

2019 LETTER TO SHAREHOLDERS

FROM THE CHAIRMAN, PRESIDENT AND CEO



My fellow shareholders,

It is a time of tremendous change in the utility industry, and together we will traverse the challenges that lay ahead. As we meet the adversity of the moment, I want to share with you what we are doing now and all we accomplished in 2019.

The coronavirus is impacting business and customers across the world in 2020. We have enacted our business continuity plans and remain committed to providing the electricity services that are critical to our lives. We are taking measures to protect our employees and our crucial systems so that they can provide these services. We have implemented payment accommodations for customers and are communicating regularly with employees, customers, suppliers, and regulators to stay informed about the current situation.

The uncertainty caused by the coronavirus has also created volatility in the capital markets. We value shareholder investments and remain focused on making judicious capital spending decisions that create long-term value. At PNM Resources, our past infrastructure investments have left us better equipped to handle the challenges of today. We continue to look ahead and make decisions that will prepare us for the challenges of tomorrow.

The successes of 2019 were years in the making, and yet in some ways are the early pages for a bigger story. Financially, we achieved our earnings target, increased the dividend and made smart investments to better serve our customers and improve the communities we serve. It was our plans for the years ahead, though, that left the brightest mark on 2019.

This past Earth Day we first announced our goal for emissions-free energy at PNM. Since announcing this goal - the earliest announcement of any US-owned investor energy company - we have aligned all of our efforts at PNM to move out of coal, increase our renewable capacity, expand transmission infrastructure and serve our customers in new and innovative ways while helping them meet their own sustainability goals.

The path to emissions-free will not be without challenges. The utilization of New Mexico's renewable potential will require a flexible and responsive system that can fully utilize these resources cost-effectively while providing safe and reliable power to customers. We will rely on emerging technologies to bridge the gap to tomorrow's emissions-free portfolio.

The road ahead is critical and we will continue to embrace partnerships with our customers, business leaders, advocacy groups and legislators to ensure we get it right.

In Texas, we will continue to play our part in moving the state forward. Homes and businesses across the TNMP service territory count on our grid investments to power the economy in times of growth and to be resilient enough to weather severe storms and sudden system peaks. Our TNMP team rises to the occasion year after year, implementing new technologies and improved processes to better serve customers. This exceptional level of service is at the core of our business.

We'll continue to collaborate with our partners across New Mexico and Texas to build solutions that carry out our vision.

This is a unique moment in time, and we will get through this together. As we embrace the dynamic world of our industry, I am honored to be surrounded by more than 1,600 employees at our company who continue this journey with me.

We are working together to make our business, your business, the best.

Sincerely,

Pat Vincent-Collawn
Chairman, President, and CEO



SUCCESS STORIES - PNM

Our announcement of 100% emissions-free was made possible through the passage of the historic Energy Transition Act. The bill received national accolades as New Mexico emerged as a leader for combatting climate change. The legislation established an 80% by 2040 renewable standard, a 100% carbon-free target by 2045 and funding for the employees and communities impacted by the closure of coal plants, while allowing PNM to securitize the retired coal plant. We are proud of our teams who worked tirelessly to support this trailblazing legislation. This was an extraordinary feat that will stand the test of time.

“We made the earliest emissions-free goal for our industry, and we watched as others followed our lead with similar pledges across the nation.”

In July, we took the next steps by filing for the abandonment, financing, and replacement of the San Juan coal plant in 2022. The same key partnerships developed throughout the legislation have been critical to the regulatory process and determining a solution that best serves New Mexico.

PNM also added 100 megawatts of solar to its portfolio in 2019 and introduced a voluntary customer solar subscription available to municipalities, tribal governments and large customers. Additionally, we secured another 140 megawatts of low-cost wind power and gained approval to build transmission infrastructure to bring this power to customers.

Transmission growth will be key to meeting New Mexico’s clean energy goals. In 2019, we announced the planned acquisition of the Western Spirit transmission line that supports 800 megawatts of new wind energy being developed in eastern New Mexico.

