

El Paso Corporation Closes Sale of Interest in ACE Power Plant

HOUSTON, TEXAS, September 20, 2004—El Paso Corporation (NYSE:EP) announced today that it has closed the sale of an approximate 35-percent interest in the ACE power plant to an affiliate of GE Commercial Finance's Energy Financial Services (EFS), for \$50.4 million and the sale of an approximate 13-percent interest in the plant to Northern Star Generation, LLC for approximately \$19.5 million. The plant is a 102-megawatt coal-fired facility located in Trona, California.

The ACE power plant was among the 25 domestic power plants that El Paso had agreed to sell to Northern Star Generation, LLC. An affiliate of EFS had a right of first refusal to purchase the 35-percent interest and exercised that option accordingly. Per its existing agreement, Northern Star purchased El Paso's remaining interests in ACE.

El Paso has now closed 17 of the 25 domestic power plants that the company previously announced in January it had agreed to sell to Northern Star Generation, LLC. With the close of this transaction, El Paso has received approximately \$422 million and eliminated approximately \$39 million of non-recourse debt from this group of power plants.

This sale is part of El Paso's plan to sell its domestic power portfolio as part of its long-range plan to reduce the company's debt, net of cash, to approximately \$15 billion by year-end 2005. To date the company has announced or closed approximately \$3.5 billion of the \$3.3 to \$3.9 billion of asset sales targeted under the plan. An asset sales tracker that shows all of the announced and completed asset sales is posted at www.elpaso.com under Investor Resources.

El Paso Corporation provides natural gas and related energy products in a safe, efficient, dependable manner. The company owns North America's largest natural gas pipeline system and one of North America's largest independent natural gas producers. For more information, visit www.elpaso.com.

Northern Star Generation, LLC is owned by AIG Highstar Generation LLC and OTPPB US Power, LLC, which is owned by Ontario Teachers' Pension Plan Board. AIG Highstar Generation LLC is owned by AIG Highstar Capital II, L.P. and affiliates. AIG Highstar Capital II, L.P. is sponsored by AIG Global Investments Corp.

This release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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 release, including, without limitation, the ability to implement and achieve our objectives in the long-range plan; our ability to close our announced asset sales on a timely basis; the uncertainties associated with governmental regulation; and other factors described in the company's (and its affiliates') Securities and Exchange Commission 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.