
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported):
January 31, 2018**

El Paso Electric Company

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation)

001-14206
(Commission File Number)

74-0607870
(I.R.S. Employer Identification No.)

Stanton Tower, 100 North Stanton, El Paso, Texas
(Address of principal executive offices)

79901
(Zip Code)

(915) 543-5711
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (§230.405 of this chapter) or Rule 12b-2 of the Exchange Act (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 31, 2018, the Compensation Committee (the “Committee”) of the Board of Directors of El Paso Electric Company (the “Company”) approved an amendment (the “Amendment”) to the El Paso Electric Company Amended and Restated 2007 Long-Term Incentive Plan (the “Plan”). The Amendment will be effective upon approval by the Federal Energy Regulatory Commission, which the Company expects to seek on or before April 30, 2018. Pursuant to the Amendment, with respect to awards granted under the Plan, the Company may withhold shares of common stock of the Company or cash, as applicable, for tax purposes using rates up to the maximum statutory tax rate for each applicable tax jurisdiction, rather than being limited to the minimum statutory tax rate.

The Committee also approved a form of Performance Share Award Agreement for outstanding awards (the “Performance Share Award Agreement”) in connection with the Amendment, as well as a new form of (i) Performance Share Award Agreement, (ii) Restricted Stock Award Agreement for employees and (iii) Restricted Stock Award Agreement for non-employee directors. The Performance Share Award Agreement will be provided to those employees who hold outstanding performance shares and either, (i) as of the date of the Committee’s action, are age 55 or older with at least five years of service or, (ii) prior to the end of the performance period to which such performance shares relate, will be age 55 or older with at least five years of service (including Nathan T. Hirschi and Rocky R. Miracle). The Performance Share Award Agreement modifies the existing terms of the outstanding performance share awards to provide that if the holder’s employment is terminated due to retirement (defined as a termination of employment on or after the attainment of age 55 and at least five years of service; provided that such holder gives the Company six months of notice of the intention to retire), the holder shall have the opportunity to vest in a pro rata portion of the performance shares subject to the achievement of the performance goals set forth in the Performance Share Award Agreement. The Performance Share Award Agreement further provides that any holder that terminates employment due to retirement will also be subject to non-compete and non-solicit provisions for the period beginning on the retirement date and ending when the vested award is distributed (or when the Committee determines the performance achievement percentage is zero percent).

The preceding description of the Amendment is qualified in its entirety by reference to the full text of the Amendment, which is filed as Exhibit 10.1 to this Current Report on Form 8-K. The preceding descriptions of the Performance Share Award Agreement and the new forms of Performance Share Award Agreement, Restricted Stock Award Agreement for employees and Restricted Stock Award Agreement for non-employee directors are qualified in their entirety to the full text of such agreements, which are filed as Exhibits 10.2, 10.3, 10.4 and 10.5 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Amendment to El Paso Electric Company Amended and Restated 2007 Long-Term Incentive Plan.
10.2	Form of Performance Share Award Agreement for outstanding awards.
10.3	Form of new Performance Share Award Agreement.
10.4	Form of new Restricted Stock Award Agreement for employees.
10.5	Form of new Restricted Stock Award Agreement for non-employee directors.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EL PASO ELECTRIC COMPANY

By: /s/ Adrian J. Rodriguez
Name: Adrian J. Rodriguez
Title: Senior Vice President, General Counsel and Assistant Secretary

Dated: February 2, 2018

**FIRST AMENDMENT TO
EL PASO ELECTRIC COMPANY
AMENDED AND RESTATED 2007 LONG-TERM INCENTIVE PLAN
(as amended and restated effective May 29, 2014)**

WHEREAS, El Paso Electric Company, a Texas corporation (the “Company”), has established and maintains the El Paso Electric Company Amended and Restated 2007 Long-Term Incentive Plan (the “Plan”);

WHEREAS, pursuant to Section 18.1 of the Plan, the Company has the right to amend the Plan at any time by action of the Compensation Committee of the Board of Directors of the Company (the “Committee”);

WHEREAS, the Committee desires to amend the Plan to allow for tax withholding up to the maximum statutory rate and make other clarifying changes associated with such revision; and

NOW, THEREFORE, effective _____, 2018, the Plan is amended as follows:

1. Section 4.2 of the Plan is hereby amended by replacing the second sentence thereof with the following:

“Any Shares related to Awards under this Plan (whether granted before or after the Effective Date) or under Prior Plans which terminate by expiration, forfeiture or cancellation, with respect to Full-Value Awards other than awards of Restricted Stock, all Shares withheld by the Company for tax withholding and, with respect to awards of Restricted Stock, the Shares withheld by the Company for tax withholding as required to satisfy the minimum statutory withholding rate required by law, shall be available again for grant under this Plan.”

2. Section 19.1 of the Plan is hereby amended in its entirety as follows:

“19.1 Tax Withholding. With respect to any taxable event arising as a result of this Plan, the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an appropriate amount of any applicable federal, state, and local taxes, domestic or foreign, up to the amount determined using the maximum statutory marginal rate that could be applicable to the Participant.”

