

SERIES SUPPLEMENT

Relating to

Texas Electric Market Stabilization Funding M LLC
Texas Stabilization M Bonds,
Series 2025

THIS SERIES SUPPLEMENT is dated as of August 14, 2025 (this "Supplement"), 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 National Association, in its capacity as indenture trustee (the "Indenture Trustee") for the benefit of the Secured Parties under the Amended and Restated Indenture dated as of August 14, 2025, by and between the Issuer, the Indenture Trustee and U.S. Bank National Association, in its separate capacity as a securities intermediary and account bank (the "Securities Intermediary") (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 August 14, 2025 (the "Series 2025 Bonds Issuer Order"), the Issuer has duly authorized the creation and issuance of Texas Stabilization M Bonds in the initial principal amount of \$379,100,000.00 to be designated as its "Texas Stabilization M Bonds, Series 2025" (the "Series 2025 Bonds").

BY ITS ISSUER ORDER adopted by the Issuer on November 12, 2021, the Issuer previously issued Texas Stabilization M Bonds Series 2021 (the "Series 2021 Bonds") and will use the proceeds of the Series 2025 Bonds to redeem the Series 2021 Bonds.

ACCORDINGLY, pursuant to Section 9.01 of the Indenture, which provides, among other things, that the Issuer and the Indenture Trustee may at any time enter into an indenture supplemental to the Indenture for the purposes of authorizing the issuance by the Issuer of Texas Stabilization M Bonds and specifying the terms thereof, the Issuer and the Indenture Trustee do hereby enter into this Supplement in connection with the issuance of the Series 2025 Bonds.

GRANTING CLAUSE

With respect to the Series 2025 Bonds, the Issuer hereby Grants to the Indenture Trustee, as Indenture Trustee for the benefit of the Secured Parties of the Series 2025 Bonds, all of the Issuer's right, title and interest (whether now owned or hereafter acquired or arising) in and to (a) the Default Property created under and pursuant to the Debt Obligation Order, and transferred by the Seller to the Issuer pursuant to the Sale Agreement (including, to the fullest extent permitted by law, the right to impose, collect and receive Default Charges, all revenues and collections, arising from the Default Charges authorized in the Debt Obligation Order and any contractual rights to collect such Default Charges from Wholesale Market Participants); (b) all Default Charges related to the Default Property; (c) the Sale Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to the Default Property and the Series 2025 Bonds; (d) the Servicing Agreement, the Administration Agreement, the Intercreditor Agreement, and any subservicing, agency, administration or collection agreements executed in connection therewith, to the extent related to the foregoing Default Property and the Series 2025 Bonds; (e) the Collection Account, all subaccounts thereof and all amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all Financial Assets and securities entitlements carried therein or credited thereto; (f) all rights to compel the Servicer to adjust the Default Charges in accordance with

Section 39.606 of the Securitization Law and the Debt Obligation Order; (g) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute Default Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property; (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing; and (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing (collectively, the "Texas Stabilization M Bond Collateral"); it being understood that the following do not constitute Texas Stabilization M Bond Collateral: (i) cash that has been released following retirement of all Outstanding Series 2025 Bonds, and cash that has been released pursuant to Section 8.02(e)(xiv) of the Indenture, and (ii) amounts deposited with the Issuer on the Closing Date, for payment of costs of issuance with respect to the Series 2025 Bonds (together with any interest earnings thereon), it being understood that such amounts described in clauses (i) through (ii) above shall not be subject to Section 3.17 of the Indenture.

The foregoing Grant is made in trust to secure the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Series 2025 Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee equally and ratably without prejudice, priority or distinction, except as expressly provided in the Indenture, to secure compliance with the provisions of the Indenture with respect to the Series 2025 Bonds, all as provided in the Indenture and to secure the performance by the Issuer of all of its obligations under the Indenture. The Indenture and this Supplement constitute a security agreement under the UCC to the extent that the provisions of the UCC are applicable hereto.

The Indenture Trustee, as indenture trustee on behalf of the Secured Parties of the Series 2025 Bonds, acknowledges such Grant and accepts the trusts under this Supplement and the Indenture in accordance with the provisions of this Supplement and the Indenture.

