

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF)
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

Case No. 25-00060-UT

JOINT APPLICANTS' MOTION TO REVISE MERGER APPLICATION AND
SUPPORTING TESTIMONY,
FOR LEAVE TO SUPPLEMENT COMPLIANCE REPORT
AND REQUEST FOR SUBSEQUENT STATUS CONFERENCE

Public Service Company of New Mexico ("PNM"), TXNM Energy Inc. ("TXNM"), and Troy ParentCo LLC ("Troy") (collectively, "Joint Applicants"), pursuant to 1.2.2.10(G) and 1.2.2.12 NMAC and the New Mexico Public Regulation Commission's (the "Commission") *Final Order on Show Cause Proceeding* ("Show Cause Final Order"), hereby request that the Commission grant Joint Applicants leave to revise the original application ("Revised Application") for approval of the acquisition of TXNM by Troy ("Acquisition") as well as the supporting testimony and exhibits and accept for filing the attached Revised Application and revised regulatory commitments and supporting testimonies and exhibits.

Additionally, Joint Applicants request leave to file a supplemental compliance report ("Supplemental Compliance Report") to reflect the repayment of the \$400 million term loan and associated costs; provide details of the equity issuance and compliance information contemplated

in Docket No. 26-0000153; and address information requested by certain parties in responses to Joint Applicants' initial Compliance Report to Effectuate the Final Order on the Show Cause filed on July 27, 2026 ("Compliance Report"), which was subsequently amended on August 10, 2026 ("Amended Compliance Report" and, together with the Compliance Report, "Compliance Reports").

Joint Applicants also respectfully request that the Commission set a status conference to establish a new procedural schedule. To that end, Joint Applicants are including a potential schedule for consideration in establishing procedural timelines for the resolution of this proceeding. In support of these requests, Joint Applicants state the following.

Background

On August 25, 2025, the Joint Applicants filed the initial application with the Commission Application, whereby Troy would acquire TXNM ("Original Application").

At the time TXNM and Troy entered into the Merger Agreement on May 18, 2025, TXNM and Troy TopCo LP ("TopCo") entered into a Stock Purchase Agreement for 8,000,000 shares of TXNM common stock for \$400 million ("Financing Transaction").

On February 6, 2026, Prosperity Works filed a motion requesting that Joint Applicants show cause why the Financing Transaction was not void and of no effect under 1978 NMSA § 62-6-12(A)(3)(c) and to address the implications a violation of Section 62-6-12 may have on the pending Merger Application.

On March 11, 2026, the Hearing Examiners issued the *Order Granting Motion for Order Directing Joint Applicants to Show Cause* and also issued the *Order Directing Joint Applicants to Show Cause and For Other Relief* ("Show Cause Order"). The Show Cause Order initiated an investigation, directed Joint Applicants to address whether Section 62-6-12 applied to the

Financing Transaction, set briefing deadlines, and stated that a public hearing would be held to receive evidence and hear arguments as appropriate.

On June 8, 2026, the Hearing Examiners issued the Recommended Decision for Show Cause Proceeding (“Recommended Decision” or “RD”). The RD concluded that the Financing Transaction violated Section 62-6-12(A)(3)(c), recommended that the Financing Transaction be treated as void and of no effect, recommended various compliance items and ratepayer-hold-harmless requirements, recommended statutory penalties, and addressed the effect of the violation on the pending Acquisition proceeding.

On May 8, 2026, the Hearing Examiners adopted a revised procedural schedule for the proceeding considering the Original Application, which was thereafter held in abeyance until further order from the Commission or Hearing Examiners by order issued July 2, 2026. The order holding the procedural schedule in abeyance noted that a status conference would be set at a later date.

On July 2, 2026, the Commission issued the Show Cause Final Order. In the Show Cause Final Order, the Commission stated that the finding that the Financing Transaction was void and of no effect may impact the Original Application. However, the Commission did not specifically require the withdrawal or refiling of the Original Application, recognizing instead that the “interests of administrative efficiency, procedural integrity, and fundamental fairness may require withdrawal, amendment, supplementation, or refiling of the [Original] Application so that it accurately reflects the current posture of the transaction and any steps taken to address the unauthorized stock acquisition.”¹

The Commission also concluded that the Joint Applicants bear the responsibility to assess

¹ NMPRC Case No. 25-00060-UT, *Final Order on Show Cause Proceeding*, ¶ 77 (July 2, 2026).

the Original Application in light of the Show Cause Final Order and make necessary supplements or amendments to ensure a complete and current record.

The Show Cause Final Order required the Joint Applicants to unwind the Financing Transaction and file a compliance report within 45 days of the effective date of the Final Order. The Final Order also required that after filing of the compliance report, “Staff and the intervenors shall be afforded an opportunity to respond concerning, among other matters, whether the pending Application remains complete and accurate and provides a sufficient record for continued evaluation of the proposed acquisition.”²

Also on July 2, 2026, the Hearing Examiners issued an Order Granting Joint Motion to Amend Revised Procedural Schedule, holding the Acquisition phase of this proceeding in abeyance pending further order of the Hearing Examiners or the Commission (“July 2 Order on Procedural Schedule”).

The Joint Applicants filed their Compliance Report on July 27, 2026 (“Compliance Report”) setting forth the actions taken to unwind the Financing Transaction. As part of the actions taken to unwind the Financing Transaction, Joint Applicants agreed to extend the end date of the Merger Agreement to May 31, 2027. On July 31, 2026, Joint Applicants filed their Compliance Filing Providing Notice of Payment that TXNM, TopCo, and Troy had each paid the \$100,000 sanctions imposed by the Show Cause Final Order.

On July 31, 2026, TXNM filed its Petition and Brief in Docket No. 26-00153-UT for a declaratory order by the Commission that no approvals were required for TXNM to raise \$400 million through an equity issuance in order to repay the \$400 million term loan TXNM undertook as part of TXNM’s compliance with the Show Cause Final Order.

² NMPRC Case No. 25-00060-UT, *Final Order on Show Cause Proceeding*, ¶ G (July 2, 2026).

On August 10, 2026, Joint Applicants filed the Amended Compliance Report, restating and amending the original Compliance Report to reflect, among other things, the return of approximately \$13.3 million in dividends from TopCo to TXNM.

On August 26, 2026, Utility Division Staff (“Staff”) filed its response, which found the Amended Compliance Report substantially complied with the Show Cause Final Order and recommended Joint Applicants provide additional information for compliance purposes and file an updated application and testimonies. Staff specifically stated that “[w]ith this supplementation, Staff believes that, notwithstanding any outstanding petitioned Show Cause orders, the evidentiary record can remain sufficient to proceed with further evaluation of the proposed acquisition.”

On August 27, 2026, the Commission granted TXNM’s request for a declaratory order in Docket No. 26-00153-UT (“Declaratory Order”).

On September 9, 2026, several parties filed responses to the Joint Applicants’ Compliance Reports. Among other things, these responses sought additional information concerning the direct and indirect cost of unwinding the Financing Transaction and the impact of the unwinding on PNM’s credit metrics. Certain responses also requested that the Commission require the Joint Applicants to file a revised or new application and testimonies addressing the Show Cause Final Order.

After submittal of the Compliance Reports and responses thereto, the Show Cause Final Order contemplates that the Commission will determine whether the proceeding should move forward based on the Original Application or if the Original Application should be amended, supplemented, suspended, dismissed without prejudice or a new application filed.³

³ NMPRC Case No. 25-00060-UT, *Final Order on Show Cause Proceeding*, ¶ G (July 2, 2026).

Argument

1. Joint Applicants agree with Staff's assessment that the Original Application and direct testimonies and exhibits should be revised and updated to reflect the outcome and consequences of the Show Cause Final Order, provide additional information with regard to the impacts of unwinding the Financing Transaction, and reflect the passage of time since the case was initiated.

2. Joint Applicants' requests in this docket remain the same—approval of the Acquisition and approval of the revised General Diversification Plan implementing the Class II transaction resulting from the Acquisition, with a variance to the Class II transaction reporting requirements. Nonetheless, Joint Applicants believe that portions of the Original Application, including certain of the attached exhibits and supporting testimonies, should be revised to update the case and reflect the actions and determinations that have occurred during the course of the Original Application and Show Cause proceedings. These revisions include strengthened regulatory commitments to demonstrate the proposed Acquisition remains in the public interest.

3. Joint Applicants seek permission to revise the Original Application and the supporting exhibits and testimonies to:

- a) revise and supplement the Joint Applicants' proposed regulatory commitments attached to the Original Application in light of the determinations in the Show Cause Final Order, to provide updates to reflect the Joint Applicants' experience over the last year engaging with stakeholders and communities, and to update information due to the passage of time;
- b) reflect the actions taken by Joint Applicants to comply with the

determinations of the Show Cause Final Order and Declaratory Order and provide responses and additional information relating to the unwinding of the Financing Transaction to address parties' positions and recommendations in their responses to Joint Applicants' Compliance Reports; and

c) incorporate into the revised testimonies any information provided in Joint Applicants' supplemental testimonies previously filed on February 16, 2026 and March 17, 2026.

4. Revising the Original Application to consolidate revisions and updates described in the preceding paragraph and revisions and updates the original regulatory commitments and supporting testimonies will result in administrative efficiencies for the Commission and parties in consideration of the requested Acquisition. Joint Applicants' proposal to revise the Original Application and supporting testimonies to more appropriately reflect the current status of the proceedings is consistent with directives of the Commission in Case 24-00266-UT, *In the Matter of the Joint Application for Approval to Acquire New Mexico Gas Company, Inc. by Saturn Utilities Holdco, LLC*, Order Setting Filing Date for Revised Application, issued June 30, 2025.

5. The Joint Applicants believe that providing the Revised Application and supporting testimonies with this Motion will aid the Hearing Examiners in issuing a procedural order to establish deadlines in accordance with Paragraph 18 of the July 2 Order on Procedural Schedule.

6. To provide a complete record, Joint Applicants also request leave to file a Supplemental Compliance Report, pursuant to any directives and deadlines set by the Hearing Examiners, to reflect final costs and actions associated with unwinding of the Financing

Transaction, including the equity issuance of \$400 million through a bank-sponsored public market stock offering, and the repayment of the \$400 million Term Loan. Providing a Supplemental Compliance Report is also consistent with the requirements of the Commission's final order in Case No. 26-00153-UT and would assist in addressing requests for additional information by Staff and others in various responses to the Compliance Reports.

7. In the proposed Revised Application and supporting testimony, Joint Applicants intend to address many of the issues that Staff and intervenors raised in their responses to the Compliance Reports, including:

- a) A macro discussion of the direct and indirect costs associated with unwinding the Financing Transaction and the mechanisms by which customers will be held harmless from such costs; and
- b) The effect of the unwinding on credit metrics and the financial condition of TXNM and PNM, including credit downgrade risk, potential changes to dividends as between PNM and TXNM as a result of unwinding the Financing Transaction and the adequacy of existing customer protections.

8. In the Supplemental Compliance Report, Joint Applicants intend to address the more detailed and factual information Staff and other intervenors requested as well as some of the legal arguments. Additionally, Joint Applicants will provide in the Supplemental Compliance Report a roadmap as to how various issues raised have been addressed.

9. By addressing these matters in the Revised Application and supporting testimony and through a Supplemental Compliance Report, Joint Applicants endeavor to ensure that the evidentiary record is complete and that the Hearing Examiners and parties have the information necessary to evaluate the Acquisition on its merits.

10. Joint Applicants are also requesting the Commission schedule a status conference to establish the procedural schedule going forward. Joint Applicants are including for consideration potential deadlines and hearing dates that would allow for the issuance of a final order on the proposed Acquisition that aligns with the Merger Agreement’s extended end date of May 31, 2027.

11. Joint Applicants propose a procedural schedule containing these or similar landmark dates, which would allow for the necessary review and consideration of the Revised Application and supporting testimonies and exhibits:

Proposed Schedule	
Joint Applicant Revised Application and supporting testimonies	September 15, 2026 or as otherwise ordered
Joint Applicants’ Supplemental Compliance Filing	September 28, 2026 or as otherwise ordered
Staff and Intervenor Testimony	December 14, 2026
Rebuttal Testimony	January 13, 2027
Revised Application Hearing Dates	February 1-12, 2027

12. The Commission stated in the Show Cause Final Order that the show cause phase of the Original Application proceeding did not address the “ultimate merits of the [Original Application],”⁴ and rather addressed “the legality of the Financing Transaction and the consequences of consummating that transaction without prior authorization.”⁵ The Commission also emphasized that its findings and conclusions in the Show Cause Final Order were relevant to and could impact the Original Application and that Joint Applicants and the parties should have the opportunity to assess any such impacts on the Original Application.

13. Allowing Joint Applicants to file a Revised Application and regulatory commitments and supporting testimonies and to provide the Supplemental Compliance Report

⁴ NMPRC Case No. 25-00060-UT, *Final Order on Show Cause Proceeding*, ¶¶ 81, 131 (July 2, 2026).

⁵ NMPRC Case No. 25-00060-UT, *Final Order on Show Cause Proceeding*, ¶ 81 (July 2, 2026).

will help ensure that the evidentiary record reflects the outcome and determinations of the Show Cause Final Order and all steps taken by Joint Applicants to unwind the Financing Transaction. The Revised Application will also promote the ease of review by parties and the Hearing Examiners by consolidating revisions to the regulatory commitments and additional exhibits and explanatory testimony and earlier supplemental testimonies into a single application. Finally, granting this motion provides a timely avenue to adjudicate the Revised Application on the merits of the benefits and protections associated with the proposed Acquisition that is consistent with both the Show Cause Final Order directives and the opportunity afforded to the applicants in Case No. 24-00266-UT.

14. Joint Applicants believe that establishing a revised procedural schedule that takes into consideration the Merger Agreement's extended end date of May 31, 2027 and will give the Commission and all parties to the proceeding an adequate opportunity to assess the Revised Application and regulatory commitments and supporting testimonies and exhibits.

15. In sum, Joint Applicants file this motion to promote the timely consideration, on a full evidentiary record, of a Revised Application that consolidates and updates the Original Application to comply with the Show Cause Final Order and incorporates enhanced regulatory commitments

16. Joint Applicants sought the positions of the parties and Staff on this Motion and received the following responses:

LIUNA Local 16 supports;

NMDOJ, ABCWUA, Walmart, WRA and Staff take no position;

Prosperity Works, NEE, NMCPA, CBD, and Community groups represented by WELC oppose the Motion "because it is inconsistent with the 7/2/26 HE order and, until the Compliance Report and outstanding show cause and Zimmer investigation motions are ruled on, the requested actions are premature."

CCAE “does not support the Motion, noting that important issues remain pending, affecting both the application and a full determination ‘of no effect.’ Of no effect is neither contemplated in the Motion nor adequately captured in the proposed schedule.”

WHEREFORE,

In light of the Commission’s determinations in the Show Cause Final Order, Joint Applicants seek leave from the Commission to file the Revised Application and supporting testimonies and exhibits and accept for filing the attached documents. Joint Applicants also seek leave to file a Supplemental Compliance Report by September 28, 2026 or as otherwise ordered, addressing the matters described herein. Finally, Joint Applicants request that the Commission set a status conference to discuss adopting a procedural schedule for the purpose of reaching a final decision on merits of the Revised Application.

Respectfully submitted this 15th day of September 2026.

PUBLIC SERVICE COMPANY OF NEW MEXICO/TXNM

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GCG#535801

REVISED JOINT APPLICATION FOR APPROVAL
OF ACQUISITION AND MERGER
EXECUTIVE SUMMARY

Under the Revised Joint Application, Public Service Company of New Mexico (“PNM”) and TXNM Energy, Inc. (“TXNM”) are continuing to request approval from the New Mexico Public Regulation Commission (the “Commission”) to be acquired by Troy ParentCo LLC (“Troy,” and together with PNM and TXNM, the “Joint Applicants”). The Revised Joint Application and supporting testimonies provide the information the Commission needs to review and approve the acquisition and merger (“Acquisition”).

The Acquisition benefits New Mexico and PNM customers in important ways. First, Troy, as a subsidiary of Blackstone Infrastructure, provides PNM with a financially strong partner that will support PNM over the long-term through the ability to continuously raise and invest the capital needed for PNM’s investments that are key to the clean energy transition, modernizing and transforming the grid, building new transmission, and supporting economic development.

Second, the Acquisition will result in tangible, concrete benefits to PNM customers and communities through:

- \$220 million in rate credits over ten years;
- \$15 million new dollars over ten years to the Good Neighbor Fund to help eligible customers better afford their electricity bills;
- \$25 million dedicated to meeting New Mexico’s clean energy future by amplifying PNM’s investments in innovative Virtual Power Plant technology; and
- \$40 million in financial contributions to help train and build New Mexico’s workforce and fund economic development projects in our local communities.

Economic development and job training initiatives that are driven by local community values help build a stronger economic base across the state. In turn, a healthy and growing economy means utility costs can be spread over a greater number of customers to help keep rates more affordable for all customers.

Third, PNM will remain locally managed and operated and answerable to the Commission. This means the focus and priority of PNM remains on our customers. PNM’s headquarters will remain in New Mexico, and PNM’s local management team will continue to direct the company and its operations on a daily basis. The Acquisition protects jobs, wages, and benefits, and honors the union contracts bargained for by our represented employees. The Acquisition will ensure that PNM will champion responsible contractor practices that recognize the importance of well-qualified workers and the opportunity to earn fair wages and benefits.

PNM customers directly benefit in the short- and the long-term

The \$220 million rate credit over ten years exceeds any rate credit proposed in any similar transaction in New Mexico history and will be at shareholder—not customer—expense. The rate credit will lower the average residential customer bill by 3.5% under current rates. The \$15 million provided to the Good Neighbor Fund more than quadruples the assistance available to customers who struggle to pay their electric bills. This means PNM can increase the number of customers who are assisted, as well as the dollar amount of assistance available.

A strong workforce is key to spurring economic development. Focusing \$25 million of the \$40 million in workforce development contributions on job training, apprenticeships and educational opportunities supports a well-qualified workforce necessary to advance economic growth today and in the future. These dollars will be used for scholarships and workforce training programs focused on the electric industry and technical trades to create a strong educational pipeline from high school through apprenticeship or college. Contributing the remaining \$15 million of economic development funds to community-driven economic development projects helps promote and sustain economic growth across the state.

Troy's commitment of \$25 million for incremental investment in innovative Virtual Power Plant ("VPP") technology can bring long-term opportunities for customers with customer-sited solar and battery energy storage facilities. Using VPP technology to help transform PNM's use of its system is an important tool for meeting New Mexico's clean energy future as we transition from a majority carbon-free generation portfolio to 100% carbon-free resources under the Energy Transition Act.

Following the Acquisition, PNM will remain fully committed to strong community involvement and charitable giving.

Taken as a whole, these quantifiable and concrete benefits for PNM customers and communities demonstrate PNM and Troy's commitment following approval of the Acquisition to supporting those customers and communities and partnering with New Mexico to achieve its goals.

PNM's rates and services remain subject to full Commission regulation

PNM will remain locally managed and operated and will continue to abide and be bound by existing applicable Commission rules, regulations, and orders. Further, the Joint Applicants' commitments in this Acquisition are subject to the Commission's oversight and enforcement authority. The Joint Applicants' revised regulatory commitments are designed to provide the Commission with data and information, including necessary access to affiliate books and records, so that PNM's regulated utility activities are transparent, and the Commission's jurisdiction remains unhindered regardless of the proposed upstream ownership of TXNM by Troy.

Customers' interests are protected

The Acquisition also helps to ensure that PNM remains a well-run public utility that will provide continued safe and reliable energy for customers. Under the revised regulatory commitments, Joint Applicants have committed to having a majority disinterested PNM Board of Directors ("PNM Board") that will provide independent corporate oversight of PNM. Combined with the revised regulatory commitments requiring that at least three of the disinterested directors be New Mexico residents, at least one of the directors will have utility executive experience, and PNM's CEO will be one of the directors, the independent perspective of the disinterested directors on the PNM Board will be preserved and benefit PNM's business and ultimately customers. In addition, any transactions between PNM and its affiliates will be subject to Commission oversight and reporting requirements. The Joint Applicants have committed to clear procurement practices that ensure a fair and competitive playing field for PNM's future resource acquisitions for its customers. Joint Applicants have also revised their regulatory commitments so that PNM has clear financial safeguards to protect PNM from unrelated financial activities of Blackstone Infrastructure and its affiliates. Taken as a whole, the revised regulatory commitments strengthen PNM's ability to provide quality service and a modernized utility system delivering clean and reliable energy to customers. These commitments are designed to keep PNM a financially stable and healthy utility able to meet the needs of customers. The commitments ensure that PNM and its parent remain transparent and accountable to the Commission.

Conclusion

The new ownership structure strengthens PNM's ability to better meet the capital-intensive challenges that it faces, including satisfying the needs of our customers. This partnership will bring benefits to PNM's customers, communities and the state.

The Joint Applicants respectfully seek approval from the Commission of the Revised Application, the revised General Diversification Plan, the revised regulatory commitments, and other requests contained in the Revised Application and supporting testimonies and exhibits.

GCG#535787

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION	)	
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
TXNM ENERGY, INC., AND TROY PARENTCO LLC	)	
FOR APPROVAL OF AN ACQUISITION AND MERGER	)	
OF TROY MERGER SUB INC. WITH TXNM ENERGY,	)	Case No. 25-00060-UT
INC.; APPROVAL OF A GENERAL DIVERSIFICATION	)	
PLAN; AND ALL OTHER AUTHORIZATIONS AND	)	
APPROVALS REQUIRED TO CONSUMMATE AND	)	
IMPLEMENT THIS TRANSACTION (“JOINT	)	
APPLICATION”)	)	
	)	
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
TXNM ENERGY, INC. AND TROY PARENTCO LLC	)	
	)	
	)	
JOINT APPLICANTS.	)	
	)	

REVISED JOINT APPLICATION

Public Service Company of New Mexico (“PNM”), a New Mexico corporation, TXNM Energy, Inc. (“TXNM”), a New Mexico corporation, and Troy ParentCo LLC (“Troy”), a Delaware limited liability company, (collectively, “Joint Applicants”) respectfully submit this Revised Joint Application (“Revised Application”) to the New Mexico Public Regulation Commission (“NMPRC” or the “Commission”) for approval of a transaction whereby PNM and TXNM will become wholly owned subsidiaries of Troy (the “Acquisition”), as described below. Blackstone Infrastructure (defined in Paragraph 10 below) is the indirect owner of Troy and will have control over TXNM post-Acquisition. More specifically and as set forth in the Prayer for Relief, Joint Applicants respectfully request the Commission:

(1) Authorize the Acquisition and the proposed Class II transaction to consummate the Acquisition and corresponding merger transactions in accordance with the Agreement and Plan of

Merger, dated May 18, 2025, between and among the parties to that agreement (the “Merger Agreement”);

(2) Approve PNM’s Revised 2026 General Diversification Plan (“Revised 2026 GDP”), which replaces any previous diversification plans and is filed pursuant to 17.6.450 NMAC (“Rule 450”), together with the related variance request detailed below;

(3) Find that the benefits inherent to the Acquisition as well as the proposed revised regulatory commitments (“Revised Regulatory Commitments”) are in the public interest; and

(4) Provide such other and further approvals, consents, authorizations, and relief that may be required or appropriate under the New Mexico Public Utility Act (the “PUA”), based on the information and requests set forth below and in supporting testimonies and exhibits.

In support of this Revised Application, Joint Applicants state the following:

I. INTRODUCTION

1. On May 18, 2025, TXNM, Troy, and Troy Merger Sub, Inc. (“Troy Merger Sub”) entered into the Merger Agreement. Under the Merger Agreement, Troy Merger Sub will merge with and into TXNM, with TXNM surviving the merger as a wholly owned subsidiary of Troy, and thus an indirect wholly owned and controlled entity of the broader Blackstone Infrastructure. PNM and Texas-New Mexico Power Company, a Texas corporation (“TNMP”), will remain subsidiaries of TXNM and will become indirect subsidiaries of Troy upon the closing of the Acquisition (the “Closing”). On August 25, 2025, the Joint Applicants filed an application with the Commission (“Original Application”) describing the Acquisition, the benefits of the Acquisition, the requested authorizations related to the Acquisition, and Blackstone Infrastructure’s interim support of TXNM, including that TXNM and Troy TopCo LP (“TopCo”)

entered into a Stock Purchase Agreement, pursuant to which TopCo acquired 8,000,000 shares of TXNM common stock from TXNM for \$400 million (“Financing Transaction”).¹ On July 2, 2026, the Commission found that the Financing Transaction was void and of no effect (“Show Cause Final Order”). While the Commission did not require Joint Applicants to withdraw or refile the Original Application, the Commission recognized that the “interests of administrative efficiency, procedural integrity, and fundamental fairness may require withdrawal, amendment, supplementation, or refile of the Original Application so that it accurately reflects the current posture of the transaction and any steps taken to address the unauthorized stock acquisition.”²

2. Accordingly, Joint Applicants submit this Revised Application to reflect changes to the transaction resulting from the Show Cause Final Order, factual updates to the Original Application, and updates and enhancements to the benefits and Revised Regulatory Commitments being provided based on information obtained since filing the Original Application. This Revised Application replaces the Original Application in its entirety.

3. In support of this Revised Application, Joint Applicants provide the pre-filed, revised testimony of the following seven witnesses:

- Joseph D. Tarry, President and Chief Executive Officer (“CEO”) for TXNM and PNM;
- Sean Klimczak, Global Head of Infrastructure and Senior Managing Director for Blackstone Inc. (“Blackstone”);

¹ On February 6, 2026, intervenor Prosperity Works filed a motion requesting that Joint Applicants be required to show cause why the Financing Transaction was not void and of no effect under 1978 NMSA, Section 62-6-12(A)(3)(c) and address the implications a violation of NMSA 1978, Section 62-6-12 may have on the pending Original Application. Joint Applicants, intervenors, and stakeholders subsequently engaged in a nearly five-month proceeding that involved numerous pleadings and briefings, written testimony, public hearings and an evidentiary hearing.

² NMPRC Case No. 25-00060-UT, *Final Order on Show Cause Proceeding*, ¶ 77 (July 2, 2026).

- Henry E. Monroy, Senior Vice President and Chief Financial Officer for TXNM and PNM;
- Sebastien Sherman, Senior Managing Director of Blackstone;
- Heidi Boyd, Senior Managing Director of Blackstone;
- Eric Talley, Marc and Eva Stern Professor of Law and Business and Faculty Co-Director of the Millstein Center for Global Markets and Corporate Ownership at Columbia Law School; and
- Ellen Lapson, Founder and Principal of Lapson Advisory, a division of Trade Resources Analytics, LLC.

The Revised Application also includes and incorporates the following attachments:³

- Revised Application Exhibit A, Corporate structure charts before and after the Closing;
- Revised Application Exhibit B-1, Joint Applicants' Revised Regulatory Commitments;
- Revised Application Exhibit B-2, Redline of Joint Applicants' Regulatory Commitments showing changes from Original Application;
- Application Exhibit C, Proposed Form of Notice;⁴
- Application Exhibit D, TXNM's Proxy Statement;
- Application Exhibit E, The Merger Agreement;
- Revised Application Exhibit F, PNM's Revised 2026 GDP; and
- Revised Application Exhibit G, Letter Agreement, Consent, and Waiver.

4. If the Acquisition is approved, PNM will remain a subsidiary of TXNM, with TXNM transitioning to a private company that is wholly owned by Troy, which is indirectly owned

³ Application Exhibits C, D and E have not changed from the Original Application.

