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Interstate Pipelines | Exploration & Production | Midstream

# Financial and Operational Reporting Package

## First Quarter 2011



D E P E N D A B L E      N A T U R A L      G A S

**EL PASO CORPORATION**  
**Financial and Operational Reporting Package**  
**First Quarter 2011**

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## NOTES TO INVESTORS

### Cautionary Statement

This Financial and Operational Reporting Package (Package) includes summarized financial and other information about El Paso Corporation (the Company). The information in this Package is intended to provide highlights and should not be used as a substitute for financial information in El Paso's filings with the Securities and Exchange Commission (SEC). Readers should refer to those filings. In addition, the glossary contains certain definitions of measures used in this Package and in other of our presentations. These definitions may not be the same as definitions used by other companies. This Package may contain information that is based on estimates. The Company has made every reasonable effort to ensure that the information and assumptions on which these estimates are based are current, reasonable, and complete. Factors that could cause actual results to differ materially from the estimates in this Package are changes in unaudited and/or unreviewed financial information and the effects of any changes in accounting rules and guidance, as well as other factors discussed in El Paso's filings with the SEC. The consolidated financial data and statistics in this Package for First Quarter 2011 and its individual components reflect the operating results of El Paso and its operating segments through March 31, 2011. Independent auditors have not audited any of the financials and operating statements. The Company assumes no obligation to publicly update or revise any information contained herein as a result of new information, future events, or otherwise.

Certain of the production information in this Package include the production attributable to El Paso's 48.8 percent interest in Four Star Oil & Gas Company (Four Star). El Paso's Supplemental Oil and Gas disclosures, which are included in our 2010 Annual Report on Form 10-K, reflect its proportionate share of the proved reserves of Four Star separate from its consolidated proved reserves. In addition, the proved reserves attributable to its proportionate share of Four Star represent estimates prepared by El Paso and not those of Four Star.

### Non-GAAP Financial Measures

The SEC's Regulation G applies to any public disclosure or release of material information that includes a non-GAAP financial measure. In the event of such a disclosure or release, Regulation G requires (i) the presentation of the most directly comparable financial measure calculated and presented in accordance with GAAP and (ii) a reconciliation of the differences between the non-GAAP financial measure presented and the most directly comparable financial measure calculated and presented in accordance with GAAP. The required presentations and reconciliations are included in the body of this Package.

El Paso believes that the non-GAAP financial measures described in the glossary are useful to investors because these measurements are used by many companies in the industry as a measure of operating and financial performance and are commonly employed by financial analysts and others to evaluate the operating and financial performance of the Company and its business segments and to compare it with the performance of other companies within the industry. These non-GAAP financial measures may not be comparable to similarly titled measures used by other companies and should not be used as a substitute for net income (loss), earnings (loss) per share, operating cash flows or other measures of financial performance presented in accordance with GAAP.

### Debt Schedules

This Package contains schedules with details to the interest rates, maturity dates and principal amounts outstanding under El Paso's and its subsidiaries debt obligations by issuance and that mature through December 31, 2013. These schedules do not contain all the information about our outstanding debt that may be important to you. Additional information about our outstanding debt obligations is disclosed in El Paso's 2010 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the three months ended March 31, 2011, as filed with the SEC. The information in the Debt by Issuer Schedule and Debt Maturity Schedule are accurate as of March 31, 2011. Although we may periodically update the information posted to our website, we undertake no obligation to do so.

El Paso Corporation provides natural gas and related energy products in a safe, efficient, and dependable manner. El Paso owns North America's largest interstate natural gas pipeline system and one of North America's largest independent oil and natural gas producers and an emerging midstream business. For more information, visit [www.elpaso.com](http://www.elpaso.com).

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# Operating Results



**EL PASO CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(\$ in millions, except per common share amounts)  
(unaudited)

	2011	2010			
	Q1	Q1	Q2	Q3	Q4
Operating revenues	\$ 989	\$ 1,401	\$ 1,018	\$ 1,213	\$ 984
Operating expenses					
Cost of products and services	47	53	53	57	55
Operation and maintenance	307	290	288	306	351
Ceiling test charges	-	2	-	14	9
(Gain) loss on long-lived assets	(2)	9	(3)	21	(110)
Depreciation, depletion and amortization	254	218	242	239	243
Taxes, other than income taxes	76	69	54	58	55
Total operating expenses	<u>682</u>	<u>641</u>	<u>634</u>	<u>695</u>	<u>603</u>
Operating income	307	760	384	518	381
Earnings from unconsolidated affiliates	30	28	111	28	21
Loss on debt extinguishment	(41)	-	-	(104)	(113)
Other income, net	99	60	57	71	139
Interest and debt expense	(240)	(243)	(284)	(255)	(249)
Income before income taxes	<u>155</u>	<u>605</u>	<u>268</u>	<u>258</u>	<u>179</u>
Income tax expense	19	186	82	75	43
Net income	136	419	186	183	136
Net income attributable to noncontrolling interests	<u>(74)</u>	<u>(31)</u>	<u>(29)</u>	<u>(41)</u>	<u>(65)</u>
Net income attributable to El Paso Corporation (EPC)	62	388	157	142	71
Preferred stock dividends of EPC	-	9	10	9	9
Net income attributable to EPC's common stockholders	<u>\$ 62</u>	<u>\$ 379</u>	<u>\$ 147</u>	<u>\$ 133</u>	<u>\$ 62</u>
Basic earnings attributable to EPC's common share	\$ 0.09	\$ 0.54	\$ 0.21	\$ 0.19	\$ 0.09
Diluted earnings attributable to EPC's common share	\$ 0.08	\$ 0.51	\$ 0.21	\$ 0.19	\$ 0.09
Basic weighted average common shares outstanding	714	696	698	699	699
Diluted weighted average common shares outstanding	768	768	761	762	706
Dividends declared per EPC's common share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01

