If you miss any scheduled loan repayments, your loan will be considered in default. If your employment is terminated, or other circumstances prevent repayment through payroll deduction, you may continue to make loan payments through a pre-authorized check arrangement. If your loan is in default and you fail to make any missed payment by the end of the calendar quarter following the calendar quarter in which the payment was due, your outstanding loan balance will be treated as if you had received a distribution from ***RSP Select***. This means the outstanding loan balance will be reported to the IRS as taxable income, and you will be required to pay any applicable taxes and penalties.

Final Distribution

You can receive a total distribution of your ***RSP Select*** account balance when you:

- terminate employment
- are considered to have terminated employment upon the earlier of (a) one year after you are considered totally disabled and entitled to benefits under the employer-sponsored long-term disability plan, or (b) the date you receive your Social Security Disability Award.

If you die, your beneficiary receives the distribution of your account.

Immediate Lump-Sum Distribution

You can receive an immediate lump-sum distribution of your account. If your balance is $1,000 or less (including your Rollover Account balance, After-Tax Rollover Account balance, and Roth Rollover Account balance) and you have not already commenced receiving installment payments, you will automatically receive a final payment of the balance in your account. However, if your account balance is more than $1,000, you can take an immediate lump-sum distribution, or elect other distribution options. This $1,000 limit is referred to as the "Cash-Out Limit."

Deferred Lump-Sum Distribution

If your account balance is more than the Cash-Out Limit (see *"Immediate Lump Sum Distribution"* on page 28), you may defer your distribution to a date that is before April 1st of the year following your attainment of age 70½.

Installments

You may elect to receive installments from ***RSP Select*** if your balance is greater than the Cash-Out Limit (see *"Immediate Lump Sum Distribution"* on page 28). You may elect to receive payments each quarter or on an annual basis. All installments must end before April 1 of the year following the year in which you attain age 70½.

If you elect to receive installments, you may, at any time, request a total distribution of the remaining balance.

Distributions of Funds

Distributions from the El Paso Company Stock fund can be made in cash or shares (or a combination of cash and shares) based on your election. All other funds will be distributed in cash. Subject to El Paso's Insider Trading Policy, generally, there should be no restriction on the sale of El Paso common stock following its distribution to you.

Pension Purchase Option

When you retire, you can transfer any amount of your taxable balance from your ***RSP Select*** account to ***CBP Select*** under the Pension Purchase Option. See *"Pension Purchase Option"* in the ***CBP Select*** SPD.

Rollovers

To avoid the automatic 20 percent withholding of federal income tax on most taxable distributions made directly to you, if the distribution is for $200 or more, you may elect a direct rollover to another employer's eligible retirement plan (that accepts such payments) or to an Individual Retirement Account ("IRA"). You may make a partial rollover, and receive the rest of the distribution yourself, provided the amount rolled over is at least $500. Any amount paid to you will be subject to withholding.

Amounts rolled over from your Roth Account or Roth Rollover Account, or both, are treated as a separate rollover, and such rollover may only be made to a Roth rollover account in another employer's plan or to a Roth IRA. You may also be eligible to elect a direct rollover from your non-Roth accounts to a Roth IRA depending on your own tax situation. Please consult your own tax advisor to determine if you may be eligible.

A non-spouse beneficiary may direct a rollover to an IRA, but may not elect to roll over funds to another employer's eligible retirement plan.

If you elect a direct rollover, the Plan will make the check payable to the name of the IRA Trustee or the eligible plan name that you provide. If your rollover will include after-tax or Roth contributions, you are responsible for checking to be sure that the new plan will accept such contributions. If you want to roll over stock, check to be sure the IRA or plan accepts stock. If you do not make a direct rollover and receive your distribution check in your own name, you still have 60 days to make a rollover on your own. However, you will be responsible for making up the 20 percent withholding if you want to roll over the full amount of your taxable withdrawal or distribution.

