



El Paso Electric

NYSE Symbol EE

Your Electric Company



Our Vision - El Paso Electric will provide safe, clean, affordable and reliable energy through superior production, acquisition and delivery.

Our Mission - To attain its Vision, El Paso Electric will build on its past, prepare for the future and be accountable to its key stakeholders:

- **Customers** - Provide safe, efficient and reliable service at a reasonable cost;
- **Regulators** - Provide timely and accurate data to Regulators, while working in an honest and collaborative manner to resolve any Customer issue;
- **Employees** - Maintain a dynamic, creative work environment that fosters safety, professional development, mutual respect, commitment and integrity; and
- **Shareholders** - Provide a fair return to Shareholders commensurate with risks and in the top quartile of the electric utility industry.

Second Quarter Highlights

Three Months Ended June 30,	2011	2012
Net Income (\$000)	\$ 32,990	\$ 30,894
Diluted Earnings Per Share	\$ 0.78	\$ 0.77
Weighted Average number of shares and dilutive potential shares outstanding (\$000)	42,077	40,041

Financial Highlights

Financial (\$000)	2010	2011	12 ME June 2012
Operating Revenues			
Retail Non-Fuel Base Revenues	\$ 536,309	\$ 569,956	\$ 572,084
Deregulated Palo Verde Unit 3			
Proxy Market Pricing	\$ 16,103	\$ 14,820	\$ 11,473
Retained Off-System Margins	\$ 5,687	\$ (560)	\$ 853
Net Income	\$ 90,317(a)	\$ 103,539	\$ 98,012
Total Assets	\$ 2,364,766	\$ 2,396,851	\$ 2,511,454

(a) Excluding extraordinary item

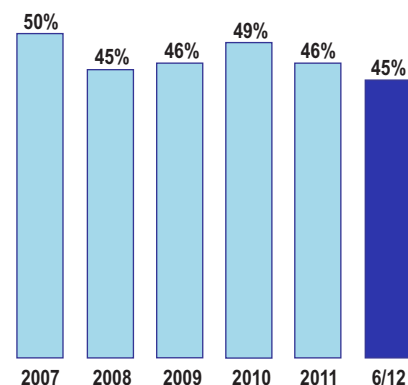
Common Stock Data

Earnings Per Share (diluted)	\$ 2.07	\$ 2.48	\$ 2.42
Market Price Per Share (end of period)	\$ 27.53	\$ 34.64	\$ 33.16
Book Value Per Share	\$ 19.04	\$ 19.03	\$ 19.50
52-Week Trading Range Ending 6/30/12	\$29.77 - \$35.53		

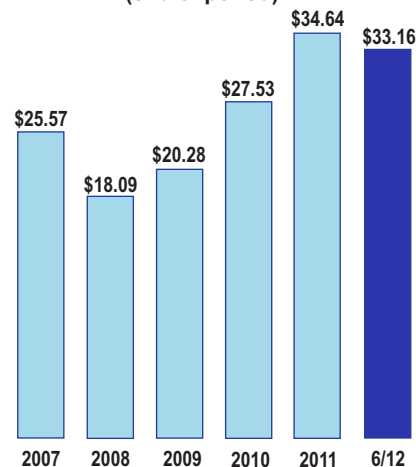
2012 Earnings Guidance

On August 1, 2012, EE revised its earnings guidance range for 2012 to \$2.10 to \$2.45 per basic share. The primary driver for the revision to the low and high end of the guidance is due to revised AFUDC capitalization assumptions and lower depreciation expense due to lower plant balances.

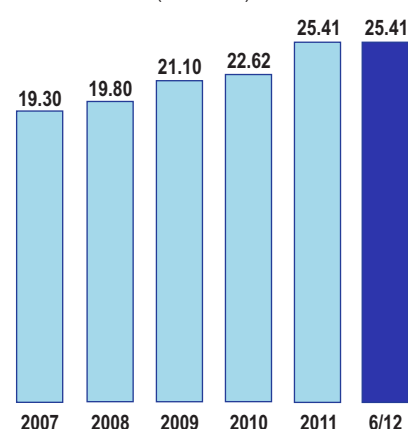
Common Stock Equity
(Percent of capitalization)



Market Price Per Share
(end of period)



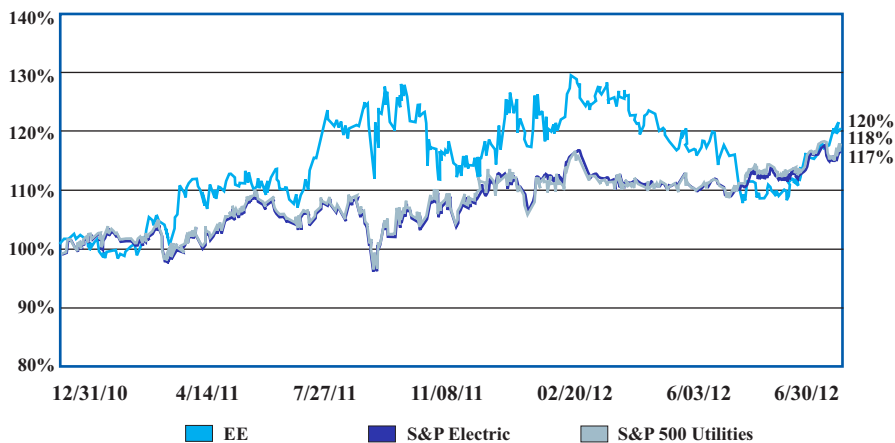
Cumulative Share Repurchases
(in millions)



Statements on this document, other than statements of historical fact, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. For a detailed discussion of these risks and other uncertainties, please refer to EE's 10-K, Annual Report and Other 1934 Act filings.

