

# EP ENERGY CORPORATION

## RELATED PARTY TRANSACTION POLICY

January 16, 2014

### A. Policy Statement

EP Energy Corporation (“EP Energy”) recognizes that related party transactions present a heightened risk of conflicts of interest (or the perception thereof) and therefore the company has adopted this policy (the “Policy”) pursuant to which all Related Party Transactions (as defined below) shall be subject to approval or ratification in accordance with the procedures set forth in this Policy.

### B. Definitions

“Board of Directors” means the Board of Directors of EP Energy.

“CEO” means the chief executive officer of EP Energy.

“Director” means a member of the Board of Directors.

“Executive Officer” means an officer of EP Energy designated as an “executive officer” for SEC reporting purposes.

“Governance Committee” means the Governance and Nominating Committee of the Board of Directors.

“Immediate Family Member” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law or domestic partner, and any person (other than a tenant or employee) sharing the person’s household.

“Related Party” means:

1. any person who is, or at any time since the beginning of EP Energy’s last fiscal year was, a Director or Executive Officer or a nominee to become a Director of EP Energy;
2. any person who is known to EP Energy to be the beneficial owner of 5% or more of any class of EP Energy’s voting securities;
3. any Immediate Family Member of any of the foregoing persons; and
4. any firm, corporation or other entity in which any of the foregoing persons is employed as an officer or in a similar policy-making role or is a general partner or principal or in a similar position or in which such person (or such person together

with all other Related Parties) has a 10% or greater beneficial ownership interest (including a 10% or greater interest as a limited partner).

“Related Party Transaction” is any transaction, arrangement or relationship, including indebtedness or guarantees of indebtedness (or any series of similar transactions, arrangements or relationships) in which EP Energy (including any of its subsidiaries) was, is or will be a participant, the amount involved equals or exceeds \$120,000, either individually or in the aggregate of several transactions during any calendar year, and in which any Related Party had, has or will have a direct or indirect material interest.

“SEC” means the United States Securities and Exchange Commission.

### **C. Application of Policy**

The procedures set forth in this Policy are supplemental to, and are not intended to replace or supersede, any other EP Energy policies and procedures that may be applicable to transactions with a Related Party, including (but not limited to) EP Energy’s Amended and Restated Bylaws, Stockholders Agreement, Code of Conduct or Conflicts of Interest Policy. Directors and Executive Officers shall continue to adhere to their obligations and responsibilities under the foregoing other policies and procedures. Transactions that are subject to the procedures set forth in this Policy must be reported by each Director, nominee for Director, and Executive Officer as required by Section D of this Policy, regardless of whether such transactions are in compliance with the foregoing other policies and procedures.

### **D. Notice of Potential Related Party Transactions**

Any Director or Executive Officer shall notify EP Energy’s General Counsel as soon as reasonably practicable about any potential Related Party Transaction.

### **E. Determination of Related Party Transactions**

EP Energy’s General Counsel, in consultation with other appropriate EP Energy personnel and/or outside counsel, shall determine whether a potential transaction or relationship constitutes a Related Party Transaction that requires compliance with this Policy and/or disclosure as a Relation Person Transaction under applicable SEC rules. In the event the General Counsel determines that the transaction or relationship constitutes a Related Party Transaction (unless such transaction is covered by Section H below), the transaction will be referred to the CEO or the Governance Committee in accordance with Section F of this Policy.

### **F. Review, Approval or Ratification of Related Party Transactions**

Unless a Related Party Transaction is covered by Section H below, a Related Party Transaction involving Executive Officers and/or their Immediate Family Members other than the CEO or the General Counsel will be referred to the CEO and the General Counsel for approval. Related Party Transactions involving the General Counsel and/or his/her Immediate Family Members will be referred to the CEO for approval. Related Party Transactions involving EP Energy stockholders owning 5% or more of any voting security, Directors, Director nominees or

the CEO and/or their Immediate Family Members will be referred to the Governance Committee for approval.

