

Company Info

Ticker	EP
Meeting	Annual May 25, 2006
Record Date	March 27, 2006
Incorporated	Delaware
Provides natural gas and related products (GICS:10102040)	

Shareholder Returns

	1 yr%	3 yr%	5 yr%
Company	18.61	22.67	-27.81
S&P 500	4.91	14.39	0.54
GICS peers	43.62	39.09	17.80

Annualized shareholder returns. Peer group is based on companies inside the same "Global Industry Classification Standard" code

CGQ Rating

Index Score	78.7
Industry Score	83.2

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EL Paso Corp

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Item	Code*	Proposal	Mgt. Rec.	ISS Rec.
1.1	M0201	Elect Director Juan Carlos Braniff	FOR	FOR
1.2	M0201	Elect Director James L. Dunlap	FOR	FOR
1.3	M0201	Elect Director Douglas L. Foshee	FOR	FOR
1.4	M0201	Elect Director Robert W. Goldman	FOR	FOR
1.5	M0201	Elect Director Anthony W. Hall, Jr.	FOR	FOR
1.6	M0201	Elect Director Thomas R. Hix	FOR	FOR
1.7	M0201	Elect Director William H. Joyce	FOR	FOR
1.8	M0201	Elect Director Ronald L. Kuehn, Jr.	FOR	FOR
1.9	M0201	Elect Director Ferrell P. McClean	FOR	FOR
1.10	M0201	Elect Director J. Michael Talbert	FOR	FOR
1.11	M0201	Elect Director Robert F. Vagt	FOR	FOR
1.12	M0201	Elect Director John L. Whitmire	FOR	FOR
1.13	M0201	Elect Director Joe B. Wyatt	FOR	FOR
2	S0207	Provide for Cumulative Voting	AGAINST	FOR
3	S0503	Increase Disclosure of Executive Compensation	AGAINST	FOR

*S indicates shareholder proposal

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Corporate Governance Profile

Governance Provisions:

- The full board of directors is elected annually
- Shareholders do not have cumulative voting rights in director elections
- The company does not have a poison pill in place
- A simple majority vote of shareholders is required to amend the charter or bylaws
- A simple majority vote of shareholders is required to approve a merger
- Shareholders may not act by written consent
- Shareholders may not call special meetings
- The board may amend the bylaws without shareholder approval
- There is not a dual class capital structure in place
- Executives are subject to stock ownership guidelines
- Directors are subject to stock ownership guidelines
- The company expenses stock option grants on its income statement

Non-Shareholder Approved Incentive Plans:

- All stock-based incentive plans have been approved by shareholders

State Statutes:

- The company is incorporated in a state with anti-takeover provisions
- The company is incorporated in a state without a control share acquisition statute
- The company is incorporated in a state without a cash out statute
- The company is subject to a freezeout provision
- The company is incorporated in a state without a fair price provision
- The company is incorporated in a state without stakeholder laws
- The state of incorporation does not endorse poison pills

ISS Corporate Governance Rating

Governance Factor	Positive	Negative
The audit committee is comprised solely of independent outside directors	x	
The average annual burn rate over the past three fiscal years is 2% or less, or is within one standard deviation of the industry mean	x	
The board is controlled by a supermajority of independent outsiders (independent outsiders greater than 90%)	x	
Directors are subject to stock ownership guidelines	x	
There is no disclosure of mandatory holding periods for restricted stock after vesting		x
The company does not utilize performance-based equity awards with specific performance criteria and hurdle rates disclosed		x
There is no disclosure of mandatory holding periods for stock acquired upon exercise of options		x
The company's auditors were not elected at most recent annual meeting		x

Performance Summary

	1 year	3 year	5 year
Annualized Shareholder Returns - Company	18.61%	22.67%	-27.81%
Annualized Shareholder Returns - S&P 500 Index	4.91%	14.39%	0.54%
Annualized Shareholder Returns - Company GICS peer group	43.62%	39.09%	17.80%

Equity Capital

Type	Votes per share	Issued
Common Stock	1.00	660,771,224

Ownership - Common Stock	Number of Shares	Percent of Class
Officers & Directors	2,336,352	0.35
Institutions	541,832,404	82.00

Audit Summary

Accountants	Ernst & Young LLP
Auditor Tenure	N.A.
Audit Fees	
Audit Fees :	\$ 14,428,000.00
Audit-Related Fees:	\$2,050,000.00
Tax Compliance/Preparation*:	\$458,000.00
Other Fees:	\$55,000.00
Percentage of total fees attributable to non-audit ("other") fees:	0.32%

