INTERSTATE PIPELINES | EXPLORATION & PRODUCTION

# Morgan Stanley Energy Ideas Conference

J. R. Sult
Executive Vice President & Chief Financial Officer

July 2010

# Cautionary Statement Regarding Forward-Looking Statements

This presentation includes certain forward-looking statements and projections. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation, including, without limitation, our ability to achieve the targeted costs savings from the reorganization announced in November 2009; change management risk associated with the previously announced reorganization; our ability to pay the dividends declared; changes in unaudited and/or unreviewed financial information; volatility in, and access to, the capital markets; our ability to implement and achieve objectives in our 2010 plan and updated guidance, including achieving our earnings and cash flow targets, as well as targets for future years; the effects of any changes in accounting rules and guidance; our ability to meet production volume targets in our Exploration and Production (E&P) segment; our ability to successfully identify and finance new Midstream opportunities; our ability to comply with the covenants in our various financing documents; our ability to obtain necessary governmental approvals for proposed pipeline and E&P projects and our ability to successfully construct and operate such projects on time within budget; the risks associated with recontracting of transportation commitments by our pipelines; regulatory uncertainties associated with pipeline rate cases; actions by the credit rating agencies; the successful close of our financing transactions; credit and performance risk of our lenders, trading counterparties, customers, vendors and suppliers; changes in commodity prices and basis differentials for oil, natural gas, and power; general economic and weather conditions in geographic regions or markets served by the company and its affiliates, or where operations of the company and its affiliates are located, including the risk of a global recession and negative impact on natural gas demand; the uncertainties associated with governmental regulation; political and currency risks associated with international operations of the company and its affiliates; competition; and other factors described in the company's (and its affiliates') Securities and Exchange Commission (SEC) filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

Certain of the production information in this presentation include the production attributable to El Paso's 49 percent interest in Four Star Oil & Gas Company ("Four Star"). El Paso's Supplemental Oil and Gas disclosures, which are included in its 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.

Cautionary Note to U.S. Investors—In this presentation, we have disclosed our proved reserves using the SEC's definition of proved reserves under rules effective December 31, 2009. Proved reserves, including proved undeveloped reserves, are estimated quantities that geological and engineering data demonstrate with reasonable certainty to be recoverable in the future from known reservoirs under assumed economic conditions. 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.

Non-GAAP Financial Measures

This presentation includes certain Non-GAAP financial measures as defined in the SEC's Regulation G. The required reconciliations are included in the appendix to this presentation.

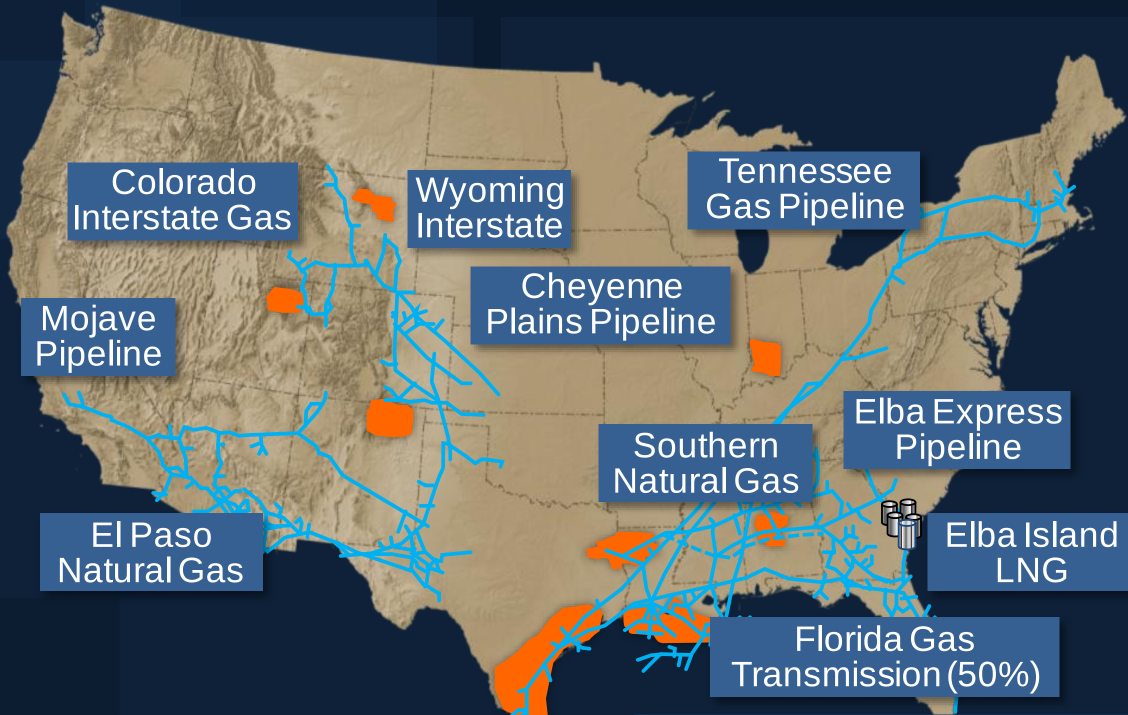
# Our Purpose

**El Paso Corporation provides natural gas and related energy products in a safe, efficient, and dependable manner**

# Our Vision & Values

the **place** to work
the **neighbor** to have
the **company** to own

# Overview of El Paso Corporation




**Premier Pipeline Franchise[1]**

- 19% of total U.S. interstate pipeline mileage
- 26 Bcf/d capacity (12% of total U.S.)
- 18 Bcf/d throughput (28% of gas delivered to U.S. consumers)

**Top 10 independent E&P**

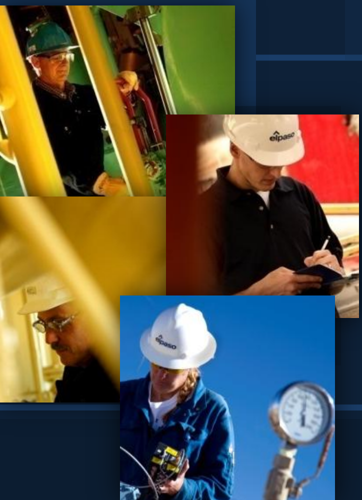
- 2.75 Tcfe proved reserves[2]
- Top 10 independent domestic gas producer
- Successful transition to onshore, repeatable programs

[1]Source: El Paso Corporation 2009 data
[2]As of 12/31/09; includes proportionate share of Four Star equity volumes
Note: Includes El Paso Corporation and El Paso Pipeline Partners, L.P.