Section 1. Designation of Series 2025 Bonds. The Series 2025 Bonds authorized by the Issuer pursuant to the Series 2025 Bonds Issuer Order shall be issued as a single series of Texas Stabilization M Bonds under the Indenture and designated as the Issuer's "Texas Stabilization M Bonds, Series 2025".

Section 2. Initial Principal Amount; Series 2025 Bond Interest Rate; Scheduled Final Payment Date; Final Maturity Date. The Series 2025 Bonds shall have the initial principal amount, bear interest at the rate per annum and shall have the Scheduled Final Payment Date and the Final Maturity Date set forth below:

Authentication Date (date of delivery)	Initial Principal Amount	Initial Interest Rate	Scheduled Final Payment Date	Final Maturity Date
August 14, 2025	\$379,100,000	5.147%	August 1, 2049	August 1, 2051

The Series 2025 Bonds' Interest Rate shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3. Authentication Date; Payment Dates; Expected Amortization Schedule for Principal; Periodic Interest; No Premium; Other Terms.

- (a) *Authentication Date.* The Series 2025 Bonds that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on August 14, 2025 (the "Closing Date") shall have as their date of authentication August 14, 2025.

- (b) *Payment Dates.* The Payment Dates for the Series 2025 Bonds are February 1 and August 1 of each year or, if any such date is not a Business Day, the next succeeding Business Day (each a "Payment Date"), commencing on February 1, 2026 (the "Initial Payment Date") and continuing until the repayment of the Series 2025 Bonds in full.
- (c) *Expected Amortization Schedule for Principal.* Unless an Event of Default shall have occurred and be continuing, on each Payment Date, the Indenture Trustee shall distribute to the Holders of record as of the related Record Date amounts payable pursuant to Section 8.02(e) of the Indenture as principal, in the amount necessary to reduce the Outstanding Amount of the Series 2025 Bonds to the amount specified in the Expected Amortization Schedule for such Payment Date until the Outstanding Amount of the Series 2025 Bonds has been reduced to zero.
- (d) *Periodic Interest.* Interest on the Series 2025 Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Periodic Interest will be on each Payment Date in an amount equal to one-half of the product of (i) the then applicable interest rate on the Series 2025 Bonds, and (ii) the Outstanding Amount of the Series 2025 Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of the Series 2025 Bonds on such preceding Payment Date; provided, however, that with respect to the Initial Payment Date, or, if no payment has yet been made, interest on the outstanding principal balance will accrue from and including the Closing Date to, but excluding, such Payment Date (such interest on any such Payment Date, collectively, "Periodic Interest").
- (e) *Application of Series 2025 Bond Proceeds.* Immediately upon the authentication and delivery of the Series 2025 Bonds as set forth herein and in the Indenture, the Indenture Trustee shall apply the net proceeds of the Series 2025 Bonds in accordance with the written instructions of the Issuer for the payment of the Default Balance, and paying for the costs of issuing the Series 2025 Bonds, including the costs of ERCOT incurred in connection with the refinancing of the Series 2021 Bonds.
- (f) *Book-Entry Series 2025 Bonds.* The Series 2025 Bonds shall be Book-Entry Series 2025 Bonds and the applicable provisions of Section 2.11 of the Indenture shall apply to the Series 2025 Bonds.

Section 4. Transfer Restrictions.

- (a) *Limitations on Transfer.* The following limitations shall apply with respect to the Series 2025 Bonds, unless otherwise expressly consented to by the Issuer, which consent may be granted or withheld at the Issuer's sole and absolute discretion:
 - (i) *Authorized Denominations.* The Series 2025 Bonds and any beneficial ownership interests therein may be held only in Minimum Denominations.
 - (ii) *Investor Qualifications.* Transfers of the Series 2025 Bonds are restricted to investors, each of whom by its purchase of the Series 2025 Bonds represents that either:
 - (A) The purchaser is a "Qualified Institutional Buyer" (as defined under Rule 144A of the Securities Act); or
 - (B) It is a non-U.S. Person and is acquiring such Series 2025 Bonds in an offshore transaction within the meaning of Regulation S under the Securities Act, pursuant to Rule 904 of Regulation S; and