For more detailed information on rollovers, see *"Special Tax Notice Regarding Plan Payments"* on page 40. Please note that a rollover of your non-Roth accounts to a Roth IRA is not a tax-free rollover. If you roll over your non-Roth accounts to a Roth IRA, no taxes will be withheld on the amount of your rollover, but the amount of your rollover will be reported as taxable income to you in the year of distribution. You should consult your own tax advisor before you decide to roll over your non-Roth accounts to a Roth IRA.

If You Die

If you die, your beneficiary will receive a total distribution of your account. If you have begun receiving installments at the time of your death, your beneficiary may continue receiving installments or elect a total distribution of the remaining balance. If there is no beneficiary designation on record for you, or if the beneficiary does not survive you, payment will be made to your spouse if you're married; otherwise, payment will be made to your estate. You can name or change your beneficiary by accessing your account online or by calling the El Paso Benefits Service Center (see page 7). If you are married and name someone other than your spouse as beneficiary, your spouse must provide notarized consent.

If You Divorce

Your ***RSP Select*** benefit belongs solely to you (or your beneficiary, if you die). In general, it cannot be assigned to anyone else. However, if you get divorced, certain court orders could require part of your benefit to be paid to someone else, such as your former spouse. This is known as a Qualified Domestic Relations Order ("QDRO"). You will be notified if the Plan receives a QDRO that could affect your benefit. Participants and beneficiaries can obtain a copy of the Plan's QDRO procedures from the El Paso Benefits Service Center (see page 7), without charge.

How to Request a Distribution of Your Account

To request a distribution, you may access your account online or by calling the El Paso Benefits Service Center (see page 7). **Please read *"Special Tax Notice Regarding Plan Payments"* beginning on page 40, before requesting a distribution.**

Tax Consequences

You don't pay taxes on before-tax contributions, Company matching contributions, before-tax rollover contributions, or any investment earnings when they go into the Plan. Therefore, those amounts are taxable when they are paid out to you. This deferral of taxes is a major advantage of participating in ***RSP Select***.

You pay taxes on your after-tax contributions and after-tax rollover contributions before they go into the Plan, so these contributions will not be taxed when they are paid to you, either as an in-service withdrawal, as a hardship withdrawal, or as a final distribution. However, earnings on after-tax contributions are taxable when they are paid to you.

You pay taxes on your Roth contributions and Roth rollover contributions before they go in the Plan, so these contributions will not be taxed when they are paid to you. Earnings on these contributions will also not be taxed when they are paid to you if your distribution is after the end of the fifth full year starting with the year in which you made your first Roth contribution to the Plan, and you have attained age 59½ or are disabled.

As a general matter, tax laws are complicated and subject to change, so you should consult a tax advisor before taking a withdrawal or distribution from ***RSP Select***.

Distribution of After-Tax Contributions

After-tax contributions are not taxed at the time of withdrawal. However, earnings on after-tax contributions are taxable if you make a withdrawal. According to IRS regulations, an in-service withdrawal of after-tax contributions would work as follows:

- Your withdrawal is taken first from contributions made before 1987 without any of the earnings attributable to them. Because these amounts are entirely after-tax contributions, you pay no taxes.

- If your withdrawal of after-tax contributions is larger than the total of your after-tax contributions made before 1987, then the rest of your withdrawal of after-tax contributions is considered to be made up of a prorated portion of your after-tax contributions made after December 31, 1986, and the investment earnings associated with your after-tax contributions. The earnings portion of the withdrawal is considered taxable.

To determine how much of your withdrawal is taxable, you need to consider how much of your total after-tax account balance is made up of earnings.

Taxation of Final Distributions

Generally, final distributions (less your after-tax contributions, Roth contributions, and earnings in a qualified Roth distribution) are subject to income tax in the year received, unless the taxable portion is rolled over into an IRA or another eligible plan.

Withholding Rules

The IRS requires the Plan to automatically withhold 20 percent of the taxable portion of certain withdrawals and distributions from your ***RSP Select*** account. In general, this includes the taxable portion of any payment made to you other than installments paid out over 10 years or more.

The 20 percent withholding is an advance (estimated) payment on the income taxes you owe on the taxable portion of your withdrawal or distribution. Consult a tax advisor regarding your individual circumstances.