A vision of emissions-free is not only a goal for PNM, but also for our customers. Sharing in this transition together has resulted in broad gains in customer satisfaction. Our JD Power score reached an all-time high, with each of the six drivers comprising the satisfaction score all increasing year over year. The PNM Image Study also saw new all-time highs for two core measures – Trust and Value.

SUCCESS STORIES - TNMP

In Texas, another year of continued strong load growth and new system peaks were sustained through enhanced infrastructure and operational excellence.

Demand-based load increased 4.9% on a weather-normalized basis in 2019. A very hot August produced two new TNMP system peaks within a week, only to be followed by severe thunderstorms and tornados in October. Even as crews worked to restore power within our service territory, some answered the call to assist a neighboring utility restore an area more heavily damaged.

“Our Texas infrastructure withstood record system peaks and severe storms in 2019, and we must be prepared to meet the challenges of 2020 and beyond.”

Our team accomplished all of this while reducing OSHA-recordable injuries by 50% and preventable vehicle incidents by 35% versus 2018. TNMP employees were later recognized with an Emergency Assistance Award from the Edison Electric Institute, their sixth time receiving this award.

We increased our planned investments to continue to serve customers safely and reliably. New and improved tools and processes were implemented to make us better equipped to handle new lines and extension requests. A portal was launched to allow retail electric providers (REPs) direct access to their customer data on our systems that was not previously available, reducing phone calls and wait times, and greatly improving efficiency for ourselves and the REPs.

Following the general rate review held in 2018, new customer rates were implemented in January 2019 to reflect recovery of investments made through 2017, along with the return of federal tax reform savings to customers. Semi-annual filings resumed in 2019 to recover subsequent transmission investments, and we discussed plans to recover corresponding distribution investments in 2020.

COMMITMENT TO SUSTAINABILITY



Goal to reach **100% EMISSIONS-FREE FIVE YEARS** ahead of state mandate

On track to far exceed Paris Agreement of a **26-28%** reduction in carbon emissions below **2005** levels by **2025**



To encourage safe nesting for large birds, PNM has installed **HUNDREDS OF PERCH DIVERTERS** along a **212-MILE** transmission line

Since **2014**, we have spent over **\$8.2 MILLION** to make distribution poles avian-safe
Both **PNM** and **TNMP** have Avian Protection Plans



PNM ENERGY EFFICIENCY PROGRAMS:

ALMOST

4.5 BILLION KILOWATT-HOURS

of electricity saved since programs began in 2007 – enough to power 660,000 homes for a year

1.5 BILLION gallons of water saved



Kept an estimated

2.7 million metric tons of carbon dioxide out of the air



TNMP ENERGY EFFICIENCY PROGRAMS:

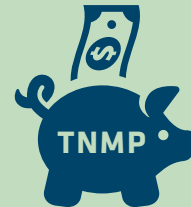
SINCE 2002

210 MILLION KILOWATT-HOURS

of electricity saved – enough to power 25,000 homes for a year

\$42 MILLION

in customer incentives, honored by Energy Star four years in a row



148,587 metric tons of carbon dioxide kept out of the air



PNMR-21% reduction in OSHA recordable employee injuries

TNMP-50% reduction in OSHA recordable employee injuries

PNM-6% reduction in OSHA recordable employee injuries



Volunteered
more than

13,000 HOURS

Supported more than

250

non-profit organizations
through employee
volunteerism and grants

Invested more than **\$4 MILLION** in our
New Mexico and **Texas** communities

for a total of over **\$19 MILLION** over the past 6 years



JD POWER SCORES REACHED

an all-time high, with an average of



703

Trust



Value



PNM CONTINUED

THE UPWARD TREND

FOR BOTH

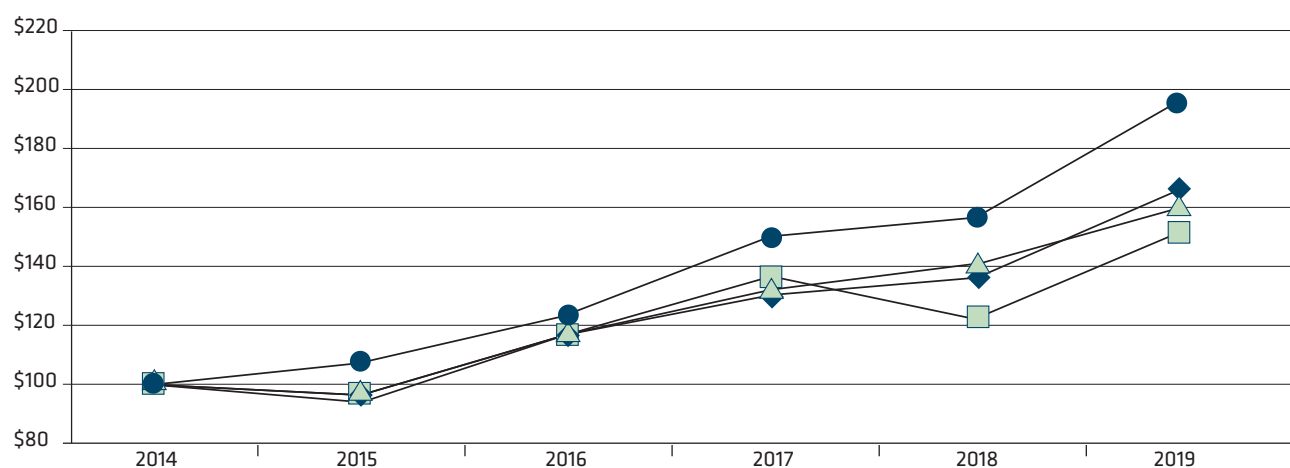
TRUST AND VALUE

PNM RESOURCES, INC. AND SUBSIDIARIES

PNM Resources is an investor-owned holding company of two electric utilities, PNM and TNMP. PNM is a regulated utility in New Mexico with operations primarily engaged in the generation, transmission and distribution of electricity. TNMP is a regulated utility operating in Texas, providing transmission and distribution services.

The graph below assumes that \$100 was invested on December 31, 2014, in PNM Resources common stock, the S&P 500 Stock Index and the S&P Midcap 400 Utilities Index, and all dividends were reinvested through December 31, 2019. The comparisons in the performance graph do not reflect current market conditions and are not intended to forecast or be indicative of possible future performance of our common stock.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN



	2014	2015	2016	2017	2018	2019
● PNM Resources	\$100.00	\$106.14	\$122.44	\$148.06	\$154.62	\$195.57
■ S&P 500 Index	\$100.00	\$97.82	\$118.10	\$137.26	\$122.03	\$153.96
◆ EEI Peer Index	\$100.00	\$96.62	\$118.59	\$132.20	\$137.21	\$167.18
▲ S&P 400 MidCap Utilities Index	\$100.00	\$94.06	\$119.79	\$133.07	\$142.17	\$162.61

Data Source: Bloomberg. Historical performance does not necessarily predict future results. PNM Resources' common stock is traded on the NYSE.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Statements made in this presentation for PNM Resources, Inc. ("PNMR"), Public Service Company of New Mexico ("PNM"), or Texas-New Mexico Power Company ("TNMP") (collectively, the "Company") that relate to future events or expectations, projections, estimates, intentions, goals, targets, and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates. PNMR, PNM, and TNMP assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, PNMR, PNM, and TNMP caution readers not to place undue reliance on these statements. PNMR's, PNM's, and TNMP's business, financial condition, cash flow, and operating results are influenced by many factors, which are often beyond their control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. For a discussion of risk factors and other important factors affecting forward-looking statements, please see the Company's Form 10-K and 10-Q filings with the Securities and Exchange Commission, which factors are specifically incorporated by reference herein.