- (C) The Purchaser agrees to offer, sell or otherwise transfer such bond, prior to the Resale Restriction Termination Date only (a) in minimum denominations of not lower than \$100,000 and in integral multiples of \$1,000 in excess thereof, (b) to the Issuer or any of its subsidiaries, (c) pursuant to a registration statement which has been declared effective under the Securities Act, (d) for so long as the bonds are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a "Qualified Institutional Buyer" as defined in Rule 144A that purchases for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the transfer is being made in reliance on Rule 144A, (e) pursuant to offers and sales to non-U.S. Persons that occur outside the United States within the meaning of Regulation S under the Securities Act, pursuant to Rule 904 of Regulation S, or (f) pursuant to another available exemption from the registration requirements of the Securities Act and, in each case, the securities laws of any other jurisdiction, including any state of the United States, subject to the Issuer's and the Indenture Trustee's right prior to any such offer, sale or transfer to require the delivery of an opinion of counsel satisfactory to each of them and/or a certificate of transfer or exchange in the form prescribed in the Indenture.

The Indenture Trustee shall not authenticate or register a Series 2025 Bond unless the above language is included as a legend on such Series 2025 Bond. The Indenture Trustee shall have no duty or responsibility to monitor, inquire, investigate or otherwise determine whether any transferees of the Series 2025 Bonds qualify under these requirements and shall have no liability with respect thereto.

- (iii) *Restricted Securities.* While any of the Series 2025 Bonds remain "restricted securities" as defined under the Securities Act, upon the request of a Holder, the Issuer will provide such Holder and a prospective purchaser designated by such Holder, information satisfying the requirements of Rule 144A(d)(4) under the Securities Act.

Section 5. General Provisions.

- (a) *Certain Defined Terms.* Article I of the Indenture provides that the meanings of certain defined terms used in the Indenture shall be as defined in Exhibit A to the Indenture. Additionally, Article II of the Indenture provides certain terms will have the meanings specified in the related Series Supplement. With respect to the Series 2025 Bonds, the following definitions shall apply:
- (i) "Expected Amortization Schedule" means the schedule attached hereto as Schedule A.
 - (ii) "Final Maturity Date" means the final maturity date of the Series 2025 Bonds set forth in Section 2 of this Supplement.
 - (iii) "Interest Rate" means the interest rate of the Series 2025 Bonds set forth in Section 2 of this Supplement.
 - (iv) "Initial Payment Date" has the meaning set forth in Section 3(b) of this Supplement.
 - (v) "Minimum Denomination" shall mean \$100,000 or integral multiples of \$1,000 in excess thereof, except for one bond of each tranche which may be of a smaller denomination.
 - (vi) "Payment Date" has the meaning set forth in Section 3(b) of this Supplement.

- (vii) "Periodic Interest" has the meaning set forth in Section 3(d) of this Supplement.
 - (viii) "Series 2021 Bonds" has the meaning set forth on page 1 of this Supplement.
 - (ix) "Series 2025 Bonds" has the meaning set forth on page 1 of this Supplement.
 - (x) "Series 2025 Bonds Issuer Order" has the meaning set forth on page 1 of this Supplement.
 - (xi) "Texas Stabilization M Bond Collateral" has the meaning set forth on page 2 of this Supplement.
- (b) *Delivery for the Series 2025 Bonds; Form of the Series 2025 Bonds.* The Indenture Trustee shall deliver the Series 2025 Bonds to the Initial Purchasers when authenticated in accordance with Section 2.03 of the Indenture. The Series 2025 Bonds shall be in the form of Exhibit A attached hereto.
- (c) *Ratification of Agreement.* As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed, and the Indenture, as so supplemented by this Supplement, shall be read, taken, and construed as one and the same instrument. This Supplement amends, modifies and supplements the Indenture only in so far as it relates to the Series 2025 Bonds.
- (d) *GOVERNING LAW.* THIS SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.
- (e) *Conflicting Provisions.* If any term or provision contained in this Supplement shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.
- (f) *No Recourse to Issuer.* Notwithstanding any provision of the Indenture or this Supplement 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.
- (g) *Counterparts.* This Supplement may be executed in counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Supplement or any document to be signed in connection with this Supplement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by Electronic Means.