3. Section 19.2 of the Plan is hereby amended in its entirety as follows:

“19.2 Share Withholding. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock and Restricted Stock Units, or upon the achievement of performance goals related to Performance Shares or any other taxable event arising as a result of an Award granted

hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the product of up to the maximum statutory marginal rate that could be applicable to the Participant and the Fair Market Value of the Shares otherwise to be delivered to the Participant. All such elections shall be irrevocable, made in writing, and signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.”

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused these presents to be executed by its duly authorized officer which may be sufficiently evidenced by an executed copy hereof, this ____ day of _____, 2018, but effective as of the date set forth herein.

EL PASO ELECTRIC COMPANY

By: _____

**EL PASO ELECTRIC COMPANY
AMENDED AND RESTATED 2007 LONG-TERM INCENTIVE PLAN**

**PERFORMANCE SHARE AWARD AGREEMENT
FOR OUTSTANDING AWARDS
INCLUDING NON-COMPETITION AND NON-SOLICITATION PROVISIONS**

WHEREAS, EL PASO ELECTRIC COMPANY (the "Company") previously granted the Participant a Performance Share Award (the "Award") covering the target number of Shares (the "Target Shares") as specified in the award notice attached hereto (the "Award Notice"), pursuant to the EL PASO ELECTRIC COMPANY AMENDED AND RESTATED 2007 LONG TERM INCENTIVE PLAN (the "Plan"); and

WHEREAS, the Participant and the Company desire to execute this Performance Share Award Agreement (this "Award Agreement") to specify and modify the terms and conditions of the Award.

The number of Target Shares shall be subject to adjustment as provided in Section 4.4 of the Plan, conditioned upon the Company's achievement of the Performance Goals over the course of the performance period beginning on **[January 1, 2017 and ending on December 31, 2019]** (the "Performance Period") and subject to the following terms and conditions:

1. Acceptance of Award Agreement; Relationship to the Plan. The terms of this Award Agreement shall be null and void unless the Participant shall accept this Award Agreement by executing it in the space provided below and returning it to the Company no later than **[date]**. In the event this Award Agreement is not accepted by **[date]**, the original terms of the Award remain in effect in accordance with the Award Notice and the Plan, and the Award will be forfeited if the Participant's employment terminates for any reason prior to the end of the Performance Period. The Award is subject to all of the terms, conditions and provisions of the Plan in effect on the date hereof and administrative interpretations thereunder, if any, adopted by the Committee. The Participant hereby acknowledges receipt of a copy of the Plan. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan.

2. Definitions. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. For purposes of this Award Agreement:

"Achievement Percentage" means the percentage of achievement determined by the Committee after the end of the Performance Period in accordance with Section 3 of this Award Agreement that reflects the extent to which the Company achieved the Performance Goals.

“Performance Goal” means the standards established by the Committee for the Performance Period to determine in whole or in part the number of Vested Shares pursuant to Section 4 of this Award Agreement.

“Retirement” means termination of employment with the Company on or after the attainment of age 55 with at least five years of service as an Employee; *provided, however*, that the Participant provided the Company with at least six months of notice of the Participant’s intention to retire to the Chief Human Resources Officer.

“Vested Shares” means the Shares actually distributable to the Participant following the Participant’s satisfaction of the vesting provisions of Section 5 or Section 6 of this Award Agreement and, if applicable, the determination by the Committee of the extent to which the Company has achieved the Performance Goals pursuant to Section 4 of this Award Agreement.

3 . Establishment of Award Account. The grant of Target Shares pursuant to this Award Agreement shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the Participant’s unfunded and unsecured right to receive Shares, which right shall be subject to the terms, conditions and restrictions set forth in the Plan and to the further terms, conditions and restrictions set forth in this Award Agreement. Except as otherwise provided in this Award Agreement, the Target Shares credited to the Participant’s bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Participant has been registered as a holder of Shares on the records of the Company as provided in Section 6 or 7 of this Award Agreement.

4 . Award Opportunity. Except as otherwise provided herein, the Participant’s Vested Shares shall be the product of (1) the number of Target Shares and (2) the Achievement Percentage determined by the Committee and based on whether and to what extent the Performance Goals have been achieved. The Achievement Percentage shall be between 0% and 200%, and in no event shall the Achievement Percentage exceed 200%.

5. Vesting of Shares.

(a) Except as otherwise provided herein, the Participant’s right to receive Shares pursuant to this Award Agreement, if any, shall vest on the last day of the Performance Period (with the number of Vested Shares, if any, based on the Committee’s determination of whether and to what extent the Performance Goals have been achieved (as provided in Section 4 of this Award Agreement)).

(b) If the Participant’s employment is terminated prior to the close of the Performance Period or the occurrence of a Change in Control, then the applicable of the following clauses shall apply:

(i) Forfeiture of Entire Award. If the Participant’s employment is terminated by the Company or by the Participant for any reason other than due to Retirement, then the Participant’s right to receive any Shares

pursuant to this Award Agreement shall be forfeited in its entirety as of the date of such termination.