You can avoid the 20 percent withholding by making a direct rollover of your withdrawal or distribution to an IRA, or another eligible plan that accepts rollovers.

Withholding requirements are explained in more detail under *"Special Tax Notice Regarding Plan Payments"* beginning on page 40.

Early Withdrawal Penalty Tax

The IRS applies a 10 percent early withdrawal penalty tax on the taxable portion of any payment you receive before age 59½. This tax is in addition to regular income taxes and is not automatically withheld. You are responsible for paying this tax when you file your tax return for the year you received the distribution. The tax does not apply if:

- you die;
- you become totally disabled;
- you terminate employment or retire during or after the year in which you reach age 55;
- you roll over the taxable portion of your payment;
- your distribution is made in installment payments over 10 or more years;
- your distribution is used to pay for certain tax-deductible medical expenses; or
- the distribution is made subject to a QDRO.

For more detailed information regarding taxation of distributions and your rollover options, see *"Special Tax Notice Regarding Plan Payments"* beginning on page 40.

Administrative Information

The El Paso Corporation Retirement Savings Plan Committee ("RSP Committee") has the sole authority to administer the Plan and to appoint and remove the Trustee.

The Trustee has the responsibility for the administration of the trust and the management of the assets held under the trust. No fiduciary guarantees the trust fund in any manner against investment loss or depreciation in asset value.

RSP Committee

The RSP Committee is a committee of three or more members. Each RSP Committee member is an employee of El Paso Corporation and has been appointed by the Chief Executive Officer of El Paso Corporation. The Plan provides that the RSP Committee has all powers necessary for the administration of the Plan and is the "Plan Administrator." The RSP Committee may designate any person, partnership or corporation, to carry out any of its responsibilities under the Plan.

Plan Expenses

Plan expenses are paid from several sources.

- Every quarter, a per participant administrative charge will be deducted from your account to cover the cost of administering the Plan. This charge applies equally to each participant, regardless of your investment elections. The RSP Committee will determine the amount of this charge, which may change from time to time. All quarterly charges will be disclosed on your account statement.

- Other Plan expenses are paid with amounts netted out of the investment returns of particular investments. You may refer to the fund prospectus (if available) or other fund descriptions available from JPMorgan Retirement Plan Services for more information about the investment fees associated with each fund. This information is available online or through the El Paso Benefits Service Center (see page 7).

- In general, you do not pay any sales commissions or transaction costs when you initially invest in an investment fund, or subsequently transfer funds within your account from one investment fund to another. The exception is the El Paso Company Stock fund. When you buy or sell Company stock in your account, you pay a fee. Fees may vary, but a cost in the range of $.05 to $.09 per share can be expected. Any such fees charged will be netted in the purchase or sell price of your Company stock.

- Fees are also deducted from the accounts of individual participants based on particular transactions or services. For example, a loan fee will be deducted from the account of a participant who takes out a loan. Similarly, an overnight mailing fee will be deducted from your account if you request an expedited overnight mail delivery, in lieu of regular first class mailing.

- Finally, the Company may pay Plan expenses, from time to time, at its discretion.

Claims and Appeals

The RSP Committee has the authority to interpret Plan provisions and render claim decisions based on the interpretation. Plan provisions include the benefits payable to any participant or beneficiary and the right of any participant or beneficiary under the Plan.

Any person who believes that he/she is entitled to any benefit or right provided under the Plan has the right to file a written claim with the Claims Administrator. The Claims Administrator is one or more persons designated by the RSP Committee to decide claims.

a. Submission of Claim. A claim for benefit payment is considered filed when a written request is submitted to the Claims Administrator. The Claims Administrator shall respond to a claim in writing or electronically. An authorized representative may act on behalf of a participant or beneficiary ("Claimant") who claims benefits.

b. Notice of Denial. Any time a claim for benefits is wholly or partially denied, the Claimant will be given written or electronic notice of such action within 90 days after the claim is filed, unless special circumstances require an extension of time for processing. If there is an extension, the Claimant will be notified of the extension and the reason for the extension within the initial 90-day period. The extension shall not exceed 180 days after the claim is filed.