[signature page follows]

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement 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: 
Richard L. Scheel
Vice President and Chief Financial Officer

INDENTURE TRUSTEE:

U.S. Bank National Association, as Indenture Trustee

By: _____
Name: _____
Title: _____

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

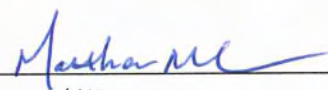
ISSUER:

TEXAS ELECTRIC MARKET STABILIZATION
FUNDING M LLC,
a Delaware limited liability company

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

INDENTURE TRUSTEE:

U.S. Bank National Association, as Indenture Trustee

By:  _____
Name: MATTHEW M. SMITH
Title: VICE PRESIDENT

SCHEDULE A
EXPECTED AMORTIZATION SCHEDULE FOR PRINCIPAL

Semi-Annual Payment Date	Tranche A Balance
Issuance Date	\$379,100,000.00
February 1, 2026	\$375,401,103.91
August 1, 2026	\$371,315,342.83
February 1, 2027	\$367,120,308.07
August 1, 2027	\$362,813,077.10
February 1, 2028	\$358,390,649.24
August 1, 2028	\$353,849,943.55
February 1, 2029	\$349,187,796.68
August 1, 2029	\$344,400,960.70
February 1, 2030	\$339,486,100.79
August 1, 2030	\$334,439,792.95
February 1, 2031	\$329,258,521.61
August 1, 2031	\$323,938,677.16
February 1, 2032	\$318,476,553.47
August 1, 2032	\$312,868,345.29
February 1, 2033	\$307,110,145.58
August 1, 2033	\$301,197,942.82
February 1, 2034	\$295,127,618.19
August 1, 2034	\$288,894,942.73
February 1, 2035	\$282,495,574.37
August 1, 2035	\$275,925,054.90
February 1, 2036	\$269,178,806.89
August 1, 2036	\$262,252,130.47
February 1, 2037	\$255,140,200.09
August 1, 2037	\$247,838,061.14
February 1, 2038	\$240,340,626.48
August 1, 2038	\$232,642,672.93
February 1, 2039	\$224,738,837.61
August 1, 2039	\$216,623,614.22
February 1, 2040	\$208,291,349.18
August 1, 2040	\$199,736,237.71
February 1, 2041	\$190,952,319.78
August 1, 2041	\$181,933,475.97
February 1, 2042	\$172,673,423.18
August 1, 2042	\$163,165,710.28
February 1, 2043	\$153,403,713.59
August 1, 2043	\$143,380,632.30

Semi-Annual Payment Date	Tranche A Balance
February 1, 2044	\$133,089,483.70
August 1, 2044	\$122,523,098.34
February 1, 2045	\$111,674,115.00
August 1, 2045	\$100,534,975.60
February 1, 2046	\$89,097,919.92
August 1, 2046	\$77,354,980.18
February 1, 2047	\$65,297,975.52
August 1, 2047	\$52,918,506.27
February 1, 2048	\$40,207,948.11
August 1, 2048	\$27,157,446.08
February 1, 2049	\$13,757,908.36
August 1, 2049	\$0.00

EXHIBIT A
FORM OF SERIES 2025 BOND

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TEXAS ELECTRIC MARKET STABILIZATION FUNDING M LLC
TEXAS STABILIZATION M BONDS,
SERIES 2025

Tranche A

NO.: R-A

ORIGINAL PRINCIPAL AMOUNT: \$379,100,000

REGISTERED OWNER: CEDE & CO.

CUSIP NO. 88240P AB5

Authentication Date (date of delivery)	Interest Rate	Final Maturity Date
August 14, 2025	5.147%	August 1, 2051

Reference is made to the further provisions of this Tranche A Series 2025 Bond set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Tranche A Series 2025 Bond. See the reverse hereof for certain definitions.