**EL PASO CORPORATION**  
**SEGMENT INFORMATION**  
(\$ in millions)  
(unaudited)

	2011	2010			
	Q1	Q1	Q2	Q3	Q4
Operating revenues					
Pipelines	\$ 753	\$ 737	\$ 680	\$ 692	\$ 711
Exploration and Production	250	647	369	519	254
Marketing	(12)	19	(48)	(16)	(4)
Other, including eliminations <sup>(1)</sup>	(2)	(2)	17	18	23
Consolidated total	<u>\$ 989</u>	<u>\$ 1,401</u>	<u>\$ 1,018</u>	<u>\$ 1,213</u>	<u>\$ 984</u>
Depreciation, depletion and amortization					
Pipelines	\$ 114	\$ 106	\$ 110	\$ 111	\$ 113
Exploration and Production	134	107	128	117	125
Marketing	-	-	-	-	-
Other <sup>(1)</sup>	6	5	4	11	5
Consolidated total	<u>\$ 254</u>	<u>\$ 218</u>	<u>\$ 242</u>	<u>\$ 239</u>	<u>\$ 243</u>
Operating income (loss)					
Pipelines	\$ 375	\$ 381	\$ 310	\$ 290	\$ 322
Exploration and Production	(30)	388	102	265	(24)
Marketing	(14)	17	(50)	(12)	(6)
Other <sup>(1)</sup>	(24)	(26)	22	(25)	89
Consolidated total	<u>\$ 307</u>	<u>\$ 760</u>	<u>\$ 384</u>	<u>\$ 518</u>	<u>\$ 381</u>
Segment EBIT					
Pipelines	\$ 499	\$ 452	\$ 472	\$ 375	\$ 439
Exploration and Production	(31)	390	103	261	(27)
Marketing	(14)	17	(49)	(12)	(6)
Other <sup>(1)</sup>	(59)	(11)	26	(111)	22
Consolidated total	<u>\$ 395</u>	<u>\$ 848</u>	<u>\$ 552</u>	<u>\$ 513</u>	<u>\$ 428</u>

<sup>(1)</sup> Includes our corporate general and administrative functions, midstream operations and other miscellaneous businesses.

**PIPELINES**  
**FINANCIAL AND OPERATIONAL HIGHLIGHTS**  
(\$ in millions)  
(Excludes Intra-segment Transactions)

	2011	2010			
	Q1	Q1	Q2	Q3	Q4
<b>Segment EBIT</b>					
Operating revenues	\$ 753	\$ 737	\$ 680	\$ 692	\$ 711
Operating expenses					
Operation and maintenance	190	175	195	199	216
Cost of products and services	29	27	25	29	24
(Gain) loss on long-lived assets	-	9	-	21	-
Depreciation, depletion and amortization	114	106	110	111	113
Taxes, other than income taxes	45	39	40	42	36
Total operating expenses	<u>378</u>	<u>356</u>	<u>370</u>	<u>402</u>	<u>389</u>
Operating income	375	381	310	290	322
Other income, net	124	71	162	85	117
Segment EBIT	<u>\$ 499</u>	<u>\$ 452</u>	<u>\$ 472</u>	<u>\$ 375</u>	<u>\$ 439</u>
<b>Throughput volumes (BBtu/d)</b>					
Tennessee Gas Pipeline	6,424	5,491	4,572	4,807	5,493
El Paso Natural Gas <sup>(1)</sup>	3,054	3,340	3,293	3,445	3,499
Colorado Interstate Gas <sup>(2)</sup>	2,738	2,960	2,854	2,938	2,778
Wyoming Interstate Co, LTD	2,205	2,324	2,332	2,141	1,891
Southern Natural Gas	2,632	2,899	2,175	2,408	2,542
El Paso Gas Transmission Mexico, S. de R.L. <sup>(3)</sup>	-	50	50	-	-
Total	<u>17,053</u>	<u>17,064</u>	<u>15,276</u>	<u>15,739</u>	<u>16,203</u>
Equity Investments (our proportional share)					
Citrus (50%)	1,009	1,049	1,178	1,308	1,039
Samalayuca & Gloria a Dios (50%) <sup>(3)</sup>	-	223	221	-	-
San Fernando (50%) <sup>(3)</sup>	-	475	475	-	-
Total	<u>1,009</u>	<u>1,747</u>	<u>1,874</u>	<u>1,308</u>	<u>1,039</u>
Total throughput	<u>18,062</u>	<u>18,811</u>	<u>17,150</u>	<u>17,047</u>	<u>17,242</u>

<sup>(1)</sup> Includes Mojave Pipeline Company (MPC)

<sup>(2)</sup> Includes Cheyenne Plains Gas Pipeline (CPG)

<sup>(3)</sup> During the second quarter of 2010, we completed the sale of our interest in these pipelines.

**EXPLORATION AND PRODUCTION  
FINANCIAL HIGHLIGHTS**  
(\$ in millions)  
(Excludes Intra-segment Transactions)

	2011	2010			
	Q1	Q1	Q2	Q3	Q4
<b>Segment EBIT</b>					
Operating revenues					
Physical sales					
Natural gas	\$ 240	\$ 288	\$ 228	\$ 239	\$ 219
Oil and condensate	103	75	89	83	99
Natural gas liquids (NGL)	15	18	16	12	14
Total physical sales	358	381	333	334	332
Realized and unrealized (losses) gains on financial derivatives	(109)	253	31	184	(78)
Other revenues	1	13	5	1	-
Total operating revenues	250	647	369	519	254
Operating expenses					
Cost of products	-	10	5	-	-
Transportation costs	20	18	18	18	19
Production costs	73	69	64	61	70
Depreciation, depletion and amortization	134	107	128	117	125
General and administrative expenses	50	49	47	41	53
Ceiling test charges	-	2	-	14	9
Other	3	4	5	3	2
Total operating expenses	280	259	267	254	278
Operating income (loss)	(30)	388	102	265	(24)
Equity earnings and other income (expense), net	(1)	2	1	(4)	(3)
Segment EBIT	\$ (31)	\$ 390	\$ 103	\$ 261	\$ (27)

