

EL PASO ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS

Repurchase Program

No shares of the Company's common stock were repurchased during the twelve months ended December 31, 2019. Detail regarding the Company's stock repurchase program are presented below:

	Since 1999 (a)	Authorized Shares
Shares repurchased (b) (c)	25,406,184	
Cost, including commission (in thousands)	\$ 423,647	
Total remaining shares available for repurchase at December 31, 2019 (d)		393,816

(a) Represents repurchased shares and cost since inception of the stock repurchase program in 1999.

(b) Shares repurchased does not include 86,735 treasury shares related to employee compensation arrangements that were not part of the Company's repurchase program.

(c) Beginning in 2015, shares of the Company's common stock issued for employee benefit and stock incentive plans have been issued from the shares repurchased and held in treasury stock. The Company has issued 396,657 treasury shares since 2015 including 51,305 shares during 2019.

(d) The Company may make purchases of shares of its common stock pursuant to its authorized program in open market transactions at prevailing prices and may engage in private transactions where appropriate. The repurchased shares will be available for issuance under employee benefit and stock incentive plans or the repurchased shares may be retired.

Authorization to Issue and Retire Shares

On January 30, 2019, the Company submitted an application with both the NMPRC and the FERC seeking approval to issue shares of common stock, including the reissuance of treasury shares, in an amount up to \$200.0 million in one or more transactions. The Company received final approvals for such issuances from the NMPRC and the FERC on March 27, 2019 and April 18, 2019 respectively. Under the Merger Agreement, the Company cannot issue shares of common stock, subject to limited exceptions, without the prior written consent of Parent. In order to align the number of shares of common stock held as treasury stock by the Company with various regulatory applications, filings and orders, on May 23, 2019, the Board of Directors of the Company (the "Board of Directors") approved the cancellation of 1.4 million shares of common stock held as treasury shares by the Company effective May 31, 2019.

Dividend Policy

On December 27, 2019, the Company paid \$15.7 million in quarterly cash dividends to shareholders. The Company paid a total of \$61.7 million, \$57.5 million and \$53.3 million in cash dividends during the twelve months ended December 31, 2019, 2018 and 2017, respectively.

Under the Merger Agreement, the Company is not allowed to declare or pay dividends or distributions on shares of common stock in an amount in excess of \$0.385 per share for quarterly dividends declared before June 1, 2020 and \$0.41 per share for quarterly dividends declared on or after June 1, 2020. See Part II, Item 8, Financial Statements, Note T of Notes to Financial Statements for further discussion.