

**Electric
Company**
El Paso Electric

About El Paso Electric

1901



El Paso Electric first began serving customers on August 30, 1901. At that time, it was known as the El Paso Electric Railway Company, with the primary business of providing transportation via mule-drawn streetcars.

2019



Today, EPE is a public utility providing generation, transmission, and distribution service to approximately 428,000 retail and wholesale customers and employs more than 1,100 employees.



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SERVICE TERRITORY

MORE THAN
10,000
SQUARE MILES



MORE THAN
950
MILES OF
TRANSMISSION LINES



approximately

2,082
MEGAWATTS
OF GENERATING CAPACITY



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2017 ESTIMATED CONTRIBUTIONS TO THE REGION'S ECONOMY

TOTAL ECONOMIC IMPACT

\$863M

DIRECT EMPLOYMENT

1,415

PHILANTHROPIC GIVING:

1.24M



DIRECT, INDIRECT &
INDUCED EMPLOYMENT

2,611

VOLUNTEER HOURS
CONTRIBUTED BY

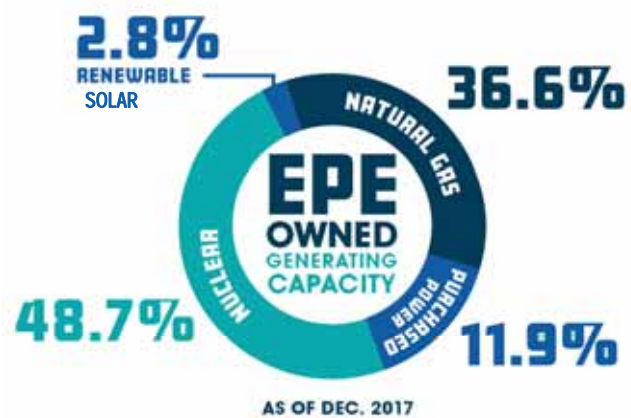
**EMPLOYEES:
8,800**



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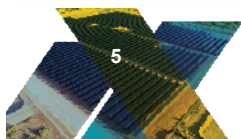


El Paso Electric's Energy Mix



Fuel Type	Net Generation (MWh)		
	2017	2016	2015
Coal	657,744	175,258	0
Natural Gas	3,790,197	3,550,441	3,835,734
Nuclear	5,136,686	5,093,844	5,109,325
Renewables (Solar)	462	463	5,816
Purchased Power	1,390,946	1,552,251	1,540,841

 **110 MW**
OF SOLAR ENERGY



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Renewable Portfolio



SOLAR FACILITY	CAPACITY (KW)
1 Newman Solar Station	64.3
2 Newman Solar Facility	10,000.0
3 Rio Grande Solar Station	64.3
4 Wrangler Solar Facility	48.0
5 Stanton Tower Solar Installation	31.4
6 El Paso Community College	14.5
7 Van Horn Solar Installation	17.4
8 Hatch Solar Energy Center	5,000.0
9 NRG Solar Roadrunner Generating Facility	20,000.0
10 El Chaparral Solar Farm	10,000.0
11 Las Cruces Centennial Solar Farm	12,000.0
12 Macho Springs Solar Facility	50,000.0
13 Community Solar Facility	3,000.0

2017	Renewable Energy MWh Generated in 2017
Renewable Purchased Power Agreements	292,079
EPE-Owned Solar Facilities	5,816





Holloman Air Force Base

- 5 MW PV system that is owned, operated and maintained by EPE
- Located on 43 acres at Holloman AFB
- Approximately 56,000 solar panels
- Project technology: Ground mounted single-axis tracking
- Commercial Operation- October 2018