**EXPLORATION AND PRODUCTION**  
**AVERAGE DAILY VOLUMES, REALIZED PRICES AND COSTS PER UNIT**

	2011	2010			
	Q1	Q1	Q2	Q3	Q4
Natural Gas Sales Volumes (MMcf/d)					
Central	402	324	322	320	360
Western	107	111	113	113	112
Southern	121	169	155	138	128
International	29	20	29	30	28
Total Consolidated	659	624	619	601	628
Unconsolidated Affiliate (Four Star)	47	47	46	47	48
Total Combined	706	671	665	648	676
Oil and Condensate Sales Volumes (MBbls/d)					
Central	1	1	1	1	1
Western	8	7	8	9	9
Southern	4	3	3	3	3
International	-	-	2	1	1
Total Consolidated	13	11	14	14	14
Unconsolidated Affiliate (Four Star)	1	1	1	1	1
Total Combined	14	12	15	15	15
NGL Sales Volumes (MBbls/d)					
Central	-	1	-	-	-
Southern	3	4	4	3	3
Total Consolidated	3	5	4	3	3
Unconsolidated Affiliate (Four Star)	2	2	2	2	2
Total Combined	5	7	6	5	5
Equivalent Sales Volumes (MMcfe/d)					
Central	406	331	329	326	366
Western	155	151	160	165	163
Southern	166	214	197	176	169
International	31	21	41	35	34
Total Consolidated	758	717	727	702	732
Unconsolidated Affiliate (Four Star)	63	64	61	62	63
Total Combined	821	781	788	764	795
Consolidated average realized prices					
Natural gas price on physical sales (\$/Mcf)	\$ 4.06	\$ 5.13	\$ 4.05	\$ 4.31	\$ 3.79
Natural gas, including financial derivative cash settlements (\$/Mcf) <sup>(1)(2)</sup>	\$ 5.44	\$ 6.04	\$ 5.86	\$ 5.93	\$ 4.88
Oil and condensate price on physical sales (\$/Bbl)	\$ 86.27	\$ 75.00	\$ 71.54	\$ 68.00	\$ 77.01
Oil and condensate, including financial derivative cash settlements (\$/Bbl) <sup>(1)</sup>	\$ 85.69	\$ 73.26	\$ 71.04	\$ 68.51	\$ 72.07
NGL price on physical sales (\$/Bbl)	\$ 50.37	\$ 44.67	\$ 40.10	\$ 39.21	\$ 45.43
Consolidated average transportation costs					
Natural gas (\$/Mcf)	\$ 0.31	\$ 0.29	\$ 0.31	\$ 0.30	\$ 0.31
Oil and condensate (\$/Bbl)	\$ 0.06	\$ 0.05	\$ 0.06	\$ 0.10	\$ 0.11
NGL (\$/Bbl)	\$ 5.01	\$ 2.79	\$ 2.57	\$ 3.56	\$ 3.95
Consolidated average cash operating costs (\$/Mcfe)					
Lease operating expenses	\$ 0.74	\$ 0.75	\$ 0.67	\$ 0.70	\$ 0.82
Production taxes	0.32	0.31	0.30	0.24	0.21
Total production costs	1.06	1.06	0.97	0.94	1.03
General and administrative expenses	0.74	0.76	0.72	0.63	0.78
Taxes other than production and income taxes	0.05	0.06	0.08	0.05	0.03
Total cash operating costs	\$ 1.85	\$ 1.88	\$ 1.77	\$ 1.62	\$ 1.84
Consolidated depreciation, depletion and amortization (\$/Mcfe)	\$ 1.96	\$ 1.67	\$ 1.92	\$ 1.81	\$ 1.86

<sup>(1)</sup> Amounts in the first quarter of 2011 include approximately \$82 million for cash settlements related to natural gas contracts and approximately \$(1) million for cash settlements related to crude oil contracts. Amounts in the first, second, third and fourth quarters of 2010 include approximately \$51 million, \$102 million, \$90 million and \$63 million for cash settlements related to natural gas contracts and approximately \$(1) million for cash settlements in both first and second quarters, less than \$1 million of cash settlements in the third quarter and \$(6) million of cash settlements in the fourth quarter related to crude oil contracts.

<sup>(2)</sup> Cash proceeds on settlements do not reflect \$52 million, \$48 million, \$48 million, and \$9 million or \$0.04, \$0.04, \$0.04 and \$0.01 per share for each period presented of cash option premiums paid in 2009 for financial derivatives settled in first, second, third and fourth quarters of 2010.

**EXPLORATION & PRODUCTION**  
**RECONCILIATION OF CASH OPERATING COSTS**  
(unaudited)

	Q1		Q2		Q3		Q4		Twelve Months Ended	
	Total (\$ MM)	Per-Unit (\$/Mcf)	Total (\$ MM)	Per-Unit (\$/Mcf)	Total (\$ MM)	Per-Unit (\$/Mcf)	Total (\$ MM)	Per-Unit (\$/Mcf)	Total (\$ MM)	Per-Unit (\$/Mcf)
<b>2011</b>										
Total operating expenses	\$ 280	\$ 4.11								
Depreciation, depletion and amortization	(134)	(1.96)								
Transportation costs	(20)	(0.30)								
<b>Total cash operating costs and per-unit cash costs<sup>(1)</sup></b>	<b>\$ 126</b>	<b>\$ 1.85</b>								
Total equivalent volumes (MMcfe) <sup>(1)</sup>	<u>68,187</u>									
<b>2010</b>										
Total operating expenses	\$ 259	\$ 4.01	\$ 267	\$ 4.04	\$ 254	\$ 3.93	\$ 278	\$ 4.12	\$ 1,058	\$ 4.03
Depreciation, depletion and amortization	(107)	(1.67)	(128)	(1.92)	(117)	(1.81)	(125)	(1.86)	(477)	(1.82)
Transportation costs	(18)	(0.28)	(18)	(0.27)	(18)	(0.28)	(19)	(0.28)	(73)	(0.28)
Cost of products	(10)	(0.15)	(5)	(0.08)	-	-	-	-	(15)	(0.05)
Ceiling test charges	(2)	(0.03)	-	-	(14)	(0.22)	(9)	(0.14)	(25)	(0.10)
<b>Total cash operating costs and per-unit cash costs<sup>(1)</sup></b>	<b>\$ 122</b>	<b>\$ 1.88</b>	<b>\$ 116</b>	<b>\$ 1.77</b>	<b>\$ 105</b>	<b>\$ 1.62</b>	<b>\$ 125</b>	<b>\$ 1.84</b>	<b>\$ 468</b>	<b>\$ 1.78</b>
Total equivalent volumes (MMcfe) <sup>(1)</sup>	<u>64,557</u>		<u>66,154</u>		<u>64,575</u>		<u>67,345</u>		<u>262,631</u>	

