

TXNM ENERGY, INC.
414 Silver Ave. SW
Albuquerque, New Mexico 87102

To: Holders of TXNM Energy, Inc.'s 5.75% Junior Subordinated Convertible Notes due 2054 (CUSIP: 69349H AF4)

Computershare Trust Company, N.A., as Trustee
1505 Energy Park Drive
St. Paul, Minnesota 55108
Attention: CTSO Mail Operations

Re: Notice of Convertibility of Notes

Ladies and Gentlemen:

Reference is made to that certain Indenture, dated as of June 10, 2024 (the "**Indenture**"), between TXNM Energy, Inc. (formerly known as PNM Resources, Inc.), a New Mexico corporation (the "**Company**"), and Computershare Trust Company, N.A., as trustee (the "**Trustee**"), pursuant to which the Company issued its 5.75% Junior Subordinated Convertible Notes due June 1, 2054 (the "**Convertible Notes**"). Capitalized terms used in this notice which are defined in the Indenture and are not otherwise defined herein have the meanings specified for those terms in the Indenture.

Pursuant to Section 14.01(b)(iv) of the Indenture, the Notes shall become convertible at the option of a Holder during any calendar quarter commencing after the calendar quarter ending on September 30, 2024 (and only during such calendar quarter), if the Last Reported Sale Price of the Common Stock for at least 20 Trading Days (whether or not consecutive) during the period of 30 consecutive Trading Days ending on, and including, the last Trading Day of the immediately preceding calendar quarter is greater than or equal to 130% of the Conversion Price on each applicable Trading Day (the "**Sale Price Conversion Condition**").

The Company hereby provides notice that the Sale Price Conversion Condition has been satisfied with respect to the calendar quarter ended December 31, 2025 and, accordingly, Holders may convert all or any portion (if the portion to be converted is \$1,000 principal amount or an integral multiple thereof) of their Notes during the calendar quarter ending March 31, 2026 (the "**First Quarter 2026 Conversion Period**") in accordance with the requirements of the Indenture, including with respect to Section 14.02 of the Indenture, at the Conversion Rate of 22.5248 shares of Common Stock per \$1,000 principal amount of Notes, subject to the terms of the Indenture (the "**Conversion Option**").

Conversion Procedures

The following sets forth the procedures a Holder must follow to convert their Convertible Notes:

Holders of beneficial interests in a Global Note. Holders of a beneficial interest in a Global Note need only comply with The Depository Trust Company's procedures for converting a beneficial interest in a Global Note.

Holders of certificated Notes. Holders of certificated Convertible Notes must (a) complete, manually sign and deliver to the Conversion Agent (including by facsimile, PDF or other electronic transmission thereof) an irrevocable Notice of Conversion in the form attached hereto as Exhibit A which states the principal amount of Convertible Notes to be converted and the name or names (with addresses) in which such Holder wishes the certificate or certificates for any shares of Common Stock to be delivered upon settlement of the Conversion Obligation to be registered, (b) surrender such Convertible Notes, duly endorsed to the Company or in blank (and accompanied by appropriate endorsement and transfer documents) to the Conversion Agent, (c) if required, furnish appropriate endorsements and transfer documents, and (d) if required, pay all transfer or similar taxes, if any.

Conversion Date. A Holder's Conversion Date means the date that such Holder has complied with the requirements summarized above pursuant to Section 14.02(b) of the Indenture.

Conversion Agent. The Trustee is acting as the Conversion Agent.

Interest for the Notes. Upon conversion, a Holder will not receive any separate cash payment or shares of Common Stock for accrued and unpaid interest. The Company's settlement shall be deemed to satisfy its obligation to pay the principal amount of the Note and accrued and unpaid interest to, but not including, the relevant Conversion Date. As a result, accrued and unpaid interest to, but not including, the relevant Conversion Date shall be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Stock Taxes. If a Holder converts its Convertible Notes, the Company will pay any documentary, stamp or similar issue or transfer tax due on the issue of any shares of the Company's Common Stock upon the conversion, unless the tax is due because the Holder requests any shares to be issued in a name other than the Holder's name, in which case the Holder will pay that tax.