   The denial notice will indicate: i) the reason for denial, ii) the specific provisions of the Plan on which the denial is based, iii) an explanation of the claims appeal procedure including the time limits applicable to the procedure and a statement of the Claimant's right to bring a civil action under ERISA Section 502(a), and iv) a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary.

c. Right to Request Review. Any Claimant who has had a claim for benefits denied by the Claims Administrator, who disputes the benefit determination, or is otherwise adversely affected by action of the Claims Administrator, shall have the right to request a review by the RSP Committee. The RSP Committee shall provide a full and fair review that takes into account all comments, documents, records, and other information submitted relating to the claim, without regard to whether the information was previously submitted or considered in the initial benefit determination. Such request must be in writing, and must be made within 60 days after the Claimant is advised of the Claims Administrator's action. If written request for review is not made within such 60-day period, the Claimant shall forfeit his or her right to review. The Claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits. The Claimant may submit written comments, documents, records, and other information relating to the claim.

d. Review of Claim. The RSP Committee will then review the claim. The RSP Committee may hold a hearing if it is deemed necessary and shall issue a written decision reaffirming, modifying, or setting aside the initial determination by the Claims Administrator within a reasonable time and not later than 60 days after receipt of the written request for review, or 120 days if special circumstances, such as a hearing, require an extension. If an extension is required, the Claimant will be notified in writing or electronically within the initial 60-day period of the extension, the special circumstances requiring the extension, and the date by which the RSP Committee expects to render a determination.

A copy of the decision will be furnished to the Claimant. The decision will set forth the specific reasons for the decision and specific Plan provisions on which it is based, a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim, and a statement of the Claimant's right to bring a civil action under ERISA Section 502(a). The decision will be final and binding upon the Claimant and all other persons involved.

Employment Status

The Plan is not a contract of employment nor consideration for your employment. The Plan is not a guarantee of continued employment with El Paso Corporation or any participating employer.

Amendment and Termination of The Plan

El Paso Corporation, the sponsor of the Plan, currently intends to continue the Plan indefinitely but retains the right to change, suspend, or terminate the Plan, in whole or in part, at any time and for any reason without notice to or the consent of any person.

Plan Documents Control

This summary is known as a Summary Plan Description ("SPD"). All of the Plan documents are available from the El Paso Benefits Service Center. The SPD is an overview only, and the statements in the SPD are written to be read as a whole. You should not rely on statements or explanations taken out of context. Subsequent changes to the Plan and the SPD may be communicated in written materials such as newsletters, postings, and flyers.

In the event of any inconsistency between any communication regarding the Plan and the Plan documents, the Plan documents shall control in all cases. In the event of any inconsistency between this SPD and any of the other Plan documents, such other Plan documents shall control in all cases.

The RSP Committee has the sole and exclusive authority to interpret the Plan documents, except where it has delegated that authority.

General Information

Information About The Plan

Name of Plan	El Paso Corporation Retirement Savings Plan
Plan Number	002
Sponsor of Plan	El Paso Corporation
Sponsor's IRS Employer Identification Number	76-0568816
Name of Plan Administrator	El Paso Corporation Retirement Savings Plan Committee ("RSP Committee")
Address of Plan Administrator	Retirement Savings Plan Committee c/o El Paso Corporation 1001 Louisiana Street Houston, TX 77002
Phone Number of Plan Administrator	(713) 420-7299

Plan Year
For accounting purposes, the Plan Year is the calendar year.

Plan Type
The Plan is a defined contribution plan that contains a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code.

Service of Process
The agent for service of legal process is:

Corporate Secretary
El Paso Corporation
1001 Louisiana Street
Houston, TX 77002

Legal process may also be served on any member of the RSP Committee or the Trustee.