<sup>(1)</sup> Excludes volumes and costs associated with equity investment in Four Star

**EXPLORATION & PRODUCTION  
PRODUCTION RELATED DERIVATIVE SCHEDULE**

	<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>	
	Notional Volume (TBtu)	Average Hedge Price	Notional Volume (TBtu)	Average Hedge Price	Notional Volume (TBtu)	Average Hedge Price	Notional Volume (TBtu)	Average Hedge Price	Notional Volume (TBtu)	Average Hedge Price
<b><u>Natural Gas</u></b>										
<b>Economic</b>										
Fixed Price - Legacy	3.5	\$3.88	2.3	\$3.93						
Fixed Price	124.8	\$5.80	102.2	\$6.06						
Fixed Price - Extendible	5.5	\$6.07								
Collars - Ceiling	13.8	\$7.29								
Collars - Floor	13.8	\$6.00								
Avg Ceiling	147.6	\$5.90	104.5	\$6.01						
Avg Floor	147.6	\$5.78	104.5	\$6.01						

	<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>	
	Notional Volume (MMBbls)	Average Hedge Price	Notional Volume (MMBbls)	Average Hedge Price	Notional Volume (MMBbls)	Average Hedge Price	Notional Volume (MMBbls)	Average Hedge Price	Notional Volume (MMBbls)	Average Hedge Price
<b><u>Crude Oil</u></b>										
<b>Economic</b>										
Fixed Price	1.51	\$87.54	0.64	\$100.13						
Collars - Ceiling			1.46	\$95.00	2.92	\$96.88	1.10	\$100.00	1.10	\$100.00
Three-Way Collars - Ceiling	2.75	\$94.27	4.30	\$108.69						
Three-Way Collars - Floor <sup>(1)</sup>	2.75	\$85.14	4.30	\$90.00						
Avg Ceiling	4.26	\$91.88	6.40	\$104.71	2.92	\$96.88	1.10	\$100.00	1.10	\$100.00
Avg Floor	4.26	\$85.99	4.94	\$91.31						

Note: US Domestic positions are as of March 31, 2011 (Contract Months: April 2011 - Forward).

<sup>(1)</sup> Assumes market prices are at or above \$65.00. If prices drop below \$65.00, our three way collars-floors effectively "lock-in" a cash settlement of \$20.14 above market prices for 2011 and a cash settlement of \$25.00 above market prices for 2012.

**EL PASO CORPORATION**  
**CASH FLOW HIGHLIGHTS**  
(\$ in millions)  
(unaudited)

	Quarters Ended March 31,	
	2011	2010
	<b>Cash flow from operations</b>	
Net income	\$ 136	\$ 419
Non-cash adjustments	239	395
Subtotal	375	814
Changes in price risk management activities, net	161	(253)
Other	(5)	(83)
Total working capital changes & other	156	(336)
<b>Cash flow from operations</b>	<b>\$ 531</b>	<b>\$ 478</b>

	Quarters Ended March 31,	
	2011	2010
	<b>Cash capital expenditures</b>	
Pipelines	\$ 744	\$ 480
E&P	319	242
Other	26	19
<b>Total</b>	<b>\$ 1,089</b>	<b>\$ 741</b>

<b>Cash paid for acquisitions</b>	<b>\$ 1</b>	<b>\$ 8</b>
<b>Divestiture proceeds</b>	<b>\$ 19</b>	<b>\$ 1</b>
<b>Dividends paid</b>	<b>\$ 16</b>	<b>\$ 16</b>

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# Non-GAAP Reconciliations



**EL PASO CORPORATION**  
**ADJUSTED EARNINGS PER SHARE**  
(\$ in millions, except earnings per share)  
(unaudited)

	Quarter Ended March 31, 2011		
	Pre-tax	After-tax	Diluted EPS
Reported net income attributable to EPC common stockholders		\$ 62	\$ 0.08
Adjustments <sup>(1)</sup>			
Impact of E&P financial derivatives <sup>(2)</sup>	\$ 190	\$ 122	\$ 0.16
Loss on debt extinguishment	41	26	0.04
Impact of estimated annual effective tax rate <sup>(5)</sup>	-	17	0.02
Total adjustments	\$ 231	\$ 165	\$ 0.22
<b>Adjusted EPS <sup>(6)</sup></b>			<b>\$ 0.30</b>

	Quarter Ended March 31, 2010		
	Pre-tax	After-tax	Diluted EPS
Reported net income attributable to EPC common stockholders		\$ 379	\$ 0.51
Adjustments <sup>(1)</sup>			
Impact of E&P financial derivatives <sup>(2)(3)</sup>	\$ (203)	\$ (130)	\$ (0.17)
Ceiling test charges	2	2	-
Change in legacy derivative contracts and other legacy items <sup>(4)</sup>	(14)	(9)	(0.01)
Impact of health care legislation	-	18	0.02
Impact of estimated annual effective tax rate <sup>(5)</sup>	-	(19)	(0.02)
Total adjustments	\$ (215)	\$ (138)	\$ (0.18)
<b>Adjusted EPS <sup>(6)</sup></b>			<b>\$ 0.33</b>

<sup>(1)</sup> All individual adjustments assume a 36% statutory tax rate, except for the international portion of ceiling test charges. Quarters ended March 31, 2011 and 2010 assume 768 million diluted shares, respectively.

<sup>(2)</sup> Quarters ended March 31, 2011 and 2010 include losses on financial derivatives of \$109 million and gains of \$253 million adjusted for \$81 million and \$50 million of cash settlement proceeds, respectively.

<sup>(3)</sup> Cash proceeds on settlements for the quarter ended March 31, 2010 do not reflect \$52 million, or \$0.04 per share, of option premiums paid in 2009 for financial derivatives settled during first quarter 2010.

<sup>(4)</sup> For 2010, legacy items consist of changes in the value of power contracts and resolution of an indemnification.