In determining whether to approve a Related Party Transaction, the CEO and the General Counsel and the Governance Committee will consider, among other things, the following factors to the extent relevant to the Related Party Transaction:

1. whether the terms of the Related Party Transaction are fair to EP Energy or any of its subsidiaries and such terms would be on the same basis if the transaction did not involve a Related Party;
2. whether there are business reasons for EP Energy or any of its subsidiaries to enter into the Related Party Transaction;
3. whether the Related Party Transaction would impair the independence of an outside Director;
4. whether the Related Party Transaction would present an improper conflict of interest for any Director or Executive Officer, taking into account: (i) the size of the transaction, (ii) the overall financial position of the Director or Executive Officer, (iii) the direct or indirect nature of the Director's or Executive Officer's interest in the transaction and (iv) the ongoing nature of any proposed relationship, and any other factors deemed relevant; and
5. whether the Related Party Transaction is material, taking into account: (i) the importance of the interest to the Related Party, (ii) the relationship of the Related Party to the transaction and of Related Parties to each other, (iii) the dollar amount involved and (iv) the significance of the transaction to EP Energy's investors in light of all the circumstances.

Any member of the Governance Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chairperson of the Governance Committee, participate in some or all of the Governance Committee's discussions of the Related Party Transaction.

#### **G. Transactions That Are Not Ratified**

In the event that either the CEO and the General Counsel or the Governance Committee determines not to ratify a Related Party Transaction that has been entered into without approval under this Policy, such approvers may consider additional action, in consultation with counsel as appropriate, including, but not limited to, termination of the transaction on a prospective basis, rescission of such transaction or modification of the transaction in a manner that would permit it to be ratified by the CEO and the General Counsel or the Governance Committee, as the case may be.

#### **H. Standing Pre-Approval for Certain Related Party Transactions**

The Governance Committee has reviewed the types of Related Party Transactions described below and has determined that each of the following Related Party Transactions shall be deemed to be pre-approved by the Governance Committee, even if the aggregate amount involved will exceed \$120,000. In any event, any Related Party Transaction described below is

not exempt from the notice requirements required by Section D of this Policy so that a determination can be made as to whether disclosure is required.

1. *Employment of Executive Officers.* Any employment by EP Energy or any of its subsidiaries of an Executive Officer if:
  - a. the related compensation is required to be reported in EP Energy's proxy statement under Item 402 of the SEC's compensation disclosure requirements (generally applicable to "named executive officers"); or
  - b. the related compensation would be reported in EP Energy's proxy statement under Item 402 of the SEC's compensation disclosure requirements if the Executive Officer was a "named executive officer", and EP Energy's Compensation Committee approved (or recommended that the Board of Directors approve) such compensation.
2. *Director compensation.* Any compensation paid to a Director if the compensation is required to be reported in EP Energy's proxy statement under Item 402 of the SEC's compensation disclosure requirements;
3. *Certain transactions with other companies.* Any transaction with another company at which a Related Party's only relationship is as an employee (other than an executive officer or similar policy-making position), director or beneficial owner (together with all other Related Parties) of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2 percent of that company's total annual consolidated gross revenues;
4. *Certain EP Energy charitable contributions.* Other than non-discretionary contributions made pursuant to EP Energy's matching charitable giving program, any proposed charitable contribution, grant or endowment by EP Energy to a charitable organization, foundation or university at which a Related Party's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$120,000, or 2 percent of the charitable organization's total annual receipts;
5. *Transactions where all shareholders receive proportional benefits.* Any transaction where the Related Party's interest arises solely from the ownership of EP Energy's common stock and all holders of EP Energy's common stock received the same benefit on a *pro rata* basis (e.g., dividends);
6. *Transactions involving competitive bids.* Any transaction involving a Related Party where the rates or charges involved are determined by competitive bids;
7. *Regulated transactions.* Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;

8. *Certain consumer transactions.* Any transaction with a Related Party in the ordinary course of EP Energy's or any of its subsidiaries' business and on substantially the same terms as those prevailing at the time for comparable services otherwise available from unrelated third parties.

9. *Certain banking-related services.* Any transaction with a Related Party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

10. *Business expenses.* Any transaction with a Related Party involving ordinary course business travel and expenses, advances and reimbursements.

11. *Indemnification payments.* Any transaction with a Related Party involving indemnification payments and payments under directors and officers indemnification insurance policies made pursuant to EP Energy's Amended and Restated Certificate of Incorporation or Bylaws or pursuant to any policy, agreement or instrument.

## **I. Adoption and Amendments**

This Policy has been reviewed and adopted by the Board of Directors. The Governance Committee shall review and may recommend changes to the Board of Directors for consideration from time to time.