Note: The aggregate fees above are fees paid to the company's former auditor, PricewaterhouseCoopers LLP. *Note: If the proxy disclosure does not indicate the nature of the tax services, those fees will be included in "other fees"

Director Profiles

Classification							Committee (C = chair, F= financial expert)				
Nominees											
Name	Company	ISS	Affiliation	Term Ends	Tenure Age		Audit	Comp	Nom	Outside Boards	Outside CEO
Joe B. Wyatt	Independent	Independent Outsider		2007	7	70		C	<input checked="" type="checkbox"/>	2	
John L. Whitmire	Independent	Independent Outsider		2007	3	65	<input checked="" type="checkbox"/>			2	
Robert F. Vagt	Independent	Independent Outsider		2007	1	59			<input checked="" type="checkbox"/>	0	
J. Michael Talbert	Independent	Independent Outsider		2007	3	59		<input checked="" type="checkbox"/>		1	
Ferrell P. McClellan	Independent	Independent Outsider		2007	NEW	59				1	
Ronald L. Kuehn, Jr. ¹	Independent	Independent Outsider	Chair	2007	7	70				3	
William H. Joyce	Independent	Independent Outsider		2007	2	70		<input checked="" type="checkbox"/>		3	<input checked="" type="checkbox"/>
Thomas R. Hix	Independent	Independent Outsider		2007	2	58	C F			0	
Anthony W. Hall, Jr.	Independent	Independent Outsider		2007	5	61			C	0	
Robert W. Goldman	Independent	Independent Outsider		2007	3	63	F			3	
Douglas L. Foshee	Not Independent	Insider	CEO	2007	3	46				0	
James L. Dunlap	Independent	Independent Outsider		2007	3	68		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0	
Juan Carlos Braniff	Independent	Independent Outsider		2007	9	48	<input checked="" type="checkbox"/>			0	

Notes

1 . Ronald L. Kuehn, Jr., chairman of the board, is the presiding director for executive sessions of the board. Mr. Kuehn served as CEO of the company from March 2003 until September 2003. His tenure as CEO of the company does not qualify as material under ISS' definition of independence. Source: El Paso Corporation, most recent Proxy Statement, pp. 7 and 19.

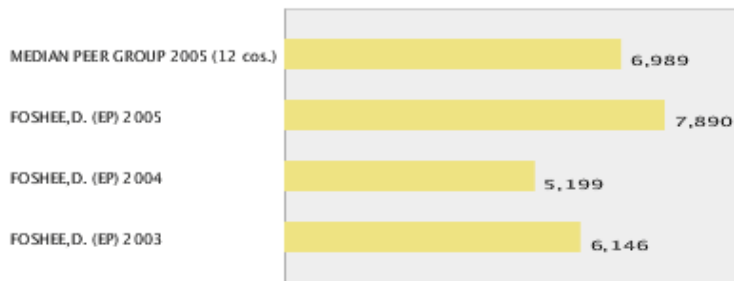
Summary Information

Average age	61
Average tenure	4
Average outside boards per director	1.2
Percent of directors who have attended an ISS Accredited Program	69%
Percent of directors who are outside CEOs	8%
Directors with less than 75% attendance	
Directors who do not own company stock	

Independence

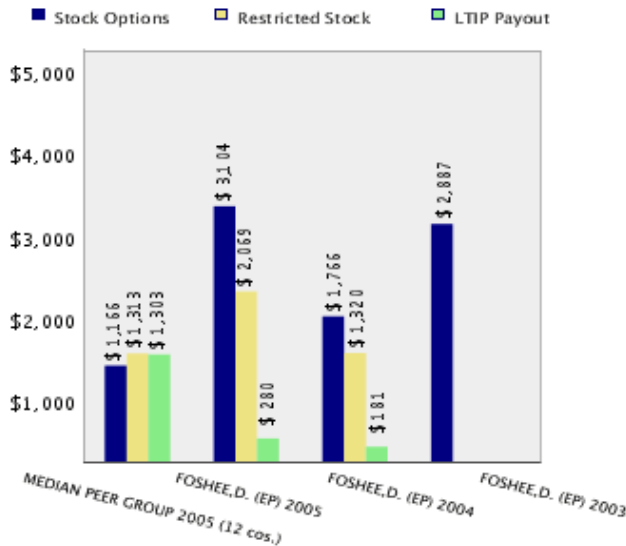
	Number of Directors	Number of Insiders	Number of Affiliated	Percent Independent
Board	13	1	0	92%
Audit	4	0	0	100%
Compensation	4	0	0	100%
Nominating	4	0	0	100%