# El Paso Value Creation Path

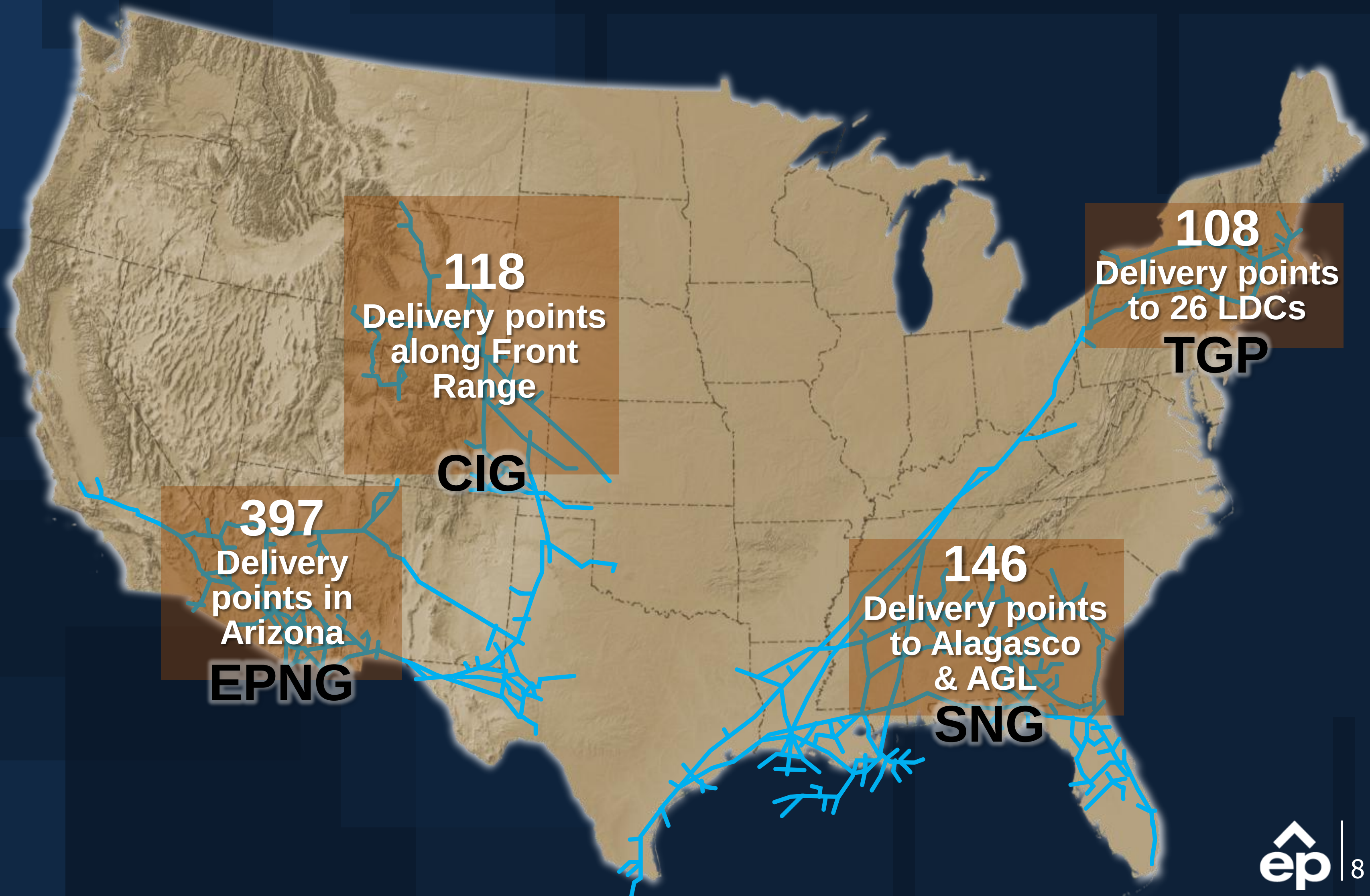
| | Pipelines | E&P | |
|---|---|---|---|
| **DEVELOP** | Develop Industry-leading backlog | Build Low-Cost Repeatable Inventory | Continue Building Opportunity Set |
| **EXECUTE** | Deliver Backlog On-time/ On-budget | Reserve & Production Growth; Low Costs | Leverage Supply Chain<br>Prudently Finance<br>Manage Commodity |
| **DELIVER** | Generate Significant EBITDA Growth | Step Change Value Growth | Significant EPS Growth<br>Better Credit Metrics<br>Cash Flow Exceeds Maintenance Capital |

Note: See appendix for definitions of all non-GAAP measures



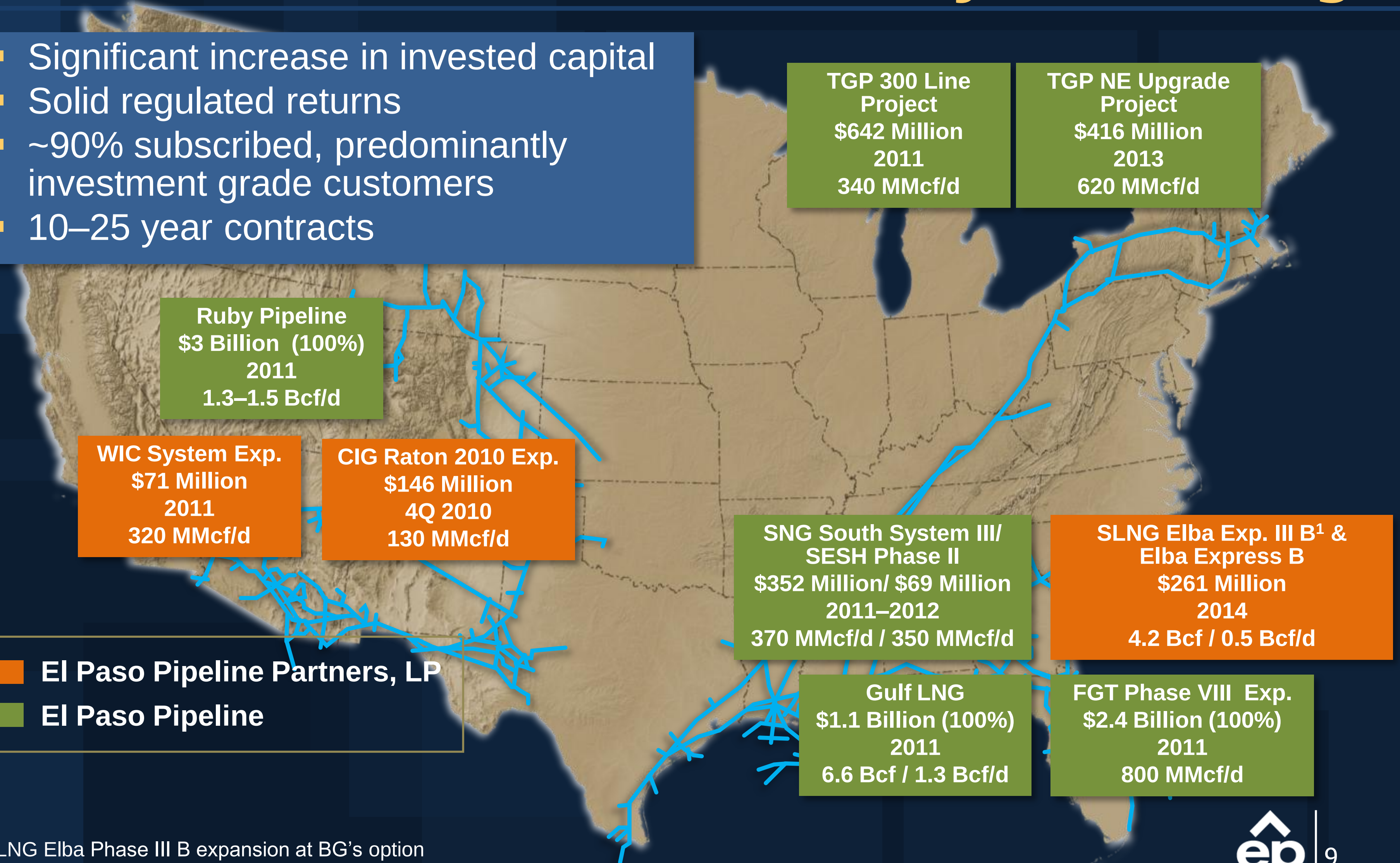
# Pipeline Group

# Market Presence & Connectivity Provide Growth Opportunities



# Industry Leading Committed Project Backlog

- Significant increase in invested capital
- Solid regulated returns
- ~90% subscribed, predominantly investment grade customers
- 10–25 year contracts




[1]SLNG Elba Phase III B expansion at BG's option

Note: El Paso Pipeline Partners owns 58% of CIG, 51% of SLNG, 51% of Elba Express, and 45% of SNG

# Proven Track Record in Project Execution

- $3.1 billion total capital on operated projects completed 2005–1Q10
- Capex within 10% of original budget in inflationary environment
- Significantly outperformed industry*


*Industry completed 10 major projects during ’08–’09 period at a cost of $16.7 billion, or 45% above originally filed costs