Sources of Plan Funding
The Plan is funded by the contributions made by Plan participants and participating employers. The contributions are held in the Trust for the El Paso Corporation Retirement Savings Plan. The name and address of the Trustee are:

JPMorgan Chase Bank, N.A.
3 Metro Tech Center, 5th Floor
Brooklyn, N.Y. 11245

Participating Employers

Listed below are the participating employers under the Plan, in addition to El Paso Corporation, as of January 1, 2008:

Name of Employer
CIG Pipeline Services Company, LLC
El Paso Energy Service Company
El Paso Merchant Energy North America
El Paso Merchant Energy-Petroleum Company
El Paso Natural Gas Company
El Paso Exploration & Production Management, Inc.
Sandbar Petroleum Company
SNG Pipeline Services Company, LLC
Tennessee Gas Pipeline Company

Pension Benefit Guaranty Corporation

RSP Select is a defined contribution plan. Defined contribution plans are not eligible to be insured by the Pension Benefit Guaranty Corporation.

Qualified Status

The Plan is intended to be a qualified plan under Section 401(a) of the Internal Revenue Code and shall be administered in a manner consistent with this intention. The RSP Committee shall interpret the provisions of the Plan and this SPD accordingly.

Securities Law Requirements

The provisions of the Plan do not impose any restrictions on the resale of shares of El Paso Corporation's common stock distributed by the Plan. Participants, other than those who may be deemed to be affiliates (as defined by Rule 144 of the Securities Act of 1933, as amended) of El Paso Corporation, who elect to receive El Paso Corporation common stock from the Plan at the time of distribution, may resell the shares so acquired without restriction, provided that the participant is not aware of material, nonpublic information about El Paso Corporation at the time of the sale. However, participants deemed to be affiliates of El Paso Corporation at the time of the distribution may be subject to the resale restrictions imposed by Rule 144. In addition, the Plan is intended to comply with the requirements that permit an exemption from liability under Section 16(b) of the Securities Exchange Act of 1934, as amended (the "1934 Act") to be obtained for any transaction that is reportable under Section 16(a) of the Exchange Act. Individuals subject to the reporting requirements of Section 16(a) of the 1934 Act are prohibited under the Plan from making elections under the Plan, which would subject the individual participant to liability under Section 16(b) of the Exchange Act.

If The Plan is Top Heavy

Under federal tax laws, in the unlikely event that the total value of the accounts for certain key employees exceeds 60 percent of the total benefits payable from ***RSP Select***, the Plan is considered "top heavy." When a plan becomes top heavy, certain Plan improvements may be required and affected participants will be notified.

Account Statements

The value of your account including the separate value of each investment is updated on a daily basis. You are always 100% vested in the entire value in your ***RSP Select*** account. To request a current account statement go online or call the El Paso Benefits Service Center (see page 7).

Use of Your Account Balance

In general, your creditors cannot collect your account balance under ***RSP Select***, and you may not pledge or assign your account balance to secure or pay debts. One exception is when the Plan is required to pay amounts under certain court orders relating to child support, alimony payments, or property settlements rights. Also, the federal government could collect any federal tax levies or judgments for unpaid taxes from your account.

Situations Affecting Benefits

RSP Select exists to benefit you and your beneficiaries. But in some situations, your benefits could be affected:

- If you terminate employment and do not apply for benefits, payments will be delayed until you apply for them.

- Your benefits may be paid to a family member on your behalf or to a court-appointed representative if you become unable to care for your affairs.

- Your benefits could be reduced by a Qualified Domestic Relations Order ("QDRO") applicable to your benefits, if received by the Plan Administrator.

- The value of your account could decline due to investment losses.

ERISA Section 404(c) Compliance

El Paso intends that the Plan constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and as such, Plan fiduciaries may be relieved of liability from any losses that are the direct result of participants' or beneficiaries' investment directions. Because the Plan is intended to give you control over your Plan accounts, the selection of your investments and timing of your investment choices are solely your responsibility.