Texas Electric Market Stabilization Funding M LLC, a Delaware limited liability company (herein referred to as the "Issuer"), for value received, hereby promises to pay to the above described registered owner, or registered assigns, the Original Principal Amount shown above in semi-annual installments on the Payment Dates and in the amounts specified on the reverse hereof or, if less, the amounts determined pursuant the Indenture, in each year, commencing on the date determined as provided on the reverse hereof and ending on or before the Final Maturity Date shown above and to pay interest, at the Interest Rate shown above, on Payment Dates commencing on the Initial Payment Date and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date.

Interest on this Tranche A Series 2025 Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Such principal of and interest on this Tranche A Series 2025 Bond shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Tranche A Series 2025 Bond is payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche A Series 2025 Bond shall be applied first to interest due and payable on this Tranche A Series 2025 Bond as provided above and then to the unpaid principal of and premium, if any, on this Tranche A Series 2025 Bond, all in the manner set forth in the Indenture.

THE HOLDER OF THIS BOND BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")), OR (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS BOND IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH BOND, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE ONLY (A) IN MINIMUM DENOMINATIONS OF NOT LOWER THAN \$100,000 AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF, (B) TO THE ISSUER OR ANY OF ITS SUBSIDIARIES, (C) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (D) FOR SO LONG AS THE BONDS ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (E) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, THE SECURITIES LAWS OF ANY OTHER JURISDICTION, INCLUDING ANY STATE OF THE UNITED STATES, SUBJECT TO THE ISSUER'S AND THE INDENTURE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL SATISFACTORY TO EACH OF THEM AND/OR A CERTIFICATE OF TRANSFER OR EXCHANGE IN THE FORM PRESCRIBED IN THE INDENTURE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE (AS DEFINED IN THE INDENTURE).

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON, THIS BOND.

THE PRINCIPAL OF THIS TEXAS ELECTRIC MARKET STABILIZATION FUNDING M LLC TEXAS STABILIZATION M BONDS, TRANCHE A SERIES 2025 BOND (THIS "TRANCHE A SERIES 2025 BOND") WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS TRANCHE A SERIES 2025 BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ALL OBLIGATIONS OF THE ISSUER RELATING TO THE TRANCHE A SERIES 2025 BONDS UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED

UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN THE INDENTURE. THE HOLDER OF THIS TRANCHE A SERIES 2025 BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE WHICH IS ONE (1) YEAR AND ONE (1) DAY AFTER THE PAYMENT IN FULL OF THIS TRANCHE A SERIES 2025 BOND, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER WHICH IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR OTHERWISE CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW, OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION WHICH IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual signature, this Tranche A Series 2025 Bond shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Responsible Officer.

Date: August 14, 2025

ISSUER:

**TEXAS ELECTRIC MARKET STABILIZATION
FUNDING M LLC,**
a Delaware limited liability company

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

[SIGNATURE PAGE TO TRANCHE A SERIES 2025 BOND]

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is a Tranche A Series 2025 Bond, designated above and referred to in the within-mentioned Indenture.

Date: _____

INDENTURE TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION,
a National Banking Association

By: _____

Name: _____

Authorized Signatory

REVERSE OF TEXAS STABILIZATION M BOND

This Tranche A Texas Electric Market Stabilization Funding M LLC Texas Stabilization M Bond, Series 2025 Bond is one of a duly authorized issue of the Issuer (the "Tranche A Series 2025 Bonds"), issued under that certain Amended and Restated Indenture dated as of August 14, 2025, (as supplemented by the Series Supplement (as defined below), the "Indenture"), between the Issuer and U.S. Bank National Association in its capacity as indenture trustee (the "Indenture Trustee", which term includes any successor indenture trustee under the Indenture) and U.S. Bank National Association in its capacity as a securities intermediary (the "Securities Intermediary", which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee, the Securities Intermediary, and the Holders of the Tranche A Series 2025 Bonds. For purposes herein, "Series Supplement" means that certain Series Supplement dated as of August 14, 2025 between the Issuer and the Indenture Trustee. All terms used in this Tranche A Series 2025 Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

The Tranche A Series 2025 Bonds, the other tranches of Issuer's Texas Stabilization M Bonds issued under the Indenture (all of such tranches being referred to herein as "Texas Stabilization M Bonds") are and will be equally and ratably secured by the Texas Stabilization M Bond Collateral pledged as security therefor as provided in the Indenture and in the Series Supplement.