<sup>(5)</sup> Reflects the impact on quarterly earnings using the company's current estimate of its overall annual effective tax rate.

<sup>(6)</sup> Quarters ended March 31, 2011 and 2010 reflects 768 million fully diluted shares, respectively and quarter ended March 31, 2010 includes \$12 million income impact from dilutive securities.

**EL PASO CORPORATION**  
**ADJUSTED SEGMENT EBIT AND ADJUSTED SEGMENT EBITDA**  
(\$ in millions)  
(unaudited)

	Quarter Ended March 31, 2011				
	Pipelines	E&P	Marketing	Other	Total
Reported Segment EBIT	\$ 499	\$ (31)	\$ (14)	\$ (59)	\$ 395
Adjustments					
Impact of E&P financial derivatives <sup>(1)(2)</sup>	-	190	-	-	190
Loss on debt extinguishment	-	-	-	41	41
Total adjustments	-	190	-	41	231
<b>Adjusted Segment EBIT</b>	<b>\$ 499</b>	<b>\$ 159</b>	<b>\$ (14)</b>	<b>\$ (18)</b>	<b>\$ 626</b>
DD&A	114	134	-	6	254
<b>Adjusted Segment EBITDA</b>	<b>\$ 613</b>	<b>\$ 293</b>	<b>\$ (14)</b>	<b>\$ (12)</b>	<b>\$ 880</b>

	Quarter Ended March 31, 2010				
	Pipelines	E&P	Marketing	Other	Total
Reported Segment EBIT	\$ 452	\$ 390	\$ 17	\$ (11)	\$ 848
Adjustments					
Impact of E&P financial derivatives <sup>(1)(2)</sup>	-	(203)	-	-	(203)
Ceiling test charges	-	2	-	-	2
Change in fair value of power contracts	-	-	(18)	-	(18)
Change in fair value of legacy indemnification and other	-	-	-	4	4
Total adjustments	-	(201)	(18)	4	(215)
<b>Adjusted Segment EBIT</b>	<b>\$ 452</b>	<b>\$ 189</b>	<b>\$ (1)</b>	<b>\$ (7)</b>	<b>\$ 633</b>
DD&A	106	107	-	5	218
<b>Adjusted Segment EBITDA</b>	<b>\$ 558</b>	<b>\$ 296</b>	<b>\$ (1)</b>	<b>\$ (2)</b>	<b>\$ 851</b>

(1) Quarters ended March 31, 2011 and 2010 include losses on financial derivatives of \$109 million and gains of \$253 million adjusted for \$81 million and \$50 million of cash settlement proceeds, respectively.

(2) Cash proceeds on settlements for the quarter ended March 31, 2010 do not reflect \$52 million, or \$0.04 per share, of option premiums paid in 2009 for financial derivatives settled during first quarter 2010.

**EL PASO CORPORATION**  
**PIPELINES AND EXPLORATION & PRODUCTION ADJUSTED PROPORTIONAL SEGMENT EBITDA**  
(\$ in millions)  
(unaudited)

	Quarter Ended March 31, 2011	
	Pipelines	E&P
<b>Adjusted Segment EBITDA</b>	\$ 613	\$ 293
Less: Equity earnings (loss)	25	(2)
Add: Proportionate share of investee Segment EBITDA <sup>(1)</sup>	66	17
<b>Adjusted Proportional Segment EBITDA</b>	<u>\$ 654</u>	<u>\$ 312</u>
<b>Calculation of Proportionate Share of Investee Segment EBITDA</b>		
Equity earnings (loss)	\$ 25	\$ (2)
Proportionate share of investee DD&A	13	6
Proportionate share of investee interest	13	-
Proportionate share of investee income taxes	15	4
Other <sup>(2)</sup>	-	9
Proportionate share of investee Segment EBITDA <sup>(1)</sup>	<u>\$ 66</u>	<u>\$ 17</u>
<b>Citrus debt at March 31, 2011 (50%)</b>	<u>\$ 1,397</u>	

	Quarter Ended March 31, 2010 <sup>(3)</sup>	
	Pipelines	E&P
<b>Adjusted Segment EBITDA</b>	\$ 558	\$ 296
Less: Equity earnings (loss)	15	-
Add: Proportionate share of investee Segment EBITDA <sup>(1)</sup>	52	22
<b>Adjusted Proportional Segment EBITDA</b>	<u>\$ 595</u>	<u>\$ 318</u>
<b>Calculation of Proportionate Share of Investee Segment EBITDA</b>		
Equity earnings (loss)	\$ 15	\$ -
Proportionate share of investee DD&A	14	7
Proportionate share of investee interest	15	-
Proportionate share of investee income taxes	9	5
Other <sup>(2)</sup>	(1)	10
Proportionate share of investee Segment EBITDA <sup>(1)</sup>	<u>\$ 52</u>	<u>\$ 22</u>
<b>Citrus debt at March 31, 2010 (50%)</b>	<u>\$ 966</u>	

<sup>(1)</sup> Pipelines and E&P reflect proportionate Segment EBITDA for their interests in Citrus and Four Star, respectively.

<sup>(2)</sup> Other represents the excess purchase price amortization and differences between the estimated and actual equity earnings on our investment.

<sup>(3)</sup> E&P amounts have been updated from previously reported information

**EL PASO CORPORATION**  
**RECONCILIATION OF ADJUSTED SEGMENT EBITDA TO NET INCOME**  
(\$ in millions)  
(unaudited)

	2011	2010			
	Q1	Q1	Q2	Q3	Q4
Adjusted Segment EBITDA	\$ 880	\$ 851	\$ 809	\$ 790	\$ 798
Less: DD&A	254	218	242	239	243
Adjusted Segment EBIT	626	633	567	551	555
Less: Adjustments <sup>(1)</sup>	231	(215)	15	38	127
Segment EBIT	395	848	552	513	428
Interest and debt expense	(240)	(243)	(284)	(255)	(249)
Income tax expense	(19)	(186)	(82)	(75)	(43)
Net income	136	419	186	183	136
Net income attributable to noncontrolling interests	(74)	(31)	(29)	(41)	(65)
Net income attributable to EPC	\$ 62	\$ 388	\$ 157	\$ 142	\$ 71

<sup>(1)</sup> For the components of the adjustments, refer to the Adjusted Earnings Per Share table located within this Package.