Additional Investment Information Available Upon Request. In addition to the investment information provided in this SPD, you have a right to receive the following investment information on request, to the extent that it is available to the Plan:

- **Operating Expenses** - a description of the annual operating expenses of each fund choice that reduce your rate of return, and the aggregate amount of such expenses expressed as a percentage of average net assets of the fund choice.
- **Investment Materials** - copies of any prospectuses, financial statements and reports, and other materials relating to the fund choices, to the extent that such information is provided to the RSP.
- **Asset Information** - a list of assets comprising the portfolio of each fund choice, the value of each such asset, and, if the asset is a fixed-rate investment contract issued by a bank, savings and loan association, or insurance company, the name of the issuer of the contract, the term of the contract, and the rate of return on the contract.
- **Performance Information** - information concerning the value of shares or units in the fund choices and the past and current investment performance of the fund choices, net of expenses.
- **Account Information** - information concerning the value of shares or units in fund choices held in your account.

The RSP Committee has delegated the responsibility for providing the above-listed information to JPMorgan Retirement Plan Services. This information is available from JPMorgan Retirement Plan Services online or through the El Paso Benefits Service Center (see page 7).

Any descriptions of risk and return are based on historical data and estimates. The descriptions and data are intended only as guides to past performance, and are not indications of future performance or relative risk.

The information set forth in this SPD is based on investment managers, Plan documents, and amendments that are in effect on January 1, 2008.

Statement of ERISA Rights

As a participant in ***RSP Select***, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all Plan participants shall be entitled to:

Receive Information About Your Plan and Benefits

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may charge a reasonable amount for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement of your total account balance and vesting status, including how many more years you must work to become vested, if applicable. This statement must be requested in writing and is not required to be given more than once every twelve months. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Plan Administrator

As Plan Administrator, the RSP Committee reserves the absolute authority and discretion to interpret and administer the Plan, including resolving any discrepancies, supplying any omissions, and correcting any defects. The RSP Committee also reserves the absolute authority and discretion to make all determinations under the Plan, such as decisions concerning eligibility and benefits, including factual determinations. Subject only to the Plan's claims review procedure, all decisions affecting the Plan that are made by the RSP Committee will be final and binding.

Special Tax Notice Regarding Plan Payments

This notice explains how you can continue to defer federal income tax on your retirement savings in the El Paso Corporation Retirement Savings Plan (the "Plan"), and contains important information you will need before you decide how to receive your Plan benefits.

UPDATE: Effective January 1, 2008, notwithstanding the terms of this notice, you may be eligible to roll over a distribution from your non-Roth accounts to a Roth IRA in a direct rollover or as a 60-day rollover, depending on your own tax situation. Such a rollover will not allow you to continue to defer taxes on the amount rolled over. Any such direct rollover will not be subject to mandatory withholding, but will result in taxable income to you in the year of distribution, to the extent that the distribution is not attributable to a return of your after-tax contributions. A rollover of your benefit to a Roth IRA is not a tax-free rollover. However, the additional 10% penalty tax will not apply, even if you are under age 59½. If you choose to roll over your non-Roth accounts to a Roth IRA, it is your responsibility to determine your eligibility for such a rollover, and to pay any taxes that are due as a result of the rollover. You should consult your own tax advisor before you decide to roll over your non-Roth accounts to a Roth IRA.

This notice is provided to you by the RSP Committee (your "Plan Administrator") because all or part of the payment that you will receive from the Plan may be eligible for rollover by you or your Plan Administrator to a traditional IRA, Roth IRA, or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a SIMPLE IRA, or Coverdell Education Savings Account (formerly known as an education IRA). For all accounts other than your Roth Account and Roth Rollover Account, your payment may be rolled over to an eligible employer plan or a traditional IRA but cannot be rolled over to a Roth IRA. Your Roth Account and Roth Rollover Account may be rolled over to a Roth IRA, or via direct rollover to an eligible employer plan, but cannot be rolled over to a traditional IRA. An "eligible employer plan" includes a plan qualified under Section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a Section 403(a) annuity plan; a Section 403(b) tax-sheltered annuity; and an eligible Section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax contributions or Roth contributions and any earnings thereon. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If your distribution includes Roth contributions, you may wish to roll over such contributions and earnings thereon to a Roth IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact the El Paso Benefits Service Center at 866-301-2359 (select menu option 2).