# Pipelines—Delivering The Backlog

2009

- ✓ TGP Carthage
- ✓ TGP Concord
- ✓ WIC Piceance
- ✓ CIG Totem Storage

~$200 MM
on-time/on-budget

2010

- ✓ Elba III / Elba Express

~$900 MM
on-time/on-budget

- – CIG Raton 2010

Forecast:
on-time/on-budget

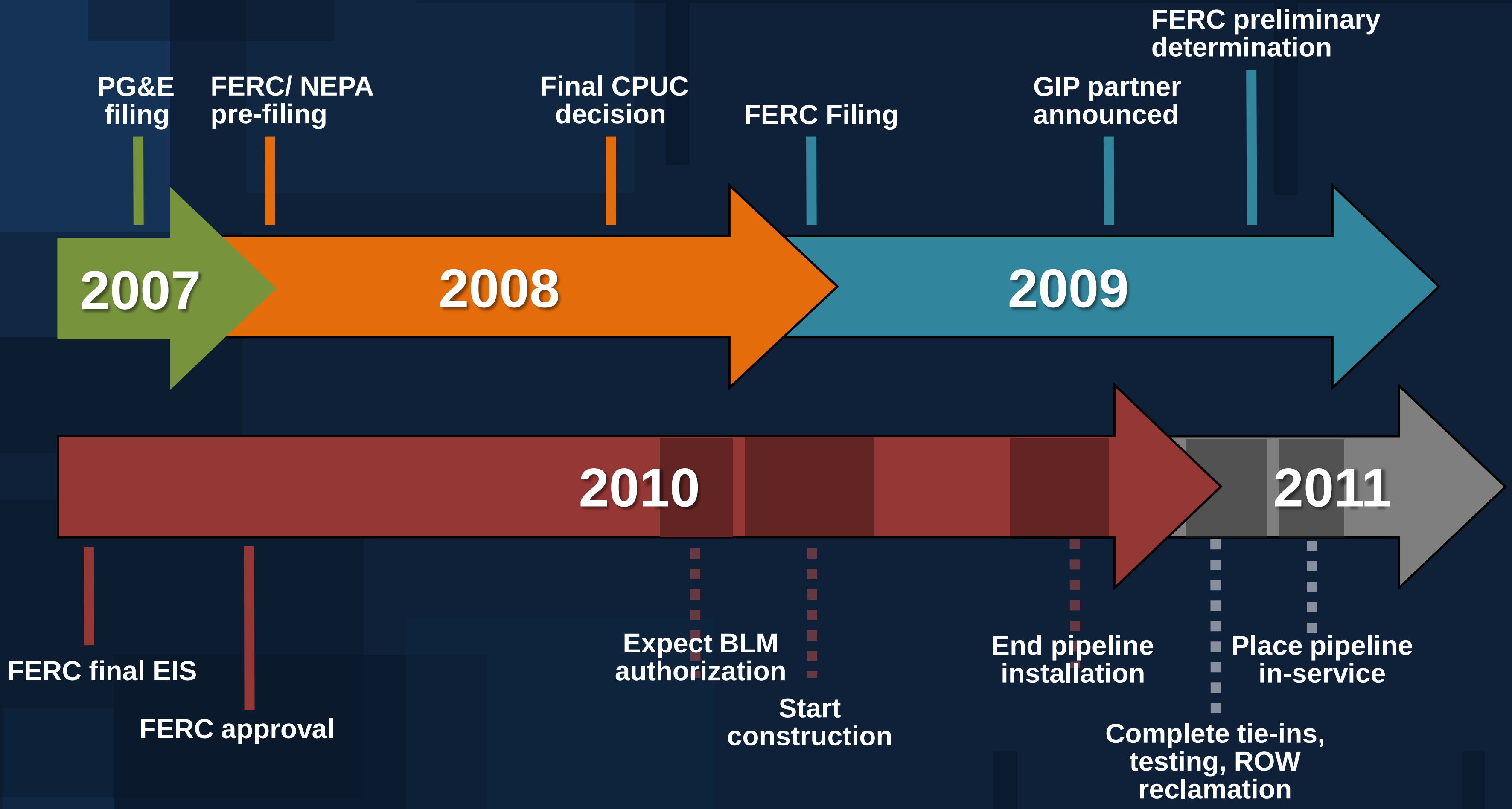
2011 and Beyond

- – Ruby
- – FGT Phase VIII
- – Gulf LNG
- – WIC Expansion
- – SNG South System III
- – SNG SESH II
- – TGP Line 300
- – TGP Northeast Upgrade

Forecast:
on-time/on-budget

**Differentiation by Execution**

# Ruby Pipeline
# Development and Path Forward



# Marcellus Opportunities– Leveraging Our Existing Footprint


**TGP 300 Line**

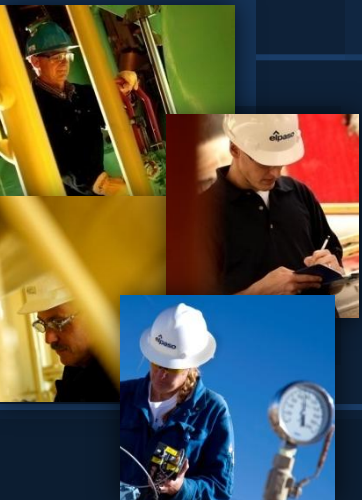
- 340 MMcf/d capacity
- Fully subscribed 15 years
- In-service: 2011
  - Received FERC certificate
- Capex: $642 MM
  - Mostly in 2011

**Northeast Upgrade Project**

- 620 MMcf/d capacity
- Fully subscribed 20 years
- In-service: 2013
- Capex: $416 MM
  - Mostly in 2013

**Plus ~$60 MM backhaul revenues by 2012**

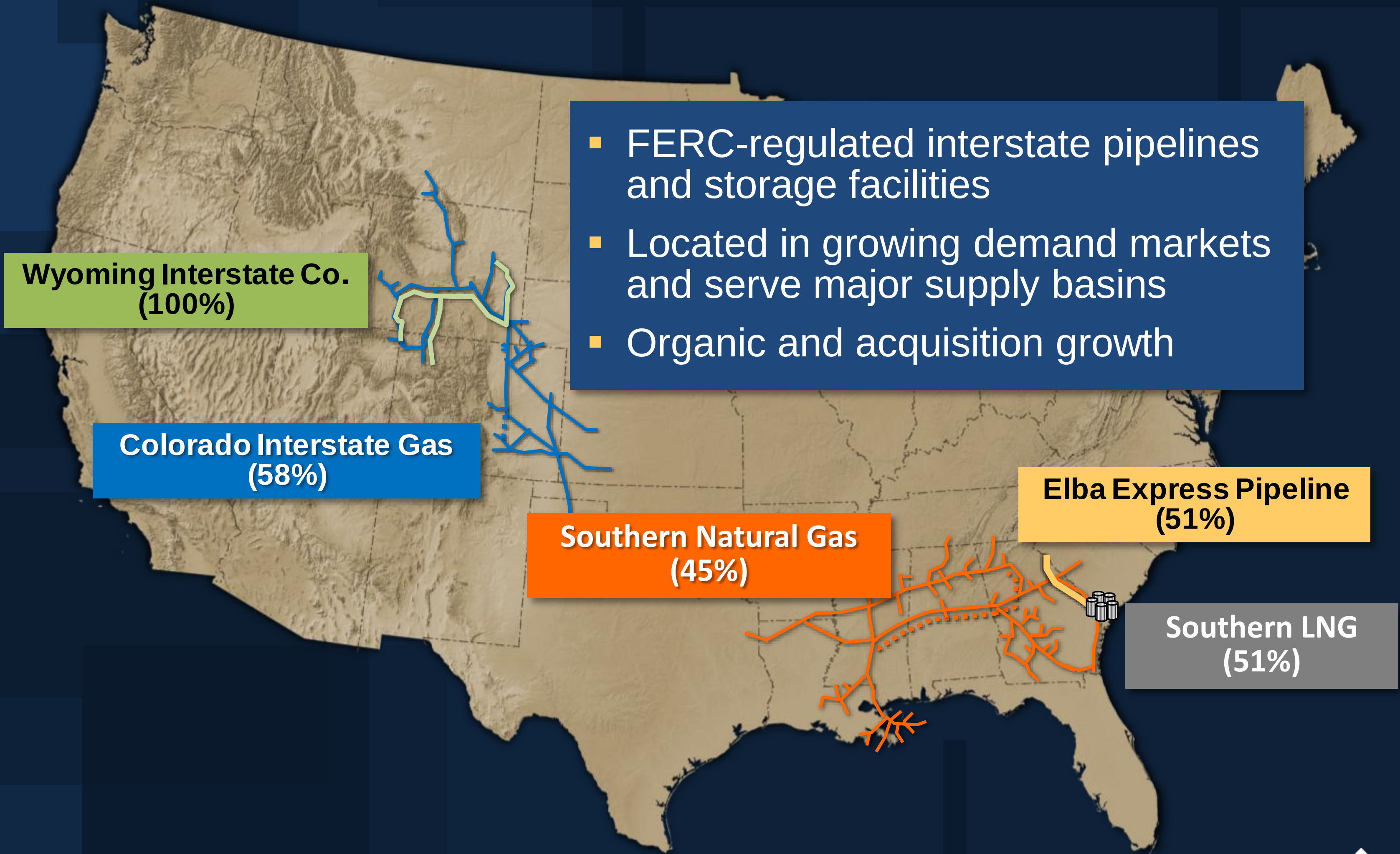
**$1 billion & 1 Bcf/d of Marcellus projects**