Request for Proposal

- EPE resource planning studies indicate approximately 370 megawatts (MW) of additional resources needed by 2023
- In June of 2017, EPE issued an All-Sources Request for Proposal for supply-side and demand-side resources
- In December 2018, EPE announced the selection of resource additions to include:
 - 200 MW of utility scale solar
 - 100 MW of battery storage
 - 226 MW natural gas combustion turbine, to be located at Newman Power Station in Northeast El Paso
 - Potential for an additional 50-150 MW of wind and/or solar generation to improve our fuel diversity and cost savings

EPE owns or has significant ownership interests in several electrical generating facilities providing it with a net dependable generating capacity of approximately 2,085 megawatts



El Paso Electric Company Enters Into Agreement to Be Purchased by the Infrastructure Investments Fund*

A major step that further enables EPE's ongoing commitment to provide safe, clean, affordable and reliable energy to you, our customers.

- On June 3, 2019, El Paso Electric Company (EPE) announced that the Infrastructure Investments Fund (IIF) agreed to acquire EPE.
- EPE and IIF share the same vision for local job retention and growth, financially supporting our communities and creating a sustainable path to grow our renewable energy resources while protecting the environment.
- This agreement will better position EPE to meet the future energy needs of our service area.
- With IIF's resources and expertise, this partnership is expected to enhance EPE's ability to fulfill commitments to our customers and the communities we serve, including investment in more renewable energy resources, local generation and other infrastructure needs.



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*An Investment Vehicle Advised by J.P. Morgan Investment Management Inc.





**CONTINUITY OF
LOCAL WORKFORCE**
Headquarters Remains in El Paso, TX

The agreement with Infrastructure Investments Fund (IIF) includes a number of customer, employee and community commitments, which will take effect upon closing.



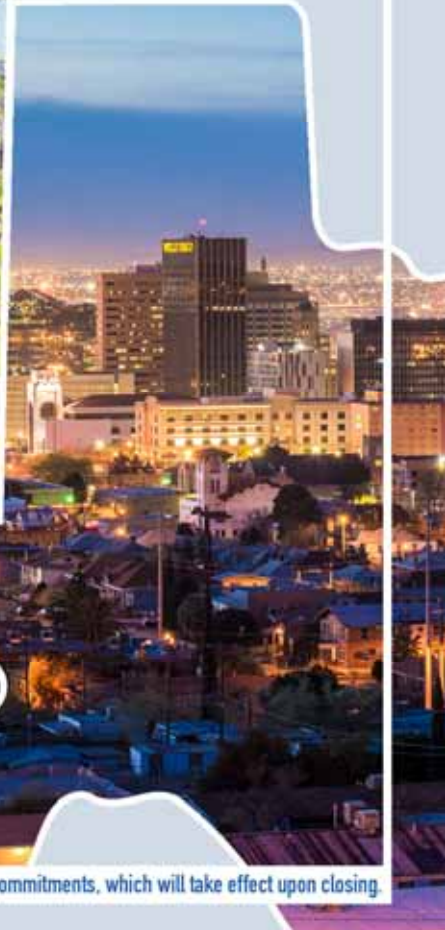
**BILL CREDIT
FOR CUSTOMERS**
\$21 Million Over 36 Months

The agreement with Infrastructure Investments Fund (IIF) includes a number of customer, employee and community commitments, which will take effect upon closing.



**COMMUNITY
PARTNER PROGRAM**
\$1.2 Million in Annual Charitable Contributions

The agreement with Infrastructure Investments Fund (IIF) includes a number of customer, employee and community commitments, which will take effect upon closing.



**COMMUNITY ECONOMIC
SUSTAINABILITY FUND**
\$100 Million Invested Over 20 Years

The agreement with Infrastructure Investments Fund (IIF) includes a number of customer, employee and community commitments, which will take effect upon closing.

BILL CREDIT FOR CUSTOMERS

\$21 Million Over 36 Months

COMMUNITY PARTNER PROGRAM

\$1.2 Million in Charitable Contributions



CONTINUITY OF LOCAL WORKFORCE

Headquarters Remains in El Paso, TX

COMMUNITY ECONOMIC SUSTAINABILITY FUND

\$100 Million Invested Over 20 Years

The agreement with Infrastructure Investments Fund (IIF) includes a number of customer, employee and community commitments, which will take effect upon closing.