Summary

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

1. certain payments can be made directly to a traditional or Roth IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or

2. the payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account.
- The taxable portion of your payment will be taxed later when you take it out of the IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan. If your rollover amount includes Roth contributions, you may be able to avoid taxes on the Roth contribution portion altogether if certain requirements are met.

If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:

- You will receive only 80 percent of the taxable amount of the payment, because the Plan Administrator is required to withhold 20 percent of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10 percent tax.
- You can roll over all or part of the payment by paying it to your IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the IRA or the eligible employer plan.
- If you want to roll over 100 percent of the payment to a traditional or Roth IRA or an eligible employer plan, <u>you must find other money to replace the 20 percent of the taxable portion that was withheld</u>. If you roll over only the 80 percent that you received, you will be taxed on the 20 percent that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period.

Generally, neither a direct rollover nor a payment can be made from the Plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

MORE INFORMATION

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER
II. DIRECT ROLLOVER
III. PAYMENT PAID TO YOU
IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional or Roth IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution and whether they may be rolled over to a traditional or Roth IRA.

After-Tax Contributions. If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

a. **Rollover into a Traditional IRA.** You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your Plan Administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

   If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

   Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

b. **Rollover into an Employer Plan.** You can roll over after-tax contributions to an employer plan that is qualified under Section 401(a) of the Internal Revenue Code or a Section 403(a) or 403(b) annuity plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

Roth Contributions. If you made Roth contributions to the Plan, these contributions may be rolled into either a Roth IRA or to certain employer plans that accept rollovers of the Roth contributions. The following rules apply:

a. **Rollover into a Roth IRA.** You can roll over your Roth contributions to a Roth IRA either directly or indirectly. Your Plan Administrator should be able to tell you how much of your payment is attributable to Roth contributions and eligible for a rollover to a Roth IRA.

If you roll over Roth contributions to a Roth IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these Roth contributions.

Once you roll over your Roth contributions to a Roth IRA, those amounts CANNOT later be rolled over to an employer plan.

b. **Rollover into an Employer Plan.** You can roll over Roth contributions from an employer plan that is qualified under Section 401(a) of the Internal Revenue Code or a Section 403(a) annuity plan to another such plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the Roth contributions and earnings on those contributions. You CANNOT roll over Roth contributions to a governmental 457 plan. If you want to roll over your Roth contributions to an employer plan that accepts these rollovers, you cannot have the Roth contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over Roth contributions to a Roth IRA and then roll over that amount into an employer plan.

If you receive a distribution of all or a portion of your Roth Account, the earnings on which would be taxable, you may roll over the taxable portion of distribution in a 60-day rollover to a Roth account in another plan that will accept the rollover. In this case, your period of participation in this Plan is not carried forward in the new plan for purposes of satisfying the five-year requirement for qualified Roth distributions from the new plan.

The following types of payments *cannot* be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Payments. Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you. Special rules apply if you own 5 percent or more of your employer.

Hardship Distributions. A hardship distribution cannot be rolled over.

Corrective Distributions. A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions. The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

The Plan Administrator of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional or Roth IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional or Roth IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER. This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than $200.

DIRECT ROLLOVER to a Traditional or Roth IRA. You can open a traditional or Roth IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional or Roth IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional or Roth IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional or Roth IRA to receive the payment. However, in choosing a traditional or Roth IRA, you may wish to make sure that the traditional or Roth IRA you choose will allow you to move all or a part of your payment to another traditional or Roth IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER to a Plan. If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the Plan Administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional or Roth IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the Plan Administrator of that plan before making your decision.

