

Buy/Sell Rating: Neutral
 S&P 500: 820
 Intraday

El Paso Corporation
Revise from Sell to Neutral

Symbol	Price	Shares	Market Cap	Net		McDep Ratio	EV/	EV/	P/E	Div'd NTM (%)	PV/ Ebitda NTM
	(\$/sh)			Present Value (\$/sh)	Debt/ Present Value		Sales NTM	Ebitda NTM			
EP	5.86	590	3,500	20.00	0.66	0.76	2.1	5.8	3	14.8	7.7

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

EV = Enterprise Value = Market Cap and Debt: US\$m 26,200

Ebitda = Earnings before interest, tax, depreciation and amortization: US\$m 4,490

NTM = Next Twelve Months Ended June 30, 2003; P/E = Stock Price to Earnings

PV = Present Value of energy businesses: US\$m 34,500

Present Value of Equity: US\$m 11,800

Summary and Recommendation

We no longer recommend sale of the shares of El Paso Corporation (EP) because market cap has shriveled to a shell of its former self. El Paso's energy infrastructure assets appear to be priced at a low McDep Ratio and the stock is down some 73% in less than two months. Yet we still do not want the excessive open and hidden debt of El Paso when high debt entities are deflating. Finally, the company's use of a high greed partnership to attempt to reduce excessive debt appears anathema to us. While we now rate El Paso Corporation shares Neutral, we continue to recommend sale of El Paso Energy Partners (EPN).

Kurt H. Wulff, CFA