**SUPPLEMENTAL RECONCILIATIONS TO 1Q 2011 EARNINGS PRESENTATION**  
**EPNG RECONCILIATION OF EBIT TO NET INCOME**  
(\$ in millions)  
(unaudited)

	<b>2010</b>
EBIT <sup>(1)</sup>	\$ 207
Interest and debt expense	(92)
Affiliated interest income, net	15
Income tax expense	(47)
<b>Net income</b>	<b>\$ 83</b>

<sup>(1)</sup> Our management uses earnings before interest expense and income taxes (EBIT) as a measure to assess the operating results and effectiveness of our business. We believe EBIT is useful to investors to provide them with the same measure used by El Paso to evaluate our performance and so that investors may evaluate our operating results without regard to our financing methods. We define EBIT as net income adjusted for items such as (i) interest and debt expense, (ii) affiliated interest income, and (iii) income taxes.

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# Schedules of Debt Maturities



**EL PASO CORPORATION**  
**DEBT BY ISSUER**  
**AS OF MARCH 31, 2011**  
(\$ in millions)

Description	Interest Rate	Maturity Date	Principal March 31, 2011
El Paso Corporation	7.000%	5/15/2011	105
El Paso Corporation	7.625%	7/15/2011	227
El Paso Corporation	9.625%	5/15/2012	28
El Paso Corporation	9.000%	5/30/2012	15
El Paso Corporation	7.875%	6/15/2012	201
El Paso Corporation - Revolver	Variable	11/16/2012	125
El Paso Corporation	7.375%	12/15/2012	116
El Paso Corporation	12.000%	12/12/2013	30
El Paso Corporation	6.875%	6/15/2014	375
El Paso Corporation	8.250%	2/15/2016	69
El Paso Corporation	7.000%	6/15/2017	900
El Paso Corporation	7.000%	2/1/2018	82
El Paso Corporation	7.250%	6/1/2018	600
El Paso Corporation	6.500%	9/15/2020	349
El Paso Corporation	6.700%	2/15/2027	7
El Paso Corporation	6.950%	6/1/2028	174
El Paso Corporation	8.050%	10/15/2030	288
El Paso Corporation	7.800%	8/1/2031	581
El Paso Corporation	7.750%	1/15/2032	1,035
El Paso Corporation	7.750%	10/15/2035	1
El Paso Corporation	7.420%	2/15/2037	160
<b>Total El Paso Corporation (Holding Company)</b>			<b>\$ 5,468</b>
Colorado Interstate Gas Company	5.950%	3/15/2015	35
Colorado Interstate Gas Company	6.800%	11/15/2015	340
Colorado Interstate Gas Company	6.850%	6/15/2037	100
<b>Total Colorado Interstate Gas Company</b>			<b>\$ 475</b>
El Paso Natural Gas Company	5.950%	4/15/2017	355
El Paso Natural Gas Company	8.625%	1/15/2022	260
El Paso Natural Gas Company	7.500%	11/15/2026	200
El Paso Natural Gas Company	8.375%	6/15/2032	300
<b>Total El Paso Natural Gas Company</b>			<b>\$ 1,115</b>
Southern Natural Gas Company	5.900%	4/1/2017	500
Southern Natural Gas Company	7.350%	2/15/2031	153
Southern Natural Gas Company	8.000%	3/1/2032	258
<b>Total Southern Natural Gas Company</b>			<b>\$ 911</b>
Southern LNG Inc.	9.500%	2/24/2014	71
Southern LNG Inc.	9.750%	2/24/2016	64
<b>Total Southern LNG Inc.</b>			<b>\$ 135</b>

**EL PASO CORPORATION**  
**DEBT BY ISSUER**  
**AS OF MARCH 31, 2011**  
(\$ in millions)

Description	Interest Rate	Maturity Date	Principal March 31, 2011
Tennessee Gas Pipeline Company	6.000%	12/15/2011	86
Tennessee Gas Pipeline Company	8.000%	2/1/2016	250
Tennessee Gas Pipeline Company	7.500%	4/1/2017	300
Tennessee Gas Pipeline Company	7.000%	3/15/2027	300
Tennessee Gas Pipeline Company	7.000%	10/15/2028	400
Tennessee Gas Pipeline Company	8.375%	6/15/2032	240
Tennessee Gas Pipeline Company	7.625%	4/1/2037	300
<b>Total Tennessee Gas Pipeline Company</b>			<b>\$ 1,876</b>
El Paso Exploration & Production Company- Revolver	Variable	9/7/2012	100
El Paso Exploration & Production Company	7.750%	6/1/2013	1
<b>Total El Paso Exploration &amp; Production Company</b>			<b>\$ 101</b>
El Paso Tennessee Pipeline Co.	9.000%	11/15/2012	1
<b>Total El Paso Tennessee Pipeline Co.</b>			<b>\$ 1</b>
Cheyenne Plains Gas Pipeline Company, LLC	Variable	3/31/2015 *	192
<b>Total Cheyenne Plains Gas Pipeline Company, LLC</b>			<b>\$ 192</b>
El Paso Pipeline Partners Operating Company, LLC	7.760%	9/30/2011	37
El Paso Pipeline Partners Operating Company, LLC	7.930%	9/30/2012	15
El Paso Pipeline Partners Operating Company, LLC	Variable	9/30/2012	35
El Paso Pipeline Partners Operating Company, LLC - Revolver	Variable	11/21/2012	378
El Paso Pipeline Partners Operating Company, LLC	8.000%	9/30/2013	88
El Paso Pipeline Partners Operating Company, LLC	4.100%	11/15/2015	375
El Paso Pipeline Partners Operating Company, LLC	6.500%	4/1/2020	535
El Paso Pipeline Partners Operating Company, LLC	7.500%	11/15/2040	375
<b>Total El Paso Pipeline Partners Operating Company, LLC</b>			<b>\$ 1,838</b>
Ruby Pipeline LLC	Variable	6/30/2017 *	1,485
<b>Total Ruby Pipeline LLC</b>			<b>\$ 1,485</b>
<b>Other Financings:</b>			
El Paso Energy Capital Trust I	4.750%	3/31/2028	325
Capital Lease Obligations			185
Other			2
<b>Total Other Financings</b>			<b>\$ 512</b>
Unamortized Discounts/Premiums			(48)
<b>Total</b>			<b>\$ (48)</b>
<b>Total El Paso Corporation Debt</b>			<b>\$ 14,061</b>