# El Paso Pipeline Partners

# El Paso Pipeline Partners
# The MLP to Own

- FERC-regulated interstate pipelines and storage facilities
- Located in growing demand markets and serve major supply basins
- Organic and acquisition growth



# Partnership and Sponsor Alignment on Growth

## El Paso Pipeline Partners

- Organic growth projects
- Acquisitions
  - ~$2.3 B drop-downs from El Paso since IPO
  - Potential third-party
- All of El Paso's pipeline assets are well suited for EPB

## El Paso Corporation

- Significant ownership in Partnership
- Incentive distribution rights
- Large backlog of organic growth projects
- Drop downs are a potential source of capital
- Significant NOLs

**Proven history of alignment**

# El Paso Pipeline Partners 2010 Drop-Down Transactions

- March 2010–Acquired 51% of each Southern LNG and Elba Express for $810 MM
- June 2010–Acquired 20% of Southern Natural Gas for $492 MM
- Funded with combination of debt, cash on hand and equity

## EP Benefits

- ~$1.1 B cash to EP
- Completes 2010 financing plan
- Accelerates deleveraging
- Enhances value of IDR
- Highlights value of pipeline assets

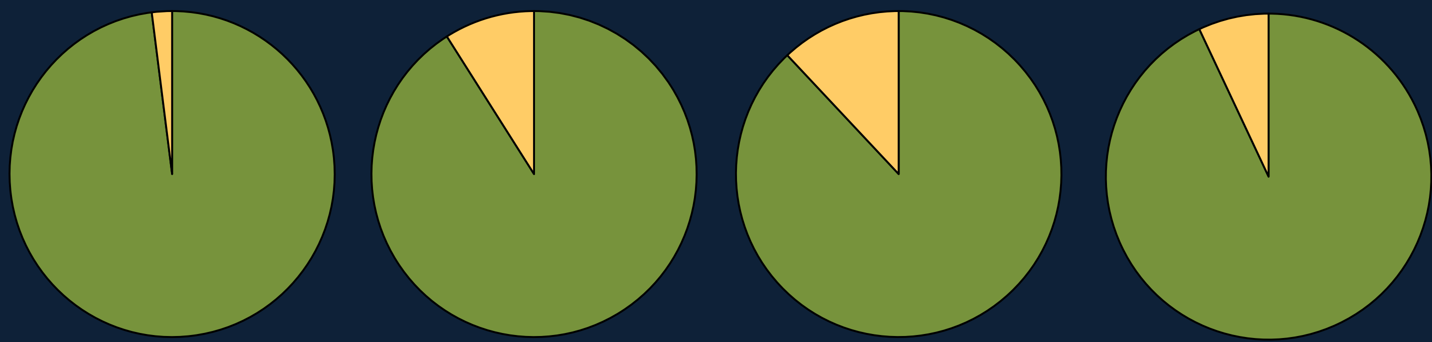
## EPB Benefits

- Broadens asset base with three high-quality synergistic assets
- Adds revenue of which > 90% is from capacity reservation charges
- Brings 20–30 year contracts
- Provides a strong growth profile
- Promotes continued distribution growth

# Assets Provide Stable Cash Flows

Capacity reservation charges result in cash flow stability

**2009 Revenue Composition***

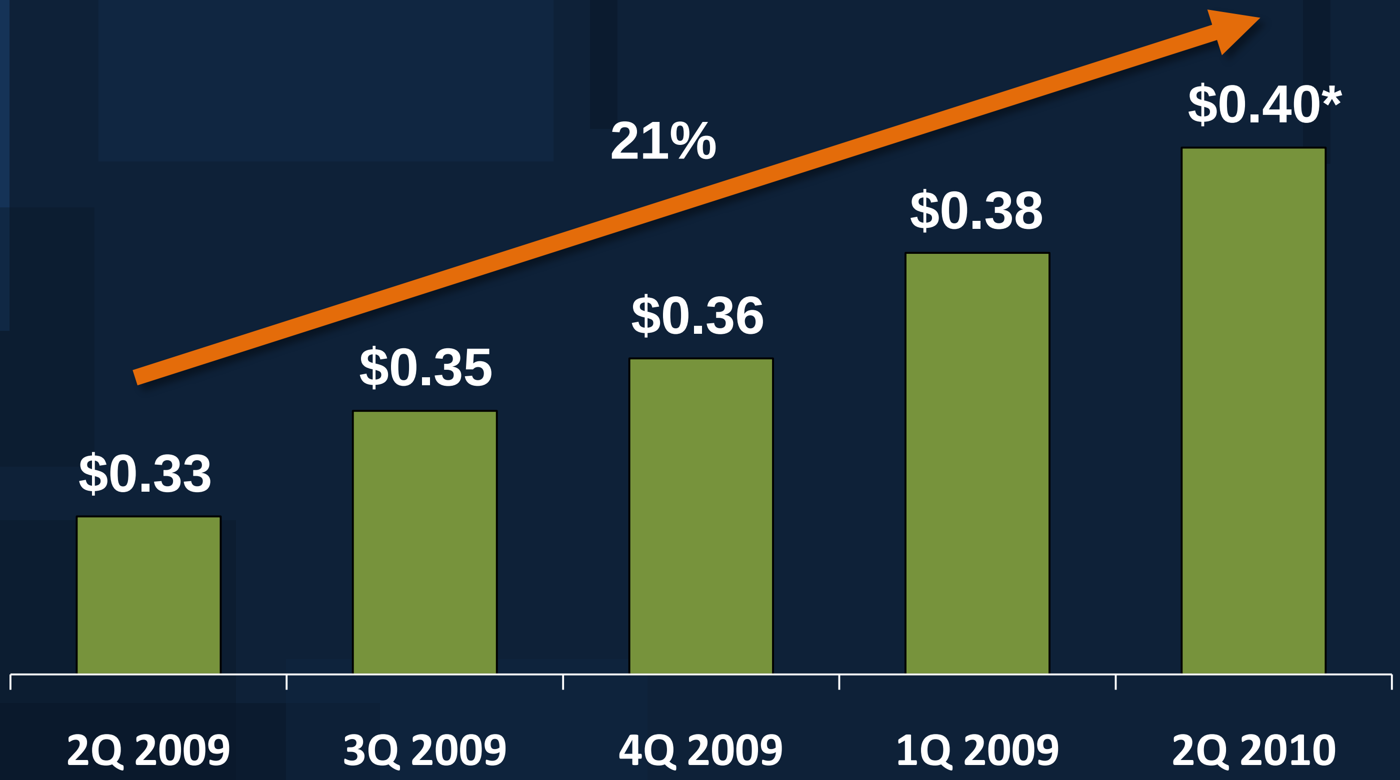
| | WIC | CIG | SNG | SLNG |
|---|---|---|---|---|


| | WIC | CIG | SNG | SLNG |
|---|---|---|---|---|
| Capacity Reservation Charges | 98% | 91% | 88% | 93% |
| Usage & Other | 2% | 9% | 12% | 7% |
| **Weighted Avg. Contract Life** | **8 years** | **8 years** | **6 years** | **21 years** |

Note: Weighted average contract life for Elba Express was 30 years as of March 1, 2010
*As of December 31, 2009, excludes liquids, fuel retention revenues and expense reimbursements

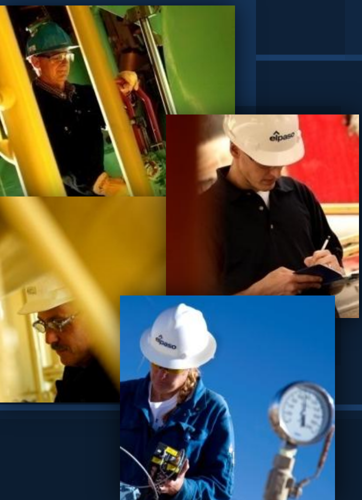
# Consistent Cash Distribution Growth

Per Unit




**Increased quarterly distribution every quarter since IPO**

*Management intends to recommend to the Board of Directors of the general partner an increase in the quarterly cash distribution to $0.40 per unit beginning with the second quarter 2010 distribution.