The principal of this Tranche A Series 2025 Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account are available therefor, and only until the outstanding principal balance thereof on the

preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule for Principal which is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Bondholders representing not less than a majority of the Outstanding Amount of the Texas Stabilization M Bonds have declared the Texas Stabilization M Bonds to be immediately due and payable in accordance the Indenture (unless such declaration shall have been rescinded and annulled in accordance with the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to the Indenture. The entire unpaid principal amount of this Tranche A Series 2025 Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of Texas Stabilization M Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the Texas Stabilization M Bonds representing not less than a majority of the Outstanding Amount of the Texas Stabilization M Bonds have declared the Texas Stabilization M Bonds to be immediately due and payable in the manner provided in the Indenture (unless such declaration shall have been rescinded and annulled in accordance with the Indenture). All principal payments on the Tranche A Series 2025 Bonds shall be made pro rata to the Holders entitled thereto based on the respective principal amounts of the Tranche A Series 2025 Bonds held by them.

Payments of interest on this Tranche A Series 2025 Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by wire transfer to an account maintained by the

Person whose name appears as the Registered Owner of this Tranche A Series 2025 Bond (or one or more Predecessor Texas Stabilization M Bonds) on the Texas Stabilization M Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that while this Tranche A Series 2025 Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Texas Stabilization M Bond evidencing this Tranche A Series 2025 Bond unless and until such Global Texas Stabilization M Bond is exchanged for Definitive Texas Stabilization M Bonds (in which event payments shall be made as provided above), and except for the final installment of principal and premium, if any, payable with respect to this Tranche A Series 2025 Bond on a Payment Date which shall be payable as provided below. Any reduction in the principal amount of this Tranche A Series 2025 Bond (or any one or more Predecessor Texas Stabilization M Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Tranche A Series 2025 Bond and of any Texas Stabilization M Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then remaining unpaid principal amount of this Tranche A Series 2025 Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Owner hereof as of the Record Date preceding such Payment Date by notice mailed no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Tranche A Series 2025 Bond and shall specify the place where this Tranche A Series 2025 Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Texas Stabilization M Bond Interest Rate to the extent lawful.

Principal and interest due and payable on this Tranche A Series 2025 Bond are a nonrecourse debt secured solely by Default Property created and established by the Debt Obligation Order obtained from the Public Utilities Commission of Texas pursuant to the Securitization Law. Default Property consists of the rights and interests of the Seller in the Debt Obligation Order, including the right to impose, collect and receive certain charges (defined in the Securitization Law as "default charges") to be assessed and collected from Wholesale Market Participants, or their successors or assigns, as more fully described in the Debt Obligation Order.

The Securitization Law provides that: "The state pledges, however, for the benefit and protection of financing parties and [ERCOT] that it will not take or permit any action that would impair the value of Default Property, or reduce, alter, or impair the Default Charges to be imposed, collected, and remitted to financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the related debt obligations have been paid and performed in full. Any party issuing a debt obligation under [the Securitization Law] is authorized to include this pledge in any documentation relating to the obligation."

The Securitization Law further provides that: "Debt obligations issued pursuant to [the Securitization Law], including any bonds, are not a debt or obligation of the state and are not a charge on its full faith and credit or taxing power."

The Issuer hereby acknowledges that the purchase of this Tranche A Series 2025 Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledge.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Tranche A Series 2025 Bond may be registered on the Texas Stabilization M Bond Register upon surrender of this Tranche A Series 2025 Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or

accompanied by (A) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (I) The Securities Transfer Agent Medallion Program (STAMP); (II) The New York Stock Exchange Medallion Program (MSP); (III) The Stock Exchange Medallion Program (SEMP); or (IV) in such other guarantee program acceptable to the Indenture Trustee, and (B) such other documents as the Indenture Trustee may require, and thereupon one or more new Tranche A Series 2025 Bond of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche A Series 2025 Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to the terms of the Indenture not involving any transfer.

Each Texas Stabilization M Bond holder, by acceptance of a Texas Stabilization M Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Texas Stabilization M Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (I) any owner of a membership interest in the Issuer (including ERCOT) or (II) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including ERCOT) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. 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.