(ii) Retirement. If the Participant's employment is terminated due to Retirement, the Participant's right to receive shares pursuant to this Award Agreement, if any, shall vest on the last day of the Performance Period, subject to the Committee's determination of whether and to what extent the Performance Goals have been achieved (as provided in Section 4 of this Award Agreement) in a pro-rata amount determined by multiplying (1) the number of Vested Shares awarded to the Participant based upon the Committee's determination of the Achievement Percentage as provided in Section 4 of this Award Agreement, by (2) a fraction, the numerator of which is the number of days elapsed in the Performance Period as of the date of the Participant's Retirement, and the denominator of which is the total number of days in the Performance Period.

(c) In accordance with the provisions of this Section 5, the Vested Shares shall be distributed as provided in Section 7 hereof.

6 . Change in Control. Notwithstanding anything herein to the contrary, if a Change in Control occurs during the Performance Period, then upon such Change in Control, the Performance Period shall end in the manner and on the date determined by the Committee in its sole discretion. The Achievement Percentage shall be determined based on Performance Goals achieved through the end of such shortened Performance Period and the Target Shares shall become vested and payable in a pro-rata amount determined by multiplying (1) the number of Vested Shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4 of this Award Agreement, by (2) a fraction, the numerator of which is the number of days elapsed in the Performance Period as of the Change in Control, and the denominator of which is the total number of days in the Performance Period. Such distribution, whether in the form of Shares or, if directed by the Committee, in cash, shall be made to the Participant no later than the 70th day after the Change in Control, and shall satisfy the rights of the Participant and the obligations of the Company under this Award Agreement in full. In the event a Change in Control occurs after the Participant has terminated employment due to Retirement, the Vested Shares such Participant shall receive under this Section 6 shall instead be prorated based on the number of days that elapsed in the Performance Period as of the date of the Participant's Retirement over the total number of days in the Performance Period.

7. Distribution of Vested Shares.

(a) If the Participant's right to receive Shares pursuant to this Award Agreement has vested pursuant to Section 5(a) or Section 5(b)(ii) of this Award Agreement, the Vested Shares shall be registered in book-entry form with the Company's transfer agent in the name of the Participant no later than March 15th of the calendar year following the calendar year in which occurs the last day of the Performance Period.

(b) Unless the Participant makes arrangements satisfactory to the Company to pay to the Company the required statutory tax under all applicable federal, state, local or other laws or regulations (the "Required Tax Payments") in cash, the Participant acknowledges that the Company will withhold applicable taxes at the minimum statutory rate from any such distribution of Vested Shares at the time of such distribution by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the Required Tax Payments due to such distribution (with any fractional Share rounded up to the nearest whole Share). To the extent allowed under the Plan and with the consent of the Committee, the Participant may elect to have the Company withhold from Shares otherwise to be delivered to the Participant pursuant to the Award a number of whole Shares having a Fair Market Value equal to the product of up to the maximum statutory marginal rate that could be applicable to the Participant and the Fair Market Value of the Shares otherwise to be delivered to the Participant.

(c) No dividend equivalents shall be paid with respect to any Target Shares or Vested Shares.

8. Restrictive Covenants.

(a) Non-compete. For consideration provided pursuant to Section 5(b)(ii) of this Award Agreement, the Participant agrees that while an Employee and following Retirement until the date (i) the Vested Shares are distributed pursuant to Section 6 or Section 7 or (ii) the Committee determines the Achievement Percentage is 0%, as applicable (the "Restriction Period"), the Participant will not, without the prior written consent of the Company, acting alone or in conjunction with others, either directly or indirectly, engage in any business that competes with the business of the Company or its Affiliates (including, without limitation, the use of solar energy generation or other types of non-traditional generation for the broad-based distribution of electric power and businesses which the Company or its Affiliates have specific plans to conduct in the future and as to which the Participant is aware of such planning) (a "Competitive Business") or accept employment with or render services to a Competitive Business as an officer, agent, employee, independent contractor or consultant, or otherwise engage in activities with a Competitive Business. Participant acknowledges and agrees that the Company's business faces potential competition nationwide, and a Competitive Business may include any business meeting such definition within the United States.

(b) Non-solicit. For consideration provided pursuant to Section 5(b)(ii) of this Award Agreement, the Participant agrees that during the Restriction Period the Participant shall not, without the prior written consent of the Company, directly or indirectly, (i) hire or induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its Affiliates to leave the employment of the Company or any of its Affiliates or (ii) solicit or attempt to solicit the business of any customer or acquisition prospect of the Company or any of its Affiliates with whom the Participant had any actual contact while employed at the Company.

(c) Relief. The Participant and the Company also acknowledge that money damages would not be sufficient remedy for any breach of this Section 8 by the Participant, and the Company or its Affiliates shall be entitled to enforce the provisions of this Section 8 by forfeiting the Vested Shares otherwise owed to the Participant under this Award Agreement or otherwise and to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Section 8 but shall be in addition to all remedies available at law or in equity, including the recovery of damages from the Participant and the Participant's agents. However, if it is determined that the Participant has not committed a breach of this Section 8, then the Company shall then deliver the Vested Shares due under this Award Agreement.