# Exploration & Production

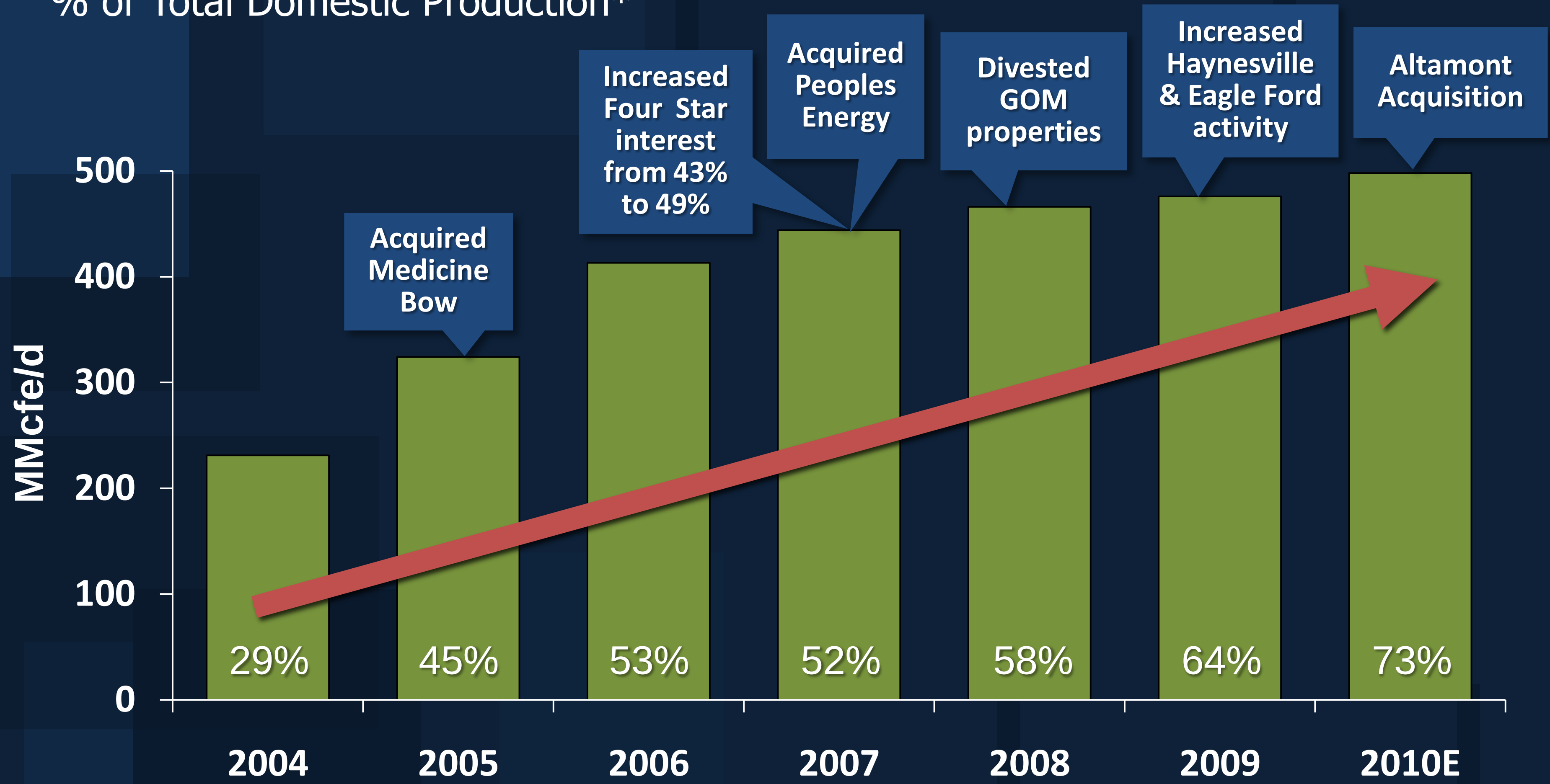
# Now a Top-Performing E&P Company

| | |
|---|---|
| **Improved asset position** | ▪ Greater U.S. onshore concentration<br>▪ Mostly unconventional resources |
| **Deeper, higher-quality inventory** | ▪ 5.1 Tcfe risked unproved resources<br>▪ 26% CAGR in risked unproved resources (2006–2009) |
| **Improved results** | ▪ Step change improvement in F&D<br>▪ Free cash flow generator over past three years |

Note: Resource estimates include our proportionate share of Four Star

# Multi-Year Migration to Onshore, Low-Risk Repeatable Plays

Central & Western Divisions
% of Total Domestic Production*




*Includes our proportionate share of Four Star

# E&P—Value Creation & Growth

2006–2009

$3.29

$1.57

**Domestic RRC/Mcfe[1]**

$0.97

$0.70

**Domestic LOE/Mcfe**

10

9

**Total Reserve Life (years)**

5,120

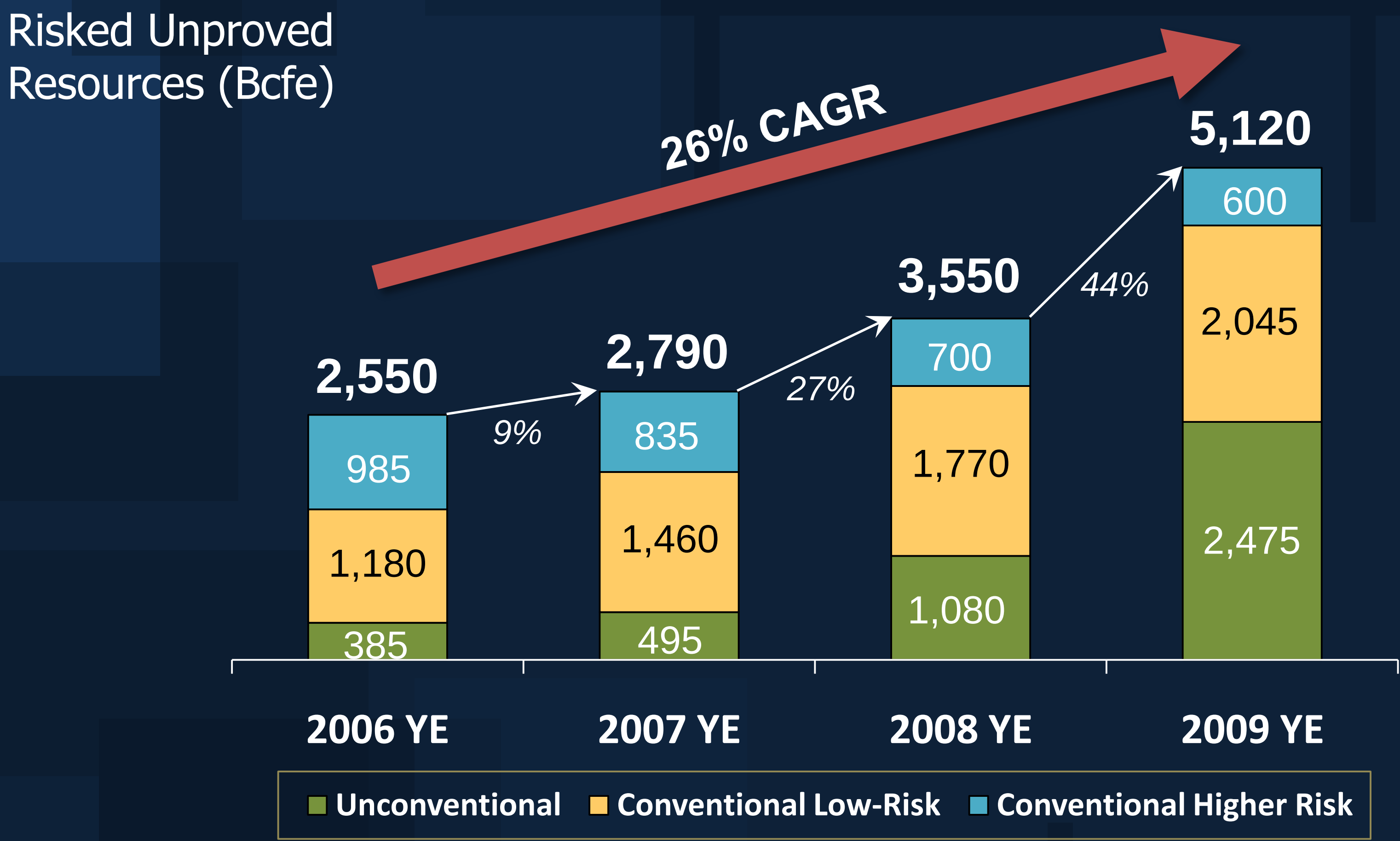
2,550

**Risked Unproved Resources (Bcfe)[2]**

**Consistent improvement in metrics**

[1] Results do not include our proportionate share of Four Star; excludes impact of price–related revisions and includes acquisitions
[2] Includes our proportionate share of Four Star