**Notes:**

\* Amortizing Debt

**EL PASO CORPORATION**  
**DEBT MATURITY SCHEDULE THROUGH 2013**  
**AS OF MARCH 31, 2011**  
(\$ in millions)

Description	Interest Rate	Maturity Date	Principal March 31, 2011
<b>2011</b>			
<b>2Q11</b>			
El Paso Corporation	7.000%	5/15/2011	105
Other Financing - Amortizing Debt *	Various		5
			110
<b>3Q11</b>			
El Paso Corporation	7.625%	7/15/2011	227
El Paso Pipeline Partners Operating Company, LLC	7.760%	9/30/2011	37
Other Financing - Amortizing Debt *	Various		5
			269
<b>4Q11</b>			
Tennessee Gas Pipeline Company	6.000%	12/15/2011	86
Other Financing - Amortizing Debt *	Various		24
			110
<b>Total 2011</b>			<b>\$ 489</b>
<b>2012</b>			
<b>1Q12</b>			
Other Financing - Amortizing Debt *	Various		6
			6
<b>2Q12</b>			
El Paso Corporation	9.625%	5/15/2012	28
El Paso Corporation	9.000%	5/30/2012	15
El Paso Corporation	7.875%	6/15/2012	201
Other Financing - Amortizing Debt *	Various		24
			268
<b>3Q12</b>			
El Paso Exploration & Production Company- Revolver	Variable	9/7/2012	100
El Paso Pipeline Partners Operating Company, LLC	7.930%	9/30/2012	15
El Paso Pipeline Partners Operating Company, LLC	Variable	9/30/2012	35
Other Financing - Amortizing Debt *	Various		6
			156
<b>4Q12</b>			
El Paso Tennessee Pipeline Co.	9.000%	11/15/2012	1
El Paso Corporation - Revolver	Variable	11/16/2012	125
El Paso Pipeline Partners Operating Company, LLC - Revolver	Variable	11/21/2012	378
El Paso Corporation	7.375%	12/15/2012	116
Other Financing - Amortizing Debt *	Various		43
			663
<b>Total 2012</b>			<b>\$ 1,093</b>
<b>2013</b>			
<b>1Q13</b>			
Other Financing - Amortizing Debt *	Various		6
			6
<b>2Q13</b>			
El Paso Exploration & Production Company	7.750%	6/1/2013	1
Other Financing - Amortizing Debt *	Various		44
			45
<b>3Q13</b>			
El Paso Pipeline Partners Operating Company, LLC	8.000%	9/30/2013	88
Other Financing - Amortizing Debt *	Various		6
			94
<b>4Q13</b>			
El Paso Corporation	12.000%	12/12/2013	30
Other Financing - Amortizing Debt *	Various		47
			77
<b>Total 2013</b>			<b>\$ 222</b>

**Notes:**

\* This represents amortizing debt obligations for the quarter.

## GLOSSARY

This contains a glossary of terms used in this Package as well as those used in other investor presentations and press releases. They are for reference only and may not be comparable to similarly titled measures used at other companies.

### NON-GAAP FINANCIAL MEASURES

#### **Segment earnings before interest expense and income taxes (Segment EBIT)**

On January 1, 2011, El Paso began using the non-GAAP financial measure “segment earnings before interest expense and income taxes” or “Segment EBIT” to assess the operating results and effectiveness of the Company and its business segments. The Company believes that Segment EBIT is useful to its investors because it allows them to use the same performance measure analyzed internally by our management to evaluate the performance of our businesses and investments without regard to the manner in which they are financed or our capital structure. The Company defines Segment EBIT as net income (loss) adjusted for interest and debt expense and income taxes. Segment EBIT does not reflect a reduction for any amounts attributable to noncontrolling interests. Our 2010 amounts have been conformed to reflect our current performance measure.

#### **Segment EBIT before depreciation, depletion and amortization (Segment EBITDA)**

El Paso uses the non-GAAP financial measure of Segment EBITDA, which is defined as Segment EBIT excluding depreciation, depletion and amortization. The Company believes that Segment EBITDA is useful to investors as many analysts use it as a measure of operating performance. This measure however should not be used as a substitute for operating cash flows.

#### **Adjusted Segment EBIT and Adjusted Segment EBITDA**

Adjusted Segment EBIT is defined as Segment EBIT adjusted for certain items we consider to be significant to understanding our underlying performance for a given period. Adjusted Segment EBITDA is defined as adjusted Segment EBIT excluding depreciation, depletion and amortization. The Company believes that adjusted Segment EBIT and adjusted Segment EBITDA are useful to investors because it allows them to evaluate more effectively the performance of our businesses and to allow them to understand certain significant items impacting the comparability of our results.

For 2011, Adjusted Segment EBIT is defined as Segment EBIT adjusted for the impact of E&P financial derivatives, and excluding loss on debt extinguishment.

For 2010, Adjusted Segment EBIT is defined as Segment EBIT adjusted for the impact of E&P financial derivatives, and excluding ceiling test charges, changes in fair value of power contracts, changes in fair value of legacy indemnification and other legacy items, the gain on the sale of Mexican pipeline assets, the gain on Midstream joint venture and the loss on debt extinguishment.

#### **Adjusted Proportional Segment EBITDA**

Adjusted Proportional Segment EBITDA is defined as Adjusted Segment EBITDA including the proportional share of Segment EBITDA from our equity investments in Citrus and Four Star. The Company believes that adjusted proportional Segment EBITDA is useful to investors because it allows them to evaluate more effectively the performance of our Pipelines and Exploration and Production businesses regardless of the type of ownership structure.

#### **Adjusted EPS**

Adjusted EPS is defined as diluted earnings per share adjusted for certain items that we consider to be significant to understanding our underlying performance for a given period. Adjusted EPS is useful in analyzing the company's on-going earnings potential and understanding certain significant items impacting the comparability of our results.