(d) Reasonableness; Enforcement. The Participant acknowledges that for the restrictive covenants under this Section 8, for which the Participant received valuable consideration from the Company as provided in this Award Agreement. Additionally, the Participant acknowledges that these restrictive covenants contain limitations as to time, geographic area and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Company, including, but not limited to, the Company's need to protect its confidential information. The Participant expressly represents that enforcement of the restrictive covenants set forth in this Section 8 will not impose an undue hardship upon the Participant or any person or entity affiliated with the Participant. The Participant understands that the foregoing restrictions may limit the Participant's ability to engage in certain businesses as described in Section 8(a) hereof, but acknowledges that the Participant will receive sufficiently high remuneration and other benefits from the Company upon Retirement to justify such restriction. Further, the Participant acknowledges that the Participant's skills are such that the Participant can be gainfully employed in non-competitive employment, and that the restrictive covenants will not prevent the Participant from earning a living. It is the desire and intent of the parties that the provisions of this Section 8 be enforced to the fullest extent permitted under applicable law, whether now or hereafter in effect and therefore, to the extent permitted by applicable law. Nevertheless, if any of the aforesaid restrictions are found by a court of competent jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions herein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced.

9 . Confidentiality of this Award Agreement. The Participant agrees that the terms of this Award Agreement are confidential and that any disclosure to anyone for any purpose whatsoever (save and except disclosure to financial institutions as part of a financial statement, financial, tax and legal advisors, or as required by law) by the Participant or his or her agents, representatives, heirs, children, spouse, employees or spokespersons shall be a breach of this Award Agreement and the Company may elect to revoke the grant made hereunder, seek damages, plus interest

and reasonable attorneys' fees, and take any other lawful actions to enforce this Award Agreement.

10. Notices. All notices, requests or other communications provided for in this Award Agreement shall be made, if to the Company, to El Paso Electric Company, Stanton Tower, 100 N. Stanton, El Paso, Texas 79901, Attention: Corporate Secretary, and if to the Participant, to Participant's name at the last address provided to the Company. All notices, requests or other communications provided for in this Award Agreement shall be made in writing either (a) by personal delivery to the party entitled thereto, (b) by facsimile with confirmation of receipt, (c) by mailing in the United States mails to the last known address of the party entitled thereto or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile transmission, or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

11. Shareholder Rights. The Participant shall have no rights of a shareholder with respect to the Target Shares, including the right to vote the Target Shares or the right to receive dividends or other distributions, unless and until the Participant is registered as the holder of such Shares.

12. No Employment Guaranteed. Nothing in this Award Agreement shall give the Participant any rights to (or impose any obligations for) continued Employment by the Company or any Subsidiary or any successor thereto, nor shall it give such entities any rights (or impose any obligations) with respect to continued performance of duties by the Participant.

13. Severability. In the event any provision of this Award Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Award Agreement, and this Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

14. Waiver. Failure of either party to demand strict compliance with any of the terms or conditions hereof shall not be deemed a waiver of such term or condition, nor shall any waiver by either party of any right hereunder at any one time or more times be deemed a waiver of such right at any other time or times. No term or condition hereof shall be deemed to have been waived except by written instrument.

15. Exclusion from Section 409A. At all times prior to the date that the Committee determines whether and to what extent the Performance Goals have been achieved (following the last date of the Performance Period), the benefit payable under this Award Agreement is subject to a substantial risk of forfeiture within the meaning of Treasury Regulation § 1.409A-1(d) (or any successor regulation). Accordingly, this Award is not subject to Section 409A under the short term deferral exclusion, and this Award Agreement shall be interpreted and administered consistent therewith.

16. Compliance with Recoupment Policy. Any amounts payable, paid, or distributed under this Award Agreement are subject to the recoupment policy of the Company as in effect from time to time.

EL PASO ELECTRIC COMPANY

By: _____

Accepted this ____ day of _____, 20__.

**EL PASO ELECTRIC COMPANY
AMENDED AND RESTATED 2007 LONG-TERM INCENTIVE PLAN**

**PERFORMANCE SHARE AWARD AGREEMENT
INCLUDING NON-COMPETITION AND NON-SOLICITATION PROVISIONS
(HARD COPY ACCEPTANCE)**

Pursuant to this Performance Share Award Agreement (this "Award Agreement"), EL PASO ELECTRIC COMPANY (the "Company") hereby grants this Performance Share Award (the "Award") covering the target number of Shares (the "Target Shares") as specified in the award notice attached hereto (the "Award Notice"), pursuant to the EL PASO ELECTRIC COMPANY AMENDED AND RESTATED 2007 LONG TERM INCENTIVE PLAN (the "Plan"). The number of Target Shares shall be subject to adjustment as provided in Section 4.4 of the Plan, conditioned upon the Company's achievement of the Performance Goals over the course of the performance period beginning on January 1, 2018 and ending on December 31, 2020 (the "Performance Period") and subject to the following terms and conditions:

1. Acceptance of Award Agreement; Relationship to the Plan. The Award shall be null and void unless the Participant shall accept this Award Agreement by executing it in the space provided below and returning it to the Company. The Award is subject to all of the terms, conditions and provisions of the Plan in effect on the date hereof and administrative interpretations thereunder, if any, adopted by the Committee. The Participant hereby acknowledges receipt of a copy of the Plan. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan.