# Resource Growth and Value Creation

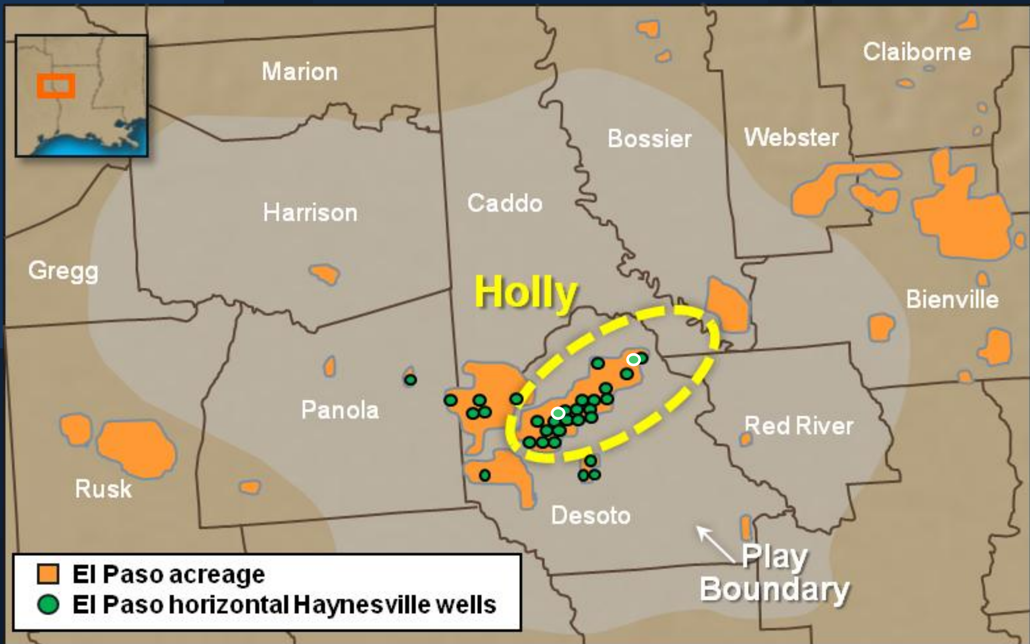



**Better portfolio = better growth potential**

Note: Resource estimates include our proportionate share of Four Star

# Deep Inventory of Unconventional Opportunities

# Haynesville Continues to Deliver




**EP Wells >30% more productive than industry[2]**

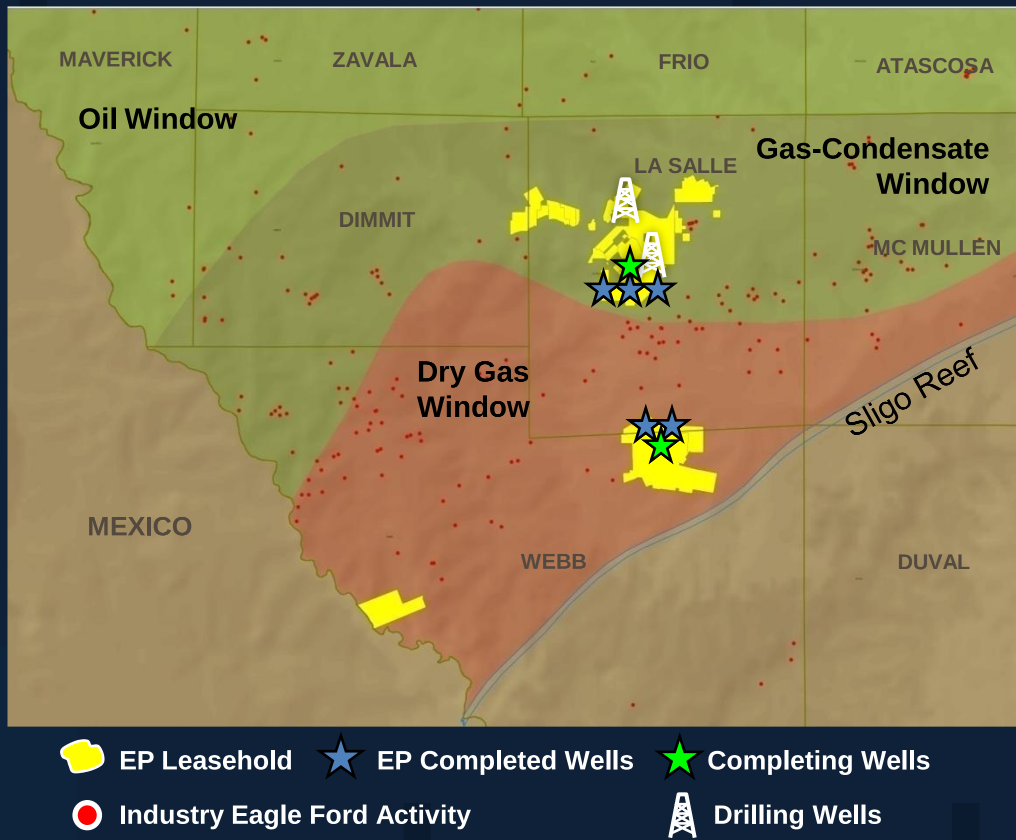
- >40,000 net acres—mostly HBP
  - 280 undrilled locations[1]
- New record drilling time
  - 22 days—spud to rig release
  - 3 days better than previous best
- Operating 36 wells
  - 12 in completion backlog
- Great results in Holly area
  - IP-30 average 16 MMcf/d[3]
- Continued success outside of Holly
  - IP-30 average 9 MMcf/d[3]
- 4-rig program

[1] Includes PUD & unproved resources as of 12/31/09
[2] Cumulative six-month production based on state reported production data as of March 2010
[3] Average IP-30 for all wells with at least 30-days of production history (20 Holly area, 7 Non-Holly area)