⁴ The Application was noticed on August 25, 2025, and the Joint Applicants officially noticed this proceeding on September 26, 2025, pursuant to the Commission's *Procedural Order* issued on September 16, 2025. The Revised Application excludes this notice.

and controlled by Blackstone Infrastructure. While the Acquisition will result in a change to TXNM's ownership, no changes will be made to the Commission's authority over PNM and its New Mexico operations; PNM's ability to serve its customers with safe, reliable energy; PNM's local management and operations, including maintaining its headquarters in New Mexico; and PNM's commitment to community engagement, including charitable giving and training New Mexico's future trades workforce. Moreover, the Acquisition is not expected to adversely impact rates and services for PNM's customers or its existing obligations to its employees and union commitments.

II. DESCRIPTION OF JOINT APPLICANTS AND RELATED PARTIES

5. **TXNM.** TXNM is an investor-owned public utility holding company and its common stock is currently publicly traded on the New York Stock Exchange ("NYSE"). TXNM owns two regulated utility subsidiaries serving more than 830,000 residential, commercial, and industrial customers and end-users of electricity in New Mexico and Texas: PNM and TNMP. As a public utility holding company, TXNM's strategy and decision-making are focused on its subsidiaries safely providing reliable, affordable, and environmentally responsible power.

6. TXNM is filing as a Joint Applicant as the sole shareholder of and the utility holding company for PNM and will be the surviving entity upon the merger with Troy Merger Sub as part of the Acquisition. TXNM's principal office is located at 414 Silver Ave., SW, Albuquerque, New Mexico 87102.

7. **PNM.** PNM is a wholly owned subsidiary of TXNM and is an authorized public utility under the PUA. PNM is, and will continue to be, a public utility subject to the jurisdiction and regulatory authority of the Commission. PNM serves approximately 550,000 customers in

New Mexico. PNM is a vertically integrated utility with a current generation portfolio that includes a mix of renewable wind, solar, geothermal resources, and small-scale energy storage as well as natural gas plants and partial interests in coal and nuclear facilities.

8. PNM is filing as a Joint Applicant because it is the certificated public utility that will be indirectly owned by Troy. PNM's principal office is located at 414 Silver Ave., SW, Albuquerque, New Mexico 87102.

9. **Troy.** Troy is the buyer in the Acquisition. Troy is a new holding company formed for the sole purpose of entering into the Merger Agreement, completing the Acquisition, and thereafter owning 100% of the equity interests in TXNM. Troy conducts no business activities other than its ownership of Troy Merger Sub and will become the sole owner of TXNM at the closing of the Acquisition ("Closing"). Blackstone Infrastructure will provide Troy with the equity necessary to complete the purchase of TXNM and, indirectly, PNM. Upon the Closing, TXNM will be a subsidiary of Troy and thus indirectly wholly owned and controlled by Blackstone Infrastructure.

10. Troy is filing as a Joint Applicant because it will become an indirect holding company of PNM. Currently, Troy's principal office is located at 345 Park Avenue, New York, NY 10154.

11. **Blackstone Infrastructure.** "Blackstone Infrastructure" is an umbrella term used to refer collectively to BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C. (collectively, "Blackstone Infrastructure Management") and the investment funds and accounts directly or indirectly controlled by them, including Blackstone Infrastructure Partners L.P. and its parallel funds and accounts ("BIP"), and Blackstone Infrastructure Strategies L.P. and its parallel funds and accounts ("BXINFRA" and, together with

BIP, the “Blackstone Infrastructure Funds”). The entities comprising Blackstone Infrastructure Management are, in turn, indirectly controlled by Blackstone. Blackstone is a publicly traded investment firm listed on the NYSE: BX.

12. While the Blackstone Infrastructure Funds have the financial capacity to consummate the Acquisition, as is customary in similar transactions, a minority portion of the total investment at the Closing will be funded by passive co-investors that are aligned with the Blackstone Infrastructure Funds’ long-term goals for TXNM through investment funds or accounts controlled by Blackstone Infrastructure Management (the “Blackstone Infrastructure TXNM Co-Investment Funds”).⁵ The investors in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds will all be invested indirectly in Troy with no right to appoint directors or otherwise control PNM. Upon the Closing, the Blackstone Infrastructure Funds indirectly will be the majority investor in PNM, the Blackstone Infrastructure TXNM Co-Investment Funds will be indirect minority investors in PNM, and Blackstone Infrastructure Management will retain control over all of the indirect investment in PNM.

⁵ Blackstone Infrastructure Management expects that, after completing any syndication, no more than 45% of TXNM would be held, indirectly through the Blackstone Infrastructure TXNM Co-Investment Funds with the balance (approximately 55%) held, indirectly, by the Blackstone Infrastructure Funds at the closing of the Acquisition. For the avoidance of doubt, Blackstone Infrastructure, as defined herein, includes Blackstone Infrastructure Management, the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds. At the Closing, all indirect investments in TXNM, including the investments of the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds, will be controlled by Blackstone Infrastructure Management. At the Closing, the investors in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds will only hold passive rights in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds intended to protect them against fundamental changes to the investment they are making. Therefore, the investors in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds will lack the ability to manage or control TXNM at the Closing.

13. Organizational charts depicting Blackstone Infrastructure’s ownership structure over PNM following the Acquisition are attached as Revised Application Exhibit A and included in Revised Application Exhibit F.

14. **Blackstone Infrastructure Funds.** As noted above, at the Closing, the Blackstone Infrastructure Funds will indirectly be the majority investor in PNM and TXNM, and the Blackstone Infrastructure TXNM Co-Investment Funds will own the balance of the equity in TXNM.

15. BIP has an open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach that fosters responsible stewardship and stakeholder engagement, creating value for its investors and the communities in which it invests. BIP invests behind leading infrastructure companies and platforms in sectors with long-term growth, including utilities, energy, transportation, digital infrastructure, water, and waste sectors, among others.

16. BXINFRA is a private fund that primarily invests in infrastructure equity, credit, and secondaries strategies. Like BIP, BXINFRA is structured as a perpetual-life strategy, with monthly, fully funded subscriptions and periodic repurchase offers. BXINFRA is exempt from registration under Section 3(c)(7) of the Investment Company Act of 1940. With an objective to deliver attractive risk-adjusted returns consisting of both current income and long-term capital appreciation, BXINFRA invests, and seeks to identify, acquire, and operate a diversified portfolio of high-quality, long-duration, cash-yielding infrastructure investments that offer the opportunity for risk-adjusted capital appreciation alongside one or more vehicles with substantially similar investment objectives and strategies.

17. To date, the Blackstone Infrastructure Funds have more than \$90 billion in assets under management and own interests in 25 portfolio companies, which are listed on Revised 2026

GDP Exhibit Revised GDP-3, two of which are minority investments in investor-owned utilities — Northern Indiana Public Service Company LLC, an Indiana limited liability company, which is a transmission, distribution and generation-owning electric utility, and FirstEnergy Corp., an Ohio corporation, which is a transmission, distribution, and generation-owning electric utility.

18. If approved, the Acquisition will result in PNM remaining a wholly owned and direct subsidiary of TXNM and a subsidiary of Troy. PNM will continue providing regulated electric utility service to customers in New Mexico subject to the jurisdiction and regulatory authority of the Commission. Additionally, PNM will continue to be overseen by New Mexico-based management, and its headquarters will remain in New Mexico. The Class II transaction and descriptions of the affiliates described above are set forth in Revised Application Exhibit F, PNM's Revised 2026 GDP.

19. The following designated corporate representatives and attorneys for Troy, TXNM, and PNM should receive all notices, pleadings, discovery requests, objections and responses, briefs, and all other documents related to this case:

For Troy:

Max A. Wade Managing Director, Chief Legal Office Blackstone Inc. 345 Park Avenue New York, NY 10154 Tel: (646) 482-8830 Max.Wade@Blackstone.com	Thomas M. Domme Brian J. Haverly Jennings Haug Keleher McLeod Waterfall LLP 201 Third Street NW Suite 1200 Albuquerque, NM 87102 tmd@jkwlawyers.com bjh@jkwlawyers.com
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For TXNM and PNM:

Brian Iverson	Raymond L. Gifford Debra M. Terwilliger
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General Counsel and Senior Vice President, Regulatory and Public Policy Stacey Goodwin, Associate General Counsel Corporate Headquarters – Legal Department Albuquerque, NM 87158-0805 Telephone: (505) 241-4927 Fax: (505) 242-2883 Brian.Iverson@txnmenergy.com Stacey.Goodwin@txnmenergy.com	Wilkinson Barker Knauer LLP 2138 W. 32nd Ave. Suite 300 Denver, CO 80211 (303) 626-2350 RGifford@wbklaw.com DTerwilliger@wbklaw.com
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In addition to the counsel and representatives listed above, electronic service also should be made on the following email addresses: BlackstoneInfrastructureKE@kirkland.com; jth@jkwkawyers.com; and justin.rivord@pnm.com.

III. DESCRIPTION OF THE ACQUISITION

20. The Acquisition will occur pursuant to the terms and conditions specified in the Merger Agreement, attached as Application Exhibit E, as modified by the letter agreement, consent and waiver, attached in Revised Application Exhibit G. A copy of the Definitive Proxy Statement filed with the Securities and Exchange Commission (“SEC”), which provides additional information regarding the Acquisition, is provided as Application Exhibit D. The details and effects of the Acquisition are more fully addressed in the revised testimonies of Witnesses Tarry, Klimczak, Monroy, Sherman, Boyd, Talley, and Lapson. The following discussion provides an overview of the Acquisition itself.

21. Under the Merger Agreement, Troy Merger Sub will merge with and into TXNM, with TXNM as the surviving corporation. The officers of TXNM at the effective time of the Acquisition will be the officers of the surviving corporation until their successors have been duly elected or appointed. PNM will remain a direct and wholly owned subsidiary of TXNM, and Troy

will become the indirect parent holding company of PNM. Organizational charts showing the pre-Acquisition and post-Acquisition ownership structure over PNM are attached as Revised Application Exhibit A and included in Revised Application Exhibit F.

22. All common stock of TXNM outstanding at the closing of the Acquisition (other than (i) treasury stock and (ii) dissenting shares) will be cancelled and converted to the right to receive \$61.25 per share in cash, except for any common stock held by Troy, Troy Merger Sub, TXNM, or any wholly owned subsidiary of Troy or TXNM, which stock shall be automatically cancelled. The Acquisition will be funded through equity, with an overall transaction value of approximately \$11.5 billion including TXNM debt. No incremental debt will be issued as a result of the Acquisition. Upon consummation of the Acquisition, TXNM's common stock will be delisted from the NYSE.

23. The manager of Troy, the board of directors of Troy Merger Sub, and the board of directors of TXNM on a unanimous basis, have each approved the Merger Agreement. TXNM shareholders approved the proposed Acquisition on August 28, 2025. The Acquisition has received approval from the Public Utility Commission of Texas, the Federal Energy Regulatory Commission, the United States Nuclear Regulatory Commission, and the Federal Communications Commission⁶ as well as clearance under the waiting period required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR Act").⁷ The Acquisition remains subject to approval by the Commission. On July 17, 2026, TXNM and Troy agreed to extend the termination date

⁶ The FCC approval expires on January 23, 2027. If the Acquisition does not close by that date, the Joint Applicants will seek an extension or obtain other further approval, as necessary.

⁷ The clearance for HSR Act expires on January 12, 2027. If the Acquisition does not appear likely to close by that date, the Joint Applicants expect to restart the notification process for clearance for HSR Act.

under the Merger Agreement to May 31, 2027. The Acquisition will close after all regulatory approvals are received and all conditions for the Closing have been met. Joint Applicants are seeking to close the Acquisition as promptly as possible, subject to other necessary approvals and other customary Closing conditions.

24. PNM will remain a wholly owned subsidiary of TXNM and will continue as a New Mexico corporation and public utility subject to the jurisdiction of the Commission. PNM will continue to have its own board of directors with fiduciary obligations and oversight responsibilities (the “PNM Board”). As described in Revised Application Exhibit B-1, the Revised Regulatory Commitments address the composition and duties of the PNM Board. The PNM Board will have nine-members, including five disinterested directors.⁸ At least three of the disinterested directors will be residents of New Mexico. The President and CEO of PNM will be one of the directors and least one of the eight non-CEO directors will have utility executive experience. Having a majority disinterested board provides an independent perspective on PNM’s business that, when combined with the perspectives of New Mexico residents, directors with utility executive experience, and PNM’s CEO, will benefit PNM’s business and ultimately customers. The PNM Board also has the duty to act, subject to applicable New Mexico law, in the best interests of PNM. The Revised Regulatory Commitments further provide, among other commitments, that PNM’s headquarters will remain in New Mexico and PNM’s President and CEO and the management team at PNM will remain in place upon consummation of the Acquisition

25. Joint Applicants state and represent that the Acquisition will not:

⁸ The five disinterested directors must qualify as independent from PNM, Blackstone and their affiliates in all material respects in accordance with the rules and regulations of the New York Stock Exchange.

- a. Change PNM's status as a public utility that is regulated by the NMPRC under the PUA;
- b. Negatively affect PNM's ability to provide reasonable and proper electric utility service at fair, just, and reasonable rates; or
- c. Impact the NMPRC's authority and ability to supervise and regulate PNM's rates and service.

IV. PNM'S GENERAL DIVERSIFICATION PLAN

26. Joint Applicants also request Commission approval of the Revised 2026 GDP, attached as Revised Application Exhibit F. The Revised 2026 GDP contains the information required by NMPRC Rule 450 for the proposed Class II transaction. The Class II transaction will not disturb PNM's existing holding company structure, except to add additional indirect public utility holding companies of PNM. The Revised 2026 GDP is co-sponsored Witnesses Sherman and Monroy. Joint Applicants also seek a limited variance from Rule 450.10(B)(1) and 450.13(A)(2) with regard to Blackstone Infrastructure subsidiaries and affiliates. The testimony of Witness Monroy further addresses the basis of the request for limited variance. The Revised 2026 GDP and Revised Regulatory Commitments are intended to supersede and replace PNM's existing GDP and related holding company conditions.

27. Joint Applicants make the following affirmations required by Rule 450, as also set forth in the revised testimonies of Witnesses Tarry and Klimczak:

- a. The books and records of PNM will be kept separate from those of nonregulated businesses and in accordance with the Uniform System of Accounts;

- b. The Commission and its staff will have access to the books, records, accounts or documents of the affiliate, its corporate subsidiary, or holding company pursuant to NMSA 1978, Sections 62-6-17 and 62-6-19;
- c. The supervision and regulation of PNM pursuant to the PUA will not be obstructed, hindered, diminished, impaired, or unduly complicated;
- d. PNM will not pay excessive dividends to its holding company, and the holding company will not take any action which will have an adverse and material effect on PNM's ability to provide reasonable and proper service at fair, just, and reasonable rates;
- e. Subject to receiving pre-approval from the Commission, PNM will not:
 - i. loan its funds or securities or transfer similar assets to any affiliated interest; or
 - ii. purchase debt instruments of any affiliated interests or guarantee or assume liabilities of any affiliated interests;
- f. All applicable statutes, rules, or regulations, federal or state, have been or will be complied with;
- g. When required by the Commission, PNM will have an allocation study (which will not be charged to ratepayers) performed by a consulting firm chosen by and under the direction of the Commission; and,
- h. When required by the Commission, PNM will have a management audit (which will not be charged to ratepayers) performed by a consulting firm chosen by and under the direction of the Commission to determine whether there are any adverse effects of Class II transactions upon PNM.

28. Joint Applicants affirm that the Revised 2026 GDP filed with this Revised Application is in the public interest because the level of investment being made by Troy is reasonable, and PNM's ability to provide reasonable and proper utility service at fair, just, and reasonable rates will not be adversely and materially affected by the Acquisition or its resulting effects. Joint Applicants further affirm that the standards and representations under Rule 450.10 will be maintained.

29. The Revised Application, supporting testimony, and Revised 2026 GDP demonstrate that the resulting effect of the requested Class II transaction, including the updated TXNM financing, will not materially and adversely affect PNM's ability to provide reasonable and proper utility service at fair, just and reasonable rates in compliance with 17.6.450.10(C) NMAC.

V. BENEFITS OF THE ACQUISITION

30. As further described by the Revised Regulatory Commitments in Revised Application Exhibit B-1 and discussed by Witnesses Boyd and Monroy in their revised testimonies, the Acquisition provides benefits and protections to PNM's customers, employees, and the communities PNM serves, including:

- a. providing PNM with the financial backing and long-term strategic support of a well-capitalized and experienced parent company. PNM and its customers will benefit from Troy's access to capital, its expert advisors and programs that can help TXNM enhance its and its utilities' operations, and the ability to leverage the economies of scale of Blackstone Infrastructure's broader investment portfolio. This includes access to a portfolio operations team that, with no compensation received by Blackstone, can support PNM

through: participation in group purchasing programs, spend tracking and planning, procurement bidding process enhancement, software system implementation, negotiation assistance with third-party vendors, cybersecurity evaluation, sustainability capability and workforce development, and community engagement program development. PNM will also have access to Blackstone Infrastructure's network of senior advisors, comprised of experienced executives who offer advice and support to management teams to positively impact the performance of their businesses, hone long-term strategies and execute on key initiatives. Troy's commitment to long-term ownership, rather than short-term gains, will provide greater certainty for long-range planning and ensure that PNM has the resources and support necessary to navigate the energy transition and to continue serving customers and local communities for years to come; and

- b. protecting customers and delivering affirmative benefits to customers from the Acquisition. At sole shareholder expense, Troy will provide rate credits of \$105 million to be applied to customers' bills over a four-year period immediately following the Closing and \$115 million to be applied to customers' bills over a six-year period immediately following that four-year period. Troy will also contribute \$80 million within the next ten years to innovative and emerging technologies, economic development initiatives, and PNM's Good Neighbor Fund, which supports customers in need across its service territory. Because these shareholder-funded commitments will be excluded from ratemaking, they will have no adverse impact on customer

rates or service. Additional Revised Regulatory Commitments include charitable giving; governance protections, financial and regulatory-jurisdiction protections that insulate PNM from Troy and its other affiliates, assurances of ongoing PNM local control and management, including specific employee protections; enhanced affiliate transaction oversight; and other tangible benefits.

31. PNM will continue to provide reasonable and proper utility service at fair, just, and reasonable rates without hindering the Commission's oversight and regulation. The strong commitments that support PNM's ongoing investments and continuation of local management and operational controls demonstrate the Acquisition will not result in any material or adverse effect on PNM's operations.

32. Additionally, specific commitments of the Joint Applicants and benefits of the Acquisition are identified in the Revised Regulatory Commitments, Merger Agreement, Revised 2026 GDP, and supporting testimonies.

VI. SERVICE AND NOTICE OF THE REVISED APPLICATION

33. Joint Applicants will serve a copy of this Revised Application and supporting testimonies and exhibits on the parties to this docket.

VII. REQUESTED APPROVALS AND AUTHORIZATIONS FOR THE ACQUISITION

34. Pursuant to NMSA 1978, Section 62-6-13, upon the filing of an application for a proposed transaction, "the commission shall promptly investigate the same, with such hearing and

upon such notice as the commission may prescribe, and unless the commission shall find that the proposed transaction is unlawful or is inconsistent with the public interest, it shall give its consent and approval in writing.”

35. Joint Applicants request that the Commission approve the Acquisition, pursuant to NMSA 1978, Sections 62-6-13, as lawful and not inconsistent with the public interest.

36. Pursuant to Rule 450.10, Joint Applicants request approval of PNM’s Revised 2026 GDP in order to engage in the proposed Acquisition and associated Class II transaction of forming new indirect public utility holding companies of PNM. Approval of the Revised 2026 GDP is in the public interest because PNM’s ability to provide reasonable and proper utility service at fair, just, and reasonable rates will not be adversely and materially affected by the proposed Class II transaction or its resulting effect; the representations required by Rule 450.10 have been made; the information required by Rule 450.10 has been provided; and the level of investment for the proposed Class II transaction is reasonable.

37. Pursuant to Rule 450.19(D), Joint Applicants request approval of a limited variance from Rule 450.10(B)(1) and Rule 450.13(A)(2), with respect to the provision of information pertaining to affiliates and subsidiaries of Blackstone Infrastructure.

38. Finally, Joint Applicants request that the regulatory reporting requirements ordered by the Commission in Case No. 3137, which approved PNM’s holding company structure and PNM Resources’ acquisition of TNP Enterprises Inc. in Case No. 04-00315-UT, be terminated and replaced by any regulatory reporting requirements ordered by the Commission in this proceeding.

WHEREFORE, in order to complete the Acquisition, Joint Applicants request that the Commission grant the following approvals and authorizations:

- A. Approve the Acquisition authorizing the merger of Troy Merger Sub with and into TXNM, under NMSA 1978, Sections 62-6-12 and 62-6-13, following which TXNM will be the surviving corporation and will be a direct wholly owned subsidiary of Troy;
- B. Approve the adoption of the Revised Regulatory Commitments;
- C. Approve PNM's Revised 2026 GDP pursuant to Rule 450 that, along with the Revised Regulatory Commitments, will supersede and replace PNM's previously approved GDP and related holding company conditions, and grant the requested variances to Rule 450, thereby authorizing the requested Class II transaction;
- D. Approve PNM's proposed compliance reporting obligations; and
- E. Grant such other approvals, authorizations, consents, and relief as the Commission deems necessary and appropriate to consummate and implement the Acquisition, Revised Regulatory Commitments, and PNM's Revised 2026 GDP.

Respectfully submitted this 15th day of September 2026.

/s/ Stacey J. Goodwin

/s/ Thomas M. Domme

Stacey J. Goodwin

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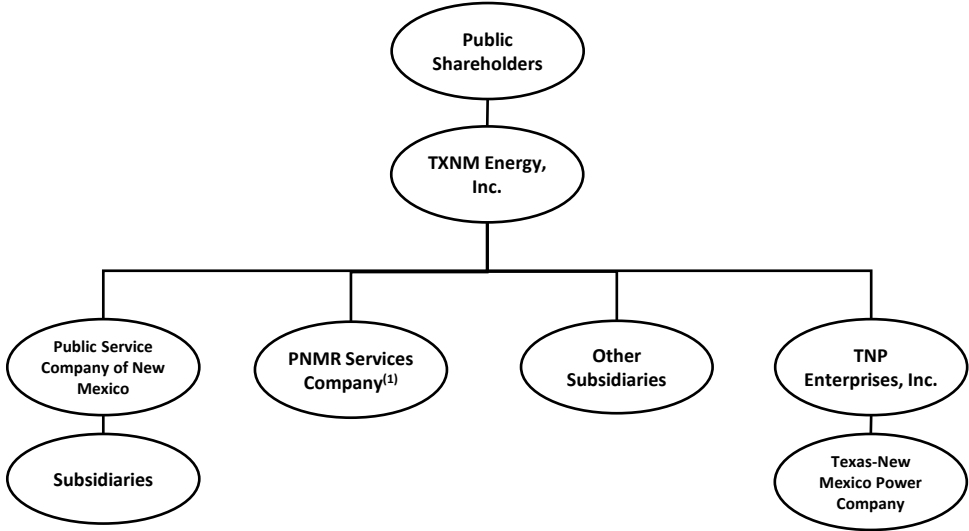
Corporate structure charts before and after the Closing

Revised Application Exhibit A

Is contained in the following 2 pages.

Application Exhibit A

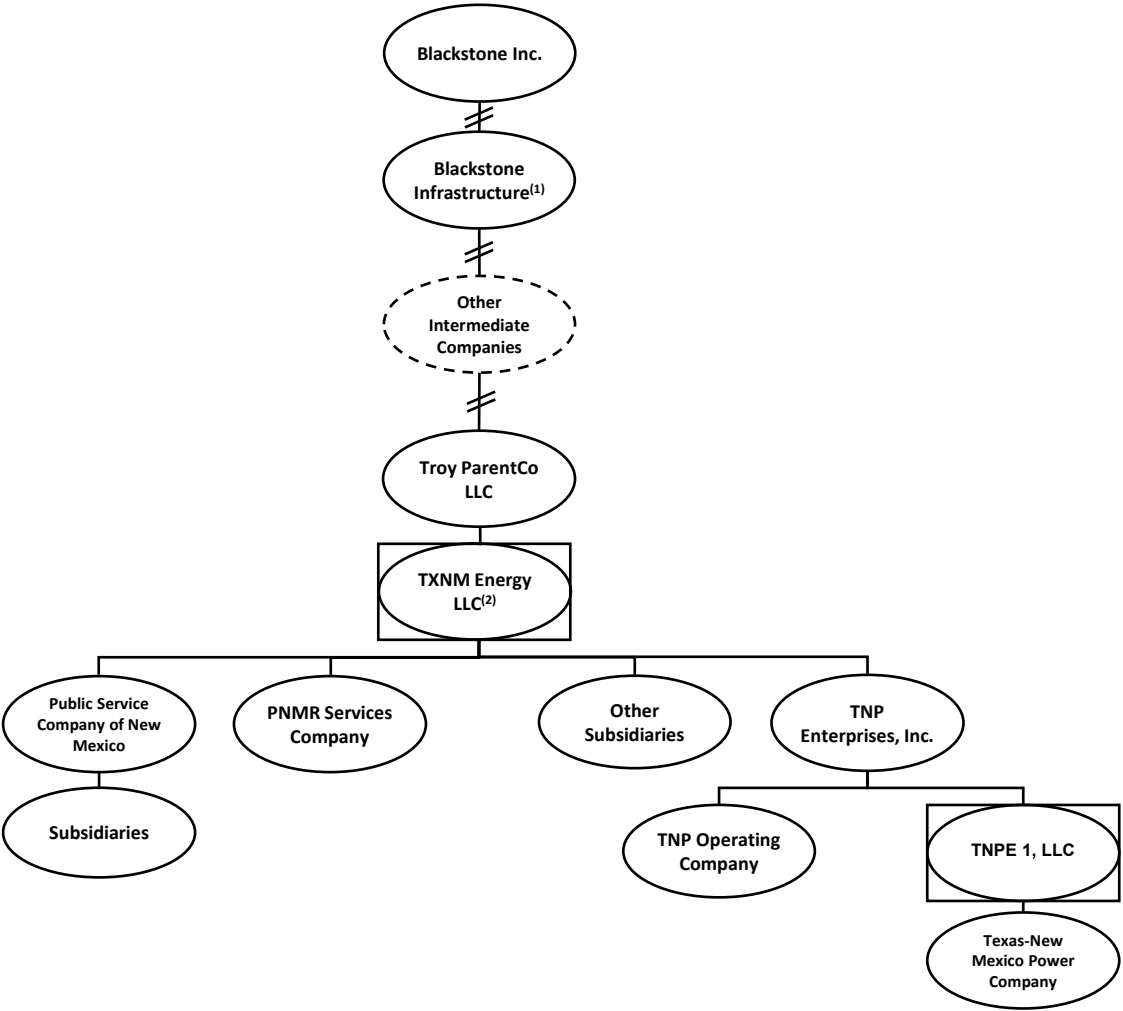
Pre-Acquisition Simplified Structure Chart



⁽¹⁾ PNMR Services Company provides corporate services through shared services agreements to TXNM Energy, Inc. (“TXNM”) and all of TXNM’s business units, including Public Service Company of New Mexico and Texas-New Mexico Power Company. These services are charged and billed at cost on a monthly basis to such business units.