2. Definitions. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. For purposes of this Award Agreement:

"Achievement Percentage" means the percentage of achievement determined by the Committee after the end of the Performance Period in accordance with Section 3 of this Award Agreement that reflects the extent to which the Company achieved the Performance Goals.

"Performance Goal" means the standards established by the Committee for the Performance Period to determine in whole or in part the number of Vested Shares pursuant to Section 4 of this Award Agreement, which are specified in the performance goals section of the Award Notice and made a part hereof for all purposes.

"Retirement" means termination of employment with the Company on or after the attainment of age 55 with at least five years of service as an Employee; *provided, however*, that the Participant provided the Company with at least six

months of notice of the Participant's intention to retire to the Chief Human Resources Officer.

"Vested Shares" means the Shares actually distributable to the Participant following the Participant's satisfaction of the vesting provisions of Section 5 or Section 6 of this Award Agreement and, if applicable, the determination by the Committee of the extent to which the Company has achieved the Performance Goals pursuant to Section 4 of this Award Agreement.

3 . Establishment of Award Account. The grant of Target Shares pursuant to this Award Agreement shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the Participant's unfunded and unsecured right to receive Shares, which right shall be subject to the terms, conditions and restrictions set forth in the Plan and to the further terms, conditions and restrictions set forth in this Award Agreement. Except as otherwise provided in this Award Agreement, the Target Shares credited to the Participant's bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Participant has been registered as a holder of Shares on the records of the Company as provided in Section 6 or 7 of this Award Agreement.

4 . Award Opportunity. Except as otherwise provided herein, the Participant's Vested Shares shall be the product of (1) the number of Target Shares and (2) the Achievement Percentage determined by the Committee and based on whether and to what extent the Performance Goals have been achieved. The Achievement Percentage shall be between 0% and 200%, and in no event shall the Achievement Percentage exceed 200%.

5. Vesting of Shares.

(a) Except as otherwise provided herein, the Participant's right to receive Shares pursuant to this Award Agreement, if any, shall vest on the last day of the Performance Period (with the number of Vested Shares, if any, based on the Committee's determination of whether and to what extent the Performance Goals have been achieved (as provided in Section 4 of this Award Agreement)).

(b) If the Participant's employment is terminated prior to the close of the Performance Period or the occurrence of a Change in Control, then the applicable of the following clauses shall apply:

(i) Forfeiture of Entire Award. If the Participant's employment is terminated by the Company or by the Participant for any reason other than due to Retirement, then the Participant's right to receive any Shares pursuant to this Award Agreement shall be forfeited in its entirety as of the date of such termination.

(ii) Retirement. If the Participant's employment is terminated due to Retirement, the Participant's right to receive shares pursuant to this Award Agreement, if any, shall vest on the last day of the Performance Period, subject to the Committee's determination of whether and to what

extent the Performance Goals have been achieved (as provided in Section 4 of this Award Agreement) in a pro-rata amount determined by multiplying (1) the number of Vested Shares awarded to the Participant based upon the Committee's determination of the Achievement Percentage as provided in Section 4 of this Award Agreement, by (2) a fraction, the numerator of which is the number of days elapsed in the Performance Period as of the date of the Participant's Retirement, and the denominator of which is the total number of days in the Performance Period.

(c) In accordance with the provisions of this Section 5, the Vested Shares shall be distributed as provided in Section 7 hereof.

6 . Change in Control. Notwithstanding anything herein to the contrary, if a Change in Control occurs during the Performance Period, then upon such Change in Control, the Performance Period shall end in the manner and on the date determined by the Committee in its sole discretion. The Achievement Percentage shall be determined based on Performance Goals achieved through the end of such shortened Performance Period and the Target Shares shall become vested and payable in a pro-rata amount determined by multiplying (1) the number of Vested Shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4 of this Award Agreement, by (2) a fraction, the numerator of which is the number of days elapsed in the Performance Period as of the Change in Control, and the denominator of which is the total number of days in the Performance Period. Such distribution, whether in the form of Shares or, if directed by the Committee, in cash, shall be made to the Participant no later than the 70th day after the Change in Control, and shall satisfy the rights of the Participant and the obligations of the Company under this Award Agreement in full. In the event a Change in Control occurs after the Participant has terminated employment due to Retirement, the Vested Shares such Participant shall receive under this Section 6 shall instead be prorated based on the number of days that elapsed in the Performance Period as of the date of the Participant's Retirement over the total number of days in the Performance Period.

7. Distribution of Vested Shares.

(a) If the Participant's right to receive Shares pursuant to this Award Agreement has vested pursuant to Section 5(a) or Section 5(b)(ii) of this Award Agreement, the Vested Shares shall be registered in book-entry form with the Company's transfer agent in the name of the Participant no later than March 15th of the calendar year following the calendar year in which occurs the last day of the Performance Period.

