MEMO TO INVESTORS

PNM RESOURCES 2018 ANNUAL MEETING—SHAREHOLDER RESOLUTIONS

APRIL 10, 2018

Investors who are members of PNM Shareholders for a Responsible Future will present two shareholder resolutions at the annual meeting of PNM Resources in Texas City, Texas on May 22, 2018. The first of these resolutions, titled "2 Degree Scenario Analysis" and filed by the Levinson Foundation asks that PNM "publish an assessment . . .of the long term impacts on the company’s portfolio of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels." The second, titled "Separate Chair and CEO" and filed by Robert Davis asks that the Board of Directors adopt as policy that "the Chair of the Board of Directors, whenever possible. . .be an independent member of the Board." This policy would be phased in for the next CEO transition.

This is the second year that the "2 Degree Scenario Analysis" Resolution has been presented by a member of our group. Last year at the annual meeting it received 49.9% of the proxy votes. This is the first year that the "Separate Chair and CEO" Resolution has been submitted.

Both resolutions were challenged by PNM in "no contest" submissions at the SEC; in both cases those submissions were denied.

"2 Degree Scenario Analysis"

Despite being denied twice at the SEC and the very strong vote in favor of the resolution at the annual meeting in 2017, PNM continues to maintain, as they asserted in their filings with the SEC, that they "substantially implement" the intent of this resolution in the course of their required filings with government agencies, and in the information included on their website. PNM twice appealed to the SEC to have this resolution omitted, under both the Obama and Trump administrations, and the SEC twice rejected this argument.

In a year where 2 degree scenario resolutions were presented at a number of companies and received support nationwide, PNM's percentage in favor was one of the highest, after only Occidental Petroleum (67%) and ExxonMobil (62%).

The climate risk issues facing energy companies and utilities in particular are well understood by investors large and small. Investment managers and funds like BlackRock, Vanguard, Fidelity, State Street and others have published papers and spoken out on climate risk, indicating they are raising these questions in their engagements with companies.

In addition the Task Force on Climate related Financial Disclosures ( TCFD), which has strong credible global support by investors and companies alike, has highlighted the importance of companies addressing the issues contained in these resolutions and reporting their thinking to shareholders .

As Michael Bloomberg wrote in the introduction to the recommendations of the TCFD:

*Warming of the planet caused by greenhouse gas emissions poses serious risks to the global economy and will have an impact across many economic sectors. But until now, it has been difficult for investors to know which companies are most vulnerable to climate change, which are best prepared, and which are taking action . . .Without effective disclosure of these risks, the financial impacts of climate change may not be correctly priced – and as the costs eventually become clearer, the potential for rapid adjustments could have destabilizing effects on markets.*

Only about 10 percent of PNM’s current power sources are renewable. Nuclear makes up 22 percent, gas 12 percent and coal 56 percent. PNM is in the midst of negotiating its departure from coal as a generation source. But that transition, and the radical energy transition in general in response to climate change which is occurring nationally and world-wide will have a dramatic effect on the company. Thus we continue to feel that the study we asked for in this resolution is an essential part of planning for the future in an intelligent and active fashion.

"Separate Chair and CEO"

The request to separate the roles of CEO and Chair and have the Chair of the Board be an independent director is a longstanding request for governance reform and has been the subject of shareholder resolutions to hundreds of companies. It is a widely discussed governance topic raised at numerous governance conferences and debated in corporate board rooms.

 It is a common practice in many U.S. companies to have a separate independent Chair as well as the norm in the United Kingdom. However, in their "no contest" filing with the SEC seeking the omission of this resolution PNM argued, among other things, that the goal of the resolution was essentially accomplished in the role of "Lead Director." With the rapid growth of Lead Directors by U.S. companies, many with job descriptions close to that of an independent Chair, many companies have argued that the basic concerns raised in the separate independent Chair debate have been essentially met. The SEC, however, in our case rejected this argument.

 We continue to believe that it is preferable to have the board Chair be separate from the CEO and be an independent director. We feel this is particularly important in a company like PNM that is facing a complex and rapidly changing future, a future conditioned by the pressing threat of climate change. In such times, a corporate structure that provides for the effective, independent expression of the expertise and experience of all parties is essential.

Finally, it should be made clear that this resolution is not a referendum, one way or the other, on the management of the current CEO, but will take effect only upon her departure.

For further information you may contact Robert Davis at 505 913-1622

Robert Davis

PNM Shareholders for a Responsible Future