Customer, Employee & Community Commitments

Agreement includes a number of customer, employee and community commitments, which will take effect upon closing and include:

Continuity of Local Workforce	<ul style="list-style-type: none"> • Commitment to ensuring EPE’s workforce, including union and non-union employees and management, will remain in place.
Electric Bill Credit for Customers	<ul style="list-style-type: none"> • Commitment to providing a credit on customer electric bills in the amount of \$21 million over 36 months.
Community Contributions	<ul style="list-style-type: none"> • Commitment to maintaining \$1.2 million in annual charitable contributions in EPE’s service area under the existing Community Partner Program, which provides employee engagement with and financial support to the many local organizations that positively impact the well-being of our communities.
Community Economic Sustainability Fund	<ul style="list-style-type: none"> • Commitment to establishing a new Community Economic Sustainability Fund to invest \$100 million over 20 years to fund growth and economic development in EPE’s service area.



About IIF: An Experienced, Proven Partner Committed to Our Region's Success

- IIF is responsible for investing and growing the retirement funds of more than 40 million families, including 2 million people across Texas and New Mexico.
- IIF's family of companies provides essential services, such as energy, water and transportation, which are vital to the economic health and productivity of the communities in which they operate.
- The IIF family of companies includes a number of other utilities. IIF is a leading investor in renewable energy and has a track record of delivering for the communities they partner with.
- IIF is committed to working with EPE to continue and expand upon its work as a good corporate citizen with significant investment benefiting the communities of west Texas and southern New Mexico.
- Safety and health for employees, customers and communities is a top priority for IIF.

EPE is a flagship investment for IIF, and IIF is excited to partner with EPE in its next phase of growth



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All information is as of 3/31/19



Approval Process

Agreement with IIF is subject to shareholder and regulatory approvals and other customary closing conditions. This process takes time, and we expect to complete the closing in the first half of 2020.

Required approvals

- New Mexico Public Regulation Commission (NMPRC)
- Public Utility Commission of Texas (PUCT)
- EPE shareholders
- Federal Energy Regulatory Commission (FERC)
- U.S. Nuclear Regulatory Commission (NRC)
- Federal Communications Commission (FCC)
- Hart-Scott-Rodino clearance (Federal Trade Commission / Department of Justice)
- City of El Paso, TX



The Agreement Builds on- and Continues- our Strong Local Presence

- EPE will continue as an independently-operated, investor-owned, regulated utility.
- All current statutory and regulatory commitments remain in place and effect.
- EPE's workforce will remain in place.
- Headquarters will remain in El Paso, Texas.
- Continued commitment to local community.
- EPE remains employer of choice in our community.



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What is a Smart City or Smart Community?

- **Smart Energy**
 - Smart Grid
 - Microgrids
- **Smart Mobility**
 - Electric vehicle (EV) charging stations
 - Traffic management
- **Smart Public Services**
 - Public safety
 - Energy efficient lighting
- **Water distribution optimization and loss management**
 - Storm water planning and urban flooding management
 - Irrigation management
- **Smart Buildings**
 - High performance buildings
 - Efficient homes
- **Smart Data Centers**
 - Efficient data centers
 - Infrastructure management enabled services



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Smart Communities



Benefits of Smart Communities

- The potential for economic development and sustainability
- Economic opportunity as a Smart City reflects an investment in the quality of job growth, making a community resilient with a stronger educational capacity to grow and keep local talent.
- A Smart City is about not being left behind, being ready to change when new and dynamic products and technologies enter the market.
- A Smart City is about leaving a clean environment for our children and a quality of life deserving of our border community.