Application Exhibit A

Post-Acquisition Simplified Structure Chart



// Excludes certain intermediate companies

⁽¹⁾ As further described in the Joint Application, “Blackstone Infrastructure” is an umbrella term used to refer collectively to Blackstone Infrastructure Management and the investment funds and accounts, management companies, and passive investors directly or indirectly controlled by them and investing indirectly in TXNM.

⁽²⁾ Following closing of the acquisition, TXNM Energy, Inc. will convert into a Delaware limited liability company.

Joint Applicants' Revised Regulatory Commitments

Revised Application Exhibit B-1

is contained in the following 7 pages.

REVISED REGULATORY COMMITMENTS

The following Regulatory Commitments are hereby made by Troy ParentCo LLC (“Troy”), a Delaware limited liability company, Public Service Company of New Mexico (“PNM”), a New Mexico corporation, and TXNM Energy, Inc. (“TXNM”), a New Mexico corporation (collectively, “Joint Applicants”), and backed by Blackstone Infrastructure, to be adopted and made conditions of any Final Order in Case No. 25-00060-UT issued by the New Mexico Public Regulation Commission (the “Commission”) approving the proposed acquisition and merger transaction (the “Acquisition”) affecting the public utility holding company of PNM.

Tangible and Quantifiable Benefits

1. **Rate Credit:** PNM will provide \$220 million in rate credits to be applied to customers’ bills over a 10-year period following the closing of the Acquisition (“Closing”):
 - a. Immediate: A \$105 million rate credit to be applied to customers’ bills over a four-year period immediately following the Closing; and
 - b. Long-Term: A \$115 million rate credit to be applied to customers’ bills over a six-year period immediately following the four-year period contemplated in Revised Regulatory Commitment 1(a).
2. **Innovative or Emerging Technology Investment:** Troy, through TXNM, shall contribute at no cost to customers \$25 million to be provided within 10 years for utility infrastructure targeting pilot projects for virtual power plant infrastructure funding for utility-controlled demand management, subject to Commission approval of the program. If such pilot project(s) is not selected or approved, monies will be used to offset customer costs of Grid Mod rate rider.
3. **Good Neighbor Fund:** Troy, through TXNM, will contribute \$15 million over 10 years to PNM’s Good Neighbor Fund.
4. **Economic Development:** Troy, through TXNM, will contribute \$40 million in economic development funds over 10 years:
 - a. Workforce Development: \$25 million to fund one or more of the following: job training, apprenticeships, or scholarships in utility-related areas of industry. Such programs will be overseen by PNM.
 - b. Economic Development Fund: \$15 million will be committed by the Joint Applicants to be allocated to a separately held community fund (the “Fund”) to promote economic development in New Mexico. The funds will be disbursed ratably over ten years through annual “donor-directed” contributions to a third-party community foundation (the “Community Foundation”) that serves local communities in PNM’s service areas. The Fund will be governed by a committee comprised of five appointees (the “Funding Committee”) selected by PNM to select projects for grant disbursements through the Community Foundation. PNM will select a PNM employee to act as an administrator/observer to allow PNM to timely disburse contributions of the committed

funds and provide compliance reporting to the Commission (the “Observer”). The funds will be disbursed within PNM’s service territory at the sole discretion of the Funding Committee.

- (1) *Funding Committee Composition*: The Funding Committee members (a) will not include employees of PNM, TXNM, Troy or their affiliates and (b) will reside within and represent the interests of customers and communities in PNM’s service territory.
- (2) *Meetings and Proposals*: The Funding Committee will hold open meetings which will be publicly noticed at least 30 days in advance of the meetings and will occur at least twice per year. The Funding Committee will solicit proposals that benefit all of PNM’s service territory (though any particular proposal shall not be required to benefit the entirety of PNM’s service territory). At such meetings, interested parties, including representatives of political subdivisions located in PNM’s service territory, may propose economic development programs and activities to be funded by the Fund and to comment on programs and activities that the Funding Committee notes are under consideration for funding. Funding decisions of the Funding Committee will be made public. The Observer will advise the Funding Committee if there are recommended investments that create reputational harm for PNM.
- (3) *Annual Filing*: PNM will cause to be filed with the Commission an annual report identifying the economic programs and activities funded through the Fund during the previous calendar year, including the amounts provided to each entity, program or activity. The annual report shall disclose any personal or financial relationships between the recipients of the funds and any officer, director or member of senior management of the Fund, PNM, TXNM or Troy.

5. **Charitable Giving**: PNM will maintain its historical level of charitable giving.

Governance

6. **Board Composition**: PNM will have a nine-member PNM Board of Directors (“PNM Board”), including five disinterested directors. The five disinterested directors must qualify as independent from PNM, Blackstone Inc. (“Blackstone”) and their affiliates in all material respects in accordance with the rules and regulations of the New York Stock Exchange (“NYSE”). Each disinterested director will serve for a term of two years and such terms will be staggered so no more than three disinterested directors are up for renewal each year. At least three of the disinterested directors will be residents of New Mexico. The President and CEO of PNM will be one of the directors. At least one of the eight non-CEO directors will have utility executive experience.
7. **Board Compliance Filing**: The PNM Board members will be identified in a compliance filing made by PNM within 90 days after closing of the Acquisition.
8. **Best Interest of Utility**: PNM Board shall have the duty to act, subject to applicable New Mexico law, in the best interests of PNM.

9. **Board Authority and Shareholder Consent Rights:** The PNM Board will have decision-making authority as provided by applicable New Mexico law over PNM dividend policy, debt issuance, issuance of dividends or other distributions (other than tax distributions), capital expenditures, shared services fees, operation and maintenance expenditures, and appointment or removal of officers. These decisions made by the PNM Board cannot be overruled by Troy, or any affiliate that controls Troy; provided, that the PNM Board will not take any of the following actions without prior written consent of the holders of a majority of the shares of common stock of PNM:
- a. Hire or terminate any officer; or
 - b. Adopt, amend or deviate from the annual or multi-year budget or business plan or dividend policy of PNM.
10. **Disinterested Directors Authority:** A vote of a majority of the disinterested directors can prevent PNM from making any dividends other than tax distributions, if determined in good faith to be required to meet its debt-to-equity commitment. Any amendments or changes to the dividend policy shall be approved by a majority vote of the PNM Board, including the affirmative vote of a majority of the disinterested directors. A vote of majority of the disinterested directors of the PNM Board may prevent PNM from making any dividends at any time during the term of the five-year capex budget that is subject to Regulatory Commitment 14 if the PNM Board reduces PNM's capital expenditures below the 2026-2030 five-year plan based on limited equity financing availability.
11. **Director Compensation:** The compensation for being a PNM director will not be tied to, reflect, or be related to the financial, operating, or other performance of any entity or interest other than PNM or subsidiaries of PNM. The PNM Board shall have the power to set the compensation and benefits for being a PNM director, in the form and manner it directs, subject to the approval of Troy. Any director that is a Blackstone or PNM employee will not receive any compensation for their services on the PNM Board.

Financial and Regulatory Jurisdiction Protections

12. **Dividend Policy on Credit Rating:** PNM will not pay dividends, except for tax distributions, if either (i) its credit rating is below investment grade or (ii) paying dividends would cause its credit rating to be below investment grade, in each case, unless otherwise permitted by the Commission; PNM will notify the Commission promptly of any change in its credit rating.
13. **Dividend Policy on Net Income:** PNM will limit its payment of dividends, except for tax distributions, to an amount not to exceed its net income as determined in accordance with GAAP, unless otherwise approved by the Commission.
14. **Minimum Capital Spending Commitment:** PNM will continue to make minimum capital expenditures in an amount equal to PNM's current 2026-2030 capital budget of \$4.9 billion, subject to the following adjustments: PNM may reduce capital spending due to conditions not under PNM's control, including, without limitation, siting delays,

cancellation of projects by third parties, weaker than expected economic conditions, or if PNM determines that a particular expenditure would not be prudent.

15. **Commission Jurisdiction:** Commission jurisdiction over PNM remains and will not be adversely affected by the Acquisition. PNM will continue to abide and be bound by existing applicable Commission rules, regulations, orders.
16. **Amendments to Regulatory Commitments:** Joint Applicants and Blackstone Infrastructure acknowledge the Commission's jurisdiction and authority to initiate a future proceeding to modify any or all these Regulatory Commitments adopted as part of the final order in this proceeding.
17. **Compliance Reporting:** For all Regulatory Commitments that have an ongoing obligation or have not yet been completed, PNM will file annual updates as part of the established reporting process for Annual Reports pursuant to 17.3.510 NMAC. Such annual updates will include a list of the directors currently comprising the PNM Board, including identification of the directors currently satisfying the disinterested, utility executive experience and New Mexico residency requirements contemplated by Regulatory Commitment 6.
18. **Financial Reporting:** If PNM is not filing or the subject of reports with the United States Securities and Exchange Commission, PNM will file with the Commission financial statements (that are compliant with US GAAP) on the cadence required by the United States Securities and Exchange Commission, including the notes thereto, and Management Discussion and Analysis (substantially consistent with that included in Form 10-K and 10-Q filed with the United States Securities and Exchange Commission).
19. **Non-Consolidation Opinion:** Troy will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of TXNM, Troy, Blackstone Infrastructure or any of their affiliates (other than PNM or subsidiaries of PNM), a bankruptcy court will not consolidate the assets and liabilities of PNM with TXNM, Troy, Blackstone Infrastructure or any of their affiliates (other than PNM or subsidiaries of PNM).
20. **Sole Authorized Purpose:** Sole authorized purpose of PNM will be the provision of electric utility service and ownership of any subsidiaries.
21. **Separate Name and Logo:** PNM will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos of Blackstone and its affiliates provided that the Blackstone name and logo can be added to the PNM name and logo for branding purposes.
22. **No Pledging of or Reliance on Assets:** PNM will not pledge its assets, stock, or revenues for the benefit of any entity other than PNM or subsidiaries of PNM nor use such assets, stock or revenues as a guarantee or collateral against any debt issued or liability incurred by any entity other than PNM or subsidiaries of PNM. No debt of Troy or its affiliates will be recourse to PNM.

23. **No Additional Intercompany Lending:** Aside from PNM's arrangements with TXNM, PNM will not engage in intercompany debt or lending with Troy, or any affiliate that controls Troy, unless authorized by the Commission. Notwithstanding the foregoing, PNM may borrow from Troy or its affiliates on an arm's-length basis if approved by a majority of the disinterested directors of the PNM Board, and provided further that nothing herein obligates Troy or any of its affiliates to lend money to PNM or any of its affiliates at any time.
24. **No Shared Credit Facilities:** PNM will not share credit facilities with Troy or its affiliates (other than PNM or subsidiaries of PNM), except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.
25. **No Commingling of Funds:** PNM will not commingle funds, assets, or cash flows with affiliates (other than PNM or subsidiaries of PNM), except as authorized by the Commission.
26. **No Cross-Defaults:** PNM will not include in any of its debt or credit agreements cross-default provisions tied to affiliates. Under no circumstances will debt of PNM become due and payable or rendered in default because of any cross-default, financial covenants, rating agency triggers or similar provisions of any debt or other agreements of TXNM, Troy, or any of their affiliates or subsidiaries. Further, PNM's ability to utilize its credit facility will not be contingent on the financial status, default or credit rating of TXNM, Troy or any of their affiliates or subsidiaries.
27. **Bankruptcy Costs:** PNM shall not recover from customers any costs incurred as a result of a bankruptcy of any of its affiliates.
28. **Separate Books and Records:** PNM will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities separate and distinct from other entities
29. **Standalone Credit Ratings:** PNM will maintain standalone credit ratings from at least two organizations registered with the U.S. Securities and Exchange Commission.
30. **No Acquisition-Related Debt:** PNM will not take on any new debt in conjunction with the Acquisition.
31. **Debt-to-Equity Commitment:** PNM will maintain a minimum equity ratio as set by the Commission in its general rate case filings based on a 13-month rolling average.
32. **No Recovery of Transaction or Transition Costs:** PNM will not seek recovery of transaction or transition costs related to the Acquisition from customers in PNM's rates provided that the transition costs shall not include employee time and labor.
33. **No Goodwill Recovery:** PNM will not seek recovery in rates of any transaction acquisition premium. Any goodwill associated with the Acquisition will not be included in rates, rate base, cost of capital, or operating expenses in future PNM ratemaking proceedings. Neither

PNM, TXNM nor any of their affiliates will elect to apply pushdown accounting for the Acquisition and the goodwill as a result of the Acquisition will have no accounting impact on PNM's assets. Furthermore, no incremental goodwill will be allocated to or recognized in PNM's financial statements. Write-downs or write-offs of goodwill associated with the Acquisition will not be included in the calculation of net income of PNM for dividend or other distribution payment purposes.

Local Control and Management

34. **Headquarters:** TXNM and PNM headquarters will remain in New Mexico as long as they are owned by Troy.
35. **PNM Management Control:** PNM's President and CEO and senior management will continue to have day-to-day control over operations.
36. **Continued Ownership:** Troy will maintain controlling interest in PNM for a period of at least 10 years after the closing of the Acquisition.
37. **Workforce Protections:** For at least three years post-closing, PNM will not implement any involuntary workforce reductions (other than for cause or performance) or reductions in wages or benefits.
38. **Labor Contract Commitment:** PNM will continue to honor its labor contracts with the International Brotherhood of Electrical Workers Local 611.
39. **High-Quality Jobs for Local Workers:** To create high-quality jobs for local workers, PNM will adhere to Blackstone Infrastructure's Responsible Contractor Policy (RCP) and prioritize local, union labor whenever possible for projects covered by the RCP. To reflect Blackstone Infrastructure's commitment to "fair wages and benefits," as detailed in the RCP, PNM will require its contractors and subcontractors to pay no lower than the applicable prevailing wages and fringes, as determined by the New Mexico Department of Workforce Solutions (DWS), for all construction crafts employed on projects covered by the RCP.
40. **Contractor Practices:** PNM will include in its generation resource RFPs a requirement that contractors and subcontractors comply with NMSA Section 62-13-16, when applicable. PNM contractors and/or developers shall provide monthly reports during construction of generation resources approved for PNM by the PRC, containing the following data for informational purposes only: (i) the total number of employees the project intends to employ during the construction phase, (ii) the job title or classification of those employees, (iii) total number of those employees who are apprentices and in which job classification, and (iv) the name of the registered apprenticeship program to which those apprentices are attached along with proof of the registration of the program and the apprentices. PNM shall require its contractors to file the reports with DWS. To ensure local economic benefit and align with the "Preference for New Mexico Workers" outlined in PNM's Generation Resources RFPs, PNM will require that apprentices be sourced from programs registered under the New Mexico Apprenticeship Assistance Act to the extent apprentices are available through such programs. Furthermore, contractors and

subcontractors must prioritize the hiring of local, New Mexico resident workers by establishing clear local hiring targets and documenting efforts to maximize local labor prior to utilizing an out-of-state workforce.

41. **Workforce Development:** PNM will, through good faith efforts, convene with the Department of Workforce Solutions and other interested stakeholders to establish a process for fulsome investigation and enforcement of the provisions included in Section 62-13-16 and 11.2.3.29 NMAC.

Affiliate Transactions

42. **Class I and Class II Affiliate Transactions and Annual Reporting:** PNM, TXNM, and Troy will abide by Commission affiliate standards and PNM will maintain an arms-length relationship with Troy and its affiliates, consistent with any variance approved by the Commission. PNM will continue to engage in shared services arrangements with TXNM and TXNM's subsidiaries in accordance with PNM's Commission approved Cost Allocation Manual, as annually updated. PNM's annual Class I Transaction Reports shall identify and describe any purchase or sale of goods or services between PNM and any Blackstone-affiliated entity, including the nature and terms of the transaction, the compensation, fees or other value provided, and whether the purchase or sale was subject to PNM's corporate policies for procurement.
43. **Economic Terms and Conditions:** PNM will not offer Blackstone Infrastructure-affiliated entities in its RFPs and contracting processes terms and conditions that are more favorable than those it would offer to third parties.
44. **Identification of Blackstone Affiliates:** PNM will include a requirement in its RFPs and contracting processes that bidders identify if they are an affiliate of Blackstone.
45. **Utility and Affiliate-Owned Procurement:** In any resource portfolio procurement, PNM shall have the obligation to demonstrate: (a) that any affiliate related or utility owned resources proposed are the most beneficial solution for customers, considering factors such as reliability or cost; and (b) that any selected projects that are affiliate related or utility owned were not provided any advantage or favor over all other bids received in the bidding process, analysis and evaluation. PNM shall have the obligation to demonstrate that if selected, contracts for such resources were reached on an arm's-length basis.
46. **Simultaneous Provision of Non-Public Information in RFPs:** PNM will implement policies with respect to resource acquisition RFPs requiring that all non-public information be provided simultaneously to all bidders pursuant to appropriate non-disclosure arrangements.

Redline of Joint Applicants' Regulatory Commitments showing
changes from original application

Revised Application

Exhibit B-2

is contained in the following 8 pages

REVISED REGULATORY COMMITMENTS

The following Regulatory Commitments are hereby made by Troy ParentCo LLC (“Troy”), a Delaware limited liability company, Public Service Company of New Mexico (“PNM”), a New Mexico corporation, and TXNM Energy, Inc. (“TXNM”), a New Mexico corporation (collectively, “Joint Applicants”), and backed by Blackstone Infrastructure, to be adopted and made conditions of any Final Order in Case No. ~~25-[00***]~~25-00060-UT issued by the New Mexico Public Regulation Commission (the “Commission”) approving the proposed acquisition and merger transaction (the “Acquisition”) affecting the public utility holding company of PNM.

Tangible and Quantifiable Benefits

1. **Rate Credit:** PNM will provide ~~a \$12205~~ million in rate credits to be applied to customers’ bills over a ~~48-month~~ 10-year period following the closing of the Acquisition: (“Closing”):
 - a. Immediate: A \$105 million rate credit to be applied to customers’ bills over a four-year period immediately following the Closing; and
 - b. Long-Term: A \$115 million rate credit to be applied to customers’ bills over a six-year period immediately following the four-year period contemplated in Revised Regulatory Commitment 1(a).
2. **Innovative or Emerging Technology Investment:** Troy, through TXNM, shall contribute at no cost to customers \$25 million to be provided within 10 years for utility infrastructure targeting pilot projects(s) for ~~innovative or emergent resource technology, such as long duration energy storage or geothermal resources or~~ virtual power plant infrastructure funding for utility-controlled demand management, ~~if anticipated DOE funding is cancelled. If~~ subject to Commission approval of the program. If such pilot project(s) ~~are~~ is not selected or approved, monies will be used to offset customer costs of Grid Mod rate rider.
3. **Good Neighbor Fund:** Troy, through TXNM, will contribute \$1~~05~~ million over 10 years to PNM’s Good Neighbor Fund.
4. **Economic Development:** Troy, through TXNM, will contribute \$~~3540~~ million in economic development funds over 10 years:
 - a. Workforce Development: \$25 million to fund one or more of the following: job training, apprenticeships, or scholarships in utility-related areas of industry, ~~as well as funding to enable large impact economic development initiatives for New Mexico.~~ Such programs will be overseen by PNM.
 - b. Economic Development Fund: \$15 million will be committed by the Joint Applicants to be allocated to a separately held community fund (the “Fund”) to promote economic development in New Mexico. The funds will be disbursed ratably over ten years through annual “donor-directed” contributions to a third-party community

foundation (the “Community Foundation”) that serves local communities in PNM’s service areas. The Fund will be governed by a committee comprised of five appointees (the “Funding Committee”) selected by PNM to select projects for grant disbursements through the Community Foundation. PNM will select a PNM employee to act as an administrator/observer to allow PNM to timely disburse contributions of the committed funds and provide compliance reporting to the Commission (the “Observer”). The funds will be disbursed within PNM’s service territory at the sole discretion of the Funding Committee.

(1) *Funding Committee Composition:* The Funding Committee members (a) will not include employees of PNM, TXNM, Troy or their affiliates and (b) will reside within and represent the interests of customers and communities in PNM’s service territory.

(2) *Meetings and Proposals:* The Funding Committee will hold open meetings which will be publicly noticed at least 30 days in advance of the meetings and will occur at least twice per year. The Funding Committee will solicit proposals that benefit all of PNM’s service territory (though any particular proposal shall not be required to benefit the entirety of PNM’s service territory). At such meetings, interested parties, including representatives of political subdivisions located in PNM’s service territory, may propose economic development programs and activities to be funded by the Fund and to comment on programs and activities that the Funding Committee notes are under consideration for funding. Funding decisions of the Funding Committee will be made public. The Observer will advise the Funding Committee if there are recommended investments that create reputational harm for PNM.

(3) *Annual Filing:* PNM will cause to be filed with the Commission an annual report identifying the economic programs and activities funded through the Fund during the previous calendar year, including the amounts provided to each entity, program or activity. The annual report shall disclose any personal or financial relationships between the recipients of the funds and any officer, director or member of senior management of the Fund, PNM, TXNM or Troy.

5. **Charitable Giving:** PNM will maintain its historical level of charitable giving.

Governance

6. **Board Composition:** PNM will have a ~~seven~~^{nine}-member PNM Board of Directors (“PNM Board”), including ~~(A) three independent directors (i) who meet~~ five disinterested directors. The five disinterested directors must qualify as independent from PNM, Blackstone Inc. (“Blackstone”) and their affiliates in all material respects in accordance with the rules and regulations of the New York Stock Exchange (“NYSE”) ~~independence standards and (ii) at least two of which~~. Each disinterested director will serve for a term of two years and such terms will be staggered so no more than three disinterested directors are up for renewal each year. At least three of the disinterested directors will be residents of New Mexico; ~~(B) one director with utility executive experience; and (C) the~~.

The President and CEO of PNM- will be one of the directors. At least one of the eight non-CEO directors will have utility executive experience.

7. **Board Compliance Filing:** The PNM Board members will be identified in a compliance filing made by PNM within 90 days after closing of the Acquisition.
8. **Best Interest of Utility:** PNM Board shall have the duty to act, subject to applicable New Mexico law, in the best interests of PNM.
9. **Board Authority and Shareholder Consent Rights:** The PNM Board will have decision-making authority as provided by applicable New Mexico law over PNM dividend policy, debt issuance, issuance of dividends or other distributions (other than tax distributions), capital expenditures, shared services fees, operation and maintenance expenditures, and appointment or removal of officers. These decisions made by the PNM Board cannot be overruled by Troy, or any affiliate that controls Troy-; provided, that the PNM Board will not take any of the following actions without prior written consent of the holders of a majority of the shares of common stock of PNM:
 - a. Hire or terminate any officer; or
 - b. Adopt, amend or deviate from the annual or multi-year budget or business plan or dividend policy of PNM.
10. **~~Independent~~Disinterested Directors Authority:** A vote of a majority of the ~~independent~~disinterested directors can prevent PNM from making any dividends other than tax distributions, if determined in good faith to be required to meet its debt-to-equity commitment. Any amendments or changes to the dividend policy shall be approved by a majority vote of the PNM Board, including the affirmative vote of a majority of the ~~independent~~disinterested directors. A vote of majority of the ~~independent~~disinterested directors of the PNM Board may prevent PNM from making any dividends at any time during the ~~first five years~~term of the five-year capex budget that is subject to Regulatory Commitment 14 if the PNM Board reduces ~~the PNM's~~ capital expenditures below the ~~current~~2026-2030 five-year plan based on limited equity financing availability.
11. **Director Compensation:** The compensation for being a PNM director will not be tied to, reflect, or be related to the financial, operating, or other performance of any entity or interest other than PNM or subsidiaries of PNM. The PNM Board shall have the power to set the compensation and benefits for being a PNM director, in the form and manner it directs, subject to the approval of Troy. Any director that is a Blackstone or PNM employee will not receive any compensation for their services on the PNM Board.

Financial, and Regulatory Jurisdiction Protections

12. **Dividend Policy on Credit Rating:** PNM will not pay dividends, except for tax distributions, if either (i) its credit rating is below investment grade or (ii) paying dividends would cause its credit rating to be below investment grade, in each case, unless

otherwise permitted by the Commission; PNM will notify the Commission promptly of any change in its credit rating.

13. **Dividend Policy on Net Income:** PNM will limit its payment of dividends, except for tax distributions, to an amount not to exceed its net income as determined in accordance with GAAP, unless otherwise approved by the Commission.
14. **Minimum Capital Spending Commitment:** PNM will continue to make minimum capital expenditures in an amount equal to PNM's current 202~~5~~6-2030 ~~—2029~~ capital budget of \$~~34.49~~34.49 billion, subject to the following adjustments: PNM may reduce capital spending due to conditions not under PNM's control, including, without limitation, siting delays, cancellation of projects by third parties, weaker than expected economic conditions, or if PNM determines that a particular expenditure would not be prudent.
15. **Commission Jurisdiction:** Commission jurisdiction over PNM remains and will not be adversely affected by the Acquisition~~;~~. PNM will continue to abide and be bound by existing applicable Commission rules, regulations, orders.
16. **Amendments to Regulatory Commitments:** Joint Applicants and Blackstone Infrastructure acknowledge the Commission's jurisdiction and authority to initiate a future proceeding to modify any or all these Regulatory Commitments adopted as part of the final order in this proceeding.
17. **Compliance Reporting:** For all Regulatory Commitments that have an ongoing obligation or have not yet been completed, PNM will file annual updates as part of the established reporting process for Annual Reports pursuant to 17.3.510 NMAC. Such annual updates will include a list of the directors currently comprising the PNM Board, including identification of the directors currently satisfying the disinterested, utility executive experience and New Mexico residency requirements contemplated by Regulatory Commitment 6.
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31. ~~27.~~ **Debt-to-Equity** ~~Debt-to-Equity~~ **Commitment:** PNM will maintain a minimum equity ratio as set by the Commission in its general rate case filings based on a 13-month rolling average.

~~28. **Affiliate Transactions:** PNM, TXNM, and Troy will abide by Commission affiliate standards as they apply to PNM and maintain an arm's length relationship with TXNM and Troy and its affiliates, consistent with any variance accepted by the Commission.~~

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34. ~~31.~~ **Headquarters:** TXNM and PNM headquarters will remain in New Mexico as long as they are owned by Troy.

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38. ~~35.~~ **Labor Contract Commitment:** PNM will continue to honor its labor contracts with the International Brotherhood of Electrical Workers Local 611.

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in the RCP, PNM will require its contractors and subcontractors to pay no lower than the applicable prevailing wages and fringes, as determined by the New Mexico Department of Workforce Solutions (DWS), for all construction crafts employed on projects covered by the RCP.

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42. **Class I and Class II Affiliate Transactions and Annual Reporting:** PNM, TXNM, and Troy will abide by Commission affiliate standards and PNM will maintain an arms-length relationship with Troy and its affiliates, consistent with any variance approved by the Commission. PNM will continue to engage in shared services arrangements with TXNM and TXNM’s subsidiaries in accordance with PNM’s Commission approved Cost Allocation Manual, as annually updated. PNM’s annual Class I Transaction Reports shall identify and describe any purchase or sale of goods or services between PNM and any Blackstone-affiliated entity, including the nature and terms of the transaction, the compensation, fees or other value provided, and whether the purchase or sale was subject to PNM’s corporate policies for procurement.

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44. **Identification of Blackstone Affiliates:** PNM will include a requirement in its RFPs and contracting processes that bidders identify if they are an affiliate of Blackstone.
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46. **Simultaneous Provision of Non-Public Information in RFPs:** PNM will implement policies with respect to resource acquisition RFPs requiring that all non-public information be provided simultaneously to all bidders pursuant to appropriate non-disclosure arrangements.