(b) Unless the Participant makes arrangements satisfactory to the Company to pay to the Company the required statutory tax under all applicable federal, state, local or other laws or regulations (the "Required Tax Payments") in cash, the Participant acknowledges that the Company will withhold applicable taxes at the minimum statutory rate from any such distribution of Vested Shares at the time of such distribution by having the Company withhold Shares having a

Fair Market Value on the date the tax is to be determined equal to the Required Tax Payments due to such distribution (with any fractional Share rounded up to the nearest whole Share). To the extent allowed under the Plan and with the consent of the Committee, the Participant may elect to have the Company withhold from Shares otherwise to be delivered to the Participant pursuant to the Award a number of whole Shares having a Fair Market Value equal to the product of up to the maximum statutory marginal rate that could be applicable to the Participant and the Fair Market Value of the Shares otherwise to be delivered to the Participant.

(c) No dividend equivalents shall be paid with respect to any Target Shares or Vested Shares.

8. Restrictive Covenants.

(a) Non-compete. For consideration provided pursuant to Section 5(b)(ii) of this Award Agreement, the Participant agrees that while an Employee and following Retirement until the date (i) the Vested Shares are distributed pursuant to Section 6 or Section 7 or (ii) the Committee determines the Achievement Percentage is 0%, as applicable (the "Restriction Period"), the Participant will not, without the prior written consent of the Company, acting alone or in conjunction with others, either directly or indirectly, engage in any business that competes with the business of the Company or its Affiliates (including, without limitation, the use of solar energy generation or other types of non-traditional generation for the broad-based distribution of electric power and businesses which the Company or its Affiliates have specific plans to conduct in the future and as to which the Participant is aware of such planning) (a "Competitive Business") or accept employment with or render services to a Competitive Business as an officer, agent, employee, independent contractor or consultant, or otherwise engage in activities with a Competitive Business. Participant acknowledges and agrees that the Company's business faces potential competition nationwide, and a Competitive Business may include any business meeting such definition within the United States.

(b) Non-solicit. For consideration provided pursuant to Section 5(b)(ii) of this Award Agreement, the Participant agrees that during the Restriction Period the Participant shall not, without the prior written consent of the Company, directly or indirectly, (i) hire or induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its Affiliates to leave the employment of the Company or any of its Affiliates or (ii) solicit or attempt to solicit the business of any customer or acquisition prospect of the Company or any of its Affiliates with whom the Participant had any actual contact while employed at the Company.

(c) Relief. The Participant and the Company also acknowledge that money damages would not be sufficient remedy for any breach of this Section 8 by the Participant, and the Company or its Affiliates shall be entitled to enforce the provisions of this Section 8 by forfeiting the Vested Shares otherwise owed to the Participant under this Award Agreement or otherwise and to specific

performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Section 8 but shall be in addition to all remedies available at law or in equity, including the recovery of damages from the Participant and the Participant's agents. However, if it is determined that the Participant has not committed a breach of this Section 8, then the Company shall then deliver the Vested Shares due under this Award Agreement.

(d) Reasonableness; Enforcement. The Participant acknowledges that for the restrictive covenants under this Section 8, for which the Participant received valuable consideration from the Company as provided in this Award Agreement. Additionally, the Participant acknowledges that these restrictive covenants contain limitations as to time, geographic area and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Company, including, but not limited to, the Company's need to protect its confidential information. The Participant expressly represents that enforcement of the restrictive covenants set forth in this Section 8 will not impose an undue hardship upon the Participant or any person or entity affiliated with the Participant. The Participant understands that the foregoing restrictions may limit the Participant's ability to engage in certain businesses as described in Section 8(a) hereof, but acknowledges that the Participant will receive sufficiently high remuneration and other benefits from the Company upon Retirement to justify such restriction. Further, the Participant acknowledges that the Participant's skills are such that the Participant can be gainfully employed in non-competitive employment, and that the restrictive covenants will not prevent the Participant from earning a living. It is the desire and intent of the parties that the provisions of this Section 8 be enforced to the fullest extent permitted under applicable law, whether now or hereafter in effect and therefore, to the extent permitted by applicable law. Nevertheless, if any of the aforesaid restrictions are found by a court of competent jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions herein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced.

9 . Confidentiality of this Award Agreement. The Participant agrees that the terms of this Award Agreement are confidential and that any disclosure to anyone for any purpose whatsoever (save and except disclosure to financial institutions as part of a financial statement, financial, tax and legal advisors, or as required by law) by the Participant or his or her agents, representatives, heirs, children, spouse, employees or spokespersons shall be a breach of this Award Agreement and the Company may elect to revoke the grant made hereunder, seek damages, plus interest and reasonable attorneys' fees, and take any other lawful actions to enforce this Award Agreement.