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Smart Communities



Efficiencies of Smart Communities

- Better energy use of smart street lighting and transportation which improves overall efficiencies.
- Smart transportation reduces traffic congestion, improves tourism and business development, creates greater access to services to underserved communities and improves overall public safety.
- Smart buildings improve sustainability, helping to target data analytics and intelligent services to improve city services.
- Smart homes and businesses create more transparency, accuracy and availability of real-time information, taking full advantage of better energy use.



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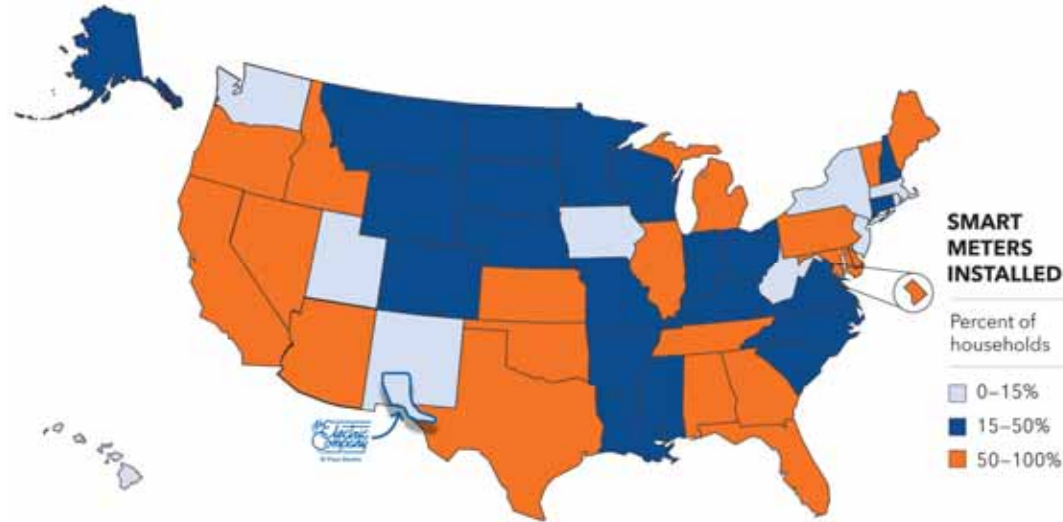


Smart Communities



U.S. Smart Meter Deployments

- By the end of 2016, U.S. electric utilities installed 71 million advanced metering infrastructure (AMI) smart meters, covering 47% of the 150 million electricity customers in the U.S.*



* U.S. Energy Information Administration, Dec. 6, 2017.



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Smart Communities



Questions?



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Smart Communities



Forward-Looking Statements

This presentation includes statements that are forward-looking statements made pursuant to the safe harbor provisions of the Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the proposed acquisition of El Paso Electric Company (EE), shareholder and regulatory approvals, the expected timetable for completing the proposed transaction and any other statements regarding EE's future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts. This information may involve risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These risks and uncertainties include, but are not limited to: failure to obtain the required vote of EE's shareholders; the timing to consummate the proposed transaction; satisfaction of the conditions to closing of the proposed transaction may not be satisfied; the risk that a regulatory approval that may be required for the proposed transaction is not obtained or is obtained subject to conditions that are not anticipated; the diversion of management's time on transaction-related issues.