TXNM's Proxy Statement

Application Exhibit D

Is contained in the following 214 pages.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

Information Required in Proxy Statement
Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under Rule 14a-12

TXNM Energy, Inc.
(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐ No fee required.
- ☒ Fee paid previously with preliminary materials.
- ☐ Fee computed on table in exhibit required by Item 25(b) per Exchange Act Rules 14a-6(i)(1) and 0-11.



MERGER PROPOSED—YOUR VOTE IS VERY IMPORTANT

Dear Shareholders:

The Board of Directors cordially invites you to attend a special meeting of shareholders of TXNM Energy, Inc., a New Mexico corporation, or TXNM, to be held on August 28, 2025, at 9:00 a.m. Mountain Time, at TXNM Energy, Inc. Corporate Headquarters - 4th Floor, 414 Silver Avenue SW, Albuquerque, New Mexico 87102, or the special meeting.

As previously announced, on May 18, 2025, we entered into a merger agreement providing for the combination of TXNM and Troy ParentCo LLC, a Delaware limited liability company, or Parent. Parent is an affiliate of Blackstone Infrastructure Partners L.P. At the special meeting, you will be asked to consider and vote upon a proposal to approve the merger agreement.

If the merger contemplated by the merger agreement is completed, you will be entitled to receive \$61.25 in cash for each share of TXNM common stock you own. At the completion of the merger, Troy Merger Sub Inc., a New Mexico corporation and a direct, wholly-owned subsidiary of Parent, will merge with and into TXNM with TXNM surviving the merger as a wholly-owned subsidiary of Parent.

Your vote is very important, regardless of the number of shares you own. The merger cannot be completed unless the owners of at least a majority of the shares of TXNM common stock outstanding as of the close of business on July 17, 2025, the record date for the special meeting, vote to approve the merger agreement. A failure to vote or an abstention will have the same effect as a vote “AGAINST” the proposal to approve the merger agreement.

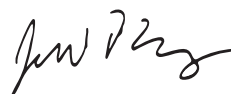
Whether or not you plan to participate in the special meeting, I urge you to vote your shares before the meeting over the internet or via the toll-free telephone number, as described in the accompanying materials. You may also vote by mail by completing, signing and dating the enclosed proxy card and returning it in the pre-addressed, postage-prepaid envelope accompanying the proxy card. Submitting a proxy now will not prevent you from being able to vote at the special meeting.

YOUR PROXY IS BEING SOLICITED BY THE BOARD OF DIRECTORS OF TXNM. AFTER CAREFUL CONSIDERATION, OUR BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THAT THE MERGER CONSIDERATION IS FAIR, FROM A FINANCIAL POINT OF VIEW, TO TXNM’S SHAREHOLDERS, DECLARED THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT, INCLUDING THE MERGER, CONSISTENT WITH AND IN FURTHERANCE OF TXNM’S BUSINESS STRATEGIES AND FAIR TO AND IN THE BEST INTERESTS OF TXNM AND ITS SHAREHOLDERS AND RESOLVED TO SUBMIT THE MERGER AGREEMENT FOR CONSIDERATION AND APPROVAL BY TXNM SHAREHOLDERS AND RECOMMEND THE APPROVAL OF THE MERGER AGREEMENT BY TXNM SHAREHOLDERS. THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE PROPOSAL TO APPROVE THE MERGER AGREEMENT AND “FOR” THE OTHER MATTERS DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT. THE BOARD OF DIRECTORS MADE ITS DETERMINATION AFTER CONSULTATION WITH ITS LEGAL AND FINANCIAL ADVISORS AND AFTER CONSIDERING A NUMBER OF FACTORS.

In considering the recommendation of our Board of Directors, you should be aware that certain of our directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of TXNM shareholders generally, including the treatment in the merger of TXNM equity compensation awards, potential retention awards, potential severance and other benefits upon a qualifying termination of employment in connection with the merger, ongoing indemnification and insurance coverage, and other rights that may be held by TXNM’s directors and executive officers. See the section entitled “Interests of TXNM’s Directors and Executive Officers in the Merger” beginning on page 62 of the accompanying proxy statement.

If you have any questions regarding the accompanying proxy statement, you may call Georgeson, Inc., our proxy solicitor, by calling toll-free at 888-686-8126.

I urge you to read carefully, and in its entirety, the accompanying proxy statement, including the annexes and the documents incorporated by reference.



Joseph D. Tarry
President and Chief Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER OR OTHER TRANSACTIONS DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT NOR HAVE THEY DETERMINED IF THE ACCOMPANYING PROXY STATEMENT IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The accompanying proxy statement is dated July 21, 2025, and is first being mailed or otherwise delivered to TXNM shareholders on or about July 21, 2025.



TXNM Energy, Inc.
414 Silver Ave. SW
Albuquerque, NM 87102-3289
www.txnmenergy.com

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 28, 2025

To Our Shareholders: The special meeting of shareholders of TXNM Energy, Inc., or TXNM, will be held as follows:

DATE AND TIME: Thursday, August 28, 2025 at 9:00 a.m. Mountain Time

PLACE: TXNM Energy, Inc.
Corporate Headquarters - 4th Floor
414 Silver Avenue SW
Albuquerque, New Mexico 87102

WHO CAN VOTE: You may vote if you were a shareholder of record as of the close of business on July 17, 2025.

ITEMS OF BUSINESS:

- (1) Approve the Agreement and Plan of Merger, dated as of May 18, 2025, or the merger agreement, by and among TXNM, Troy ParentCo LLC, or Parent, and Troy Merger Sub Inc. A copy of the merger agreement is attached as **Annex A** to the accompanying proxy statement;
- (2) Approve, by non-binding, advisory vote, certain compensation arrangements for TXNM's named executive officers in connection with the merger contemplated by the merger agreement;
- (3) Approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement; and
- (4) Consider any other business properly presented at the meeting.

VOTING: On or about July 21, 2025, we will begin mailing to our shareholders our proxy materials.

After reading the accompanying proxy statement, please promptly vote by telephone, over the internet or by signing and returning the proxy card so that we can be assured of having a quorum present at the meeting and your shares may be voted in accordance with your wishes. See the questions and answers beginning on page 15 of the accompanying proxy statement about the meeting (including how to listen to the meeting by webcast), voting your shares, how to revoke a proxy, how to vote shares in person and via the internet and attendance information.

Your vote is very important, regardless of the number of shares of TXNM common stock that you own. The merger cannot be completed unless the merger agreement is approved by the affirmative vote of the owners of at least a majority of the shares of TXNM common stock outstanding as of the close of business on the record date, or at least 52,689,490 shares of TXNM common stock. Whether or not you plan to attend the special meeting, we urge you to vote your shares before the meeting, as described in the accompanying materials. If you fail to submit a proxy or to attend the special meeting or do not provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares, as applicable, your shares of TXNM common stock will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote "AGAINST" the proposal to approve the merger agreement.

Your proxy is being solicited by the Board of Directors of TXNM, or the Board of Directors. After careful consideration, our Board of Directors has unanimously (i) determined that the merger consideration is fair, from

a financial point of view, to TXNM's shareholders, (ii) declared the merger agreement and the transactions contemplated by the merger agreement, including the merger, advisable, consistent with and in furtherance of TXNM's business strategies and fair to and in the best interests of TXNM and TXNM's shareholders and (iii) resolved to submit adoption of the merger agreement for approval by TXNM shareholders and recommend the approval of the merger agreement by TXNM shareholders. **Our Board of Directors unanimously recommends that you vote "FOR" the proposal to approve the merger agreement and "FOR" the other matters described in the accompanying proxy statement. The Board of Directors made its determination after consultation with its legal and financial advisors and after considering a number of factors. In considering the recommendation of our Board of Directors, you should be aware that certain of our directors and executive officers may have interests in the merger that are different from or in addition to the interests of TXNM shareholders generally, including the treatment in the merger of TXNM equity compensation awards, potential retention awards, potential severance and other benefits upon a qualifying termination of employment in connection with the merger, ongoing indemnification and insurance coverage, and other rights that may be held by TXNM's directors and executive officers. See the section entitled "Interests of TXNM's Directors and Executive Officers in the Merger" beginning on page 62 of the accompanying proxy statement.**

TXNM shareholders have dissenter's rights and may elect to dissent from the merger and obtain payment for their shares of TXNM common stock by following the procedures set forth in Section 53-15-3 (Right of Shareholders to Dissent and Obtain Payment for Shares) and Section 53-15-4 (Rights of Dissenting Shareholders) of Chapter 53 of the New Mexico Business Corporation Act, or the NMBCA, copies of which are attached as **Annex C** to the accompanying proxy statement. Failure to follow any of the statutory procedures set forth in Section 53-15-3 and Section 53-15-4 of the NMBCA may result in the loss or waiver of dissenter's rights under New Mexico law. For more information regarding the right of holders of TXNM common stock to dissent from the merger and exercise the right to obtain payments for shares of TXNM common stock, see "Questions and Answers" on page 15 and the section entitled "The Merger—Dissenter's Rights" beginning on page 56 of the accompanying proxy statement.

IT IS IMPORTANT THAT YOU VOTE YOUR SHARES OF TXNM COMMON STOCK PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE VOTE YOUR SHARES BEFORE THE MEETING OVER THE INTERNET OR VIA THE TOLL-FREE TELEPHONE NUMBER OR BY COMPLETING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE PRE-ADDRESSED, POSTAGE-PREPAID ENVELOPE ACCOMPANYING THE PROXY CARD. IF YOU ATTEND THE SPECIAL MEETING AND VOTE DURING THE SPECIAL MEETING, YOUR VOTE BY BALLOT WILL REVOKE ANY PROXY PREVIOUSLY SUBMITTED. SUBMITTING A PROXY NOW WILL NOT PREVENT YOU FROM BEING ABLE TO VOTE AT THE SPECIAL MEETING.

By Order of the Board of Directors,



Patricia K. Collawn
Executive Chairman

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SUMMARY

This summary highlights information contained elsewhere in this proxy statement. We urge you to read carefully the remainder of this proxy statement, including the attached annexes, the documents incorporated by reference into this proxy statement and the other documents to which we have referred you because this section does not provide all the information that might be important to you with respect to the merger and the related matters being considered at the special meeting. See also the section entitled “Where You Can Find Additional Information” on page 107. We have included page references to direct you to a more complete description of the topics presented in this summary.

Information About the Companies (Page 27)

TXNM Energy, Inc.

*414 Silver Ave. SW
Albuquerque, New Mexico 87102-3289*

TXNM Energy, Inc., or TXNM, is a holding company with two regulated utilities serving more than 800,000 residential, commercial, and industrial customers in New Mexico and Texas. TXNM’s electric utilities are PNM and TNMP.

TXNM common stock is listed on the NYSE under the symbol “TXNM.”

Troy ParentCo LLC

*345 Park Avenue
New York, NY 10154*

Troy ParentCo LLC, or Parent, a Delaware limited liability company, was formed solely for the purpose of entering into the merger agreement and completing the merger and the other transactions contemplated by the merger agreement, including the financing related to the merger. Parent is wholly owned by an affiliate of Blackstone Infrastructure Partners L.P., or Blackstone Infrastructure.

Troy Merger Sub Inc.

*345 Park Avenue
New York, NY 10154*

Troy Merger Sub Inc., or Merger Sub, is a New Mexico corporation and a direct, wholly-owned subsidiary of Parent that was formed solely for the purpose of entering into the merger agreement and completing the merger and the other transactions contemplated by the merger agreement. Merger Sub is a wholly-owned subsidiary of Parent and has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement. Subject to the terms of the merger agreement, upon the completion of the merger, Merger Sub will cease to exist and TXNM will continue as the surviving corporation in the merger.

Blackstone Infrastructure Partners L.P.

*345 Park Avenue
New York, NY 10154*

Blackstone Inc., or Blackstone, is the world’s largest alternative asset manager with nearly \$1.2 trillion in assets under management. Blackstone Infrastructure is Blackstone’s dedicated infrastructure equity strategy and, with more than \$60 billion in assets under management, it anchors a broader infrastructure platform at Blackstone that exceeds \$120 billion across equity, credit and secondaries. Blackstone Infrastructure has an open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach that fosters responsible stewardship and stakeholder engagement, creating value for our investors and the communities in which we invest. Blackstone Infrastructure invests behind leading infrastructure companies and platforms in sectors with long-term thematic tailwinds including, utilities, energy, transportation, digital infrastructure and water and waste sectors, among others. Concurrently with the execution of the merger agreement, Blackstone Infrastructure agreed to provide funding to Parent in connection with the closing of the merger.

The Merger and the Merger Agreement (Page 35)

The terms and conditions of the merger are contained in the merger agreement, a copy of which is attached as **Annex A** to this proxy statement. You are encouraged to read the merger agreement carefully, and in its entirety, as it is the legal document that governs the merger.

Pursuant to the merger agreement, Merger Sub will merge with and into TXNM. Upon completion of the merger, TXNM will continue as the surviving corporation and a wholly-owned subsidiary of Parent. Following the merger, TXNM common stock will be delisted from the NYSE and deregistered under the Exchange Act.

The Board of Directors recommends that you vote “FOR” the proposal to approve the merger agreement and “FOR” the other matters described in this proxy statement.

Merger Consideration (Page 75)

As of the effective time of the merger, each issued share of TXNM common stock that is owned by Parent, TXNM, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent or TXNM, in each case, not held on behalf of third parties, will be cancelled and cease to exist, and no consideration will be delivered in exchange for those shares. Upon the terms and subject to the conditions set forth in the merger agreement, at the effective time of the merger, each issued and outstanding share of TXNM common stock (other than (i) the shares referred to in the preceding sentence and (ii) dissenting shares) will be converted into the right to receive \$61.25 in cash, without interest, referred to herein as the merger consideration.

Treatment of TXNM Restricted Stock Rights, Performance Shares, Direct Plan, and Deferred Plan (Page 78)

Immediately prior to the effective time of the merger, pursuant to the merger agreement, each outstanding award of TXNM restricted stock rights granted under any TXNM Stock Plan or otherwise will cease to relate to or represent any right to receive any TXNM common stock and will be converted into a right to receive an amount in cash (rounded down to the nearest cent) equal to the product of (i) the total number of shares of TXNM common stock subject to such restricted stock right immediately prior to the effective time of the merger multiplied by (ii) the merger consideration, plus interest at the rate of 6%, compounded semi-annually, from the effective time of the merger until the date of payment, less applicable taxes required to be withheld with respect to such payment. These restricted stock rights cash payouts will be payable to the holder of such converted award, subject to the same terms and conditions applicable to the converted TXNM restricted stock rights, including vesting, acceleration and payment timing provisions, and subject to any existing deferral elections that were applicable to the converted TXNM restricted stock rights but excluding any terms rendered inoperative by reason of the consummation of the merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award.

Immediately prior to the effective time of the merger, pursuant to the merger agreement, each outstanding award of performance shares granted under any TXNM Stock Plan or otherwise will be deemed to have been earned at the higher of (i) the target level of performance or (ii) the actual level of performance achieved, determined on a goal-by-goal basis as of the last day of the last month ending at least 30 days before the effective time of the merger, with such actual level of performance determined in the good faith judgment of TXNM’s compensation committee as constituted immediately prior to the effective time of the merger in accordance with the applicable TXNM Stock Plan. Immediately thereafter, each such earned performance share award will cease to relate to or represent any right to receive any TXNM common stock and will be converted into the right to receive an amount in cash (rounded down to the nearest cent) equal to the product of (a) the total number of shares of TXNM common stock subject to such earned performance share award immediately prior to the effective time of the merger multiplied by (b) the merger consideration, plus interest at the rate of 6%, compounded semi-annually, from the effective time of the merger until the date of payment, less applicable taxes required to be withheld with respect to such payment. These earned performance shares cash payouts will be payable to the holder of such converted award, subject to the same service-based terms and conditions applicable to the converted performance shares, including vesting, acceleration and payment timing provisions but excluding any terms rendered inoperative by reason of the consummation of the merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award.

Immediately prior to the effective time of the merger, pursuant to the merger agreement, each deferred restricted stock right under the Deferred Plan will be converted into the right to receive the merger consideration at the effective time (or such later date as required by Section 409A of the Code).

Dividends (Page 104)

Dividends on TXNM's common stock are declared by the Board of Directors, typically quarterly. During the twelve months ended June 30, 2025, TXNM paid quarterly dividends of approximately \$145.4 million in cash. On July 16, 2024, the Board of Directors declared a dividend on common stock of \$0.3875 per share payable on August 9, 2024. On September 24, 2024, the Board of Directors declared a dividend on common stock of \$0.3875 per share payable on November 8, 2024. On December 3, 2024, the Board of Directors declared a dividend on common stock of \$0.4075 per share payable on February 14, 2025. On February 25, 2025, the Board of Directors declared a dividend on common stock of \$0.4075 per share payable on May 16, 2025.

Under the terms of the merger agreement, TXNM has agreed not to declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its equity securities, or make any other actual, constructive or deemed dividend or distribution in respect of any of its equity securities (except (i) TXNM may continue the declaration and payment of planned regular quarterly cash dividends on TXNM common stock for each quarterly period ended after the date of the merger agreement, in an amount not to exceed \$0.4075 and \$0.4275 for any fiscal quarters in 2025 and 2026, respectively, with usual record and payment dates in accordance with past dividend practice, (ii) for any cash dividend or cash distribution by a wholly-owned subsidiary of TXNM to TXNM or another wholly-owned subsidiary of TXNM) and (iii) a "stub period" dividend to holders of record of TXNM common stock as of immediately prior to the effective time of the merger equal to the product of (1) the number of days from the record date for payment of the last quarterly dividend paid by TXNM prior to the effective time of the merger, multiplied by (2) a daily dividend rate determined by dividing the amount of the last quarterly dividend paid prior to the effective time of the merger by 91.

If the closing date of the merger occurs (i) after the record date for a regular quarterly cash dividend payable to holders of TXNM common stock and (ii) prior to the payment date of such dividend, then TXNM will cause such dividend to be paid on the payment date for such dividend.

No Solicitation by TXNM (Page 86)

Subject to certain exceptions described below, TXNM has agreed not to, and to cause each of its subsidiaries and their respective directors, officers and employees not to, and to use its reasonable best efforts to cause their respective representatives not to:

- initiate, solicit, knowingly encourage or knowingly facilitate any inquiries with respect to or that could reasonably be expected to lead to, or the making, submission or announcement of, any acquisition proposal;
- participate or engage in any negotiations or discussions concerning, or furnish or provide access to its properties, books and records or any confidential information or data to, any person relating to an acquisition proposal, or any inquiry or proposal that could reasonably be expected to lead to any acquisition proposal;
- approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any acquisition proposal; or
- execute or enter into any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar agreement for any acquisition proposal.

In addition, TXNM has agreed to, and to cause its subsidiaries and their respective directors, officers and employees to, and to use its reasonable best efforts to cause their respective representatives to immediately cease and cause to be terminated any solicitations, discussions or negotiations with any person (other than Parent and its affiliates) in connection with an acquisition proposal that exists as of the date of the merger agreement.

However, before TXNM obtains the approval of its shareholders for the merger agreement, subject to all other terms of the merger agreement, TXNM and the Board of Directors are not prohibited from:

- granting a waiver, amendment or release under any confidentiality or standstill agreement to the extent necessary to allow for a confidential acquisition proposal to be made to TXNM or the Board of Directors or to allow for the engagement in discussions regarding an acquisition proposal or a proposal that would reasonably be expected to lead to an acquisition proposal so long as neither TXNM nor any of its subsidiaries nor any of their respective representatives has violated the merger agreement and certain other requirements are met;

- providing access to TXNM's properties, books and records and providing information or data in response to a request therefor by a person or group who has made a bona fide written acquisition proposal after the date of the merger agreement that, in each case, did not result from a breach of TXNM's non-solicitation obligations under the merger agreement, so long as certain requirements are met; or
- participating and engaging in any negotiations or discussions with any person or group and their respective representatives who has made a bona fide written acquisition proposal after the date of the merger agreement that, in each case, did not result from a breach of TXNM's non-solicitation obligations under the merger agreement and certain requirements are met.

Recommendation of the Board of Directors (Page 46)

Except as provided in the succeeding paragraphs below, neither the Board of Directors nor any committee thereof may:

- withhold, withdraw, qualify or modify, or resolve to or propose to withhold, withdraw, qualify or modify, its recommendation that the TXNM shareholders vote in favor of approving the merger and the merger agreement in a manner adverse to Parent;
- make any public statement inconsistent with such recommendation;
- approve, adopt or recommend any acquisition proposal, or any inquiry or proposal that could reasonably be expected to lead to any acquisition proposal;
- fail to reaffirm or re-publish such recommendation within ten business days of being requested by Parent to do so, provided that Parent will not be entitled to request such a reaffirmation or re-publishing more than one time with respect to any single acquisition proposal other than in connection with an amendment to any financial terms of such acquisition proposal or any other material amendment to such acquisition proposal;
- fail to include such recommendation in this proxy statement;
- fail to announce publicly, within five business days after a tender offer or exchange offer relating to any TXNM securities has been commenced that would constitute an acquisition proposal, that the Board of Directors recommends rejection of such tender or exchange offer;
- resolve, publicly propose or agree to do any of the foregoing;
- authorize, cause or permit TXNM or any of its subsidiaries to enter into a merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar contract (other than an acceptable confidentiality agreement) or recommend any tender offer providing for, with respect to, or in connection with any acquisition proposal or requiring TXNM to abandon, terminate, delay or fail to consummate the merger or any other transaction contemplated by the merger agreement; or
- take any action pursuant to which any person (other than Parent, Merger Sub or their respective affiliates) or acquisition proposal would become exempt from or not otherwise subject to any take-over statute or articles of incorporation provision relating to an acquisition proposal.

However, at any time prior to obtaining TXNM shareholder approval of the merger, the Board of Directors may (subject to certain restrictions and obligations provided for in the merger agreement):

- change its recommendation in response to the occurrence of a specified intervening event (as defined in the merger agreement); or
- if the Board of Directors determines in good faith, after consultation with its financial advisor and outside legal counsel, in response to an acquisition proposal from a third party that did not otherwise result from a breach of TXNM's non-solicitation obligations under the merger agreement, that such acquisition proposal constitutes a superior proposal, and such acquisition proposal is not withdrawn, TXNM or the Board of Directors may (i) change its recommendation and/or (ii) terminate the merger agreement to enter into a definitive agreement with respect to such superior proposal, in each case, if (1) after consultation with its financial advisor and outside legal counsel, the Board of Directors

determines that the failure to change its recommendation or to terminate the merger agreement would be reasonably expected to result in a breach of its fiduciary duties under applicable laws and (2) the merger agreement is terminated, TXNM pays Parent the required TXNM termination fee.

Conditions That Must Be Satisfied or Waived for the Merger to Occur (Page 98)

Conditions to the Obligations of Parent, Merger Sub and TXNM

The respective obligations of Parent, Merger Sub and TXNM to consummate the merger are subject to the satisfaction or waiver of the following mutual conditions:

- approval of the merger agreement by an affirmative vote of the holders of at least a majority of the outstanding shares of TXNM common stock entitled to vote at the special meeting to consider and vote upon a proposal to approve the merger agreement, which we refer to as the special meeting;
- absence of any law or judgment (whether temporary, preliminary or permanent) which prohibits, restrains, enjoins or otherwise prevents the consummation of the merger, and the expiration or termination of any agreement between Parent or TXNM with the FTC or the Antitrust Division of the DOJ to not effect the merger; and
- all required consents and filings by or with any governmental entities having been obtained, made or given and being in full force and effect and not subject to appeal, and all applicable waiting periods imposed by any government entity (including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act) having been terminated or expired.

Conditions to the Obligations of Parent and Merger Sub

The obligations of Parent and Merger Sub to consummate the merger are also subject to the satisfaction or waiver of the following conditions:

- the representations and warranties of TXNM with respect to the organization and qualification of TXNM and with respect to the authority, absence of conflicts with organizational documents, the ownership of TXNM's direct and indirect subsidiaries and fees owed to financial advisors in connection with the transactions contemplated by the merger agreement being true and correct in all material respects as of the effective time of the merger (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case as of such earlier date);
- the representations and warranties of TXNM with respect to TXNM and its subsidiaries related to capitalization being true and correct in all but de minimis respects as of the effective time of the merger (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case as of such earlier date);
- the representation and warranty of TXNM with respect to the absence of any material adverse effect being true and correct in all respects as of the effective time of the merger;
- all other representations and warranties of TXNM being true and correct in all respects, without giving effect to materiality qualifiers, as of the effective time of the merger (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty being true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on TXNM;
- TXNM's performance in all material respects of all obligations, and compliance in all material respects with all agreements and covenants, required to be performed or complied with by it under the merger agreement;
- there not having occurred since the date of the merger agreement any event, development, change, circumstance, effect or occurrence that has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on TXNM; and
- receipt by Parent of a certificate of an executive officer of TXNM certifying that the first five preceding conditions have been satisfied.

Conditions to the Obligations of TXNM

The obligation of TXNM to consummate the merger is also subject to the satisfaction or waiver of the following conditions:

- the representations and warranties of Parent and Merger Sub being true and correct in all respects, without giving effect to materiality qualifiers, as of the effective time of the merger (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty being true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Parent;
- Parent's and Merger Sub's performance in all material respects of all obligations, and compliance in all material respects with all agreements and covenants, required to be performed or complied with by them under the merger agreement; and
- receipt by TXNM of a certificate of an executive officer of Parent certifying that the preceding conditions have been satisfied.

Termination of the Merger Agreement (Page 99)

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger, notwithstanding, except as provided below, the approval of the merger agreement by the TXNM shareholders, under the following circumstances:

- by mutual written consent of Parent and TXNM;
- by either Parent or TXNM:
 - if the condition to closing the merger that there has been no legal restraint is not satisfied and the legal restraint giving rise to such nonsatisfaction has become final and nonappealable; provided, however, that (i) the right to terminate the merger agreement for this reason is not available to a party if the legal restraint is due to the breach of the merger agreement by such party and (ii) the party terminating the merger agreement must have complied in all material respects with the regulatory covenants in the merger agreement;
 - if the merger has not been completed on or before 5:00 p.m. New York City time on August 18, 2026, which will be extended automatically in accordance with the terms of the merger agreement to December 31, 2026 and further (upon mutual written consent) to March 31, 2027, in each case if all conditions to closing have been satisfied other than those related to the absence of a legal restraint and the receipt of required regulatory approvals (we refer to the applicable date as the End Date) and the failure of the effective time of the merger to occur on or before the End Date was not due to the breach of the merger agreement by the party seeking to terminate the merger agreement; or
 - TXNM shareholder approval of the merger agreement is not obtained at the special meeting (or any adjournment or postponement thereof);
- by TXNM:
 - if Parent or Merger Sub has breached or failed to perform its representations, warranties, covenants or agreements contained in the merger agreement, which breach or failure to perform (i) would cause certain of the conditions to TXNM's obligation to consummate the merger to not be satisfied and (ii) cannot be cured by Parent or Merger Sub or has not been cured by the earlier of 30 days after written notice thereof has been given by TXNM to Parent or three business days prior to the End Date, but TXNM will not have such a termination right if it is then in breach of any of its representations, warranties, covenants or agreements in the merger agreement and such breach would result in a failure of certain of the conditions to Parent's or Merger Sub's obligation to consummate the merger to not be satisfied;

- in order to enter into a definitive agreement with respect to a superior proposal, if such termination occurs before TXNM shareholders approve the merger agreement and so long as TXNM has complied with the merger agreement's non-solicitation restrictions and TXNM complies with its obligations with respect to a superior proposal, including payment of the TXNM termination fee to Parent (as described below); or
- if (i) all conditions to the obligation of the parties to consummate the merger (other than those conditions that by their nature are to be satisfied at the closing) have been satisfied or (to the extent permitted by applicable law) waived in accordance with the merger agreement, (ii) the conditions that by their nature are to be satisfied at the closing are capable of being satisfied at the closing, (iii) Parent and Merger Sub fail to consummate the closing on the date specified in the merger agreement, (iv) following such failure contemplated by the foregoing clause (iii), TXNM has given irrevocable written notice to Parent and Merger Sub that (1) all of the conditions set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing) have been satisfied or (to the extent permitted by applicable law) waived in accordance with the merger agreement, (2) the conditions set forth in the merger agreement that by their nature are to be satisfied at the closing are capable of being satisfied at the closing if the closing were to occur at the time of delivery of such notice, and (3) it is prepared, willing and able to consummate the closing, and if Parent and Merger Sub are prepared, willing and able to consummate the closing, it will proceed with and immediately consummate the closing as required pursuant to the merger agreement, and (v) Parent and Merger Sub fail to consummate the closing by the close of business on the second business day following receipt of such notice;
- by Parent:
 - if TXNM has breached or failed to perform its representations, warranties, covenants or agreements contained in the merger agreement, which breach or failure to perform (i) would cause certain of the conditions to Parent's and Merger Sub's obligation to consummate the merger to not be satisfied, and (ii) cannot be cured by TXNM or has not been cured by the earlier of 30 days after written notice thereof has been given by Parent to TXNM or three business days prior to the End Date, but Parent will not have such a termination right if it or Merger Sub is then in breach of any of its representations, warranties, covenants or agreements in the merger agreement and such breach would result in a failure of certain of the conditions to TXNM's obligation to consummate the merger to not be satisfied; or
 - if the Board of Directors changes its recommendation to TXNM shareholders to approve the merger agreement.