Executive Compensation



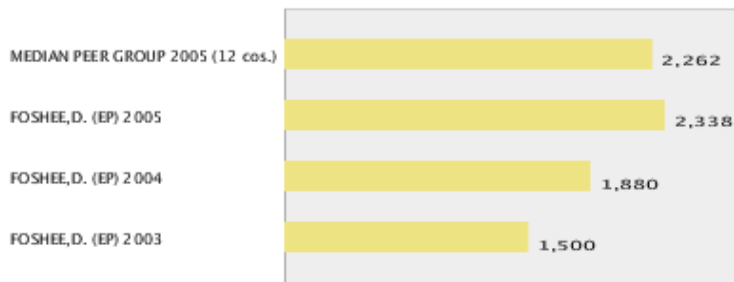
Total direct compensation (TDC)

This chart shows the comparison of total direct compensation for the company's CEO and the median of a peer group¹. Year over year comparison is shown for the company, if available. If the CEO is a new hire, year over year comparison will not be available. Total direct compensation is the sum of cash and equity compensation as disclosed in the most recent available proxy statement.



Total Long-term Incentives (\$'000s)

This chart shows the breakout of the types of long-term incentives received (stock options, restricted stock and long-term incentive plan(LTIP) payouts) by the CEO for the company and the median of a peer group¹. Year over year comparison is shown for the company, if available.



Cash Compensation (Base + Bonus) (\$'000s)

This chart shows the comparison of total cash compensation for the company's CEO and the median of a peer group¹. Year over year comparison is shown for the company, if available. Total cash compensation is the sum of base salary and bonus as disclosed in the most recent proxy statement.

Change in Total Direct Compensation vs. Fiscal Year Shareholder Returns

	% change in TDC(2005-2004)	1-yr TSR (%)	3-yr TSR (%)
FOSHEE, D. (EP)	51.77	18.46	22.01
Peer Group (Average)	49.55	74.08	54.59

Notes:

Footnote 1- ISS's methodology for selecting the peer group of 12 companies is based on the six-digit Global Industry Classification Standard (GICS) and the fiscal year revenue closest to the company. The peer group does not represent the financial or compensation peer groups that may be disclosed in the company's proxy statement. References made to the peer group of 12 companies are only relevant to this page. GICS represents the global industry classification standard indices developed by Standard & Poor's and Morgan Stanley Capital International.

Source:Equilar

Note

Note that all of the company's directors have attended an ISS Accredited Program.

Proposals

Items 1.1-1.13: Elect Directors

FOR

On April 12, 2006, the company appointed Ernst & Young LLP as the company's independent registered public accounting firm for the fiscal year ending December 31, 2006, and dismissed PricewaterhouseCoopers LLP.

A substantial majority of the board members are independent outsiders and the key board committees include no insiders or affiliated outsiders.

William H. Joyce sits on more than three boards, and serves as CEO of Nalco Holding Company. However, Dr. Joyce has informed Celanese Corp., a company of which he is a director, that he will be resigning his board position at its May 2006 annual meeting.

Current disclosure requirements for executive compensation have not been updated by the SEC since 1992. In January 2006, the SEC issued proposed rules that would support transparency and completeness of numerical information through a revised tabular disclosure and request for material qualitative information regarding the rationale and context in which pay is awarded and earned. While the proposed rules will not be finalized until the latter part of the year, ISS encourages companies to be early adopters of the proposal. ISS commends El Paso for including Total Compensation for 2005 in its 2006 Proxy Statement.

We recommend a vote FOR the directors.

Vote FOR Items 1.1-1.13.

US Standard Policy

John Chevedden, on behalf of Victor Rossi, has submitted this proposal requesting that the board adopt cumulative voting as a bylaw or long-term policy.

The proponent believes that cumulative voting will improve the company's corporate governance and increase the possibility of electing at least one director with a specialized expertise needed to turnaround the company's deficiencies.

Management argues that cumulative voting would allow a relatively small group of stockholders devoted to a special interest to elect one or more directors who do not necessarily represent the interests of the majority of El Paso's stockholders. Management further notes that it has several provisions in place which are designed to give stockholders greater access to the board, through greater accountability, representation, and communication, including a director resignation policy and a detailed director nomination process.

ISS Analysis and Vote Recommendation

Cumulative voting is one of the corporate governance tools that provides shareholders access and influence over director elections. It ensures that holders of a significant number of shares win board representation. Under a cumulative voting policy, shareholders can withhold votes from certain nominees in order to cast multiple votes for others. Currently shareholders can only cast one vote for each nominee.