Additional information concerning factors that could cause actual results to differ materially from those expressed in forward-looking statements is contained in EE's most recently filed periodic reports and in other filings made by EE with the U.S. Securities and Exchange Commission (the "SEC"), and include, but is not limited to: (i) the impact of the federal law commonly referred to as the Tax Cuts & Jobs Act and other U.S. tax reform legislation; (ii) increased prices for fuel and purchased power and the possibility that regulators may not permit EE to pass through all such increased costs to customers or to recover previously incurred fuel costs in rates; (iii) full and timely recovery of capital investments and operating costs through rates in Texas and New Mexico, and at the Federal Energy Regulatory Commission; (iv) uncertainties and instability in the general economy and the resulting impact on EE's sales and profitability; (v) changes in customers' demand for electricity as a result of energy efficiency initiatives and emerging competing services and technologies, including distributed generation; (vi) unanticipated increased costs associated with scheduled and unscheduled outages of generating plant; (vii) unanticipated maintenance, repair, or replacement costs for generation, transmission, or distribution facilities and the recovery of proceeds from insurance policies providing coverage for such costs; (viii) the size of EE's construction program, the receipt of necessary permits and approvals and EE's ability to complete construction on budget and on time; (ix) potential delays in our construction and resource contracting schedule due to legal challenges or other reasons; (x) costs at Palo Verde; (xi) decisions and actions of EE's regulators and the resulting impact on EE's cost of capital, sales and profitability; (xii) deregulation and competition in the electric utility industry; (xiii) possible increased costs of compliance with environmental or other laws, regulations and policies; (xiv) possible income tax and interest payments as a result of audit adjustments proposed by the Internal Revenue Service or state taxing authorities; (xv) uncertainties and instability in the financial markets and the resulting impact on EE's ability to access the capital and credit markets; (xvi) actions by credit rating agencies; (xvii) possible physical or cyber-attacks, intrusions or other catastrophic events; (xviii) a U.S. Government shutdown and the resulting impact on EE's sales and profitability; and (xix) other factors of which EE is currently unaware or deem immaterial.

EE's filings are available from the SEC or may be obtained through EE's website at <http://www.epelectric.com>. Any such forward-looking statement is qualified by reference to these risks and factors. EE cautions that these risks and factors are not exclusive. Management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or prior earnings levels. Forward-looking statements speak only as of the date of this press release, and EE does not undertake to update any forward-looking statement contained herein.



Additional Information

Important Additional Information and Where to Find It

In connection with the proposed transaction, El Paso Electric Company filed a definitive proxy statement with the SEC on August 2, 2019, which will be mailed or otherwise provided to its shareholders. BEFORE MAKING ANY VOTING DECISION, EL PASO ELECTRIC COMPANY'S SHAREHOLDERS ARE URGED TO CAREFULLY READ THE PROXY STATEMENT, AS SUPPLEMENTED BY THIS DOCUMENT, IN ITS ENTIRETY AND ANY OTHER DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION OR INCORPORATED BY REFERENCE THEREIN BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND THE PARTIES TO THE PROPOSED TRANSACTION. Investors and security holders may obtain a free copy of the proxy statement and other documents that El Paso Electric Company files with the SEC from the SEC's website at www.sec.gov and El Paso Electric Company's website at <https://ir.epelectric.com>. In addition, the proxy statement and other documents filed by El Paso Electric Company with the SEC (when available) may be obtained from El Paso Electric Company free of charge by directing a request to Investor Relations, Phone: 1-800-592-1634. Media inquiries can be directed to Eduardo Gutierrez at El Paso Electric Company, Phone: 915-497-3495.

Certain Participants in the Solicitation

El Paso Electric Company, its directors and certain of its executive officers and employees may be deemed, under SEC rules, to be participants in the solicitation of proxies from El Paso Electric Company shareholders with respect to shareholder approval of the proposed acquisition of El Paso Electric Company. Information regarding the names of El Paso Electric Company's directors and executive officers and their respective interests in El Paso Electric Company by security holdings or otherwise is set forth in El Paso Electric Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed with the SEC on February 28, 2019 and El Paso Electric Company's definitive proxy statement for its 2019 Annual Meeting of Shareholders filed with the SEC on April 12, 2019. Additional information regarding the interests of such individuals in the proposed transaction is included in the definitive proxy statement relating to such acquisition filed with the SEC on August 2, 2019. These documents may be obtained free of charge from the SEC's website at www.sec.gov and El Paso Electric Company's website at <http://ir.epelectric.com>.