Effect of Termination (Page 101)

If the merger agreement is terminated as described above, there will be no liability on the part of any party thereto, except (i) certain provisions of the merger agreement will survive such termination, including those relating to confidentiality, publicity and fees and expenses, (ii) in the case of willful breach of a covenant or agreement (only to the extent a termination fee is not due and paid pursuant to the merger agreement) and (iii) damages for fraud. The maximum liability of Parent and Merger Sub in connection with the merger agreement and the transactions contemplated thereby will not exceed the amount of the Parent termination fee and the cost and expense reimbursement and indemnification obligations described in the merger agreement. Under the terms of the limited guarantee delivered by Blackstone Infrastructure, TXNM's maximum recovery amount for the Parent termination fee and other fees and expenses is \$375 million. If TXNM receives the Parent termination fee and TXNM's reimbursable costs and expenses as contemplated by the merger agreement, then TXNM is not entitled to any further payments under the merger agreement.

Termination Fee (Page 101)

TXNM has agreed to pay a termination fee of \$210 million, which we refer to as the TXNM termination fee, to Parent if:

- the merger agreement is terminated by TXNM as permitted by the merger agreement in order to enter into a definitive agreement with respect to a superior proposal, if such termination occurs before the TXNM shareholders approve the merger agreement;

- the merger agreement is terminated by Parent because the Board of Directors, before the TXNM shareholders approve the merger agreement, (i) withholds, withdraws, qualifies or modifies (or resolves to do so) its recommendation to the TXNM shareholders for approval of the merger agreement in a manner adverse to Parent, (ii) makes any public statement inconsistent with such recommendation, (iii) approves, adopts or recommends any acquisition proposal, or any inquiry or proposal that could reasonably be expected to lead to any acquisition proposal, (iv) fails to reaffirm or re-publish such recommendation within ten business days of being requested by Parent to do so, (v) fails to include such recommendation in this proxy statement, (vi) fails to announce publicly, within five business days after a tender offer or exchange offer relating to any securities of TXNM has been commenced that would constitute an acquisition proposal, that the Board of Directors recommends rejection of such tender or exchange offer or (vii) resolves, publicly proposes or agrees to do any of the foregoing;
- the merger agreement is terminated (i) by either Parent or TXNM because of a failure to obtain TXNM shareholder approval of the merger agreement at the special meeting (or any adjournment or postponement thereof), or (ii) by Parent as a result of TXNM having breached its representations or warranties or having failed to perform its covenants or agreements contained in the merger agreement, which breach or failure to perform (1) would cause the conditions to Parent's and Merger Sub's obligation to consummate the merger related to the accuracy of TXNM's representations and warranties and the performance of its covenants and agreements, in each case, to not be satisfied and to be incapable of being satisfied by the End Date, and (2) cannot be cured by TXNM or has not been cured by the earlier of (x) 30 days after written notice thereof has been given by Parent to TXNM and (y) three business days prior to the End Date, and in either such case of (x) and (y) above, only so long as TXNM continues to use its reasonable best efforts to cure such breach or failure to perform; provided that Parent will not have the right to terminate the merger agreement under (ii) above if Parent or Merger Sub is then in breach of any of its representations, warranties, covenants or other agreements in the merger agreement and such breach would cause the conditions to TXNM's obligation to consummate the merger related to the accuracy of Parent and Merger Sub's representations and warranties and the performance of their covenants and agreements, in each case, to not be satisfied; and in either such case of (i) or (ii) above:
 - at any time after the date of the merger agreement and prior to such termination an acquisition proposal has been made to TXNM, the Board of Directors or TXNM shareholders, or an acquisition proposal has otherwise become publicly known, and within 12 months after such termination, TXNM has entered into a definitive agreement with respect to, or consummated, an acquisition proposal. In this case, "acquisition proposal" has the meaning set forth above in "—No Solicitation by TXNM," except all references to "20% or more" therein will be deemed to be references to "more than 50%."

Parent has agreed to pay a termination fee of \$350 million, which we refer to as the Parent termination fee, to TXNM if:

- (i) the merger agreement is terminated by (1) Parent or TXNM (x) due to (solely in connection with a required regulatory approval) the condition to closing the merger that there has been no legal restraint not being satisfied and the legal restraint giving rise to such nonsatisfaction has become final and nonappealable, or (y) due to the occurrence of the End Date; or (2) as a result of Parent or Merger Sub having breached its representations or warranties or failed to perform its covenants or agreements contained in the merger agreement, which breach or failure to perform (I) would cause the conditions to TXNM's obligation to consummate the merger related to the accuracy of Parent's or Merger Sub's representations and warranties and the performance of its covenants and agreements, in each case, to not be satisfied, and (II) cannot be cured by Parent or Merger Sub, as applicable, or has not been cured by the earlier of (x) 30 days after written notice thereof has been given by TXNM to Parent and (y) three business days prior to the End Date, and in either such case of (x) and (y) above, only so long as Parent or Merger Sub, as applicable, continues to use its reasonable best efforts to cure such breach or failure to perform; provided that TXNM will not have the right to terminate the merger agreement if TXNM is then in breach of any of its representations, warranties, covenants or other agreements in the merger agreement and such breach would cause the conditions to Parent's or Merger Sub's obligation to consummate the merger related to the accuracy of TXNM's representations and warranties and the performance of TXNM's covenants and agreements, in each

case, to not be satisfied; and (ii) in each case above, all other conditions to the closing of the merger set forth (other than with respect to required regulatory approvals or, solely in connection with required regulatory approvals, that there is no legal restraint) will have been satisfied or waived (except for (1) those conditions that by their nature are to be satisfied at the closing, but which condition would be satisfied or would be capable of being satisfied if the closing date were the date of such termination and (2) those conditions that have not been satisfied as a result of a breach of the merger agreement by Parent or Merger Sub); or

- the merger agreement is terminated by TXNM because (i) all of the closing conditions set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing) have been satisfied or (to the extent permitted by applicable law) waived in accordance with the merger agreement, (ii) the conditions that by their nature are to be satisfied at the closing are capable of being satisfied at the closing, (iii) Parent and Merger Sub fail to consummate the closing on the date that the closing should have occurred pursuant to the terms of the merger agreement, (iv) following such failure contemplated by the foregoing clause (iii), TXNM has given irrevocable written notice to Parent and Merger Sub that (1) all of the conditions set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing) have been satisfied or (to the extent permitted by applicable law) waived in accordance with the merger agreement, (2) the conditions set forth in the merger agreement that by their nature are to be satisfied at the closing are capable of being satisfied at the closing if the closing were to occur at the time of delivery of such notice, and (3) it is prepared, willing and able to consummate the closing, and if Parent and Merger Sub are prepared, willing and able to consummate the closing, it will proceed with and immediately consummate the closing as required pursuant to the terms of the merger agreement, and (v) Parent and Merger Sub fail to consummate the closing by the close of business on the second business day following receipt of such notice.

Expenses (Page 102)

Except for the filing fees with respect to any required regulatory approvals, which will be borne solely by Parent, each party will bear its own expenses in connection with the merger agreement and the transactions contemplated thereby. Expenses incurred in connection with the filing, printing and mailing of this proxy statement have been shared equally by Parent and TXNM. In the event TXNM must pay the TXNM termination fee, it may offset any expenses it has paid to Parent pursuant to the merger agreement against such fee.

Recommendation of the Board of Directors (Page 46)

After careful consideration of various factors described in the section entitled “The Merger—TXNM’s Reasons for the Merger” beginning on page 43 of this proxy statement, at a meeting held on May 18, 2025, the Board of Directors unanimously (i) determined that the merger consideration is fair, from a financial point of view, to TXNM’s shareholders, (ii) declared the merger agreement and the transactions contemplated by the merger agreement, including the merger, advisable, consistent with and in furtherance of TXNM’s business strategies and fair to and in the best interests of TXNM and TXNM’s shareholders and (iii) resolved to submit adoption of the merger agreement for approval by TXNM shareholders and recommend the approval of the merger agreement by TXNM shareholders.

The Board of Directors recommends that you vote “FOR” the proposal to approve the merger agreement and “FOR” the other matters described in this proxy statement.

The TXNM Special Meeting (Page 28)

Date, Time and Place

The special meeting will be held on August 28, 2025, at 9:00 a.m. Mountain Time, at TXNM Energy, Inc. Corporate Headquarters - 4th Floor, 414 Silver Avenue SW, Albuquerque, New Mexico 87102.

Purpose of the Special Meeting

At the special meeting, TXNM shareholders will be asked to (i) consider and vote upon a proposal to approve the merger agreement, (ii) consider and vote upon a proposal to approve, by non-binding, advisory vote, certain compensation arrangements for TXNM’s named executive officers in connection with the merger,

(iii) consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement and (iv) consider any other business properly presented at the meeting.

Record Date and Quorum

You are entitled to receive notice of, and to vote at, the special meeting if you are an owner of record of shares of TXNM common stock as of the close of business on July 17, 2025, the record date. As of the close of business on the record date, there were 105,378,979 shares of TXNM common stock outstanding. You will have one vote on all matters properly coming before the special meeting for each share of TXNM common stock that you owned as of the close of business on the record date.

A quorum of shareholders is necessary to conduct business at the special meeting. The presence at the special meeting, in person or represented by proxy (as defined below) to vote on your behalf, of owners of a majority of the shares of TXNM common stock outstanding as of the close of business on the record date, or at least 52,689,490 shares of TXNM common stock, constitutes a quorum for the purposes of the special meeting. Abstentions will be counted as present for quorum purposes. Because all of the proposals for consideration at the special meeting are considered “non-routine” matters under NYSE rules (as described below), shares held in “street name” will not be counted as present for the purpose of determining the existence of a quorum unless a shareholder provides their bank, broker or other nominee with voting instructions for at least one of the proposals before the special meeting. Once a share of TXNM common stock is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will be determined.

Vote Required

The approval of the merger agreement requires the affirmative vote of the owners of a majority of the shares of TXNM common stock outstanding as of the close of business on the record date, or at least 52,689,490 shares of TXNM common stock. Abstentions will not be counted as votes cast in favor of the proposal to approve the merger agreement, but will count for the purpose of determining whether a quorum is present. **If you fail to submit a proxy or to vote during the special meeting or if you abstain, each will have the same effect as a vote “AGAINST” the proposal to approve the merger agreement.**

The proposal to approve, by non-binding, advisory vote, certain compensation arrangements for TXNM’s named executive officers in connection with the merger requires the affirmative vote of the owners of a majority of the shares of TXNM common stock present in person or represented by proxy and entitled to vote thereon; however, such vote is non-binding and advisory only. For purposes of this proposal, if your shares of TXNM common stock are present at the special meeting but are not voted on this proposal, it will have the same effect as a vote against the proposal. In addition, for purposes of this proposal, abstentions will have the same effect as a vote against the proposal. If you fail to submit a proxy or to vote during the special meeting, as applicable, the shares of TXNM common stock held by you or your bank, broker or other nominee will not be counted in respect of, and will not have an effect on, the proposal to approve, by non-binding, advisory vote, the merger-related executive compensation.

If no quorum is present, authorization for proxy holders to vote in favor of one or more adjournments of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement, requires the affirmative vote of the owners of a majority of the shares of TXNM common stock present in person or represented by proxy and entitled to vote thereon. If a quorum is present, authorization for proxy holders to vote in favor of one or more adjournments of the special meeting would require the approval of a majority of the shares present, in person or by proxy, and entitled to vote on the matter. Whether or not a quorum is present, if your shares of TXNM common stock are present at the special meeting but are not voted on this proposal, or if you abstain on this proposal, this will have the effect of a vote “AGAINST” the proposal to approve one or more adjournments of the special meeting. Whether or not a quorum is present, if you fail to submit a proxy or to attend the special meeting in person or if your shares of TXNM common stock are held through a bank, broker or other nominee and you do not instruct your bank, broker or other nominee to vote your shares of TXNM common stock, as applicable, your shares of TXNM common stock will not be voted, but this will not have an effect on the vote to approve one or more adjournments of the special meeting.

As of the close of business on the record date, the directors and executive officers of TXNM beneficially owned and are entitled to vote, in the aggregate, 1,280,785 shares of TXNM common stock, representing approximately 1.22% of the outstanding shares of TXNM common stock. The directors and executive officers of TXNM have informed TXNM that they currently intend to, but none are obligated to, vote all such shares of TXNM common stock “FOR” the proposal to approve the merger agreement, “FOR” the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for TXNM’s named executive officers in connection with the merger and “FOR” the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement, although proxy holders are not obligated to vote in favor of adjournment.

Proxies and Revocations

Any shareholder of record entitled to vote at the special meeting may submit a proxy over the internet or via the toll-free telephone number or by completing, signing and dating the enclosed proxy card and returning it in the pre-addressed, postage-prepaid envelope accompanying the proxy card, or may vote in person during the special meeting. If your shares of TXNM common stock are held in “street name” through a bank, broker or other nominee, you should instruct your bank, broker or other nominee on how to vote your shares of TXNM common stock using the instructions provided by your bank, broker or other nominee. If you fail to submit a proxy or to vote during the special meeting, or do not provide your bank, broker or other nominee with instructions as to how to vote your shares, as applicable, your shares of TXNM common stock will not be voted on any proposal at the special meeting, which will have the same effect as a vote “AGAINST” the proposal to approve the merger agreement, and will not have an effect on the proposal to approve, by non-binding, advisory vote, the merger-related executive compensation or the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement.

You have the right to revoke a proxy, whether delivered over the internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you or by attending the special meeting and voting in person during the special meeting.

Opinion of Wells Fargo (Page 48)

TXNM retained Wells Fargo Securities, LLC, or Wells Fargo, as financial advisor to the Board of Directors in connection with the merger. TXNM selected Wells Fargo to act as TXNM’s financial advisor in connection with the merger on the basis of, among other things, Wells Fargo’s familiarity with TXNM and its knowledge and experience in the utility industry and public company transactions and the experience of working with members of the Wells Fargo team in prior transactions. At the meeting of the Board of Directors on May 18, 2025, Wells Fargo rendered its oral opinion to the Board of Directors that, as of that date and based on and subject to various assumptions and limitations described in its opinion, the merger consideration to be received by holders of TXNM common stock (other than the shares that will be cancelled without payment at the effective time of the merger in accordance with the merger agreement) in the merger was fair, from a financial point of view, to holders of TXNM common stock (other than the shares that will be cancelled without payment at the effective time of the merger in accordance with the merger agreement). Wells Fargo subsequently confirmed this oral opinion by delivering its written opinion to the Board of Directors, dated May 18, 2025. The full text of the written opinion of Wells Fargo, dated May 18, 2025, which sets forth the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Wells Fargo in preparing its opinion, is attached as **Annex B** to this proxy statement and is incorporated herein by reference.

Shareholders of TXNM are urged to read the opinion in its entirety. **Wells Fargo’s written opinion was addressed to the Board of Directors (in its capacity as such) in connection with and for the purposes of its evaluation of the proposed merger, was directed only to the fairness, from a financial point of view, to the holders of TXNM common stock (other than the shares that will be cancelled without payment at the effective time of the merger in accordance with the merger agreement) of the merger consideration and did not address any other aspect of the proposed merger, the fairness of the consideration payable to TXNM pursuant to the Stock Purchase Agreement, dated May 18, 2025, by and between Troy TopCo LP and TXNM, or the Blackstone stock purchase agreement, or the consideration payable to TXNM in any**

subsequent equity offering to be conducted after the date of the merger agreement. The opinion does not constitute a recommendation to any shareholder of TXNM as to how such shareholder should vote with respect to the transaction or any other matter.

For more information, see the section of this proxy statement titled “*The Merger — Opinion of Wells Fargo*” and **Annex B** to this proxy statement.

Interests of TXNM’s Directors and Executive Officers in the Merger (Page 62)

Certain of the directors and executive officers of TXNM may have interests in the merger that are different from or in addition to those of TXNM shareholders generally. These interests include the treatment in the merger of TXNM equity compensation awards, potential retention awards, potential severance and other benefits upon a qualifying termination of employment in connection with the merger, ongoing indemnification and insurance coverage and other rights that may be held by TXNM’s directors and executive officers; the expectation that some of the directors and executive officers of TXNM will continue to serve as directors and executive officers of Parent or its subsidiaries following completion of the merger; and the indemnification of current and former TXNM directors and officers by Parent. The Board of Directors was aware of and considered these interests when it unanimously (i) determined that the merger consideration is fair, from a financial point of view, to TXNM’s shareholders, (ii) declared the merger agreement and the transactions contemplated by the merger agreement, including the merger, advisable, consistent with and in furtherance of TXNM’s business strategies and fair to and in the best interests of TXNM and TXNM’s shareholders and (iii) resolved to submit adoption of the merger agreement for approval by TXNM shareholders and recommend the approval of the merger agreement by TXNM shareholders. For a full description of the stock ownership of TXNM directors and executive officers and the financial interests of TXNM officers and directors in the merger, see the sections entitled “Interests of TXNM’s Directors and Executive Officers in the Merger” beginning on page 62 of this proxy statement and “Advisory Vote on Merger-Related Compensation for TXNM’s Named Executive Officers” beginning on page 33 of this proxy statement.

Dissenter’s Rights of TXNM Shareholders (Page 56)

Holders of TXNM common stock may elect to dissent from the merger and obtain payment for their shares of TXNM common stock by following the procedures set forth in Section 53-15-3 (Right of Shareholders to Dissent and Obtain Payment for Shares) and Section 53-15-4 (Rights of Dissenting Shareholders) of Chapter 53 of the New Mexico Business Corporation Act, or the NMBCA. Failure to follow any of the statutory procedures set forth in Section 53-15-3 and Section 53-15-4 of the NMBCA may result in the loss or waiver of dissenter’s rights under New Mexico law. A person having a beneficial interest in shares of TXNM’s common stock held of record in the name of another person, such as a bank, broker or other nominee, must act promptly to cause the record holder to follow the steps summarized in this proxy statement and in a timely manner to perfect dissenter’s rights. In view of the complexity of Section 53-15-3 and Section 53-15-4 of the NMBCA, TXNM shareholders who may wish to pursue dissenter’s rights should consult their own legal and financial advisors. For more information regarding the right of holders of TXNM common stock to dissent from the merger and exercise the right to obtain payments for shares of TXNM common stock, see the section entitled “The Merger —Dissenter’s Rights” beginning at page 56 of this proxy statement. We have also attached a copy of Section 53-15-3 and Section 53-15-4 of the NMBCA as **Annex C** to this proxy statement.

Financing of the Merger (Page 59)

As of the date of this proxy statement, the estimated maximum total amount of funds required to complete the merger is approximately \$7.585 billion. Parent and Merger Sub expect this amount to be funded through a combination of the following:

- debt financing in an aggregate amount of up to \$965.7 million to fund the repayment, repurchase or other retirement in full of certain outstanding indebtedness of TXNM and its subsidiaries in connection with the consummation of the merger, and to pay fees and expenses incurred in connection therewith (see the section entitled “The Merger—Debt Commitment Letters” beginning on page 59 of this proxy statement); and
- equity financing in an aggregate amount of up to \$6.619 billion (see the section entitled “The Merger—Equity Commitment Letter” beginning on page 60 of this proxy statement).

The consummation of the merger under the merger agreement is not subject to any financing condition.

Delisting and Deregistration of TXNM Common Stock (Page 61)

If the merger is completed, TXNM common stock will be delisted from the NYSE and deregistered under the Exchange Act and TXNM will no longer file periodic reports with the Securities and Exchange Commission, or the SEC, on account of its common stock.

Litigation Relating to the Merger (Page 61)

As of the date of this proxy statement, there are no pending lawsuits challenging the merger, but TXNM has received demand letters from purported TXNM shareholders alleging deficiencies or omissions in the preliminary proxy statement that TXNM filed on July 11, 2025. The demand letters seek additional disclosures to remedy these purported deficiencies. Potential plaintiffs may file lawsuits challenging the merger. The outcome of any future litigation is uncertain.

Regulatory Approvals Required for the Merger (Page 55)

To complete the merger, Parent and TXNM must obtain approvals or consents from, or make filings with, a number of U.S. federal and state regulatory authorities. The material regulatory approvals, consents and filings include the following:

- the expiration or termination of the waiting period under the HSR Act and the rules and regulations thereunder;
- approval by the New Mexico Public Regulation Commission, or NMPRC, pursuant to New Mexico Public Utility Act and NMPRC Rule 450;
- approval by the Public Utility Commission of Texas, or PUCT, pursuant to the Public Utility Regulatory Act, or PURA;
- approval from the Federal Energy Regulatory Commission, or FERC, pursuant to Section 203 of the Federal Power Act, or FPA;
- approval from the Federal Communications Commission, or FCC, under the Communications Act of 1934 for the transfer of control over wireless and microwave licenses held by certain TXNM subsidiaries; and
- approval from the United States Nuclear Regulatory Commission, or NRC.

Parent and TXNM have made or intend to make various filings and submissions for the above-mentioned authorizations and approvals and, under the terms of the merger agreement, each company must use its reasonable best efforts to obtain these authorizations and approvals, subject to certain conditions.

The merger agreement also requires approval of the merger agreement and related transactions by TXNM's shareholders (as of the close of business on the record date).

Pursuant to the HSR Act requirements, Parent and TXNM expect to file the required Notification and Report Forms with the DOJ and the FTC on a date to be agreed to by the parties as provided for in the merger agreement. Parent and TXNM expect to file their joint application with FERC and applications with NMPRC and with PUCT prior to the consummation of the merger. Parent and TXNM expect to file transfer of control applications with the FCC with respect to the wireless and microwave licenses held by PNM and TNMP prior to the consummation of the merger. An application for approval of the NRC is expected to be filed prior to the consummation of the merger.

Material United States Federal Income Tax Consequences (Page 69)

The exchange of shares of TXNM common stock for cash pursuant to the merger will be a taxable transaction to U.S. holders (as defined in the section entitled "Material United States Federal Income Tax Consequences" beginning on page 69 of this proxy statement) for U.S. federal income tax purposes. In general, a U.S. holder whose shares of TXNM common stock are converted into the right to receive cash in the merger will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to such shares of TXNM common stock and such U.S. holder's adjusted tax basis in such shares. Backup withholding may also apply to the cash payments made pursuant to the

merger unless the U.S. holder or other payee provides a valid taxpayer identification number and complies with certain certification procedures (generally, by providing a properly completed and executed IRS Form W-9) or otherwise establishes an exemption from backup withholding. Payments made to a non-U.S. holder (as defined in the section entitled “Material United States Federal Income Tax Consequences” beginning on page 69 of this proxy statement) with respect to shares of TXNM common stock exchanged for cash pursuant to the merger generally will not be subject to U.S. federal income tax, subject to certain exceptions (as discussed in the section entitled “Material United States Federal Income Tax Consequences” beginning on page 69 of this proxy statement). A non-U.S. holder may, however, be subject to backup withholding with respect to the cash payments made pursuant to the merger, unless the non-U.S. holder certifies on an appropriate IRS Form W-8 that such non-U.S. holder is not a United States person or otherwise establishes an exemption from backup withholding. You should read the section entitled “Material United States Federal Income Tax Consequences” beginning on page 69 of this proxy statement for a more detailed discussion of the United States federal income tax consequences of the merger. You should also consult your tax advisor with respect to the specific tax consequences to you in connection with the merger in light of your own particular circumstances, including U.S. federal income, estate, gift and other non-income tax consequences, and tax consequences under state, local or non-U.S. tax laws or any applicable income tax treaties.

QUESTIONS AND ANSWERS

The following questions and answers are intended to briefly address some commonly asked questions regarding the merger, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a holder of TXNM common stock. Please see the section entitled “Summary” beginning on page 1 of this proxy statement and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference into this proxy statement, which you should read carefully and in their entirety.

You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions under the section entitled “Where You Can Find Additional Information” beginning on page 107 of this proxy statement.

Q1: Why am I receiving this proxy statement and proxy card?

A1: TXNM has agreed to combine with Parent under the terms of the merger agreement, as further described in this proxy statement. If the merger agreement is approved by TXNM shareholders and the other conditions to closing under the merger agreement are satisfied or waived, Merger Sub will merge with and into TXNM and TXNM will continue as a wholly-owned subsidiary of Parent upon completion of the merger.

We are holding the special meeting to ask our shareholders to consider and vote upon a proposal to approve the merger agreement. TXNM shareholders are also being asked to (i) consider and vote upon a proposal to approve, by non-binding, advisory vote, certain compensation arrangements for TXNM’s named executive officers in connection with the merger and (ii) consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement.

You are receiving these materials because you owned shares of TXNM common stock as of July 17, 2025, the record date, and are therefore eligible to vote at the special meeting.

This proxy statement contains important information about the merger, the merger agreement, a copy of which is attached as **Annex A** to this proxy statement, the special meeting and the proposals to be voted on at the special meeting. You should read this information carefully and in its entirety.

Q2: When and where is the special meeting?

A2: The special meeting will be held on August 28, 2025, at 9:00 a.m. Mountain Time, at TXNM Energy, Inc. Corporate Headquarters - 4th Floor, 414 Silver Avenue SW, Albuquerque, New Mexico 87102.

For additional information about the special meeting, see the section entitled “The TXNM Special Meeting” beginning on page 28 of this proxy statement.

Q3: Who may vote at the special meeting?

A3: On July 17, 2025, the record date for the special meeting, TXNM had 105,378,979 shares of common stock outstanding. All TXNM shareholders who held TXNM common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the special meeting. Each such TXNM shareholder is entitled to cast one vote on each matter properly brought before the special meeting for each share of TXNM common stock that such shareholder owned of record as of the record date.

