



El Paso Electric to Offer \$150 million of Senior Unsecured Notes

El Paso Electric (NYSE: EE) today announced that it intends to offer, subject to market and other conditions, senior unsecured notes for an aggregate principal amount of \$150 million. The notes will mature in 2038 and will bear interest at a rate to be determined by negotiations between El Paso Electric and Credit Suisse, the underwriter of the notes.

El Paso Electric intends to use the net proceeds from the offering for general corporate purposes, including funding capital expenditures, repaying debt and ensuring adequate liquidity.

The notes will be offered pursuant to an automatically effective shelf registration statement filed with the Securities and Exchange Commission on May 20, 2008.

El Paso Electric is a regional electric utility providing generation, transmission and distribution service to approximately 357,000 retail and wholesale customers in a 10,000 square mile area of the Rio Grande valley in west Texas and southern New Mexico. EPE has a net dependable generating capability of 1,503 MW. EPE's common stock trades on the New York Stock Exchange under the symbol EE.

Important Information

This press release does not constitute an offer to sell or the solicitation of an offer to buy securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful. The offering of the securities will be made only by means of a prospectus and a related prospectus supplement. When available, copies of the prospectus and prospectus supplement may be obtained from Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York New York (telephone number 212-325-2000).

Safe Harbor

This news release includes statements that may constitute forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. This information may involve risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: (i) 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; (ii) determinations by regulators that may adversely affect EE's ability to recover previously incurred fuel costs in rates; (iii) fluctuations in off-system sales margins due to uncertainty in the economy power market and the availability of generating units; (iv) unanticipated increased costs associated with scheduled and unscheduled outages; (v) costs at Palo Verde, including additional costs relating to an enhanced NRC oversight and inspection regimen; (vi) the costs of legal defense and possible judgments which may accrue as the result of ongoing litigation or any regulatory proceeding; (vii) deregulation of the electric utility industry; (viii) reduced wholesale margins; (ix) possible increased costs of compliance with environmental or other laws, regulations and policies; (x) possible income tax and interest payments as a result of audit adjustments proposed by the IRS; (xi) possible warranty obligations attributable to MiraSol Energy Services, a subsidiary of EE; and (xii) other factors detailed by EE in its public filings with the Securities and Exchange Commission. EE's filings are available from the Securities and Exchange Commission or may be obtained through EE's website, <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. EE does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of EE except as required by law.