# Advancing Eagle Ford Shale Programs

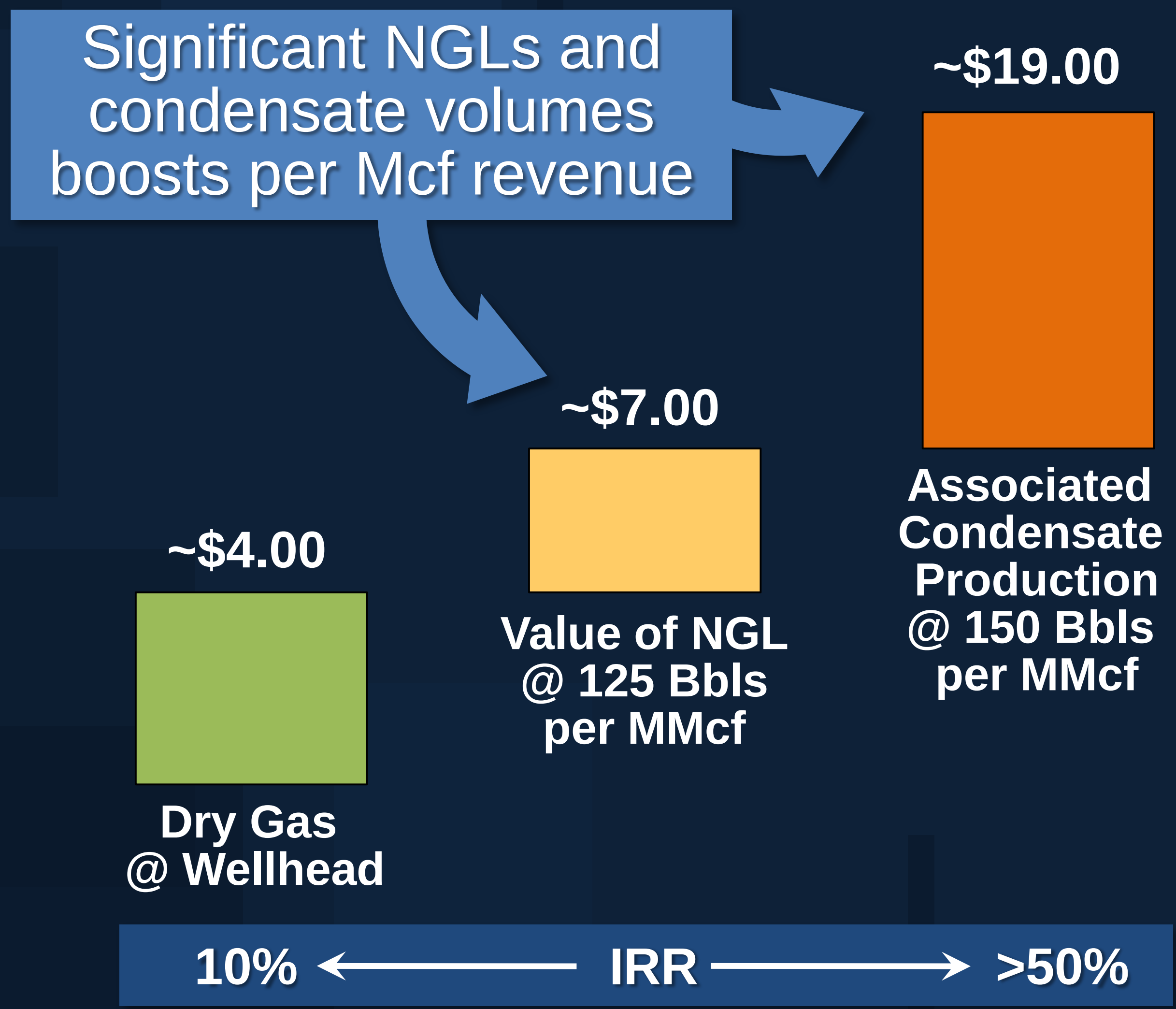
- Position up to ~165,000 net acres*
- Leveraging Haynesville experience
- 5 wells completed with excellent results
- 2–rig program

**Gas condensate area has reached development status**



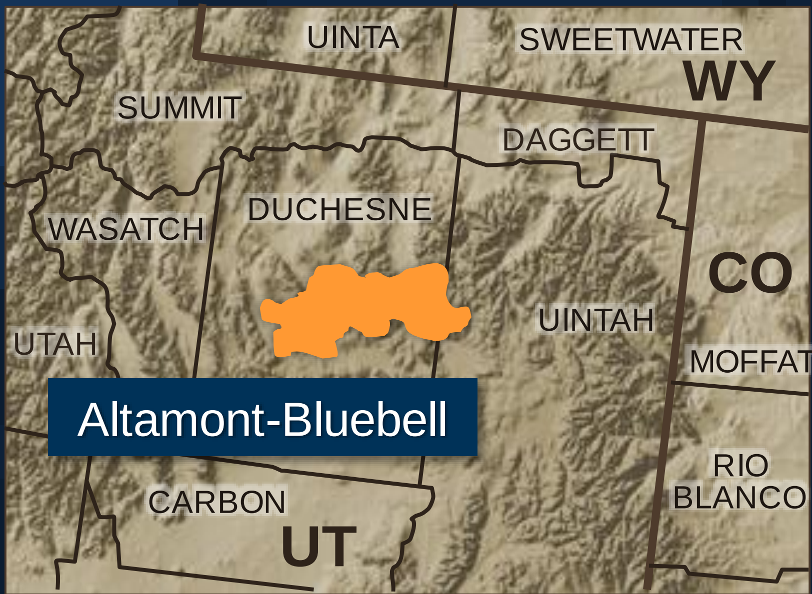

*As of May 6, 2010

# Economics of Gas Condensate Wells are Outstanding




Note: Assumes $4.00 realized natural gas price; $80 condensate; $48 NGLs

# Growing Oil-Focused Altamont Position



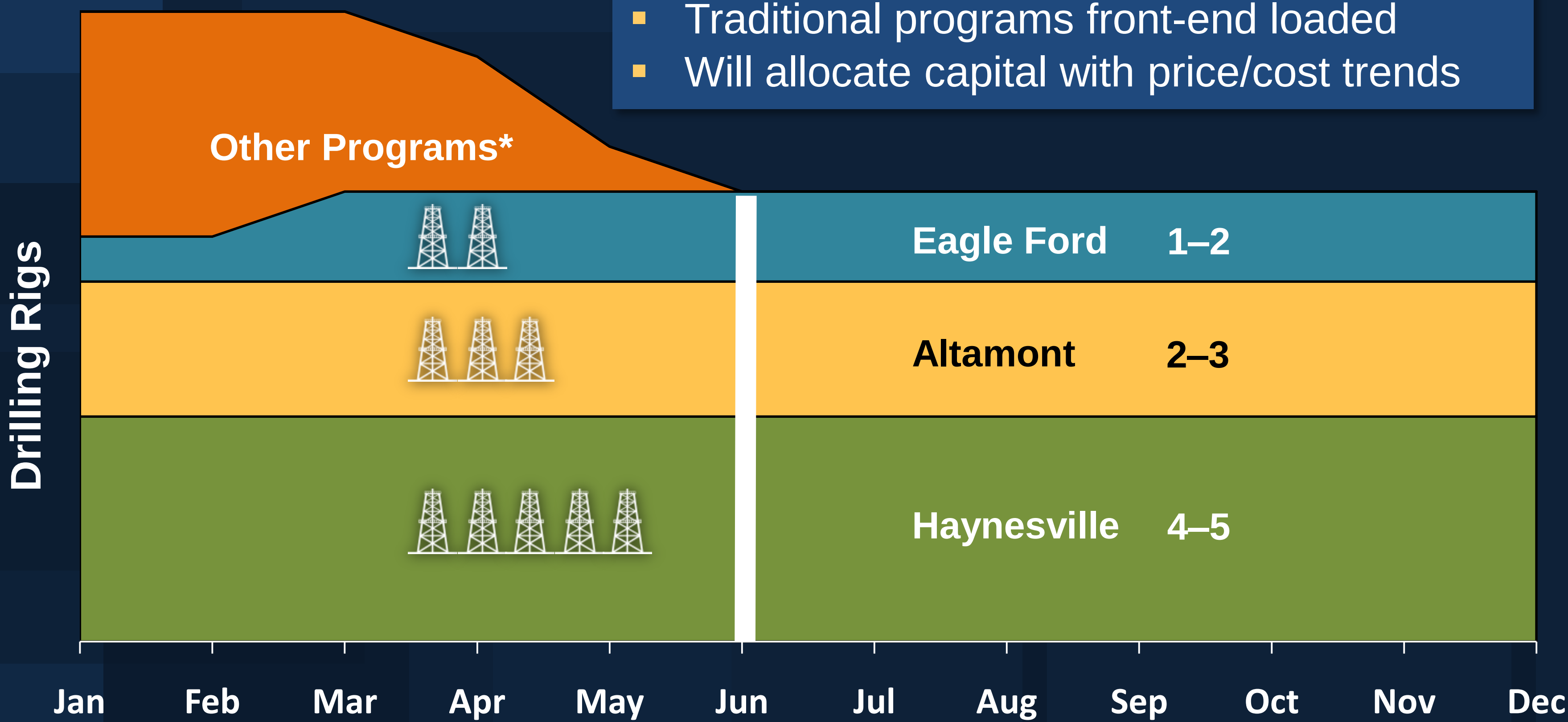

**Significant resource potential**

- Reduced profitability threshold from $70/Bbl to $50/Bbl
- Attractive acquisition in 4Q09
  - ~70 Bcfe proved reserves[1]
  - $1.49/Mcfe proved acquisition cost
- 975 locations[2]
- Program up to 3 rigs

[1] Includes preferential rights properties acquired in January 2010
[2] Includes PUD & unproved resources as of 12/31/09

# Returns-Focused Capital Program

- Focused on Haynesville, Altamont and Eagle Ford for remainder of the year
  - Most profitable / most liquids
- Traditional programs front-end loaded
- Will allocate capital with price/cost trends




*Other Programs include Cotton Valley Horizontal & Vertical, GOM (low risk), S. Texas-Wilcox, CBM