Settlement upon Conversion

Method of Settlement. Upon any conversion of the Convertible Notes during the First Quarter 2026 Conversion Period, the Company will (1) deliver (in book-entry form through DTC) an equal aggregate principal amount of a newly issued series of its 5.75% non-convertible junior subordinated notes due 2054 (the "**5.75% Non-Convertible Junior Subordinated Notes**") with the same terms as the Convertible Notes (other than the conversion features and certain features in relation to redemption rights) as provided pursuant to an Indenture, dated as of June 10, 2024, between the Company and Computershare Trust Company, N.A., as trustee, and (2) deliver shares of the Common Stock in respect of the remainder, if any, of the Company's Conversion Obligation in excess of the aggregate principal amount of the Convertible Notes being converted. The amount

of the Company's Conversion Obligation, if any, in excess of the principal amount of the Convertible Notes being converted will be determined in accordance with the terms of the Indenture, over an Observation Period consisting of the 60 consecutive Trading Day period beginning on, and including, the second Trading Day immediately succeeding the relevant Conversion Date. Holders electing to convert their Convertible Notes during the First Quarter 2026 Conversion Period will not receive any cash consideration in connection with such a conversion (other than any cash paid in lieu of delivery of a fractional share of the Common Stock).

Delivery of Consideration. With respect to any conversions during the First Quarter 2026 Conversion Period, the Company will deliver (1) the 5.75% Non-Convertible Junior Subordinated Notes due to a Holder on the second Business Day following the relevant Conversion Date, with such delivery in book-entry form through DTC, and (2) the shares of Common Stock together with cash, if applicable, in lieu of delivering any fractional share of Common Stock with respect to the remainder, if any, of the Company's Conversion Obligation in excess of the aggregate principal amount of the Convertible Notes being converted, on the second Business Day immediately following last Trading Day of the relevant Observation Period.

Fractional Shares. The Company shall not issue any fractional share of Common Stock upon conversion of the Notes and shall instead pay cash in lieu of delivering any fractional share of Common Stock issuable upon conversion based on the Daily VWAP for the last Trading Day of the relevant Observation Period. For each Note surrendered for conversion, the full number of shares that shall be issued upon conversion thereof shall be computed on the basis of the aggregate Daily Settlement Amounts for the relevant Observation Period and any fractional shares remaining after such computation shall be paid in cash.

No Recommendation

None of the Company, its Board of Directors or its employees has made or is making any representation or recommendation to any holder as to whether to exercise or refrain from exercising the Conversion Option.

With respect to any conversion during the First Quarter 2026 Conversion Period, although the Company will deliver shares of the Common Stock together with cash, if applicable, in lieu of delivering any fractional share of Common Stock, in respect of the remainder, if any, of its Conversion Obligation in excess of the aggregate principal amount of Convertible Notes being converted, holders of the Convertible Notes will not be entitled to receive cash or shares of the Common Stock in respect of the Company's Conversion Obligation up to the aggregate principal amount of Convertible Notes being converted. Instead of cash or shares of the Common Stock, the Company will deliver, in respect of its Conversion Obligation up to the aggregate principal amount of Convertible Notes being converted, an equal aggregate principal amount of the 5.75% Non-Convertible Junior Subordinated Notes, which will mature on June 1, 2054. Consequently, Holders of the Convertible Notes that elect to convert their Convertible Notes during the First Quarter 2026 Conversion Period will receive securities that are less liquid than the consideration a Holder would receive if it held a convertible security that converted into cash or shares of Common Stock in respect of the Conversion Obligation up to the aggregate principal amount of Convertible Notes being converted.

In addition, the interest rate, interest deferral rights and other terms of the 5.75% Non-Convertible Junior Subordinated Notes may not be as favorable as the terms of similar securities issued at the time. For example, on December 10, 2025, the Company issued its 7.000% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2056, which bear interest initially at a rate of 7.000% per annum. As a result, even if a liquid trading market exists for 5.75% Non-Convertible Junior Subordinated Notes, the 5.75% Non-Convertible Junior Subordinated Notes would be expected to trade at prices below the \$1,000 aggregate principal amount of each 5.75% Non-Convertible Junior Subordinated Notes. Further, there can be no assurance that a liquid trading market will exist for the 5.75% Non-Convertible Junior Subordinated Notes, particularly if holders convert their Convertible Notes at a time when few Convertible Notes have been or are being converted. As of the date hereof, there are no outstanding 5.75% Non-Convertible Junior Subordinated Notes.