Prior to the due presentment for registration of transfer of this Tranche A Series 2025 Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Tranche A Series 2025 Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Tranche A Series 2025 Bond and for all other purposes whatsoever, whether or not this Tranche A Series 2025 Bond be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Texas Stabilization M Bonds under the Indenture at any time by the Issuer with the consent of the Bondholders representing not less than a majority of the Outstanding Amount of all Texas Stabilization M Bonds at the time outstanding of each Tranche to be affected. The Indenture also contains provisions permitting the Bondholders representing specified percentages of the Outstanding Amount of the Texas Stabilization M Bonds, on behalf of the Holders of all the Texas Stabilization M Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Tranche A Series 2025 Bond (or any one of more Predecessor Texas Stabilization M Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Tranche A Series 2025 Bond and of any Texas Stabilization M Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche A Series 2025 Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the

consent of Holders of the Texas Stabilization M Bonds issued thereunder.

The Indenture contains provisions for defeasance at any time of (A) the entire indebtedness of the Issuer on this Tranche A Series 2025 Bond and (B) certain restrictive covenants and the related Events of Default, upon compliance by the Issuer with certain conditions set forth herein, which provisions apply to this Tranche A Series 2025 Bond.

The term "Issuer" as used in this Tranche A Series 2025 Bond includes any successor to the Issuer under the Indenture. The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Bondholders under the Indenture.

This Tranche A Series 2025 Bond is issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

THIS TRANCHE A SERIES 2025 BOND, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

No reference herein to the Indenture and no provision of this Tranche A Series 2025 Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Tranche A Series 2025 Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Tranche A Series 2025 Bond, by acquiring Tranche A Series 2025 Bond or interest therein, (I) express their intention that, solely for the purpose of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, this Tranche A Series 2025 Bond qualifies under applicable tax law as indebtedness of the sole owner of the Issuer secured by the Texas Stabilization M Bond Collateral and (II) solely for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of Tranche A Series 2025 Bond is outstanding, agree to treat this Tranche A Series 2025 Bond as indebtedness of the sole owner of the Issuer secured by the Texas Stabilization M Bond Collateral unless otherwise required by appropriate taxing authorities.

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FORM OF ASSIGNMENT

The following abbreviations, when used in the inscription of the face of this Tranche A Series 2025 Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS

MIN ACT - _____Custodian

(Custodian) (Minor)

Under Uniform Gifts to Minor Act (_____)

(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

Name of Assignee:

Address of Assignee:

Taxpayer ID of Assignee:

This Tranche A Series 2025 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said Tranche A Series 2025 Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on the face of the within bond in every particular word without alteration or enlargement or any change whatsoever.

In connection with any transfer of any of the Tranche A Series 2025 Bond evidenced by this certificate, the undersigned confirms that such Tranche A Series 2025 Bond is being:

CHECK ONE OPTION BELOW

☐ (1) exchanged for the undersigned's own account without transfer; or

☐ (2) transferred to a person whom the undersigned reasonably believes to be a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933 who is purchasing this Tranche A Series 2025 Bond for such buyer's own account or the account of a "qualified institutional buyer" in a transaction meeting the requirements of Rule 144A under the Securities Act of 1933 and any applicable securities laws of any state of the United States or any other jurisdiction; or

☐ (3) exchanged or transferred pursuant to and in compliance with Rule 903 or 904 of Regulation S under the Securities Act of 1933; or

☐ (4) transferred to the Issuer or an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuer; or

☐ (5) transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any Tranche A Series 2025 Bond evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if box (3), (4) or (5) is checked, the Issuer may require, prior to registering any such transfer of this Tranche A Series 2025 Bond, such legal opinions, certifications and other information as the Issuer has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act; provided, further, that if box (2) is checked, the transferee must also certify that it is a qualified institutional buyer as defined in Rule 144A.

Signature Guaranteed

NOTICE: The signature to this Assignment must be guaranteed by an institution that is a participant in (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other guarantee program acceptable to the Indenture Trustee.

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Tranche A Series 2025 Bond for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned’s foregoing representations in order to claim the exemption from registration provided by Rule 144A.

SIGNATURE GUARANTEE

Date: _____

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

NOTICE: To be executed by an executive officer.