You will have the opportunity to vote your shares in person during the special meeting. If you are a beneficial owner and your shares are held in “street name,” and you wish to vote in person at the special meeting, you must obtain a legal proxy from the organization that holds your shares. Please contact that organization for instructions regarding obtaining a legal proxy.

Q4: What am I being asked to vote on at the special meeting and how does the Board of Directors recommend that I vote?

A4: The following three proposals will be considered and voted on at the special meeting:

	<u>Description of Proposal</u>	<u>Proposal discussed on following pages:</u>	<u>Board Recommendation</u>
PROPOSAL 1	Approval of the merger agreement	74	FOR
			See the section entitled “The Merger—TXNM’s Reasons for the Merger” beginning on page 43 of this proxy statement
PROPOSAL 2	Approval, by non-binding, advisory vote, of certain compensation arrangements for TXNM’s named executive officers in connection with the merger	33	FOR
PROPOSAL 3	Approval of one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement	34	FOR

Q5: Does my vote matter?

A5: Yes. **Your vote is important. You are encouraged to submit your proxy as promptly as possible.** The merger cannot be completed unless the merger agreement is approved by the TXNM shareholders. If you fail to submit a proxy or vote at the special meeting, or abstain, or you do not provide your bank, broker or other nominee with instructions, as applicable, this will have the same effect as a vote “AGAINST” the proposal to approve the merger agreement. Our Board of Directors unanimously recommends that shareholders vote “FOR” the proposal to approve the merger agreement and the related matters.

Q6: How do I vote my shares?

A6: For your convenience, we have established three easy methods for voting shares held in your name:

By Internet:	Access www.proxyvote.com and follow the instructions. (You will need the control number on your proxy card or voting instruction form to vote your shares.)
By Telephone:	For automated telephone voting, call 1-800-690-6903 (toll free) from any touch-tone telephone and follow the instructions. (You will need the control number on your proxy card or voting instruction form to vote your shares.)
By Mail:	Simply date and sign your proxy card exactly as your name appears on your proxy card and mail it in the enclosed, postage-paid envelope.
During the Meeting:	If the shares are registered in your name, you can attend and cast your vote at the special meeting. To attend the special meeting in person, you will need to provide proof of your stock ownership as of the record date and provide a government-issued photo identification. If your stock is held in “street name,” and you do not provide voting instructions to your broker before the meeting, then you can only vote in person if you have an authorized proxy to do so from the registered shareholder.

Your shares will be voted in the manner you indicate. The telephone and internet voting systems are available 24 hours a day. They will close at 11:59 p.m. Eastern Time on August 27, 2025. Please note that the voting deadline is earlier for voting shares held in TXNM's Retirement Savings Plan, or RSP, as described below under Question 13.

Q7: What is a proxy?

A7: A proxy is your legal designation of another person (the "proxy") to vote on your behalf. By voting by telephone or over the internet, or by completing and mailing a printed proxy card, you are giving the proxy committee appointed by the Board of Directors (consisting of P.K. Collawn and N.P. Becker) the authority to vote your shares in the manner you indicate. If you are a shareholder of record and sign and return your proxy card without indicating how you want your shares to be voted, or if you vote by telephone or over the internet in accordance with the voting recommendations of the Board of Directors, the proxy committee will vote your shares as follows:

- **FOR** approval of the merger agreement;
- **FOR** approval of certain compensation arrangements for TXNM's named executive officers in connection with the merger; and
- **FOR** approval of one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement.

Under NYSE rules, banks, brokers or other nominees who hold shares in "street name" on behalf of the beneficial owner of such shares have the authority to vote such shares in their discretion on certain "routine" proposals when they have not received voting instructions from the beneficial owners. Banks, brokers or other nominees, however, are not allowed to exercise their voting discretion with respect to matters that under NYSE rules are "non-routine." This can result in a "broker non-vote," which occurs on an item when (i) a bank, broker or other nominee has discretionary authority to vote on one or more "routine" proposals to be voted on at a meeting of shareholders, but is not permitted to vote on other "non-routine" proposals without instructions from the beneficial owner of the shares and (ii) the beneficial owner fails to provide the bank, broker or other nominee with voting instructions on a "non-routine" matter. All of the proposals before the special meeting are considered "non-routine" matters under NYSE rules, and banks, brokers or other nominees will not have discretionary authority to vote on any matter before the meeting. As a result, if you hold your shares of TXNM common stock in "street name," your shares will not be represented and will not be voted on any matter unless you affirmatively instruct your bank, broker or other nominee how to vote your shares of TXNM common stock in accordance with the voting instructions provided by your bank, broker or other nominee. The effect of not instructing your bank, broker or other nominee how you wish your shares to be voted will be the same as a vote "AGAINST" the proposal to approve the merger agreement, and will not have an effect on the proposal to approve, by non-binding, advisory vote, the merger-related executive compensation or on the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement. **It is therefore critical that you cast your vote by instructing your bank, broker or other nominee on how to vote. Banks, brokers and other nominees will not be able to vote on any of the proposals before the special meeting unless they have received voting instructions from the beneficial owners.**

Q8: Can I change my vote or revoke my proxy?

A8: Yes. Any subsequent vote by any means will change your prior vote. The last vote actually received before the special meeting will be the one counted. You may also revoke your proxy by voting in person at the special meeting.

Q9: What constitutes a quorum and why is a quorum required?

A9: A quorum of shareholders is necessary to conduct business at the special meeting. If at least a majority of all of the TXNM common stock outstanding on the record date is represented at the special meeting, in person or by proxy (by voting by telephone or over the internet, in person or by properly submitting a proxy card or voting instruction form by mail), a quorum will exist. Abstentions and withheld votes will be counted as present for quorum purposes.

Q10: What is the vote required to approve each proposal at the special meeting?

A10: Except for the adjournment proposal, the vote required to approve each of the proposals listed below assumes the presence of a quorum at the special meeting.

Proposal	Affirmative Vote Requirement	Effect of Abstentions
PROPOSAL 1 – Approve the merger agreement	Majority of shares of TXNM common stock outstanding as of July 17, 2025, the record date for the special meeting.	Because the affirmative vote required to approve the merger agreement is based upon the total number of outstanding shares of TXNM common stock, if you fail to submit a proxy or vote during the special meeting, or abstain, or if your shares of TXNM common stock are held through a bank, broker or other nominee and you do not provide your bank, broker or other nominee with instructions, as applicable, this will have the same effect as a vote “AGAINST” the proposal to approve the merger agreement.

Proposal	Affirmative Vote Requirement	Effect of Abstentions
PROPOSAL 2 – Approve, by non-binding, advisory vote, certain compensation arrangements for TXNM’s named executive officers in connection with the merger	The approval of the merger-related executive compensation requires the affirmative vote of the owners of a majority of the shares of TXNM common stock present in person or represented by proxy and entitled to vote thereon; however, such vote is non-binding and advisory only.	Any shares not present at the special meeting, including due to the failure of any shareholder holding their shares in “street name” to provide any voting instructions to their bank, broker or other nominee with respect to the special meeting, will have no effect on the outcome of the merger-related compensation proposal. However, an abstention will have the same effect as a vote “AGAINST” the merger-related compensation proposal.

If any shareholder who holds their shares in “street name” through a bank, broker or other nominee gives voting instructions to such bank, broker or other nominee with respect to one or more proposals at the special meeting but not with respect to the merger-related compensation proposal such shares will have the same effect as a vote “AGAINST” the merger-related compensation proposal.

Proposal	Affirmative Vote Requirement	Effect of Abstentions
PROPOSAL 3 – Approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement	If no quorum is present, authorization for proxy holders to vote in favor of one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement requires the affirmative vote of the owners of a majority of shares of TXNM common stock present in person or represented by proxy and entitled to vote thereon. If a quorum is present, authorization for proxy holders to vote in favor of one or more adjournments of the special meeting would require the affirmative vote of the owners of a majority of the shares of TXNM common stock present in person or represented by proxy and entitled to vote thereon.	Whether or not a quorum is present, if your shares of TXNM common stock are present at the special meeting but are not voted on the proposal, or if you abstain on the proposal, each will have the effect of a vote “AGAINST” the proposal to approve one or more adjournments of the special meeting. Whether or not a quorum is present, if you fail to submit a proxy or attend the special meeting in person or if your shares of TXNM common stock are held through a bank, broker or other nominee and you do not instruct your bank, broker or other nominee to vote your shares of TXNM common stock, as applicable, your shares of TXNM common stock will not be voted, but this will not have an effect on the vote to approve one or more adjournments of the special meeting.

See the section entitled “The TXNM Special Meeting—Record Date and Quorum” beginning on page 28 of this proxy statement.

Q11: What is the difference between a “shareholder of record” and a “street name” holder?

A11: These terms describe how your shares are held. If your shares are registered directly in your name with Computershare Trust Company, N.A., or Computershare, our transfer agent, you are a “shareholder of record” with respect to those shares and the proxy materials were sent directly to you by TXNM.

If your shares are held in the name of a bank, broker or other nominee as a custodian, you are a “street name” holder and the proxy materials would have been forwarded to you by that organization. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

Q12: Why did I receive more than one set of proxy materials?

A12: You will receive multiple sets of proxy materials if you hold your shares in different ways (e.g., joint tenancy, trusts, custodial accounts) or in multiple accounts. Each set of proxy materials that you receive will contain a specific “control number” with the relevant information to vote the specific shares at issue. Note that the proxy materials for shares registered in your name will include any shares you may hold in the Direct Plan. If your shares are held by a broker (i.e., in “street name”), you will receive proxy materials on how to obtain your proxy materials and vote from your broker. You should vote according to the instructions on each set of proxy materials you receive and vote on, sign and return each proxy card you receive.

Additionally, if you and one or more other shareholders share the same address, it is possible that one copy of the proxy materials, as applicable, was delivered to your address. This is known as “householding.” We will promptly deliver a separate copy of the Notice or, if you requested a printed version by mail, the proxy materials, to you if you call or write us at our principal executive offices at TXNM Energy, Inc., Attn: Investor Relations and Shareholder Services, 414 Silver Avenue SW, MS-0905, Albuquerque,

NM 87102-3289; telephone: (505) 241-2868. If you want to receive separate copies of the proxy materials in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address and telephone number.

Q13: How do I vote my RSP shares?

A13: If you participate in the RSP, our 401(k) plan for our employees, and shares have been allocated to your account under the TXNM Stock Fund investment option, you will receive the following materials by mail:

- the proxy materials; and
- a separate vote authorization form and voting instructions for these RSP shares from the TXNM Corporate Investment Committee.

Please use the RSP vote authorization form to vote your RSP shares allocated to your account under the TXNM Stock Fund investment option by telephone, internet or mail. To allow sufficient time for the record holder of the RSP shares, The Vanguard Fiduciary Trust Company, to vote these shares, your voting instructions must be received by August 26, 2025.

Q14: If my shares of TXNM common stock are held in “street name” by my bank, broker or other nominee, will my bank, broker or other nominee automatically vote those shares for me?

A14: Your bank, broker or other nominee will only be permitted to vote your shares of TXNM common stock if you instruct your bank, broker or other nominee how to vote. You should follow the procedures provided by your bank, broker or other nominee regarding the voting of your shares of TXNM common stock. Under NYSE rules, banks, brokers or other nominees who hold shares of TXNM common stock in “street name” on behalf of the beneficial owner of such shares have the authority to vote such shares in their discretion on certain “routine” proposals when they have not received voting instructions from the beneficial owners. Banks, brokers or other nominees, however, are not allowed to exercise their voting discretion with respect to matters that under NYSE rules are “non-routine.” This can result in a “broker non-vote,” which occurs on an item when (i) a bank, broker or other nominee has discretionary authority to vote on one or more “routine” proposals to be voted on at a meeting of shareholders, but is not permitted to vote on other “non-routine” proposals without instructions from the beneficial owner of the shares and (ii) the beneficial owner fails to provide the bank, broker or other nominee with voting instructions on a “non-routine” matter. All of the proposals before the special meeting are considered “non-routine” matters under NYSE rules, and banks, brokers or other nominees will not have discretionary authority to vote on any matter before the meeting. As a result, if you hold your shares of TXNM common stock in “street name,” your shares will not be represented and will not be voted on any matter unless you affirmatively instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instructions provided by your bank, broker or other nominee. The effect of not instructing your bank, broker or other nominee how you wish your shares to be voted will be the same as a vote “AGAINST” the proposal to approve the merger agreement, and will not have an effect on the proposal to approve, by non-binding, advisory vote, of the merger-related executive compensation or on the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement. **It is therefore critical that you cast your vote by instructing your bank, broker or other nominee on how to vote. Banks, brokers and other nominees will not be able to vote on any of the proposals before the special meeting unless they have received voting instructions from the beneficial owners.**

Q15: What is the proposed merger and what effect will it have on TXNM?

A15: The proposed merger is the merger of Merger Sub, a direct, wholly-owned subsidiary of Parent, with and into TXNM, with TXNM continuing as the surviving company and a direct, wholly-owned subsidiary of Parent. As a result of the merger, TXNM will no longer be a publicly held company and you will no longer have any interest in TXNM, including its future earnings. Following the merger, TXNM common stock will be delisted from the NYSE and deregistered under the Exchange Act.

Q16: Did the Board of Directors adopt the merger agreement?

A16: Yes. At a meeting on May 18, 2025, the Board of Directors unanimously adopted the merger agreement and approved and determined that it is in the best interests of TXNM and its shareholders for TXNM to execute and deliver the merger agreement and consummate the merger and the other transactions contemplated by the merger agreement.

Q17: What will I receive if the merger is completed?

A17: If the merger is completed, each share of TXNM common stock issued and outstanding immediately prior to the completion of the merger (other than (i) shares of TXNM common stock owned by Parent, TXNM, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent or TXNM and (ii) shares held by shareholders who have not voted in favor of the merger and who are entitled to and have properly demanded dissenter's rights under New Mexico law) will be converted into the right to receive \$61.25 in cash, without interest, or the merger consideration.

Q18: How does the merger consideration compare to the market price per share of TXNM common stock prior to the announcement of the merger?

A18: The merger consideration represented a premium to TXNM's recent and historic share trading price (a 22.3% implied premium to the unaffected share price of TXNM common stock as of March 5, 2025 and a 23.0% implied premium to the 30-day volume weighted average price of TXNM's common stock as of March 5, 2025).

Q19: What will holders under TXNM's stock-based plans receive in the merger?

A19: Immediately prior to the effective time of the merger, pursuant to the merger agreement, each outstanding award of TXNM restricted stock rights granted under the TXNM Stock Plan or otherwise will be converted into a right to receive an amount of cash (rounded down to the nearest cent) equal to the product of (i) the total number of shares of TXNM common stock subject to such restricted stock right immediately prior to the effective time of the merger multiplied by (ii) the merger consideration, plus interest at the rate of 6%, compounded semi-annually, from the effective time of the merger until the date of payment (less applicable taxes required to be withheld with respect to such payment). The restricted stock rights cash payouts will be payable subject to the same terms and conditions as were applicable to the corresponding cancelled TXNM restricted stock rights, including any applicable vesting, acceleration, payment timing provisions, and in the case of any member of the Board of Directors, any deferral elections, but excluding any terms rendered inoperative by reason of the consummation of the merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award.

Prior to the effective time of the merger, pursuant to the merger agreement, the Board of Directors (or its applicable committee) will determine the number of shares of TXNM common stock that will be deemed to have been earned as of the effective time of the merger, based on the higher of the target level of performance and the actual level of performance, determined on a goal-by-goal basis, as of the last day of the last month ending at least 30 days before the effective time of the merger under each outstanding award of performance shares under the TXNM Stock Plan or otherwise. Immediately prior to the effective time of the merger, the number of earned performance shares so determined will be converted into a right to receive a cash amount (rounded down to the nearest cent) equal to the product of (i) the number of shares of TXNM common stock subject to such earned performance share award immediately prior to the effective time of the merger multiplied by (ii) the merger consideration, plus interest at the rate of 6%, compounded semi-annually, from the effective time of the merger until the date of payment, less applicable taxes required to be withheld with respect to such payment. The earned performance shares cash payouts will be payable subject to the same service-based terms and conditions as were applicable to the corresponding cancelled TXNM performance shares, including any applicable service-based vesting, acceleration, and payment timing provisions, but excluding any terms rendered inoperative by reason of the consummation of the merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award.

Immediately prior to the effective time of the merger, pursuant to the merger agreement, each outstanding deferred restricted stock right under the Deferred Plan will be converted into the right to receive the merger consideration at the effective time (or such later date as required by Section 409A of the Code).

See the section “The Merger Agreement—Treatment of TXNM Restricted Stock Rights, Performance Shares, Direct Plan, and Deferred Plan” beginning on page 78 of this proxy statement for further information.

Q20: Why am I being asked to consider and vote on the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for named executive officers of TXNM in connection with the merger?

A20: Under SEC rules, we are required to seek a non-binding, advisory vote with respect to the compensation that may be paid or become payable to our named executive officers that is based on, or otherwise relates to, the merger.

Q21: What will happen if TXNM shareholders do not approve this merger-related executive compensation?

A21: TXNM shareholder approval of the compensation that may be paid or become payable to TXNM’s named executive officers that is based on, or otherwise relates to, the merger is not a condition to completion of the merger. The vote is an advisory vote and will not be binding on TXNM or Parent in the merger. If the merger is completed, the merger-related compensation may be paid to TXNM’s named executive officers to the extent payable in accordance with the terms of their compensation agreements and arrangements even if TXNM shareholders do not approve, by non-binding, advisory vote, the merger-related executive compensation.

Q22: Have any TXNM shareholders agreed to vote their shares in favor of the proposal to approve the merger agreement or the other matters described in this proxy statement?

A22: Yes. At the close of business on the record date, Troy TopCo LP, a Delaware limited partnership and an affiliate of Parent and Merger Sub, or Troy TopCo, owned and is entitled to vote 8,000,000 shares of TXNM common stock, or the TopCo Shares, representing approximately 7.6% of the TXNM common stock outstanding on that date. Pursuant to the terms of the Blackstone stock purchase agreement, Troy TopCo has agreed to vote all TopCo Shares owned by it in favor of the merger and for all other matters, (i) as recommended by the Board of Directors if the Board of Directors has made a recommendation, so long as the TopCo Shares may be lawfully voted as so provided and (ii) pro rata in proportion to the votes cast by the holders of TXNM common stock other than the TopCo Shares if the Board of Directors has not made a recommendation or if the TopCo Shares may not be lawfully voted as provided in clause (i).

In addition, at the close of business on the record date, the Zimmer Purchasers (as defined below) owned and are entitled to vote, in the aggregate, 3,615,003 shares of TXNM common stock, or the Zimmer Shares, representing approximately 3.4% of the TXNM common stock outstanding on that date. Pursuant to the terms of the stock purchase agreement, dated as of June 25, 2025, or the Zimmer stock purchase agreement, by and among TXNM, Zimmer Partners, LP, a Delaware limited partnership, or Zimmer Partners, and the purchasers set forth on Schedule I thereto, or the Zimmer Purchasers, each of the Zimmer Purchasers (or Zimmer Partners on behalf of the Zimmer Purchasers) agreed to vote the Zimmer Shares then held by such Zimmer Purchasers in favor of the merger and for all other matters, as recommended by the Board of Directors, if the Board of Directors has made a recommendation with respect to such matter, so long as such Zimmer Shares may be lawfully voted as so provided.

Further, as of the close of business on the record date, the directors and executive officers of TXNM beneficially owned and are entitled to vote, in the aggregate, 1,280,785 shares of TXNM common stock, representing approximately 1.22% of the outstanding shares of TXNM common stock. The directors and executive officers of TXNM have informed us that they currently intend to, but none are obligated to, vote all such shares of TXNM common stock “FOR” the proposal to approve the merger agreement, “FOR” the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for TXNM’s named executive officers in connection with the merger and “FOR” the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement, although proxy holders are not obligated to vote in favor of adjournment.

Q23: Do any of TXNM’s directors or executive officers have interests in the merger that differ from or are in addition to my interests as a shareholder of TXNM common stock?

A23: In considering the recommendation of the Board of Directors with respect to the proposal to approve the merger agreement and the other matters described in this proxy statement, you should be aware that certain directors and executive officers of TXNM may have interests in the merger that are different from, or in addition to, the interests of TXNM shareholders generally, including the treatment in the merger of TXNM equity compensation awards, potential retention awards, potential severance and other benefits upon a qualifying termination of employment in connection with the merger, ongoing indemnification and insurance coverage, and other rights that may be held by TXNM’s directors and executive officers. The Board of Directors was aware of and has considered these interests, among other matters, in evaluating and negotiating the merger agreement and approving the merger, and in recommending that the merger agreement be approved by TXNM shareholders. See the sections entitled “Interests of TXNM’s Directors and Executive Officers in the Merger” beginning on page 62 of this proxy statement and “Advisory Vote on Merger-Related Compensation for TXNM’s Named Executive Officers” beginning on page 33 of this proxy statement.

Q24: When do you expect the merger to be completed?

A24: Subject to the satisfaction or waiver of the closing conditions described under the section entitled “The Merger Agreement—Conditions That Must Be Satisfied or Waived for the Merger to Occur” beginning on page 98 of this proxy statement, including the approval of the merger agreement by TXNM shareholders at the special meeting and certain regulatory approvals, the merger will close as soon as reasonably practicable. TXNM and Parent expect that the merger will close in the second half of 2026. However, it is possible that factors outside the control of both companies could result in the merger being completed at a different time or not at all.

Q25: What are the material United States federal income tax consequences of the merger to TXNM shareholders?

A25: The exchange of shares of TXNM common stock for cash pursuant to the merger will be a taxable transaction to U.S. holders (as defined in the section entitled “Material United States Federal Income Tax Consequences” beginning on page 69 of this proxy statement) for U.S. federal income tax purposes. In general, a U.S. holder whose shares of TXNM common stock are converted into the right to receive cash in the merger will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to such shares of TXNM common stock and such U.S. holder’s adjusted tax basis in such shares. Backup withholding may also apply to the cash payments made pursuant to the merger unless the U.S. holder or other payee provides a valid taxpayer identification number and complies with certain certification procedures (generally, by providing a properly completed and executed IRS Form W-9) or otherwise establishes an exemption from backup withholding. Payments made to a non-U.S. holder (as defined in the section entitled “Material United States Federal Income Tax Consequences” beginning on page 69 of this proxy statement) with respect to shares of TXNM common stock exchanged for cash pursuant to the merger generally will not be subject to U.S. federal income tax, subject to certain exceptions (as discussed in the section entitled “Material United States Federal Income Tax Consequences” beginning on page 69 of this proxy statement). A non-U.S. holder may, however, be subject to backup withholding with respect to the cash payments made pursuant to the merger, unless the non-U.S. holder certifies on an appropriate IRS Form W-8 that such non-U.S. holder is not a United States person or otherwise establishes an exemption from backup withholding. You should read the section entitled “Material United States Federal Income Tax Consequences” beginning on page 69 of this proxy statement for a more detailed discussion of the U.S. federal income tax consequences of the merger. You should also consult your tax advisor with respect to the specific tax consequences to you in connection with the merger in light of your own particular circumstances, including U.S. federal income, estate, gift and other non-income tax consequences, and tax consequences under state, local or non-U.S. tax laws or any applicable income tax treaties.

Q26: How will I receive the merger consideration to which I am entitled?

A26: After receiving the proper documentation from you, following the completion of the merger, the exchange agent will forward to you the cash to which you are entitled. If you own TXNM common stock in

book-entry form or through a bank, broker, bank or other nominee, you will not need to obtain share certificates to submit for exchange to the exchange agent. However, you or your bank, broker or other nominee will need to follow the instructions provided by the exchange agent in order to properly surrender your TXNM common stock. More information on the documentation you are required to deliver to the exchange agent may be found in the section entitled “The Merger Agreement—Surrender of TXNM Shares” beginning on page 75 of this proxy statement.

Q27: What happens if I sell my shares of TXNM common stock before the special meeting?

A27: The record date is earlier than both the date of the special meeting and the completion of the merger. If you transfer your shares of TXNM common stock after the record date but before the special meeting, you will, unless the transferee requests a proxy from you, retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares. In order to receive the merger consideration, you must hold your shares at the effective time of the merger.

Q28: What happens if I sell or otherwise transfer my shares of TXNM common stock after the special meeting but before the completion of the merger?

A28: If you sell or otherwise transfer your shares after the special meeting but before the completion of the merger, you will have transferred the right to receive the merger consideration to the person to whom you transfer your shares. In order to receive the merger consideration upon completion of the merger, you must hold your shares at the effective time of the merger.

Q29: Should I send in my share certificate(s) now?

A29: **No, please do NOT return your share certificate(s) with your proxy.** If the merger agreement is approved by TXNM shareholders and the merger is completed, and you hold physical share certificate(s), you will be sent a letter of transmittal as promptly as reasonably practicable after the completion of the merger describing how you may exchange your shares of TXNM common stock for the merger consideration. If your shares of TXNM common stock are held in “street name” through a bank, broker or other nominee, you will receive instructions from your bank, broker or other nominee as to how to effect the surrender of your “street name” shares of TXNM common stock in exchange for the merger consideration.

Q30: Am I entitled to exercise dissenter’s rights instead of receiving the merger consideration for my shares of TXNM common stock?

A30: Yes, TXNM shareholders of record have the right under New Mexico law to demand appraisal of their shares of TXNM common stock in connection with the merger and to receive, in lieu of the merger consideration, payment in cash for the fair value of their shares of TXNM common stock. Any TXNM shareholder electing to exercise dissenters’ rights must not have voted his, her or its shares of TXNM common stock “FOR” the proposal to approve the merger agreement and must specifically comply with the applicable provisions of the NMBCA in order to perfect the rights of dissent and appraisal. See the section entitled “The Merger—Dissenter’s Rights” beginning at page 56 of this proxy statement.

Q31: What are the conditions to completion of the merger?

A31: In addition to the approval of the merger agreement by TXNM shareholders as described above, completion of the merger is subject to the satisfaction or waiver of a number of other conditions, including the absence of any material adverse effect on TXNM and the receipt of required regulatory approvals. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see the section entitled “The Merger Agreement—Conditions That Must Be Satisfied or Waived for the Merger to Occur” beginning on page 98 of this proxy statement.

Q32: What happens if the merger is not completed?

A32: If the merger agreement is not approved by TXNM shareholders or if the merger is not completed for any other reason, TXNM shareholders will not receive any consideration for their shares of TXNM common stock. Instead, TXNM will remain an independent public company, TXNM common stock will continue to

be listed and traded on the NYSE and registered under the Exchange Act and TXNM will continue to file periodic reports with the SEC. Under certain circumstances, TXNM may be required to pay Parent a termination fee of \$210 million or Parent may be required to pay TXNM a termination fee of \$350 million. In the event TXNM must pay the TXNM termination fee, it may offset any expenses it has paid to Parent pursuant to the merger agreement against such fee. See the sections entitled “The Merger Agreement—Termination of the Merger Agreement” and “The Merger Agreement—Expenses” beginning on pages 99 and 102, respectively, of this proxy statement.

Q33: Who will solicit and pay the cost of soliciting proxies?

A33: The enclosed proxy is being solicited on behalf of the Board of Directors. This solicitation is being made by mail, but also may be made in person, by telephone or over the internet. We have hired Georgeson to assist in the solicitation for an estimated fee of \$40,000 plus any out-of-pocket expenses. TXNM will pay all costs related to solicitation. Broadridge is tabulating the vote and providing the webcast hosting services for listening to the special meeting.

Q34: Is this proxy statement the only way that proxies are being solicited?