Since the beginning of the repurchase program in 1999, annual stock repurchases have averaged 3.8% of outstanding shares.

Relative Price Performance
El Paso Electric vs. S&P Electric and S&P 500 Utilities Indices
12/31/10 - 6/30/12



El Paso Electric is an investor-owned utility providing electric energy to approximately 384,000 retail customers in a 10,000 square mile area of the Rio Grande Valley in west Texas and southern New Mexico. The Company has a net dependable generating capability of approximately 1,785 MW.

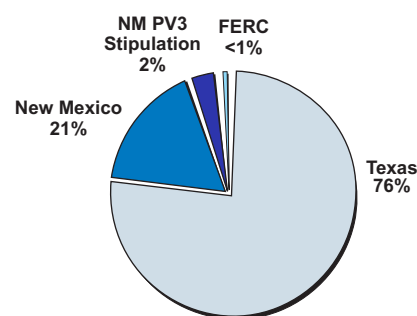


Operational Highlights

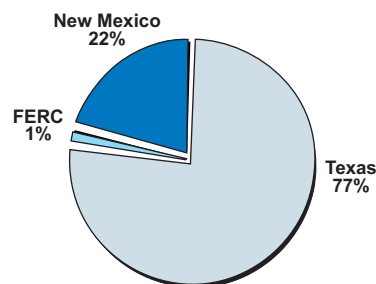
Operational	2010	2011	12 ME 2012
Retail GW Sold	7,434	7,661	7,762
% Change	4.41%	3.05%	1.32%
Native Peak (MW)	1,616	1,711	1,711
Customers at End of Period	376,822	380,246	384,032
% Change	1.88%	0.91%	1.0%
Employees at End of Period	954	984	984

Plant	2012 Net Dependable Generating Capability	Fuel Source	2012 Energy Mix
Palo Verde	633 MW	Nuclear Fuel	45%
Four Corners	108 MW	Coal	6%
		Purchased Power	17%
Newman	752 MW	Natural Gas	32%
Rio Grande	229 MW	Natural Gas	
Copper	62 MW	Natural Gas	
Hueco Mountain			
Wind Ranch	1 MW		
Total	1,785 MW		100%

12-Months Ended 6/30/12 Operating Revenues, Net of Energy Expenses



12-Months Ended 6/30/12 MWh Sales



Regulatory Summary

Texas

On April 17, 2012, the City Council (the "Council") of El Paso, Texas approved the settlement of our 2012 Texas retail rate case and fuel reconciliation in Public Utility Commission of Texas (the "PUCT"), Docket No. 40094. The approval by the Council (i) resolves the local, City of El Paso rate proceeding that commenced with the October 4, 2011 show cause order of the Council, (ii) implements new rates within the city limits of El Paso commencing with bills rendered on and after May 1, 2012, and (iii) rescinds and withdraws the temporary rate order that the Council issued on November 15, 2011. As part of the settlement, we have agreed to a reduction in our current non-fuel base rates of \$15 million annually.

On May 2, 2012, the Company filed with the PUCT a petition seeking authorization to amend its Certificate of Convenience and Necessity (CCN) for two 88 Megawatt (MW) natural gas-fired units to be constructed at a site in east El Paso County known as the Montana Power Station, to be in service for the peak seasons of 2014 and 2015.

New Mexico

On May 2, 2012, the Company filed a petition with the New Mexico Public Regulatory Commission requesting a Certificate of Convenience and Necessity to construct two 88 Megawatt natural gas-fired units at a site in east El Paso County, known as the Montana Power Station, to be in service for the peak seasons of 2014 and 2015.

FERC

In April 2011, EE resolved its longstanding dispute with Tucson Electric Power (TEP) Company and reached a settlement. In addition, EE entered into an agreement with TEP to provide transmission upgrades and transmission service from Element Power LLC, wind generation facility near Deming, New Mexico. The settlement agreement was filed with the FERC on June 24, 2011 and approved by the FERC in August 2011.

Key Strengths . . .

- Quarterly dividend of \$0.25 per share, targeting a 45% payout ratio in 2012
- Estimated 2012 dividend yield = 3.03%
- Strong growth potential due to expansion at Fort Bliss and economic growth
- Stable retail customer base
- Investment grade debt ratings:
 - Standard & Poor's: BBB Unsecured: BBB
 - Moody's: Baa2 Unsecured: Baa2
- Retail competition law repealed in New Mexico and delayed in Texas
- Solid rate base growth
- Low carbon footprint

Please see the web site at <http://www.epelectric.com> for the most recent customer growth, MWh sales and climate data. This data is located on the "Investor Relations" portion of the web site.