ISS believes that cumulative voting is an important tool in the protection of shareholders' rights, but recognizes that the need for cumulative voting can be offset if a company has other safeguards in place to protect shareholders' rights and to promote management accountability. Therefore, proposals to provide for cumulative voting are evaluated based on an assessment of a company's other corporate governance provisions.

ISS will recommend a vote against a proposal to restore or provide for cumulative voting only if a company has the following corporate governance provisions in place: an annually-elected board; two-thirds of the board comprised of independent directors; nominating committee comprised solely of independent directors; confidential voting (however, there may be a provision for suspending confidential voting during proxy contests); ability of shareholders to call special meetings or act by written consent with 90 day's notice; absence of superior voting rights for one or more classes of stock; board does not have the sole right to change the size of the board beyond a stated range that has been approved by shareholders; the company has not underperformed its peers and index on a one-year and three-year basis; and no director received withhold votes of 35% or more of the votes cast in the previous election.

In this case, the company fails to meet all of the aforementioned corporate governance and performance criteria. Specifically, shareholders may not act by written consent and may not call special meetings. Accordingly, the proposal warrants shareholder support.

Vote FOR Item 2.

US Standard Policy

Lucian Bebchuk has submitted this proposal requesting that the board amend the company's bylaws by adding a new Section 16 to Article III, as follows: "To the extent permitted under federal and state law, in any proxy statement in which the Board discloses to stockholders information about the compensation of the Chief Executive Officer and other "named executive officers" as that term is defined in Item 402 of SEC Regulation S-K during a preceding period (the "reported period"), the Board will disclose to stockholders the estimated monetary value of the benefits to which each such named executive officer had any vested rights as of the last day of the reported period under any pension, retirement or deferred compensation plan, including any supplemental executive retirement plan, established by the Corporation."

The proponent believes that decisions by the board and its compensation committee regarding the compensation of senior executives are important and shareholders should be accurately informed about such information. The proponent feels that the board should provide shareholders with information about the monetary value of benefits from pension, retirement, or deferred compensation plans that provide benefits to senior executives in order to make the board more accountable and improve the way in which compensation arrangements are set.

Management argues that the proposal is unnecessary because the company already makes proxy disclosures that estimate the monetary value of benefits under pension, retirement, and deferred compensation plans. Management notes that the proxy statement sets forth all of the compensation-related disclosures that the proposal would require and exceeds the disclosure requirements recommended in the proposal.

ISS Analysis and Vote Recommendation

In general, executive compensation is one of the top concerns of shareholders. Golden goodbye packages, fixed compensation arrangements in the form of supplemental executive retirement plans (SERPs), deferred compensation with guaranteed minimum interest rates, and pension plans with additional years of service have led to shareholders' dissatisfaction. Current disclosure requirements, which have been stagnant during the past decade, have largely underestimated total executive pay and distorted the magnitude of pay for performance. Earlier this year, the SEC proposed to update the disclosure requirements for executive and director compensation. As acknowledged by the SEC, current disclosure frequently does not provide investors useful information regarding specific potential pension benefits. From the current pension table, shareholders are unable to discern which amounts relate to a specific executive. The current rules elicit disclosure of SERPs and deferred compensation when earned and only the above-market earnings on this compensation. The full value of the earnings on which they are payable is not subject to disclosure. Further, shareholders are not informed of the interest rates at which these amounts and the corresponding cost to the company are accumulating. As such, the SEC is proposing several new tables. The proposed retirement plan table will disclose estimated annual retirement payments under different defined benefit plans for each named executive officer, followed by narrative disclosure. The proposed SERPs/deferred compensation table will require disclosure on all deferred earnings that is not tax-qualified, as well as any contributions provided by the company, such as interest rates.

ISS supports the SEC's proposed changes, particularly in the areas of retirement, deferred compensation, and post-employment arrangements. The increased disclosure in these areas will ensure that corporate assets are used wisely. The elements of the shareholder proposal are consistent with the proposed SEC's disclosure requirements. Therefore, ISS believes that this proposal warrants shareholder support.

Vote FOR Item 3.

US Standard Policy

Additional Information and Instructions

EL Paso Corp
1001 LOUISIANA ST, SUITE 2955A
EL PASO BLDG
HOUSTON TX 77002
7134202600

Shareholder Proposal Deadline: December 8, 2006
Solicitor: Georgeson Shareholder Communications, Inc.

Security ID:28336L109 (CUSIP), US28336L1098 (ISIN), 2295945 (SEDOL)

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EL Paso Corp

May 10, 2006

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EL Paso Corp

Recommendations - US Standard Policy

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