A34: No. As stated above, we have retained Georgeson to aid in the solicitation of proxies. In addition to mailing these proxy materials, certain directors, officers, or employees of TXNM may solicit proxies by telephone, facsimile, e-mail, or personal contact. They will not be specifically compensated for doing so.

Q35: Will shareholders be given the opportunity to ask questions at the special meeting?

A35: Yes. The Executive Chairman will answer questions asked by shareholders during a designated portion of the special meeting. Shareholders must direct questions and comments to the Executive Chairman and limit their remarks to matters that relate directly to the business of the special meeting. For other rules of conduct, please refer to materials that will be provided to you during the special meeting.

Q36: Where can I find the voting results of the special meeting?

A36: Preliminary voting results will be announced at the special meeting. The final voting results will be tallied by the inspectors of election and published in our Current Report on Form 8-K filed with the SEC within four business days after the date of the special meeting. Such results will also be published on our website at www.txnmenergy.com.

Q37: Who can help answer any other questions I have?

A37: If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of TXNM common stock, or need additional copies of this proxy statement or the enclosed proxy card, please contact Georgeson, our proxy solicitor, by calling toll-free at 888-686-8126.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement and other documents incorporated by reference into this proxy statement contain or may contain forward-looking statements. Forward-looking statements may be identified by the use of forward-looking terms such as “may,” “will,” “should,” “can,” “expects,” “believes,” “anticipates,” “intends,” “plans,” “estimates,” “projects,” “assumes,” “guides,” “targets,” “forecasts,” “is confident that” and “seeks” or the negative of such terms or other variations on such terms or comparable terminology. These forward-looking statements generally include statements regarding the proposed merger, including any statements regarding the expected timetable for completing the proposed transaction, the ability to complete the merger, the expected benefits of the merger, projected financial information, future opportunities, and any other statements regarding TXNM’s and Parent’s future expectations, beliefs, plans, objectives, results of operations, financial condition and cash flows, or future events or performance. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates. TXNM’s business, financial condition, cash flow, and operating results are influenced by many factors, which are often beyond its control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. In addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements, factors that could cause our actual results to differ materially from those contemplated in any forward-looking statements include, among others, the following:

- the failure of Parent to obtain any equity, debt or other financing necessary to complete the merger;
- the expected timing and likelihood of completion of the pending merger, including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the pending merger that could reduce anticipated benefits or cause the parties to abandon the transaction;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, including in circumstances requiring TXNM to pay a termination fee;
- the possibility that TXNM’s shareholders may not approve the merger agreement;
- the risk that the parties may not be able to satisfy the conditions to the proposed merger in a timely manner or at all;
- the receipt of an unsolicited offer from another party to acquire our assets or capital stock that could interfere with the merger;
- the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted relating to the merger;
- risks related to disruption of management time from ongoing business operations due to the proposed merger;
- the risk that the proposed transaction and its announcement could have an adverse effect on the ability of TXNM to retain and hire key personnel and maintain relationships with its customers and suppliers, and on its operating results and businesses generally;
- the announcement and pendency of the merger, during which TXNM is subject to certain operating restrictions, could have an adverse effect on TXNM’s businesses, results of operations, financial condition or cash flows;
- the costs incurred to consummate the merger;
- the risk that the price of TXNM’s common stock may fluctuate during the pendency of the proposed transaction and may decline significantly if the proposed transaction is not completed; and
- other risks detailed in TXNM’s filings with the SEC, including its most recent Form 10-K for the fiscal year ended December 31, 2024, and in subsequently filed Forms 10-Q and 8-K, and in any other documents filed by TXNM with the SEC after the date thereof. See the section entitled “Where You Can Find Additional More Information” beginning on page 107 of this proxy statement.

Any such forward-looking statement is qualified by reference to these risks and factors. TXNM cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements. Forward-looking statements speak only as of the date of the particular statement, and TXNM does not undertake to update any forward-looking statement contained herein.

INFORMATION ABOUT THE COMPANIES

TXNM

*414 Silver Ave. SW
Albuquerque, New Mexico 87102-3289*

TXNM Energy, Inc., or TXNM, is a holding company with two regulated utilities serving approximately more than 800,000 residential, commercial, and industrial customers in New Mexico and Texas. TXNM's electric utilities are PNM and TNMP.

TXNM common stock is listed on the NYSE under the symbol "TXNM."

For more information about TXNM, please visit the TXNM website at www.txnmenergy.com. The website address of TXNM is provided as an inactive textual reference only. The information contained on the website of TXNM is not incorporated into, and does not form a part of, this proxy statement or any other report or document on file with or furnished to the SEC. Additional information about TXNM is included in the documents incorporated by reference into this proxy statement. See the section entitled "Where You Can Find Additional Information" beginning on page 107 of this proxy statement.

Parent

*345 Park Avenue
New York, NY 10154*

Troy ParentCo LLC, or Parent, a Delaware limited liability company, was formed solely for the purpose of entering into the merger agreement and completing the merger and the other transactions contemplated by the merger agreement, including the financing related to the merger. Parent is wholly owned by an affiliate of Blackstone Infrastructure.

Merger Sub

*345 Park Avenue
New York, NY 10154*

Troy Merger Sub Inc., or Merger Sub, is a New Mexico corporation and a direct, wholly-owned subsidiary of Parent that was formed solely for the purpose of entering into the merger agreement and completing the merger and the other transactions contemplated by the merger agreement. Merger Sub is a wholly-owned subsidiary of Parent and has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement. Subject to the terms of the merger agreement, upon the completion of the merger, Merger Sub will cease to exist and TXNM will continue as the surviving corporation in the merger.

Blackstone Infrastructure

*345 Park Avenue
New York, NY 10154*

Blackstone is the world's largest alternative asset manager with nearly \$1.2 trillion in assets under management. Blackstone Infrastructure is Blackstone's dedicated infrastructure equity strategy and, with more than \$60 billion in assets under management, it anchors a broader infrastructure platform at Blackstone that exceeds \$120 billion across equity, credit and secondaries. Blackstone Infrastructure has an open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach that fosters responsible stewardship and stakeholder engagement, creating value for our investors and the communities in which we invest. Blackstone Infrastructure invests behind leading infrastructure companies and platforms in sectors with long-term thematic tailwinds including, utilities, energy, transportation, digital infrastructure and water and waste sectors, among others. Concurrently with the execution of the merger agreement, Blackstone Infrastructure agreed to provide funding to Parent in connection with the closing of the merger.

THE TXNM SPECIAL MEETING

Date, Time and Place

This proxy statement is being furnished to TXNM shareholders as part of the solicitation of proxies by the Board of Directors for use at the special meeting to be held on August 28, 2025, at 9:00 a.m. Mountain Time, at TXNM Energy, Inc. Corporate Headquarters - 4th Floor, 414 Silver Avenue SW, Albuquerque, New Mexico 87102, or at any postponement or adjournment thereof.

Purpose of the Special Meeting

At the special meeting, TXNM shareholders will be asked to (i) consider and vote upon a proposal to approve the merger agreement, (ii) consider and vote upon a proposal to approve, by non-binding, advisory vote, certain compensation arrangements for TXNM's named executive officers in connection with the merger and (iii) consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement.

TXNM shareholders must approve the merger agreement in order for the merger to occur. If TXNM shareholders fail to approve the merger agreement, the merger will not occur. A copy of the merger agreement is attached as **Annex A** to this proxy statement, and you are encouraged to read the merger agreement carefully and in its entirety.

Record Date and Quorum

TXNM has set the close of business on July 17, 2025 as the record date for the special meeting, and only holders of record of shares of TXNM common stock as of the close of business on the record date are entitled to vote at the special meeting. You are entitled to receive notice of, and to vote at, the special meeting if you owned shares of TXNM common stock as of the close of business on the record date. You may cast one vote for each share of TXNM common stock held by you as of the close of business on the record date on all matters properly coming before the special meeting.

A quorum of shareholders is necessary to conduct business at the special meeting. The presence at the special meeting, in person or represented by proxy (by voting by telephone or over the internet, in person or by properly submitting a proxy card or voting instruction form by mail) to vote on their behalf, of owners of a majority of the shares of TXNM common stock outstanding as of the close of business on the record date, or at least 52,689,490 shares of TXNM common stock, constitutes a quorum for the purposes of the special meeting. Abstentions will be counted as present for quorum purposes. Because all of the proposals for consideration at the special meeting are considered "non-routine" matters under NYSE rules (as described below), shares held in "street name" will not be counted as present for the purpose of determining the existence of a quorum unless a shareholder provides their bank, broker or other nominee with voting instructions for at least one of the proposals before the special meeting. Once a share of TXNM common stock is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for an adjourned special meeting, then a new quorum will be determined.

Attendance

Attendance is limited to shareholders of record or their legal proxy holder and beneficial owners as of July 17, 2025, and invited guests of TXNM. If your shares are held in the name of your broker, bank, or other nominee, please bring an account statement or letter from the nominee indicating that you are the beneficial owner of the shares as of July 17, 2025. An authorized proxy must present proof that he or she is an authorized proxy of a shareholder. In all cases, government-issued photo identification is also required. Banners, signs, or attire considered inappropriate and potentially disruptive to the meeting will not be allowed. All attendees will be subject to a security search for safety and security reasons. Rules of the meeting will be printed on the back of the agenda that will be given to you at the meeting. We thank you in advance for your patience and cooperation with these rules.

Vote Required

The approval of the merger agreement requires the affirmative vote of the owners of a majority of the shares of TXNM common stock outstanding as of the close of business on the record date, or at least 52,689,490 shares of TXNM common stock. For the proposal to approve the merger agreement, you may vote

“FOR,” “AGAINST” or “ABSTAIN.” Abstentions will not be counted as votes cast in favor of the proposal to approve the merger agreement but will be counted as present for quorum purposes. **If you fail to submit a proxy or to vote in person during the special meeting or if you abstain, it will have the same effect as a vote “AGAINST” the proposal to approve the merger agreement.**

If your shares of TXNM common stock are registered directly in your name with Computershare, our transfer agent, you are a “shareholder of record” with respect to those shares of TXNM common stock and this proxy statement and the enclosed proxy card have been sent directly to you by TXNM.

If your shares of TXNM common stock are held in the name of a bank, broker or other nominee as a custodian, you are a “street name” holder of TXNM common stock and this proxy statement has been forwarded to you by that organization. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

Under NYSE rules, banks, brokers or other nominees who hold shares in “street name” on behalf of the beneficial owner of such shares have the authority to vote such shares in their discretion on certain “routine” proposals when they have not received voting instructions from the beneficial owners. Banks, brokers or other nominees, however, are not allowed to exercise their voting discretion with respect to matters that under NYSE rules are “non-routine.” This can result in a “broker non-vote,” which occurs on an item when (i) a bank, broker or other nominee has discretionary authority to vote on one or more “routine” proposals to be voted on at a meeting of shareholders, but is not permitted to vote on other “non-routine” proposals without instructions from the beneficial owner of the shares and (ii) the beneficial owner fails to provide the bank, broker or other nominee with voting instructions on a “non-routine” matter. All of the proposals before the special meeting are considered “non-routine” matters under NYSE rules, and banks, brokers or other nominees will not have discretionary authority to vote on any matter before the meeting. As a result, if you hold your shares of TXNM common stock in “street name,” your shares will not be represented and will not be voted on any matter unless you affirmatively instruct your bank, broker or other nominee how to vote your shares of TXNM common stock in accordance with the voting instructions provided by your bank, broker or other nominee. The effect of not instructing your broker how you wish your shares to be voted will be the same as a vote “AGAINST” the proposal to approve the merger agreement, and will not have an effect on the proposal to approve, by non-binding, advisory vote, the merger-related executive compensation or on the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement. **It is therefore critical that you cast your vote by instructing your bank, broker or other nominee on how to vote. Brokers will not be able to vote on any of the proposals before the special meeting unless they have received voting instructions from the beneficial owners.**

The proposal to approve, by non-binding, advisory vote, certain compensation arrangements for TXNM’s named executive officers in connection with the merger requires the affirmative vote of the owners of a majority of the shares of TXNM common stock present in person or represented by proxy and entitled to vote thereon; however, such vote is non-binding and advisory only. For purposes of the proposal, if your shares of TXNM common stock are present at the special meeting but are not voted on this proposal, or if you have given a proxy and abstained on this proposal, each will have the effect of a vote against the proposal. If you fail to submit a proxy or to vote during the special meeting, as applicable, the shares of TXNM common stock held by you or your bank, broker or other nominee will not be counted in respect of, and will not have an effect on, the proposal to approve, by non-binding, advisory vote, the merger-related executive compensation.

If no quorum is present, authorization for proxy holders to vote in favor of one or more adjournments of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement, requires the affirmative vote of the owners of a majority of the shares of TXNM common stock present in person or represented by proxy and entitled to vote thereon. If a quorum is present, authorization for proxy holders to vote in favor of one or more adjournments of the special meeting would require the affirmative vote of the owners of a majority of the shares of TXNM common stock present in person or represented by proxy and entitled to vote thereon. Whether or not a quorum is present, if your shares of TXNM common stock are present at the special meeting but are not voted on this proposal, or if you abstain on this proposal, this will have the effect of a vote “AGAINST” the proposal to approve one or more adjournments of the special meeting. Whether or not a quorum is present, if you fail to submit a proxy or to attend the special meeting or if your shares of TXNM common stock are held through a bank, broker or other

nominee and you do not instruct your bank, broker or other nominee to vote your shares of TXNM common stock, as applicable, your shares of TXNM common stock will not be voted, but this will not have an effect on the vote to approve one or more adjournments of the special meeting.

At the close of business on the record date, Troy TopCo owned and is entitled to vote the TopCo Shares, representing approximately 7.6% of the TXNM common stock outstanding on that date. Pursuant to the terms of the Blackstone stock purchase agreement, Troy TopCo has agreed to vote all TopCo Shares owned by it in favor of the merger and for all other matters, (i) as recommended by the Board of Directors if the Board of Directors has made a recommendation, so long as the TopCo Shares may be lawfully voted as so provided and (ii) pro rata in proportion to the votes cast by the holders of TXNM common stock other than the TopCo Shares if the Board of Directors has not made a recommendation or if the TopCo Shares may not be lawfully voted as provided in clause (i).

In addition, at the close of business on the record date, the Zimmer Purchasers owned and are entitled to vote the Zimmer Shares, representing approximately 3.4% of the TXNM common stock outstanding on that date. Pursuant to the terms of the Zimmer stock purchase agreement, each of the Zimmer Purchasers (or Zimmer Partners on behalf of the Zimmer Purchasers) agreed to vote the Zimmer Shares then held by such Zimmer Purchasers in favor of the merger and for all other matters, as recommended by the Board of Directors, if the Board of Directors has made a recommendation with respect to such matter, so long as such Zimmer Shares may be lawfully voted as so provided.

Further, as of the close of business on the record date, the directors and executive officers of TXNM beneficially owned and are entitled to vote, in the aggregate, 1,280,785 shares of TXNM common stock, representing approximately 1.22% of the outstanding shares of TXNM common stock. The directors and executive officers of TXNM have informed us that they currently intend to, but none are obligated to, vote all such shares of TXNM common stock “FOR” the proposal to approve the merger agreement, “FOR” the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for TXNM’s named executive officers in connection with the merger and “FOR” the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement, although proxy holders are not obligated to vote in favor of adjournment.

Proxies and Revocations

If you are a shareholder of record, you may vote your shares of TXNM common stock on matters presented at the special meeting in any of the following ways:

- **By Internet:** Access www.proxyvote.com and follow the instructions. (You will need the control number on your proxy card or voting instruction form to vote your shares.) Shareholders voting through the internet should understand that there may be costs associated with electronic access, such as usage charges from internet access providers and telephone companies that must be paid by the shareholder.
- **By Telephone:** For automated telephone voting, call 1-800-690-6903 (toll free) from any touch-tone telephone and follow the instructions. (You will need the control number on your proxy card or voting instruction form to vote your shares.)
- **By Mail:** Simply return your executed proxy card in the enclosed postage-paid envelope.
- **During the Meeting:** You can attend and cast your vote at the Annual Meeting. For admission and in person voting requirements, please see Question 6 above.

Your shares will be voted in the manner you indicate. The telephone and internet voting systems are available 24 hours a day. They will close at 11:59 p.m. Eastern Time on August 27, 2025. Please note that the voting deadline is earlier for voting shares held in TXNM’s RSP, as described below.

Please use the RSP vote authorization form to vote your RSP shares by telephone, internet or mail. To allow sufficient time for the record holder of the RSP shares, The Vanguard Fiduciary Trust Company, to vote these shares, your voting instructions must be received by 9:00 a.m. Eastern Time on August 26, 2025.

If you are a beneficial owner, you will receive instructions from your bank, broker or other nominee that you must follow in order to have your shares of TXNM common stock voted. Those instructions will identify which of the above choices are available to you in order to have your shares voted.

Please refer to the instructions on your proxy to determine the deadlines for voting over the internet or by telephone. If you choose to submit a proxy by mailing a proxy card, your proxy card should be mailed in the pre-addressed, postage-prepaid envelope accompanying the proxy card, and your proxy card must be received by the time the special meeting begins. **Please do not send in your share certificates with your proxy card.** When the merger is completed, a separate letter of transmittal will be mailed to you that will enable you to receive the merger consideration in exchange for your share certificates.

If you vote by proxy, regardless of the method you choose to vote, the individuals named on the enclosed proxy card, and each of them, with full power of substitution, will vote your shares of TXNM common stock in the way that you indicate. When completing the internet or telephone processes or the proxy card, you may specify whether your shares of TXNM common stock should be voted “**FOR**” or “**AGAINST**” or to “**ABSTAIN**” from voting on all, some or none of the specific items of business to come before the special meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares of TXNM common stock should be voted on a matter, the shares of TXNM common stock represented by your properly signed proxy will be voted “**FOR**” the proposal to approve the merger agreement, “**FOR**” the proposal to approve, by non-binding advisory vote, certain compensation arrangements for TXNM’s named executive officers in connection with the merger and “**FOR**” the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement.

You have the right to revoke a proxy, whether delivered over the internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you or by attending the special meeting in person and voting during the special meeting.

If you have any questions or need assistance voting your shares, please contact Georgeson, our proxy solicitor, by calling toll-free at 888-686-8126.

IT IS IMPORTANT THAT YOU VOTE YOUR SHARES OF TXNM COMMON STOCK PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE VOTE YOUR SHARES BEFORE THE SPECIAL MEETING OVER THE INTERNET OR VIA THE TOLL-FREE TELEPHONE NUMBER OR BY COMPLETING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE PRE-ADDRESSED, POSTAGE-PREPAID ENVELOPE ACCOMPANYING THE PROXY CARD. IF YOU ATTEND THE SPECIAL MEETING AND VOTE DURING THE SPECIAL MEETING, YOUR VOTE BY BALLOT WILL REVOKE ANY PROXY PREVIOUSLY SUBMITTED. SUBMITTING A PROXY NOW WILL NOT PREVENT YOU FROM BEING ABLE TO VOTE AT THE SPECIAL MEETING.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned on one or more occasions for the purpose of soliciting additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement or if a quorum is not present at the special meeting. Whether or not a quorum is present, an adjournment generally may be made with the affirmative vote of the owners of a majority of the shares of TXNM common stock present in person or represented by proxy and entitled to vote thereon. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow TXNM shareholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned.

Solicitation of Proxies; Payment of Solicitation Expenses

We are making this solicitation and will bear the expense of printing and mailing proxy materials to TXNM’s shareholders. We will ask banks, brokers and other custodians, nominees and fiduciaries to send proxy materials to beneficial owners of shares and to secure their voting instructions, if necessary, and we will reimburse them for their reasonable expenses in so doing. Our directors, officers and employees may also solicit proxies personally or by telephone, but they will not be specifically compensated for soliciting proxies. We have retained Georgeson, for a fee of up to \$40,000 plus any out-of-pocket expenses, to aid in the solicitation of proxies by similar methods.

Questions and Additional Information

If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of TXNM common stock or need additional copies of this proxy statement or the enclosed proxy card, please contact:

Georgeson

51 West 52nd Street, 6th Floor
New York, NY 10019
Shareholders, Banks and Brokers
Call Toll Free: 888-686-8126

**ADVISORY VOTE ON MERGER-RELATED COMPENSATION FOR
TXNM'S NAMED EXECUTIVE OFFICERS**

As required by Section 14A of the Exchange Act and the applicable SEC rules issued thereunder, we are requesting the TXNM shareholders' approval, on an advisory (non-binding) basis, of specified compensation that may be paid or become payable to TXNM's named executive officers in connection with the merger and therefore are asking shareholders to adopt the following resolution:

"RESOLVED, that the compensation that may be paid or become payable to TXNM's named executive officers in connection with the merger, as disclosed in the table in the section of the proxy statement entitled "Interests of TXNM's Directors and Executive Officers in the Merger—Golden Parachute Compensation," including the associated narrative discussion, and the agreements pursuant to which such compensation may be paid or become payable, are hereby APPROVED on an advisory basis."

The advisory vote on executive compensation payable in connection with the merger is a vote separate and apart from the vote to approve the merger agreement, and approval of such executive compensation is not a condition to completion of the merger. Accordingly, you may vote to approve the advisory executive compensation and vote not to approve the merger agreement or vice versa. Because the vote is advisory in nature only, it will not be binding on either TXNM or Parent. Accordingly, to the extent that TXNM or Parent is contractually obligated to pay the compensation, the compensation will be payable to the named executive officers, subject only to the conditions applicable thereto, if the merger agreement is approved and the merger completed, regardless of the outcome of the advisory vote. The Board of Directors unanimously recommends that shareholders vote "FOR" the approval of this resolution.

The section of this proxy entitled "Interests of TXNM's Directors and Executive Officers in the Merger—Golden Parachute Compensation" sets forth the information required by Item 402(t) of the SEC's Regulation S-K regarding compensation that is based on, or otherwise relates to, the merger for each "named executive officer" of TXNM. The following individuals are referred to collectively as the named executive officers of TXNM:

- Patricia K. Collawn—Executive Chairman;
- Joseph D. Tarry—President and Chief Executive Officer;
- Elisabeth A. Eden—Senior Vice President, Finance;
- Brian G. Iverson—General Counsel, Senior Vice President Regulatory and Public Policy and Corporate Secretary;
- Henry E. Monroy—Senior Vice President and Chief Financial Officer; and
- Patrick V. Apodaca—Former SVP, General Counsel and Secretary.

The Board of Directors unanimously recommends that you vote "FOR" the approval of the resolution above approving compensation arrangements for TXNM's named executive officers in connection with the merger contemplated by the merger agreement.

ADJOURNMENT OF THE SPECIAL MEETING TO SOLICIT ADDITIONAL PROXIES

TXNM shareholders are being asked to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement. If this proposal is approved, the special meeting could be successively adjourned to any date. In accordance with the TXNM bylaws, a vote on adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement may be taken in the absence of a quorum. We do not intend to call a vote on adjournments of the special meeting to solicit additional proxies if the merger agreement is approved at the special meeting.

If the special meeting is adjourned to solicit additional proxies, TXNM shareholders who have already submitted their proxies will be able to revoke them at any time prior to their use. Whether or not a quorum is present, approval of one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement will require the affirmative vote of the owners of a majority of the outstanding shares of TXNM common stock present in person or represented by proxy at the special meeting and entitled to vote at the special meeting. Accordingly, whether or not a quorum is present, if your shares of TXNM common stock are present at the special meeting but are not voted on the proposal, or if you abstain on the proposal, this will have the effect of a vote “AGAINST” the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement. Whether or not a quorum is present, if you fail to submit a proxy or to attend the special meeting via the TXNM special meeting website or if your shares of TXNM common stock are held through a bank, broker or other nominee and you do not instruct your bank, broker or other nominee to vote your shares of TXNM common stock, as applicable, your shares of TXNM common stock will not be voted, but this will not have an effect on the vote to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement.

The Board of Directors unanimously recommends that you vote “FOR” the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement.

THE MERGER

*This discussion of the merger is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement as **Annex A**. You should read the entire merger agreement carefully as it is the legal document that governs the merger.*

The merger agreement provides that, upon satisfaction or waiver of the conditions to the merger, Merger Sub will merge with and into TXNM. TXNM will be the surviving corporation in the merger as a wholly-owned subsidiary of Parent. As a result of the merger, TXNM will cease to be a publicly traded company.

Background of the Merger

In recent years the Board of Directors has periodically reviewed the public utility M&A landscape in general, along with the challenges and opportunities impacting TXNM. As part of this review, the Board of Directors considered potential M&A growth opportunities for TXNM. TXNM undertook an extensive process resulting in the entry into a merger agreement with Avangrid, Inc., or Avangrid, in October 2020, as described in TXNM's definitive proxy statement filed January 5, 2021. That agreement was subsequently terminated by Avangrid in January 2024.

Following that termination, the Board of Directors continued to review the public utility M&A landscape, along with the challenges and opportunities impacting TXNM. On September 23, 2024, the Board of Directors met at a regularly scheduled meeting, and, in executive session, the management team (including the CEO, President, CFO and General Counsel) and a representative of Wells Fargo gave a presentation on macroeconomic and other trends in the utility sector, as well as challenges and opportunities continuing to impact TXNM. Specifically, the Board of Directors discussed the focus on customer affordability, the increased capital expenditure requirements for growth in both Texas and New Mexico through 2029, and natural disaster impacts and mitigation, combined with TXNM's limited financing flexibility. The Board of Directors directed management to work with Wells Fargo to provide information about possible strategic alternatives in response to these challenges to be considered at its December 2024 meeting.

On October 4, 2024, TXNM engaged Wells Fargo to serve as a financial advisor with respect to the preliminary review of various potential alternatives relating to TXNM. TXNM selected Wells Fargo due to, among other factors, its experience in the utility industry, its reputation, and its familiarity with TXNM.

On December 2, 2024, the Board of Directors met, and, in executive session, the management team and a representative of Wells Fargo reviewed the matters discussed at the September meeting and presented different strategic alternatives for the Board of Directors to consider, including de-leveraging the existing company, the financial impact of the formation of two transmission companies, one in each state, and a possible sale of TXNM. The Board of Directors concluded to further explore a sale of TXNM. In accordance with Section 62-6-13 of the New Mexico Statutes, any such transaction must be neither unlawful nor inconsistent with the public interest, which the NMPRC interprets as, among other factors, benefitting TXNM's customers, not degrading quality of service, and being under qualified and financial stable ownership. Additionally, in accordance with Section 39.915(b) of Texas' Public Utility Regulatory Act, any such transaction must be in the public interest, which the PUCT interprets as not only achieving reasonable value to shareholders of TXNM but also, among other factors, not adversely affecting the reliability, availability or cost of service or adversely affecting health or safety of customers or employees. Accordingly, the Board of Directors considered the fact that ownership by a financially-strong partner could better support TXNM in executing on its short- and long-term growth plans to meet customer needs and could provide a premium to shareholders over the current trading price of TXNM common stock. The Board of Directors also discussed possible counterparties in a sale transaction and the need for interim financing in the event of a sale of TXNM. The Board of Directors agreed to meet in January 2025 to review valuation materials to be prepared by management and continue the discussion around a potential sale of TXNM.