For 2011, Adjusted EPS is earnings per share attributable to El Paso Corporation common stockholders adjusting for the impact of E&P financial derivatives, and excluding loss on debt extinguishment and the impact of the estimated annual effective tax rate.

For 2010, Adjusted EPS is earnings per share attributable to El Paso Corporation common stockholders adjusting for the impact of E&P financial derivatives, and excluding ceiling test charges, changes in legacy derivative contracts and other legacy items, impact of health care legislation and the impact of the estimated annual effective tax rate.

#### **Per-unit total cash operating costs**

Our Exploration and Production segment uses per-unit total cash operating costs as a non-GAAP measure calculated on a per Mcfe basis equal to total operating expenses less DD&A, transportation costs, cost of products and services, and ceiling test and other impairment charges, divided by total consolidated equivalent production. It is a valuable measure used by oil and gas companies and analysts to evaluate operating performance and efficiency.

#### **Per-unit lease operating expenses**

Our Exploration and Production segment uses per-unit lease operating expenses as a non-GAAP measure calculated on a per Mcfe basis equal to lease operating expenses divided by total equivalent production. The sum of lease operating expenses and production taxes equals production costs. The sum of cost of products, transportation costs, production costs, DD&A, G&A, ceiling test and other impairment charges and other operating expenses equals total operating expenses. It is a valuable measure of operating performance and efficiency for our Exploration and Production segment.

### **OTHER COMMONLY USED TERMS**

#### **Compound annual growth rate (CAGR)**

El Paso uses the compound annual growth rates or "CAGR", which is the average annual growth rate over a period of years. The Company believes this metric is useful for investors because it displays the historical or projected performance over time. Compounded growth rates are the industry standard of measurement within the investment community and therefore El Paso feels it is preferred to using the simple average of year-to-year growth rates.

#### **Risked unproved resources**

Although the SEC now allows companies to report unproved reserves in the form of probable and possible reserves in their SEC filings, we have elected not to report on such basis. In certain of our earnings presentations, we have provided estimates of our "risked" unproved resources, which are different than probable and possible reserves as defined by the SEC. Note that we are not permitted to include or refer to our unproved resources on such a basis in any SEC filings, and these estimates of risked unproved resources should not be construed as comparable to our disclosures of our proved reserves. Risked unproved resources are estimates of potential reserves that are made using accepted geological and engineering analytical techniques. Investors are urged to closely consider the disclosures and risk factors in our Forms 10-K and 10-Q, available from our offices or from our website at <http://www.elpaso.com>, including the inherent uncertainties in estimating quantities of proved reserves.

#### **Unrisked unproved resources**

In certain of our presentations, we have provided estimates of our "unrisked" unproved resources, which are different than probable and possible reserves as defined by the SEC. Note that we are not permitted to include or refer to our unproved resources on such a basis in any SEC filings, and these estimates of unrisked unproved resources should not be construed as comparable to our disclosures of our proved reserves. Unrisked unproved resources are estimates of potential reserves that are made using accepted geological and engineering analytical techniques. Unrisked resources are less certain than risked resources as they do not contemplate the likelihood of a successful outcome. Investors are urged to closely consider the disclosures and risk factors in our Forms

10-K and 10-Q, available from our offices or from our website at <http://www.elpaso.com>, including the inherent uncertainties in estimating quantities of proved reserves.

### Reserve replacement costs and Reserve Replacement Ratio

El Paso calculates two primary metrics, (i) a reserve replacement ratio, or “RRR” and (ii) reserve replacement costs, or “RRC”, to measure our ability to establish a long-term trend of adding reserves at a reasonable cost in our core asset areas. The reserve replacement ratio is an indicator of our ability to replenish annual production volumes and grow our reserves. It is important for us to economically find and develop new reserves that will more than offset produced volumes and provide for future production given the inherent decline of hydrocarbon reserves. In addition, we calculate reserve replacement costs to assess the cost of adding reserves which is ultimately included in depreciation, depletion and amortization expense. We believe the ability to develop a competitive advantage over other oil and gas companies is dependent on adding reserves in our core asset areas at lower costs than our competition.

The reserve replacement ratio and reserve replacement costs per unit are statistical indicators that have limitations, including their predictive and comparative value. As an annual measure, the reserve replacement ratio is limited because it typically varies widely based on the extent and timing of new discoveries, project sanctioning and property acquisitions. In addition, since the reserve replacement ratio does not consider the cost or timing of future production of new reserves, it cannot be used as a measure of value creation. We calculate these metrics as follows:

Reserve replacement ratio	$\frac{\text{Sum of reserve additions}^{(1)}}{\text{Actual production for the corresponding period}}$
Reserve replacement costs/Mcfe	$\frac{\text{Total oil and gas capital costs}^{(2)}}{\text{Sum of reserve additions}^{(1)}}$

<sup>(1)</sup> Reserve additions include proved reserves and reflect reserve revisions for prices and performance, extensions, discoveries and other additions and acquisitions and do not include unproved reserve quantities or proved reserve additions attributable to investments accounted for using the equity method. All amounts are derived directly from the table presented in Item 8, Financial Statements and Supplementary Data, Supplemental Natural Gas and Oil Operations in the Company’s 2010 Annual Report on Form 10-K.

<sup>(2)</sup> Total oil and gas capital costs include the costs of development, exploration and property acquisition activities conducted to add reserves and exclude asset retirement obligations. All amounts are derived directly from the table presented in Item 8, Financial Statements and Supplementary Data, Supplemental Natural Gas and Oil Operations in the Company’s 2010 Annual Report on Form 10-K.

The exploration for and the acquisition and development of natural gas and oil reserves is inherently uncertain as further discussed in the Company’s SEC filings. One of these risks and uncertainties is our ability to spend sufficient capital to increase our reserves. While we currently expect to spend such amounts in the future, there are no assurances as to the timing and magnitude of these expenditures or the classification of the proved reserves as developed or undeveloped.

### Reserves to Production Ratio

We calculate the statistical measure “reserves to production ratio” to estimate the life of our proved reserves, which is calculated by dividing end of year proved reserves by “total” production for the year.