DIRECT ROLLOVER of a Series of Payments. If you receive a payment that can be rolled over to a traditional or Roth IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or traditional or Roth IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a Section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional or

Roth IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled *"Additional 10 Percent Tax if You Are under Age 59½"* and *"Special Tax Treatment if You Were Born before January 1, 1936."*

III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20 percent federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional or Roth IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding:

Mandatory Withholding. If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20 percent of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of $10,000, only $8,000 will be paid to you because the Plan must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see *"Sixty-Day Rollover Option"* below), you must report the full $10,000 as a taxable payment from the Plan. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than $200.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, 10 percent will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional or Roth IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, <u>you must contribute the amount of the payment you received to a traditional or Roth IRA or eligible employer plan within 60 days after you receive the payment</u>. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional or Roth IRA or the eligible employer plan.

You can roll over up to 100 percent of your payment that can be rolled over under Part I above, including an amount equal to the 20 percent of the taxable portion that was withheld. If you choose to roll over 100 percent, you must find other money within the 60-day period to contribute to the traditional or Roth IRA or the eligible employer plan, to replace the 20 percent that was withheld. On the other hand, if you roll over only the 80 percent of the taxable portion that you received, you will be taxed on the 20 percent that was withheld.

<u>Example:</u> The taxable portion of your payment that can be rolled over under Part I above is $10,000, and you choose to have it paid to you. You will receive $8,000, and $2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the $8,000, you may roll over the entire $10,000 to a traditional or Roth IRA or an eligible employer plan. To do this, you roll over the $8,000 you received from the Plan, and you will have to find $2,000 from other sources (your

savings, a loan, etc.). In this case, the entire $10,000 is not taxed until you take it out of the traditional or Roth IRA or an eligible employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund of part or all of the $2,000 withheld.

If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

Additional 10 Percent Tax If You Are under Age 59½. If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10 percent of the taxable portion of the payment. The additional 10 percent tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10 percent tax.

Special Tax Treatment If You Were Born before January 1, 1936. If you receive a payment that can be rolled over under Part I and you do not roll it over to a traditional or Roth IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump-sum distribution," it may be eligible for special tax treatment. (See also *"Employer Stock or Securities,"* below.) A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer). For a payment to be treated as a lump-sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump-sum distributions that may be available to you is described below.

Ten-Year Averaging. If you receive a lump-sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment. If you receive a lump-sum distribution and you were born before January 1, 1936, and you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain.

There are other limits on the special tax treatment for lump-sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump-sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to a traditional or Roth IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional or Roth IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump-sum distributions and how you elect the special tax treatment.

Employer Stock or Securities. There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, 1) the payment must qualify as a lump-sum distribution, as described above, except that you do not need five years of plan participation, or 2) the employer stock included in the payment must be attributable to "after-tax" employee contributions, if any. Under this special rule, you may have the option of not paying tax on the "net unrealized appreciation" of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held by the Plan. For example, if employer stock was contributed to your Plan account when the stock was worth $1,000 but the stock was worth $1,200 when you received it, you would not have to pay tax on the $200 increase in value until you later sold the stock.

You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock can be rolled over to a traditional or Roth IRA or another eligible employer plan, either in a direct rollover or a rollover that you make yourself. Generally, you will no longer be able to use the special rule for net unrealized appreciation if you roll the stock over to a traditional or Roth IRA or another eligible employer plan.

If you receive only employer stock in a payment that can be rolled over, no amount will be withheld from the payment. If you receive cash or property other than employer stock, as well as employer stock, in a payment that can be rolled over, the 20 percent withholding amount will be based on the entire taxable amount paid to you (including the value of the employer stock determined by excluding the net unrealized appreciation). However, the amount withheld will be limited to the cash or property (excluding employer stock) paid to you.

If you receive employer stock in a payment that qualifies as a lump-sum distribution, the special tax treatment for lump-sum distributions described above (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

Repayment of Plan Loans. If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a traditional or Roth IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20 percent withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional or Roth IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional or Roth IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, you may also be eligible to have a payment rolled over. Please contact the Plan Administrator for more information regarding these types of rollovers.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10 percent tax described in Part III above, even if you are younger than age 59½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump-sum distributions and the special rule for payments that include employer stock, as described in Part III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump-sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at *www.irs.gov*, or by calling 1-800-TAX-FORMS.