

**El Paso Electric Company**  
A Texas Corporation  
(the “Company”)

**Security Committee Charter**  
**Adopted November 20, 2014**

**Purpose**

The Security Committee (the “Committee”) is created by the Board of Directors to enhance its understanding and oversight of the systems (i.e., policies, controls and procedures) that management has put in place to (i) identify, manage and mitigate risks related to cybersecurity and physical security; (ii) respond to incidents with respect thereto; and (iii) protect critical infrastructure assets. The Committee will also assist in the Board’s assessment of the adequacy of resources, funding, and focus within the Company with respect to cybersecurity and physical security.

**Membership**

The Committee shall consist of at least three members. The Nominating and Corporate Governance Committee shall recommend nominees for appointment to the Committee annually and as vacancies or newly created positions occur. Committee members shall be appointed by the Board of Directors and may be removed by the Board of Directors at any time. The Nominating and Corporate Governance Committee shall recommend to the Board of Directors, and the Board of Directors shall designate the Chairperson of the Security Committee.

**Scope**

The systems and assets subject to the scope of this Committee shall consist of the Company’s physical assets and cyber systems, assets and controls most essential to its day-to-day operations and which present the greatest risk in the event of a physical or cyber-attack (“Covered Assets”). The Committee shall work with management to jointly determine which assets are Covered Assets.

**Authority and Responsibilities**

In addition to any other responsibilities which may be assigned from time to time by the Board of Directors, the Committee is responsible for the following matters:

1. Review or discuss with management, as and when appropriate, and at least annually, security policies, controls, and procedures related to the Covered Assets.
2. Review and discuss with management both cybersecurity and the physical security of the Covered Assets, including: compliance with laws, regulations and standards applicable to ownership and operation of such facilities; reports to or from

external regulators and oversight groups; and recognize best practice within the industry relating to security issues.

3. With respect to Covered Assets, review the Company's response plans for detecting, responding to, and mitigating security (physical and technology) breaches, including whether they are consistent with best practices within the industry; and review the Company's crisis management policies and procedures with regard to security breaches.

4. Analyze the Company's risk exposure related to Covered Assets and review the Company's approach to risk mitigation and risk transfer with respect to security.

5. Make such recommendations to the Board and management with respect to any of the above and other matters as the Committee deems necessary or appropriate.

6. Have such other authority, duties and responsibilities as may be delegated to the Committee by the Board.

### **Reporting to the Board of Directors**

The Committee shall report to the Board of Directors periodically and inform directors of matters relating to cybersecurity and physical security risk identification, management and mitigation, as well as any incidents involving such risks. Such reports shall include a review of any recommendations or issues relating to cybersecurity or physical security matters that the Committee deems appropriate or which are requested to be included by the Board. In the course of performing these duties, the Committee shall:

- apprise the Board regularly of significant developments, including reviewing with the full Board any issues regarding cybersecurity and physical security and the Company's compliance with related legal or regulatory requirements; and
- apprise the Board of significant changes in security risk exposures or potential disclosure issues relating to all cybersecurity or physical security matters.

At least annually, the Committee shall evaluate its own performance and report to the Board on such evaluation.

The Committee shall periodically review and assess the adequacy of this charter and recommend any proposed changes to the Nominating and Corporate Governance Committee.

### **Procedures**

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter. The Chairperson of the Committee, in consultation with the other committee members, shall determine the frequency and length of the committee meetings and shall set meeting agendas consistent with this charter.

The Committee may delegate its authority to subcommittees or the Chairperson of the Committee when it deems appropriate and in the best interests of the Company.