# Excellent Hedge Positions Through 2011

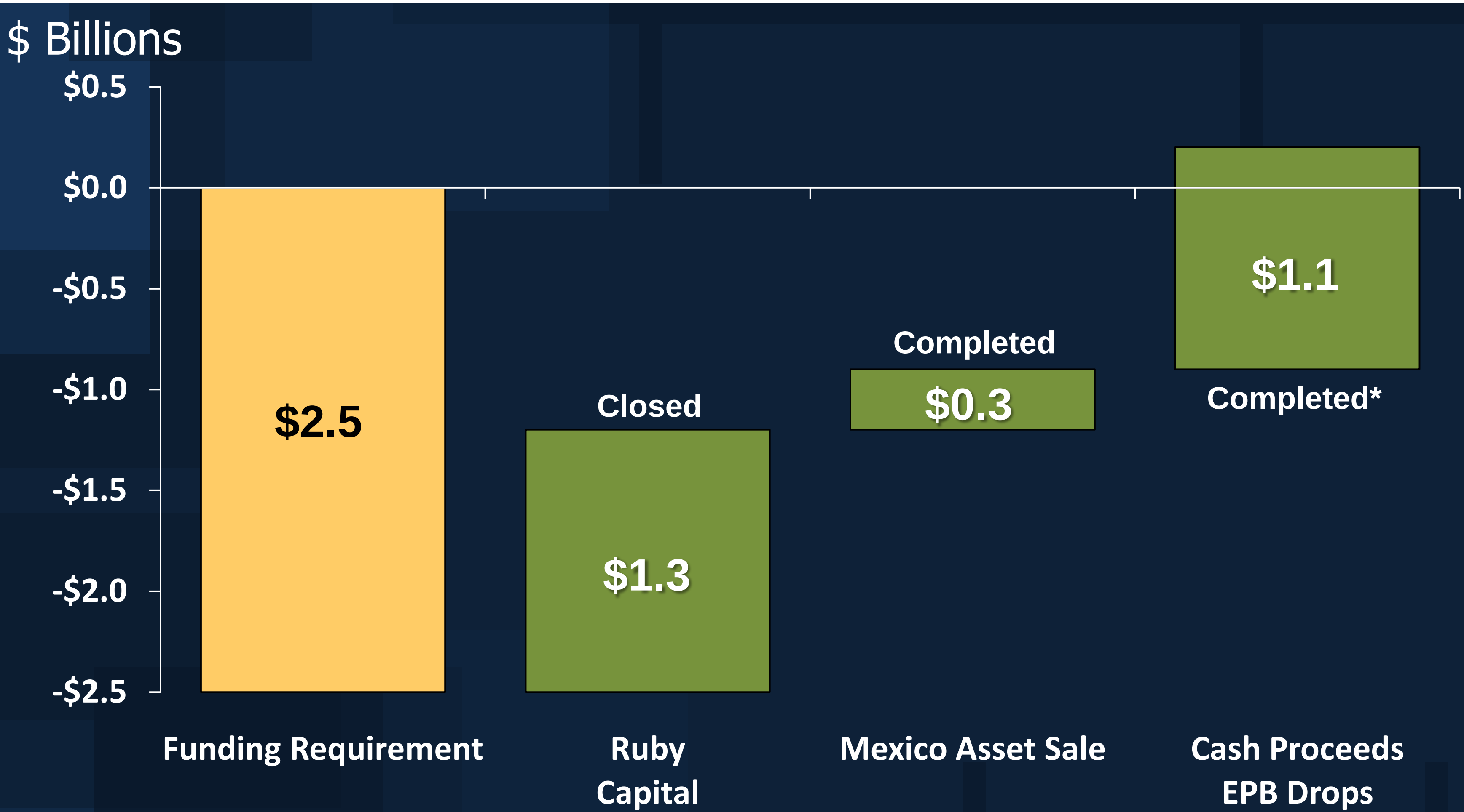
| | Natural Gas ($MMBtu) | | Oil ($Bbl) | |
|---|---|---|---|---|
| | 2010 | 2011 | 2010 | 2011 |
| Average ceiling | $6.80 | $8.47 | $82.01 | $92.52 |
| Average floor | $6.33 | $6.00 | $76.32 | $84.17 |
| Expected production with floors | 70%[1] | 65% | 90%[1] | 70% |

**2010 hedges weighted toward 2nd & 3rd quarters**

[1]Reflects April–December

Note: Hedge positions as of May 5, 2010. Natural gas production with floors reflects domestic production. 2011 percentages based on 2010E production. Natural gas expected production includes the company's proportionate share of Four Star

# Successful Execution on 2010 Financing Plan




**2010 funding complete—beginning work on 2011**

*Includes $492 MM transaction, which closed June 23, 2010.

# Summary

- Solid execution on 2010 Plan
- Delivering pipeline projects on-time/on-budget
  - Significant future cash flow generation
- E&P shift to more onshore/repeatable programs delivering:
  - Low F&D costs
  - Substantial reserve growth
- Excellent hedge positions through 2011

**Excellent multi-year growth outlook**

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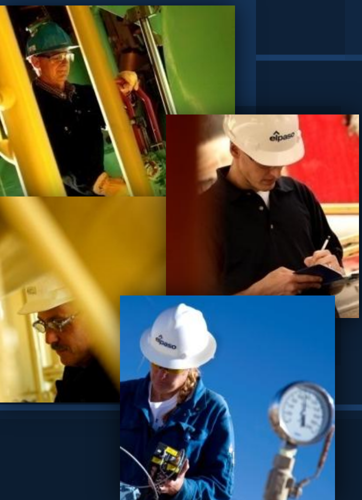

# Appendix

# Disclosure of 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 attached, or included in the body of this presentation.

El Paso uses the non-GAAP financial measure "earnings before interest expense and income taxes excluding depreciation, depletion and amortization" or "EBITDA" to assess the operating results and effectiveness of the company and its business segments, which consist of both consolidated businesses and investments in unconsolidated affiliates. The company believes that EBITDA is useful to its investors because it allows them to evaluate more effectively the performance of all of El Paso's businesses and investments using the same performance measure analyzed internally by our management and so that our investors may evaluate the company's operating results without regard to its financing methods or capital structure. The company defines EBITDA as net income (loss) adjusted for items such as (i) interest and debt expense; (ii) income taxes; (iii) net income attributable to noncontrolling interests; and (iv) less depreciation, depletion and amortization. This measure, however, should not be used as a substitute for operating cash flow.

El Paso believes that the non-GAAP financial measures described above are also useful to investors because these measurements are used by many companies in the industry as a measurement 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 the operating and financial performance of the company and its business segments with the performance of other companies within the industry. These non-GAAP financial measures may not be comparable to similarly titled measurements used by other companies and should not be used as a substitute for net income, earnings per share or other GAAP operating measurements.

**Other commonly used terms**:
El Paso identifies the compound annual growth rate or "CAGR" of certain financial or operating measures. CAGR 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 believes it is preferred to using the simple average of year-to-year growth rates.

El Paso uses the term Risked Unproved Resources in this presentation. 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 this presentation, 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. t

# Reserve Metrics

El Paso calculates two primary reserve metrics, (i) a reserve replacement ratio "RRR", and (ii) reserve replacement costs "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 in order to 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 natural gas and oil companies is dependent on adding reserves in our core asset areas at lower costs than our competition. We calculate these metrics as follows:

$$\text{Reserve replacement ratio} \qquad \frac{\text{Sum of reserve additions}^{1,\,2}}{\text{Actual production for the corresponding period}}$$

$$\text{Reserve replacement costs/Mcfe} \qquad \frac{\text{Total oil and gas capital costs}^{3}}{\text{Sum of reserve additions}^{1,\,2}}$$

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.

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.

Exploration and Production per-unit lease operating expenses is 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.

We also calculate total reserve life in order to provide investors with information on the estimated life of the company's proved reserves. Total reserve life is measured by dividing total proved reserves by actual production for the corresponding period.

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[1]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 except for 2009 estimates 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 2009 Annual Report on Form 10-K.

[2]The proved reserves used in the calculation of reserve replacement ratio and reserve replacement costs in 2009 were determined based on the SEC's Final Rule on Modernization of Oil and Gas Reporting (Final Rule) effective December 31, 2009. The Final Rule, among other things, revised the definition of proved reserves and required companies to use a price that is calculated using a first day, 12-month average in determining estimated proved reserves.

[3]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 except for 2009 estimates 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 2008 Annual Report on Form 10-K.