10. Notices. All notices, requests or other communications provided for in this Award Agreement shall be made, if to the Company, to El Paso Electric Company, Stanton Tower, 100 N. Stanton, El Paso, Texas 79901, Attention: Corporate Secretary, and if to the Participant, to Participant's name at the last address provided to the Company. All notices, requests or other communications provided for in this Award Agreement shall be made in writing either (a) by personal delivery to the party entitled thereto, (b) by facsimile with confirmation of receipt, (c) by mailing in the United States mails to the last known address of the party entitled thereto or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile transmission, or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

11. Shareholder Rights. The Participant shall have no rights of a shareholder with respect to the Target Shares, including the right to vote the Target Shares or the right to receive dividends or other distributions, unless and until the Participant is registered as the holder of such Shares.

12. No Employment Guaranteed. Nothing in this Award Agreement shall give the Participant any rights to (or impose any obligations for) continued Employment by the Company or any Subsidiary or any successor thereto, nor shall it give such entities any rights (or impose any obligations) with respect to continued performance of duties by the Participant.

13. Severability. In the event any provision of this Award Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Award Agreement, and this Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

14. Waiver. Failure of either party to demand strict compliance with any of the terms or conditions hereof shall not be deemed a waiver of such term or condition, nor shall any waiver by either party of any right hereunder at any one time or more times be deemed a waiver of such right at any other time or times. No term or condition hereof shall be deemed to have been waived except by written instrument.

15. Exclusion from Section 409A. At all times prior to the date that the Committee determines whether and to what extent the Performance Goals have been achieved (following the last date of the Performance Period), the benefit payable under this Award Agreement is subject to a substantial risk of forfeiture within the meaning of Treasury Regulation § 1.409A-1(d) (or any successor regulation). Accordingly, this Award is not subject to Section 409A under the short term deferral exclusion, and this Award Agreement shall be interpreted and administered consistent therewith.

16. Compliance with Recoupment Policy. Any amounts payable, paid, or distributed under this Award Agreement are subject to the recoupment policy of the Company as in effect from time to time.

17. Counterparts. This Award Agreement may be executed in two counterparts, each of which shall be deemed an original and both of which shall constitute one and the same instrument together, shall constitute one and the same instrument.

EL PASO ELECTRIC COMPANY

By: _____
Name: _____
Title: _____

Accepted this ____ day of _____, 20__.

**EL PASO ELECTRIC COMPANY
AMENDED AND RESTATED 2007 LONG-TERM INCENTIVE PLAN**

**RESTRICTED STOCK AWARD AGREEMENT
(FOR EMPLOYEES; HARD COPY ACCEPTANCE)**

El Paso Electric Company, a Texas corporation (the "Company"), has granted to the Participant, under the El Paso Electric Company Amended and Restated 2007 Long-Term Incentive Plan (the "Plan"), a restricted stock award (the "Award") of a number of Shares, upon and subject to the restrictions, terms and conditions set forth below. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Details; Acceptance of Award Agreement.

(a) Certain details of the Award, specifically the number of Shares and the vesting schedule (i.e., the Restriction Period referenced herein) of the Award (collectively, the "Award Details"), are accessible to the Participant through the Company's stock administration portal, and the Award Details are hereby incorporated into this Award Agreement by reference. The effective date of the Award is set forth in the Award Details as the "Award Date".

(b) The Award shall be null and void unless the Participant shall accept this Award Agreement by executing it in the space provided below and returning it to the Company. As soon as practicable after the Participant has executed this Award Agreement, shares will be allocated to the Participant's account in book-entry form in a manner that effectively prevents transfers during the Restriction Period (as defined below).

2. Rights as a Shareholder. The Participant shall have the right to vote the Shares subject to the Award and to receive dividends and other distributions thereon; provided, however, that a dividend or other distribution with respect to Shares (including, without limitation, a stock dividend or stock split), other than a regular cash dividend, shall be subject to the same restrictions as the Shares with respect to which such dividend or other distribution was made.

3. Removal of Restrictions. At the termination of the Restriction Period, the Company shall cause any restriction of transfer to be removed from the Participant's account in book-entry form with respect to the Shares for which restrictions have lapsed pursuant to Section 4 hereof and subject to Section 5.2.

4. "Restriction Period" and Vesting. The restrictions on the applicable portion of the Award shall lapse on the "Vest Date" specified in the Award Details if Participant remains employed by, or if applicable serving on the Board of, the Company from the Award Date through such Vest Date.

5. Additional Terms and Conditions of Award.

5.1. Non-transferability of Award. During the Restriction Period, the Shares subject to the Award as to which restrictions remain in effect may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate or encumber, or otherwise dispose of such shares, the Award shall immediately become null and void.

5.2. Withholding Taxes. Unless the Participant makes arrangements satisfactory to the Company to pay to the Company the required statutory tax under all applicable federal, state, local or other laws or regulations (the "Required Tax Payments") in cash, the Participant acknowledges that the Company will withhold applicable taxes at the minimum statutory rate from the Shares and dividends otherwise to be delivered to the Participant pursuant to the Award by withholding a number of whole Shares having a Fair Market Value (or in the case of dividends, cash), determined as of the date the withholding obligation arises, equal to the Required Tax Payments (with any fractional Share rounded up to the nearest whole Share). No certificate representing a Share shall be delivered until the Required Tax Payments have been satisfied in full. To the extent allowed under the Plan and with the consent of the Committee, the Participant may elect to have the Company withhold from Shares or dividends otherwise to be delivered to the Participant pursuant to the Award a number of whole Shares having a Fair Market Value (or in the case of dividends, cash) equal to the product of up to the maximum statutory marginal rate that could be applicable to the Participant and the Fair Market Value of the Shares or cash otherwise to be delivered to the Participant, as applicable.

5.3. Award Agreement Subject to the Plan. This Award Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. The Participant hereby acknowledges receipt of a copy of the Plan. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan.

5.4 Severability. In the event any provision of this Award Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Award Agreement, and this Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

5.5 Compliance with Recoupment Policy. Any amounts payable, paid, or distributed under this Award Agreement are subject to the recoupment policy of the Company as in effect from time to time.

6. Miscellaneous Provisions.

6.1. Successors. This Award Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall acquire any rights hereunder in accordance with this Award Agreement or the Plan.

6.2. Notices. All notices, requests or other communications provided for in this Award Agreement shall be made, if to the Company, to El Paso Electric Company, Stanton Tower, 100 N. Stanton, El Paso, Texas 79901, Attention: Corporate Secretary, and if to the Participant, to Participant's Name at the last address provided to the Company. All notices, requests or other communications provided for in this Award Agreement shall be made in writing either (a) by personal delivery to the party entitled thereto, (b) by facsimile with confirmation of receipt, (c) by mailing in the United States mails to the last known address of the party entitled thereto or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile transmission, or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

6.3. Counterparts. This Award Agreement may be executed in two counterparts, each of which shall be deemed an original and both of which shall constitute one and the same instrument together, shall constitute one and the same instrument.

EL PASO ELECTRIC COMPANY

By: _____
Name: _____
Title: _____

Accepted this ____ day of _____, 20__.

**EL PASO ELECTRIC COMPANY
AMENDED AND RESTATED 2007 LONG-TERM INCENTIVE PLAN**

**RESTRICTED STOCK AWARD AGREEMENT
(FOR NON-EMPLOYEE DIRECTORS)**

El Paso Electric Company, a Texas corporation (the "Company"), has granted to the _____ (the "Participant"), under the El Paso Electric Company Amended and Restated 2007 Long-Term Incentive Plan (the "Plan"), a restricted stock award of 3,500 Shares (the "Award") on _____ (the "Award Date"), upon and subject to the restrictions, terms and conditions set forth below. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Acceptance of Award Agreement. The Award shall be null and void unless the Participant shall accept this Award Agreement by executing it in the space provided below and returning it to the Company. As soon as practicable after the Participant has executed this Award Agreement, shares will be allocated to the Participant's account in book-entry form in a manner that effectively prevents transfers during the Restriction Period (as defined below).

2. Rights as a Shareholder. The Participant shall have the right to vote the Shares subject to the Award and to receive dividends and other distributions thereon; provided, however, that a dividend or other distribution with respect to Shares (including, without limitation, a stock dividend or stock split), other than a regular cash dividend, shall be subject to the same restrictions as the Shares with respect to which such dividend or other distribution was made.

3. Removal of Restrictions. At the termination of the Restriction Period, the Company shall cause any restriction of transfer to be removed from the Participant's account in book-entry form with respect to the Shares for which restrictions have lapsed pursuant to Section 4 hereof and subject to Section 5.2.

4. "Restriction Period" and Vesting. The restrictions on the applicable portion of the Award shall lapse on _____ the "Vest Date" if Participant continues service on the Board from the Award Date through such Vest Date.

5. Additional Terms and Conditions of Award.

5.1. Non-transferability of Award. During the Restriction Period, the Shares subject to the Award as to which restrictions remain in effect may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate or encumber, or otherwise dispose of such shares, the Award shall immediately become null and void.

5.2. [Reserved.]

5.3. Award Agreement Subject to the Plan. This Award Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. The Participant hereby acknowledges receipt of a copy of the Plan. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan.

5.4 Severability. In the event any provision of this Award Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Award Agreement, and this Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

5.5 Compliance with Recoupment Policy. Any amounts payable, paid, or distributed under this Award Agreement are subject to the recoupment policy of the Company as in effect from time to time.

6. Miscellaneous Provisions.

6.1. Successors. This Award Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall acquire any rights hereunder in accordance with this Award Agreement or the Plan.

6.2. Notices. All notices, requests or other communications provided for in this Award Agreement shall be made, if to the Company, to El Paso Electric Company, Stanton Tower, 100 N. Stanton, El Paso, Texas 79901, Attention: Corporate Secretary, and if to the Participant, to Participant's Name at the last address provided to the Company. All notices, requests or other communications provided for in this Award Agreement shall be made in writing either (a) by personal delivery to the party entitled thereto, (b) by facsimile with confirmation of receipt, (c) by mailing in the United States mails to the last known address of the party entitled thereto or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile transmission, or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

6.3. Counterparts. This Award Agreement may be executed in two counterparts, each of which shall be deemed an original and both of which shall constitute one and the same instrument together, shall constitute one and the same instrument.

EL PASO ELECTRIC COMPANY

By: _____
Name: _____
Title: _____

Accepted this ____ day of _____, 20__.