On January 6, 2025, the Board of Directors, in executive session with the management team and Wells Fargo, reviewed industry trends and conditions, management's financial projections, or the Forecasts, and preliminary Valuation and Discussion materials prepared by Wells Fargo. A representative of Troutman Pepper Locke LLP, or Troutman Pepper, TXNM's legal counsel, reviewed with the Board of Directors their fiduciary duty obligations in connection with considering strategic alternatives and other legal and regulatory matters relating to a sale process. The Board of Directors also discussed a potential structure for a transaction to sell TXNM, including interim financing from a buyer to alleviate the need for financing to fund operations during the

pendency of a merger process. The Board of Directors further discussed possible counterparties. Following this review, the Board of Directors directed management and Wells Fargo to begin contacting five short-listed infrastructure funds regarding their interest in considering preliminary discussions with TXNM. Considerations in selecting infrastructure funds rather than strategic counterparties, and these five funds in particular, included an evaluation of whether such potential counterparties would have the financial resources to pay the merger consideration without over-leveraging TXNM, their ability to provide interim financing, their access to and competitive cost of capital, their prior experience owning a utility service provider, their track record in securing regulatory approvals, the increased risk that strategic partners may not support local management's focus on growth plans due to competing interests, the potential transactability issues with respect to strategic partners, and the lack of interest of strategic partners in the previous sale process. The Board of Directors noted its view that infrastructure funds could provide advantages to the TXNM stakeholders over a strategic partner, with a greater possibility of local management and headquarters and commitments to stakeholders, including customers and employees. The Board of Directors created a Transaction Review Committee, or TRC, to assist it in the potential sale process, including periodically reviewing next steps and making recommendations to the Board of Directors in connection with the process. The Board of Directors also authorized TXNM to engage Wells Fargo to serve as financial advisor with respect to a sale of TXNM.

Following the meeting, Wells Fargo, at the direction of the Board of Directors, contacted representatives of Blackstone Infrastructure, Party A, Party B, Party C, and Party D, each of which was approved by the Board of Directors as a possible interested counterparty during the December and January Board of Directors meetings, for an initial outreach to gauge interest in purchasing a utility situated like TXNM.

On January 7, 2025, TXNM engaged Wells Fargo to serve as a financial advisor with respect to a possible sale of TXNM.

Based on feedback from the initial outreach, on January 9, 2025, TXNM negotiated and entered into confidentiality agreements, or NDAs, with Blackstone Infrastructure and Party B and provided them access to a dataroom that included process information and non-public information regarding TXNM, including the Forecasts. The process instructions requested that first round bids be submitted by February 18, 2025. Draft NDAs were also sent to Party A, Party C, and Party D in the days following the January Board of Directors meeting. On January 13, 2025, TXNM entered into an NDA with Party D and provided it access to the dataroom. On January 15, 2025, TXNM entered into an NDA with Party A and provided it access to the dataroom. On January 29, 2025, TXNM entered into an NDA with Party C and provided it access to the dataroom. The terms of the NDAs with all parties are substantially similar. Each agreement includes customary confidentiality and non-disclosure obligations, a non-solicitation covenant and a so-called "don't ask, don't waive" provision (other than the NDA with Party A, which did not contain a "don't ask, don't waive" provision), and a standstill provision. As the result of the fallaway provision in each NDA, the "don't ask, don't waive" provisions and standstill restrictions under these NDAs are no longer effective under their terms given that TXNM entered into the merger agreement with an affiliate of Blackstone Infrastructure.

During this period following the January Board of Directors meeting, the potential acquirors requested and were provided additional diligence materials and held diligence discussions with members of management and Wells Fargo where the parties discussed operational strategy, growth plans and capital needs and regulatory status. The potential counterparties also provided additional information on their investments and capabilities that may be valuable to TXNM's stakeholders, including customers. In addition, representatives from Wells Fargo, Troutman Pepper, and management held regular conference calls discussing updates in the diligence and execution process, and management provided periodic updates to the members of the TRC.

On February 3 and 4, 2025, TXNM held individual management meetings with representatives from Blackstone Infrastructure, Party A, Party B and Party D to discuss high-level questions regarding a potential transaction and the information provided in the dataroom and diligence process. The areas of focus in the meetings included management's assessment of growth prospects, capital allocation, transmission opportunities, utility affordability, regulatory landscape and transaction approval process.

On February 6, 2025, the TRC held a meeting and received an update from the management team and representatives from Wells Fargo and Troutman Pepper on the diligence inquiries, management meetings, and feedback from the parties with access to the dataroom. It was noted that Party C had not been as active as the other four parties and had expressed that it would not be able to submit a bid by February 18, 2025, which as

noted above was required by the process instructions provided in the dataroom on January 16, 2025. Given the current interest indicated by the other potential counterparties and current macroeconomic conditions, the TRC supported continuing the process on the timing proposed.

On February 18, 2025, Blackstone Infrastructure, Party A, and Party D each submitted initial non-binding indications of interest. Blackstone Infrastructure submitted a written proposal for \$58 per share, Party D submitted a written proposal for \$55 per share, and Party A submitted a written proposal for \$60.25 per share. Each of the parties' proposals provided preliminary agreement to providing interim financing, flagged certain issues, and were conditioned on several assumptions and future diligence. Party B determined not to submit a proposal due to transactability and capacity concerns. Party C did not submit a proposal, consistent with its earlier statements to representatives of Wells Fargo that it would not participate in the process within the timeline requested. Following receipt of the initial bids, management and Wells Fargo continued to evaluate options for interim financing and narrowed the focus to propose interim financing through a block sale of \$400 million of common stock, or the PIPE. Each potential acquiror was informed that the merger and PIPE were to be consummated by the same potential acquiror and that both transactions were to be signed and announced simultaneously. Additionally, each potential acquiror was informed that the PIPE was expected to close soon after signing the merger agreement and that it would not be contingent on the closing of the merger.

On February 21, 2025, the TRC held a meeting and received an update from the management team and representatives from Wells Fargo and Troutman Pepper, summarizing the due diligence process to date, the proposals received, and proposed next steps. The TRC noted that Party D's proposal represented a lower per share price than the others and directed Wells Fargo to reach out to Party D to request an increase in merger consideration if Party D wanted to move to the next round of the process. The TRC also received an update on the diligence process and considerations regarding the interim financing plans. The TRC agreed that a PIPE was the preferred interim financing option. The TRC directed Wells Fargo to reach out to Party D as discussed and to move forward to the next stage of the process with Blackstone Infrastructure and Party A, but with a message that a higher price would be required to execute a transaction.

On February 21, 2025, a representative from Wells Fargo, at the direction of the Board of Directors, reached out to Party D to request that it increase its price, and Party D indicated it was not in a position to be able to make an increase in any material respect. On February 24, 2025, a representative from Wells Fargo, at the direction of the Board of Directors, reached out to each of Blackstone Infrastructure and Party A to provide a general update on the process and to note that TXNM was proposing the PIPE as the desired interim financing. Both parties indicated that there may be room for their proposal prices to increase.

On February 24, 2025, the Board of Directors met at a regularly scheduled meeting in Albuquerque and, in executive session with management and representatives of Troutman Pepper and Wells Fargo participating, reviewed the diligence process undertaken to date, the proposals received in the first round of the process, and reviewed next steps. The TRC updated the Board of Directors on its recommendations regarding these matters. The Board of Directors discussed each proposal in detail and considered external factors relating to the bidders, including reviewing previous transactions and infrastructure experience and Blackstone Infrastructure's open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach. The Board of Directors also considered that the parties noted the need to bring in external, passive minority equity investors to complete a transaction. When considering the proposal from Party D, the Board of Directors noted the lower price and that Party D had indicated it did not have capacity to offer a higher price, along with the fact that Party D had been less engaged than the other bidders and may have additional execution risk related to regulatory matters. The Board of Directors continued the discussion from the January 6 meeting regarding the potential of expanding the process with strategic bidders. After weighing the factors discussed at the previous meeting, the Board of Directors concluded that the execution risk was high and the likelihood of a competitive offer was low. The Board of Directors also discussed the additional benefits that bidders could bring to customers, including through expertise in financing, technology and supply chain. The Board of Directors also discussed the importance to the overall transaction for the bidders to provide interim financing through a PIPE transaction. Following these discussions, the Board of Directors determined not to move forward with Party D, but to move forward to the next stage in the process with only Blackstone Infrastructure due to not only pricing but Blackstone Infrastructure's open-ended, perpetual capital structure, enabling a long-term buy-and-hold

investment approach, and Party A and to ask the counterparties to also bid on a PIPE transaction. After the meeting, a representative from Wells Fargo, at the direction of the Board of Directors, invited Blackstone Infrastructure and Party A to continue in the process, updated them on the next steps, and provided access to additional diligence materials.

On February 28, 2025, TXNM received an unsolicited non-binding indication of interest from Party E, requesting that it participate in the ongoing process at a proposed valuation of \$60 per share, along with a direct equity investment at the time of signing. Party E also requested a 30-day exclusivity period.

Following consultation with representatives of Troutman Pepper and Wells Fargo, on March 5, 2025, TXNM's General Counsel called a representative of Party E to discuss Party E's February 28, 2025 letter, including Party E's request for exclusivity and financing capability. During the call, the representative of Party E confirmed its interest in TXNM and discussed possible financing sources. The representative also indicated flexibility with regard to the exclusivity requirement and noted Party E had done preliminary financial due diligence on publicly available information.

On March 7, 2025, the TRC held a meeting and received an update from the management team and representatives from Wells Fargo and Troutman Pepper, summarizing the proposal received from Party E and updates on the latest developments with Blackstone Infrastructure and Party A related to the diligence efforts and discussions regarding potential passive minority equity investors. The TRC also received updates on recent publicity and rumors circulating about the process. The TRC then discussed the possible strength of the Party E proposal and directed management to invite Party E into the process. TXNM's General Counsel then provided the TRC an update on the merger agreement, including review of a summary of the material terms of the draft merger agreement for use in future rounds of the process.

After the TRC meeting, TXNM's General Counsel contacted a representative of Party A to give authorization to reach out to potential passive minority equity investors previously identified to the TRC. The General Counsel also contacted a representative of Blackstone Infrastructure to coordinate finalizing the list of potential passive minority equity investors Blackstone Infrastructure would like to formally request to contact. The General Counsel then emailed a draft NDA to Party E to continue conversations regarding its indication of interest. This NDA was substantially similar to the NDAs entered into with other parties in the process. In the weeks following the TRC meeting, TXNM also continued diligence calls with and responded to diligence questions and requests from Blackstone Infrastructure and Party A and discussed deal process and timing.

On March 10, 2025, Bloomberg published a report that TXNM was exploring a sale. On March 11, 2025, news sources published a report that TXNM was working with Wells Fargo on a potential sale process. The closing price of TXNM's common stock went from \$47.87 on March 10, 2025, to \$51.18 on March 11, 2025. This report followed a report on March 6, 2025, by a subscription news source reporting on rumors that TXNM had signaled an openness to be acquired. The closing price of TXNM's common stock was \$50.07 on March 5, 2025. TXNM did not comment on these articles, which is consistent with its policy of not commenting on rumors regarding strategic alternatives. Following a number of employee inquiries, on March 12, 2025, TXNM's CEO sent employees a note acknowledging the reports, stating TXNM's policy not to comment on such reports and emphasizing the continued focus on providing excellent service to customers.

Following negotiation, Party E executed an NDA and was provided dataroom access on March 12, 2025.

From March 16 to March 18, 2025, TXNM management, representatives from Wells Fargo and representatives from Blackstone Infrastructure discussed potential passive minority equity investors.

On March 18, 2024, Bloomberg ran a news story regarding a potential acquisition of TXNM. The closing price of TXNM's common stock went from \$52.82 on March 17, 2025, to \$54.41 on March 18, 2025.

The TRC met on March 19, 2025, with TXNM's management team and representatives of Wells Fargo and Troutman Pepper to review process updates and discuss the draft merger agreement and Blackstone stock purchase agreement, with respect to the PIPE transaction. Following the publicity regarding rumors of a transaction, TXNM received inbound communications and inquiries of interest from a number of strategic and financial investors. The TRC discussed these inbound inquiries that had come in since the recent news coverage regarding rumors of a transaction. The TRC evaluated, in consultation with Wells Fargo and the management team, the preliminary nature of these inbound inquiries. The TRC did not believe any of the inquiries would result in a competitive offer. In addition, the TRC considered the risks and challenges of a transaction with the

inquiring parties, including disruption to the ongoing process and the significant progress that had been made with the current bidders, both of which provided a significant premium to shareholders and other competitive advantages. As a result, the TRC decided to focus on the parties in the ongoing process and not to take any action with regard to the other inquiries received at that time. The TRC also discussed potential passive minority equity investors associated with the bidders. In addition, a representative of Troutman Pepper reviewed and discussed with the TRC the drafts of the merger agreement and Blackstone stock purchase agreement for the PIPE transaction to be shared with bidders.

On March 22, 2025, the draft merger agreement was posted to the dataroom, and the bidders were asked to provide a mark-up of the merger agreement along with their second-round bids by April 14, 2025.

On March 24, 2025, Blackstone Infrastructure provided TXNM with an overview of Blackstone Infrastructure's capabilities and other strengths beneficial to TXNM stakeholders, including its customers, which included Blackstone Infrastructure's open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach, without pressure to provide short term liquidity or returns.

On March 25, 2025, a draft Blackstone stock purchase agreement for the PIPE transaction was posted to the dataroom for comment by the bidders.

On March 27, 2025, TXNM's CEO held high-level conversations with representatives of Blackstone Infrastructure and Party A regarding general succession planning at TXNM. No future employment arrangements were discussed at that time.

On March 28, 2025, disclosure schedules related to the draft merger agreement were posted to the dataroom along with instructions that requested a final proposal by the remaining bidders by April 14, 2025. Also on March 28, 2025, a representative from Party E reached out to Wells Fargo to notify TXNM that it did not expect to be able to meet the April 14 deadline, which Wells Fargo subsequently reported to the Board of Directors. On April 1 and 2, 2025, management held separate management meetings with Blackstone Infrastructure and Party A to provide supplemental information regarding TXNM's business, strategy, and growth opportunities. Party E was invited and was scheduled to attend a management meeting; however, Party E ultimately did not schedule the meeting.

On April 4 and 7, 2025, TXNM met separately with Blackstone Infrastructure and Party A to hear their presentations on their respective strengths that they would bring to TXNM's customers and other stakeholders in addition to shareholder value and held discussions on their broader regulatory strategies.

On April 4, 2025, Party A reached out to a representative of Wells Fargo to state that it would not be able to finalize a second-round bid on TXNM's requested timeline, which Wells Fargo subsequently reported to the Board of Directors. Party A also expressed concerns regarding possible regulatory commitments.

The TRC met on April 4, 2025, along with TXNM's management team and representatives from Wells Fargo and Troutman Pepper to review process updates. The TRC discussed the management meetings that were held, noting that Party E did not schedule a meeting. The TRC discussed general timing, the general volatile trading markets, and possible impact of any delay on the process. Given the strong progress made with Blackstone Infrastructure's bid, Blackstone Infrastructure's open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach, and current market volatility, the TRC determined to maintain the original timeline for second-round bids. The TRC appointed committee member, Mr. Hughes, to serve as a TRC liaison to management throughout the remainder of the process to provide oversight and support and to keep the full TRC apprised as needed. Later that day, Blackstone Infrastructure and Party A provided high level issues lists regarding the draft transaction documents posted to the dataroom. The Party A issues list presented significant concerns related to regulatory covenants, termination provisions, and termination fees.

On April 5, 2025, management provided an update to the TRC representative regarding Party A's inability to meet the requested timing. Following this consultation and consistent with recommendations from the TRC, management continued to work with Party A on ongoing diligence requests but kept the original bid deadline of April 14, 2025. Blackstone Infrastructure notified Wells Fargo (which Wells Fargo subsequently reported to the Board of Directors) that it and its passive minority equity investors planned to go to committees for approval of the second round bid the following week.

On April 9, 2025, TXNM's CEO and President met with representatives from Blackstone Infrastructure at which meeting Blackstone Infrastructure reiterated the message delivered previously to Wells Fargo that it was working to submit a bid on April 14, 2025. Blackstone Infrastructure and its counsel also had a call with TXNM and Troutman Pepper to discuss key issues identified in the draft merger agreement, specifically regarding regulatory covenants, termination provisions, and termination fees. Party A declined the offer to have a call with TXNM and Troutman Pepper regarding the key issues list on the merger agreement, including to discuss their proposed approach to matters related to the regulatory covenants, termination provisions and termination fees.

On April 10, 2025, Party A reached out to a representative of Wells Fargo to provide notice that its largest passive minority equity investor had dropped out of the deal and given the timing, it would not be submitting a second-round bid, which Wells Fargo subsequently reported to the Board of Directors.

Following the discussion with Party A on April 10, 2025, representatives from TXNM and Wells Fargo, at the direction of the Board of Directors, subsequently reached out to Party A to offer to potentially partner Party A with Party E in order to facilitate forming a consortium to submit a bid. Subsequently, representatives from TXNM and Wells Fargo also reached out to Blackstone Infrastructure about a potential partnership with Party E. Neither Party A nor Blackstone Infrastructure engaged with Party E as a potential passive minority equity investor.

On April 14, 2025, Blackstone Infrastructure submitted a second-round bid with a price of \$61.00 per share, representing a 22.5% premium to the unaffected 30-day volume weighted average price of \$49.78 as of March 5, 2025, and a purchase price for the PIPE of \$48.50 per share. The bid emphasized Blackstone Infrastructure's expectation to commit significant capital for growth and to support investments that will benefit residents and businesses in TXNM's service areas. The bid focused on Blackstone Infrastructure's commitments to maintain locally-based leadership, preserve continuity in the existing workforce, and work in partnership with customers and communities where TXNM operates. The bid also included a mark-up of the draft merger agreement, the Blackstone stock purchase agreement for the PIPE transaction, and draft debt commitment letters.

On April 16, 2025, the TRC met to review the second-round bid and process updates. A representative from Wells Fargo reviewed the Blackstone Infrastructure bid from a financial perspective, and the TRC determined to instruct Wells Fargo to ask Blackstone Infrastructure for an increase in the merger and PIPE purchase prices. A representative from Troutman Pepper highlighted the key issues identified in the Blackstone Infrastructure merger agreement mark-up, including the share price, regulatory provisions, end date, and termination fees and provisions. Given the complexity of the proposed transaction and related financings, the TRC discussed the possibility of bringing in an additional advisor in the process to assist with advice to the Board of Directors on the merger and related financings. After discussion, the TRC determined to engage Citigroup Global Markets Inc., or Citi, as an additional advisor, given its industry expertise, reputation and prior relationships with TXNM. Following the meeting, a representative from Wells Fargo, at the direction of the Board of Directors, informed Blackstone Infrastructure that TXNM would be willing to move forward with it on an accelerated basis if it increased the merger per share price and the PIPE per share price. In addition, Wells Fargo, at the direction of the Board of Directors, indicated to Blackstone Infrastructure that TXNM would need to continue discussions regarding regulatory covenants and termination fees. On the same day, representatives of TXNM, Blackstone Infrastructure, and their advisors had a call to discuss deal terms, including regulatory matters and termination fees, and legal advisors to both parties separately discussed the same.

On April 17, 2025, in response to a request from Blackstone Infrastructure, a representative from Wells Fargo, at the direction of the Board of Directors, reached out to the Blackstone Infrastructure team identifying key issues in Blackstone Infrastructure's merger agreement mark-up discussed with the TRC, including price, regulatory matters, termination fee amounts, material adverse effect definitions, interim covenants, and the extension of the end date. Additionally, on April 17, 2025, counsel for Blackstone Infrastructure and TXNM discussed the regulatory covenants in the merger agreement.

On April 17, 2025, a representative of Party A notified a representative from Wells Fargo that, consistent with the conversation on April 10, 2025, it did not intend to further engage in the auction process, which Wells Fargo subsequently reported to the Board of Directors.

Prior to the Board of Directors meeting on April 18, 2025, a representative from Blackstone Infrastructure reached out to TXNM's CEO and indicated that Blackstone Infrastructure was unable to increase its merger price per share but that Blackstone Infrastructure would be willing to increase the PIPE per share price to \$50. On

April 18, 2025, the Board of Directors met to review the second-round bid, other process updates, and a report from the TRC. The Board of Directors discussed the Blackstone Infrastructure bid in detail and the strengths of the offer, including Blackstone's open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach. The Board of Directors also discussed the request to increase the per share merger price and the key issues identified in the merger agreement mark-up. The Board of Directors reviewed the various financings being contemplated in connection with the transaction, including the PIPE, the additional equity needed during the interim period between signing and closing, waivers required under credit agreements, the offer to prepay TNMP Bonds triggered by the merger transaction and associated backup credit facilities. The Board of Directors also discussed the non-financial benefits of the bid to TXNM stakeholders, including the benefits to customers and the value of keeping the utility headquarters in New Mexico and Texas. The Board of Directors authorized management to engage Citi, as recommended by the TRC.

On April 18, 2025, TXNM's President and General Counsel met with representatives of Blackstone Infrastructure following the Board of Directors meeting. The parties discussed key deal terms, including the merger price and PIPE price, regulatory covenants, termination provisions and related termination fees, and the end date. After discussion, Blackstone Infrastructure agreed to a merger price of \$61.25 per share and a PIPE price of \$50 per share. In addition, Blackstone Infrastructure agreed to pay a termination fee in the amount of \$350 million in the event of failure to obtain regulatory approval or a breach of the merger agreement by Blackstone Infrastructure. On the same day, Citi and TXNM entered into an engagement letter for Citi to serve as a financial advisor in connection with the transaction.

On April 24, 2025, the TRC met to review key deal terms and recent discussions with Blackstone Infrastructure. Management also provided an update on recent meetings they had with ratings agencies and the plan to meet with the agencies together with Blackstone Infrastructure the following week. The TRC discussed regulatory strategy. Also on April 24, 2025, counsel for Blackstone Infrastructure and TXNM had calls to discuss open issues in the merger agreement, including interim operating covenants and financing provisions.

During the week of April 28, 2025, Blackstone Infrastructure sent revised drafts of the merger agreement and other transaction documents to counsel for TXNM. Key open items identified in the draft merger agreement included regulatory covenants, the definition of material adverse effect, termination fee provisions, and the end date of the merger agreement. On April 30 and May 1, 2025, TXNM and Blackstone Infrastructure met with ratings agencies to discuss the proposed transaction and separately met to discuss regulatory strategy.

On May 1, 2025, the TRC met to discuss process updates. The management team and representatives from Citi, Wells Fargo and Troutman Pepper participated in the meeting. The TRC received updates on the meetings held with the ratings agencies, including the positive feedback provided by both agencies. The TRC also discussed key issues in the transaction documents. Management updated the TRC regarding recent meetings and conversations with Blackstone Infrastructure, including discussions regarding regulatory strategy and governance, and advised that Blackstone Infrastructure remained positive about the transaction.

On May 2, 2025, a representative from Blackstone Infrastructure reached out to TXNM's CEO regarding Blackstone Infrastructure's discussions with passive minority equity investors.

On May 3, 2025, the Board of Directors met to discuss ongoing conversations with Blackstone Infrastructure and Blackstone Infrastructure's efforts to finalize the passive minority investor group. The Board of Directors also heard updates regarding the meetings with ratings agencies and the transaction documents.

On May 5 and 6, 2025, representatives from Blackstone Infrastructure had multiple discussions with TXNM's CEO and General Counsel regarding the passive minority equity investor group and indicated that Blackstone Infrastructure remained committed to a transaction.

On May 6, 2025, Wells Fargo delivered its written relationships disclosure to the Board of Directors.

During the weeks of May 5 and May 12, 2025, the parties and their advisors negotiated final terms of the merger agreement and ancillary documents. During that period, representatives from Blackstone Infrastructure and TXNM discussed updates regarding the passive minority equity investor group. On May 8, 2025, counsel for TXNM sent drafts of the merger agreement and other transaction agreements to counsel for Blackstone Infrastructure. On May 10, 2025, counsel for Blackstone Infrastructure and TXNM had a call to discuss open items in the merger agreement and other transaction documents. Blackstone Infrastructure sent a revised version of the merger agreement to TXNM on May 12, 2025.

On May 12, 2025, Bloomberg published an article stating that Blackstone Infrastructure was in talks to acquire TXNM over the coming weeks, but that the timing could be delayed. TXNM did not comment on the article, which is consistent with its policy of not commenting on rumors regarding strategic transactions.

On May 12, 2025, a representative of Blackstone Infrastructure presented at an informational, director education session of the Board of Directors about industry trends. At the conclusion of that meeting, the Blackstone Infrastructure representative reiterated Blackstone Infrastructure's interest in and commitment to the transaction.

On May 13, 2025, counsel for Blackstone Infrastructure sent a revised draft of the Blackstone stock purchase agreement for the PIPE transaction to counsel for TXNM, and on May 14, 2025, counsel for Blackstone Infrastructure sent revised drafts of certain other transaction documents to counsel for TXNM.

On May 15, 2025, counsel for Blackstone Infrastructure and TXNM had a call to discuss open items in the transaction documents.

On May 15, 2025, counsel for TXNM sent revised drafts of the merger agreement and other transaction documents to counsel for Blackstone Infrastructure, and counsel for Blackstone Infrastructure sent revised versions to counsel for TXNM on May 16, 2025.

On May 16, 2025, the Board of Directors met with TXNM's General Counsel and representatives from Wells Fargo, Citi and Troutman Pepper participating. TXNM's CEO described recent discussions with Blackstone Infrastructure, noting that Blackstone Infrastructure was close to finalizing its passive minority equity investor group. The representative of Troutman Pepper reviewed materials provided in advance of the meeting, including the latest version of the merger agreement, highlighting key terms. The Board of Directors was reminded of the prior discussions regarding the fiduciary duties of directors and further reviewed the fiduciary duties of directors applicable to the review of a transaction like that under consideration. The Board of Directors reviewed the interests of directors in the possible transaction that were in addition to or potentially different from the interests of shareholders generally, as described in the section entitled "—Interests of TXNM's Directors and Executive Officers in the Merger" beginning on page 62 of this proxy statement. TXNM's President described the various financing arrangements related to the transaction and the General Counsel reviewed the regulatory strategy as discussed with Blackstone Infrastructure. Representatives of Wells Fargo reviewed materials provided in advance of the meeting, including its financial analysis. The Board of Directors discussed the strength of Blackstone Infrastructure as an experienced infrastructure partner, including the strong per share offering price, its open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach, the benefits of the transaction to TXNM's stakeholders, including its customers and the communities TXNM serves, and an analysis of other alternatives and bidders, including the timeline of the strategic review process it had engaged in. The Board reviewed the publicity regarding rumors of the transaction and noted that this did not result in any additional bids or transactable inbound requests. The Board of Directors described the premium to recent trading prices represented by an offer of \$61.25 per share. The Board of Directors discussed meetings with the rating agencies in which the rating agencies stated that they viewed the proposed merger as being positive from a credit perspective, which would be important for obtaining regulatory approvals. The Board of Directors discussed how an all-cash transaction provides certainty of value for shareholders, eliminates shareholder risk inherent in TXNM's business plan, and removes current credit ratings pressure. A representative of Citi also discussed with the Board of Directors its views related to the strength of the proposed merger given deal terms and the current market environment.

On May 17, 2025, the parties agreed on the end date as set forth in the merger agreement, and counsel for TXNM sent revised transaction documents to counsel for Blackstone Infrastructure. On May 18, 2025, a representative from Blackstone Infrastructure confirmed to TXNM's CEO that Blackstone Infrastructure was ready to execute the merger agreement and the parties finalized the transaction documents.

On May 18, 2025, the Board of Directors met with TXNM's General Counsel, representatives of Wells Fargo, