

## SERIES SUPPLEMENT AMENDMENT

Relating to

Texas Electric Market Stabilization Funding M LLC  
Texas Stabilization M Bonds,  
Series 2021

THIS SERIES SUPPLEMENT AMENDMENT is dated as of December 27, 2024 (this "Supplement Amendment"), by and between Texas Electric Market Stabilization Funding M LLC, a limited liability company created under the laws of the State of Delaware (the "Issuer"), and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), in its capacity as indenture trustee (the "Indenture Trustee") for the benefit of the Secured Parties under the Indenture dated as of November 12, 2021, by and between the Issuer and the Indenture Trustee, and in its separate capacity as a securities intermediary (as supplemented by that certain Series Supplement dated as of November 12, 2021 (the "Series Supplement"), between the Issuer and the Indenture Trustee, the "Indenture"). Capitalized terms used herein and not otherwise defined shall have their meanings given in the Indenture.

BY ITS ISSUER ORDER adopted by the Issuer on November 12, 2021 (the "Series 2021 Bonds Issuer Order"), the Issuer duly authorized the creation and issuance of Texas Stabilization M Bonds in the original principal amount of \$800,000,000, designated as its "Texas Stabilization M Bonds, Series 2021" (the "Series 2021 Bonds").

BY ITS CERTIFICATE AND DIRECTION LETTER issued December 29, 2022, the Issuer gave Notice of Conditional Partial Redemption of \$382,288,420 of the Series 2021 Bonds.

AS A RESULT OF THE NOTICE OF CONDITIONAL PARTIAL REDEMPTION the Series 2021 Bonds were redeemed in part and reissued in part, and as a result the Series 2021 Bonds are now evidenced by Bond No: R-3 which was issued on February 1, 2023 in the Principal Amount of \$403,800,000 ("Series 2021 Bond No: R-3").

SECTION 9.02 OF THE INDENTURE provides, among other things, that the Issuer and the Indenture Trustee, with the consent of the Holders of not less than a majority of the Outstanding Amount of the Series 2021 Bonds, may at any time enter into an indenture supplemental to the Indenture for the purposes of modifying, in any manner, the rights of the Holders of the Texas Stabilization M Bonds.

ACCORDINGLY, the Issuer, the Indenture Trustee, with the joinder of the Initial Purchaser, do hereby enter into this Supplement Amendment.

### ARTICLE I

#### Additional Definitions

**Section 1.1** The following additional definitions are hereby added to the Indenture:

Legislative Action Date: The date funds are made available to the Issuer by the state of Texas or any agency thereof, for the purpose of redeeming the Series 2021 Bonds.

Transferability Restriction Termination Date: The date that is the earlier to occur of the Legislative Action Date and September 1, 2025.

## ARTICLE II

### Amendments

**Section 2.1** Amendment to Section 6(a) of the Series Supplement. Section 6(a) of the Series Supplement is hereby deleted and the following is substituted as a complete replacement:

- (a) *No Transfer Prior to the Transferability Restriction Termination Date.* Without the prior written consent of the Issuer, the Series 2021 Bonds shall at all times remain registered with the Initial Purchaser until the Transferability Restriction Termination Date, and notwithstanding anything in the Indenture to the contrary, the Indenture Trustee shall not transfer or exchange the Series 2021 Bonds, prior to the Transferability Restriction Termination Date without the prior written consent of the Issuer.

**Section 2.2** Amendment to Section 6(b) of the Series Supplement. Section 6(b) of the Series Supplement is hereby deleted and the following is substituted as a complete replacement:

- (b) *Transferability Following the Transferability Restriction Termination Date.* Following the Transferability Restriction Termination Date, and subject to Section 6(c) below, the Initial Purchaser shall be permitted to transfer all or any portion of the Series 2021 Bonds, but only after having given the Issuer and ERCOT forty-five (45) days' prior written notice of the Initial Purchaser's intention to sell all or part of its interest in the Series 2021 Bonds (the "Transfer Notice"). A Transfer Notice may be given to the Issuer and ERCOT before the Transferability Restriction Termination Date, so long as the effective date is on or after the Transferability Restriction Termination Date. The Transfer Notice shall address the following:
  - (i) *Application for Rating.* If so required by the Initial Purchaser in the Transfer Notice, the Issuer shall request a credit rating of the Series 2021 Bonds from one or more Rating Agencies as the Initial Purchaser shall determine. The Issuer shall use good faith efforts to cause ratings to be received within ninety (90) days of its receipt of the Transfer Notice. The Issuer shall provide to the Rating Agencies such information regarding the Series 2021 Bonds as the Rating Agencies may reasonably request, in a timely manner (subject to customary confidentiality requirements applicable in the context of a public rating), and shall cooperate with the other reasonable requirements of the Rating Agencies. The fees and charges of the Rating Agencies and all costs and expenses of the Issuer associated with obtaining any such rating shall constitute Operating Expenses payable from Default Charges in accordance with Section 8.02(e) of the Indenture.
  - (ii) *Offering Memorandum.* If so required by the Initial Purchaser in the Transfer Notice, the Issuer shall, within 90 days, prepare a private placement memorandum or other offering memorandum for dissemination to potential purchasers of the Series 2021 Bonds, setting forth the terms of

the Series 2021 Bonds, the financial information concerning the Issuer and the Texas Stabilization M Bond Collateral, and other information material to an evaluation of the Series 2021 Bonds (the "Offering Memorandum"). All costs relating to the preparation of the Offering Memorandum, including any reasonable costs of the Initial Purchaser, shall constitute Operating Expenses payable from Default Charges in accordance with Section 8.02(e) of the Indenture; provided that such costs shall not bear any interest, or include any seller commission or similar cost, which shall be borne solely by the Initial Purchaser.

**Section 2.3** Amendment to Section 6(c) of the Series Supplement. Section 6(c) of the Series Supplement is hereby deleted and the following is substituted as a complete replacement:

- (c) *Tolling on Transferability Following the Transferability Restriction Termination Date.* Upon receipt of a Transfer Notice as provided in Section 6(b) above, the Initial Purchaser shall not be permitted to sell or transfer all or any portion of the Series 2021 Bonds for an additional sixty (60) days beyond the forty-five (45) day notice period provided for in Section 6(b) if the Issuer provides written notice to the Initial Purchaser no later than fifteen (15) days after receipt of the Transfer Notice of its intention to optionally redeem the Series 2021 Bonds pursuant to Section 5(a) of this Supplement. Should the Issuer fail to redeem the Series 2021 Bonds within such additional sixty (60) day period, then the Initial Purchaser's right to sell or transfer the Series 2021 Bonds shall take effect immediately upon the expiration of such additional 60-day period.

**Section 2.4** Amendment to Section 7(a) of the Series Supplement. Section 7(a) of the Series Supplement is hereby deleted and the following is substituted as a complete replacement:

- (a) *Credit Rating Requirement.* At any time after the Transferability Restriction Termination Date and upon the written direction the Holders of not less than a majority of the Outstanding Amount, the Issuer shall request a credit rating of the Series 2021 Bonds from one or more Rating Agencies as the Holders of not less than a majority of the Outstanding Amount shall determine. Not later than 90 days after receipt of a written request received from the Holders of a majority of the Series 2021 Bonds the Issuer will cooperate in soliciting a credit rating. The Issuer shall provide to the Rating Agencies such information regarding the Series 2021 Bonds as the Rating Agencies may reasonably request, in a timely manner (subject to customary confidentiality requirements applicable in the context of a public rating), and shall cooperate with the other reasonable requirements of the Rating Agencies. The Issuer shall be responsible for all fees and charges of the Rating Agencies and all costs and expenses of the Issuer associated with obtaining any such rating. The fees and charges of the Rating Agencies and all costs and expenses of the Issuer associated with obtaining any such rating shall constitute Operating Expenses payable from Default Charges in accordance with Section 8.02(e) of the Indenture.

**Section 2.5** Amendment to Section 7(b) of the Series Supplement. Section 7(b) of the Series Supplement is hereby deleted and the following is substituted as a complete replacement:

- (b) *Mandatory Put Option.* If any time after the Transferability Restriction Termination Date, but only for so long as the Initial Purchaser is the Holder of the

Series 2021 Bonds, at the written request of the Initial Purchaser, the Issuer will use its good faith best efforts to obtain credit ratings on a new series of Texas Stabilization M Bonds, the proceeds of which will be used to refinance the Series 2021 Bonds. If the Issuer is able to obtain "AA(sf)" or better credit ratings from at least two Rating Agencies, and if the interest rates on this new series of Texas Stabilization M Bonds, based on those credit ratings, are expected to be 1.00% or more lower than the re-set rates on the existing Series 2021 Bonds, the Issuer will redeem the Series 2021 Bonds at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption in the manner set forth in Section 5 hereof, and finance the payment of that redemption price through a new series of Texas Stabilization M Bonds. The Issuer shall use good faith efforts to cause ratings to be received within 90 days of its receipt of such notice, and to cause such refinancing Texas Stabilization M Bonds to be issued as soon as reasonably possible following the receipt of such favorable credit ratings. The fees and charges of the Rating Agencies and all costs and expenses of the Issuer associated with obtaining any such ratings shall constitute Operating Expenses payable from Default Charges in accordance with Section 8.02(e) of the Indenture.

**Section 2.6**     General Provisions.

- (a)     *Ratification of Agreement.* As supplemented by this Supplement Amendment, the Indenture is in all respects ratified and confirmed, and the Indenture, as so supplemented by this Supplement Amendment, shall be read, taken, and construed as one and the same instrument. This Supplement Amendment amends, modifies and supplements the Indenture only in so far as it relates to the Series 2021 Bonds.
- (b)     *GOVERNING LAW.* THIS SUPPLEMENT AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED HEREUNDER IN DEFAULT PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE AND THE HOLDERS WITH RESPECT TO THE DEFAULT PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.
- (c)     *Conflicting Provisions.* If any term or provision contained in this Supplement Amendment shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement Amendment shall govern.
- (d)     *No Recourse to Issuer.* Notwithstanding any provision of the Indenture or this Supplement Amendment to the contrary, Holders shall look only to the Texas Stabilization M Bond Collateral with respect to any amounts due to the Holders hereunder and under the Texas Stabilization M Bonds and, in the event such Texas Stabilization M Bond Collateral is insufficient to pay in full the amounts owed on the Texas Stabilization M Bonds, shall have no recourse against the Issuer in respect of such insufficiency. Each Holder by accepting a Texas Stabilization M Bond specifically confirms the nonrecourse nature of these obligations, and waives

and releases all such liability. The waiver and release are part of the consideration for issuance of the Texas Stabilization M Bonds.


- (e) *Counterparts.* This Supplement Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

*[signature page follows]*

**IN WITNESS WHEREOF**, the Issuer and the Indenture Trustee have caused this Supplement Amendment to be duly executed by their duly authorized officers as of the day and year first above written.

**ISSUER:**

**Texas Electric Market Stabilization Funding M LLC**,  
a Delaware limited liability company

By:   
Name: Richard L. Scheel  
Title: Vice President and Chief Financial Officer

**TRUSTEE:**

**U.S. Bank Trust Company, National Association**, as  
Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Signature Page to  
Series Supplement Amendment (Series 2021 Subchapter M Bonds)*

**IN WITNESS WHEREOF**, the Issuer and the Indenture Trustee have caused this Supplement Amendment to be duly executed by their duly authorized officers as of the day and year first above written.


**ISSUER:**

**Texas Electric Market Stabilization Funding M LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: Richard L. Scheel  
Title: Senior Vice President, Chief Financial Officer  
and Chief Risk Officer

**TRUSTEE:**

**U.S. Bank Trust Company, National Association, as**  
Trustee

By:  \_\_\_\_\_  
Name: Michael K. Herberger  
Title: Vice President

*Signature Page to*  
*Series Supplement Amendment (Series 2021 Subchapter M Bonds)*