As previously disclosed, on May 18, 2025, the Company, Troy ParentCo, LLC (the “**Parent**”), and Troy Merger Sub Inc (the “**Merger Sub**”), entered into an Agreement and Plan of Merger (the “**Merger Agreement**”), pursuant to which Merger Sub will merge with and into the Company, with the Company surviving the Merger as a direct wholly-owned subsidiary of Parent (the “**Merger**”). Parent and Merger Sub are affiliates of Blackstone Infrastructure. Pursuant to the Merger Agreement, each issued and outstanding share of the Common Stock (other than (i) the issued shares of the Common Stock that are owned by the Company, Parent, Merger Sub, or any other wholly-owned subsidiaries of Parent or the Company, in each case, not held on behalf of third parties, which will be automatically cancelled at the time the Merger is consummated and (ii) shares of the Common Stock outstanding immediately prior to the time the Merger is consummated and held by a holder who has not voted in favor of, or consented in writing to, the Merger who is entitled to, and who has demanded, payment for fair value of such shares in accordance with applicable New Mexico law) will, at the effective time of the Merger, be converted into the right to receive \$61.25 in cash, without interest.

If consummated, the Merger will constitute a Make-Whole Fundamental Change, and holders will be entitled to surrender their Convertible Notes for conversion at any time from or after the effective date of the Merger until 35 Trading Days after the effective date of the Merger (or, if the Company gives notice after the effective date of the Merger, until 35 Trading Days after the date the Company gives notice). In such a case, (i) the consideration due upon conversion of each \$1,000 principal amount of Convertible Notes will be solely cash in an amount equal to the Conversion Rate in effect on the Conversion Date (subject to potential increase as provided in the indenture governing the Convertible Notes), *multiplied by* the price paid per share of Common Stock in the Merger and (ii) and the Company will satisfy its Conversion Obligation by paying cash to converting Holders on the second Business Day immediately following the Conversion Date.

Consummation of the Merger is subject to the satisfaction or waiver of certain customary conditions, including, without limitation, the absence of any material adverse effect on the Company, no legal prohibition on the consummation of the Merger, and the receipt of certain required regulatory approvals (including the Public Utility Commission of Texas, the New Mexico Public Regulatory Commission, the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission and under the Hart-Scott-Rodino Antitrust Improvements Act of 1976).

There can be no assurance the Merger will be consummated or that the Make-Whole Fundamental Change conversion right described in the paragraph above will be available in the future.

This Notice is not an offer to sell, nor a solicitation of an offer to buy securities, nor shall there be any sale of these securities in any state or jurisdiction in which the offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such state or jurisdiction.

TXNM ENERGY, INC.

Dated: January 2, 2026

Exhibit A

Form of Notice of Conversion

To: Computershare Trust Company, N.A.
Corporate Trust Services
1505 Energy Park Drive
St. Paul, MN 55108
Email: cctbondholdercommunications@computershare.com

The undersigned registered owner of this Note hereby exercises the option to convert this Note, or the portion hereof (that is \$1,000 principal amount or an integral multiple thereof) below designated, into cash, Underlying Junior Subordinated Notes and/or shares of Common Stock, as applicable, in accordance with the terms of the Indenture referred to in this Note, and directs that any cash payable, any Underlying Junior Subordinated Notes issuable and deliverable upon such conversion and any shares of Common Stock issuable and deliverable upon such conversion, together with any cash for any fractional share, and any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. If any Underlying Junior Subordinated Notes, any shares of Common Stock or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp or similar issue or transfer taxes, if any in accordance with **Error! Reference source not found.** and **Error! Reference source not found.** of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Note. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

Dated: _____

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed
by an eligible Guarantor Institution
(banks, stock brokers, savings and
loan associations and credit unions)
with membership in an approved
signature guarantee medallion program
pursuant to Securities and Exchange
Commission Rule 17Ad-15 if shares
of Common Stock are to be issued, or
Notes are to be delivered, other than
to and in the name of the registered holder.

Fill in for registration of shares if
to be issued, and Notes if to
be delivered, other than to and in the
name of the registered holder:

(Name)

(Street Address)

(City, State and Zip Code)
Please print name and address

Principal amount to be converted (if less than all): \$ _____,000

NOTICE: The above signature(s) of the Holder(s) hereof must
correspond with the name as written upon the face of the Note in
every particular without alteration or enlargement or any change
whatever.

Social Security or Other Taxpayer
Identification Number

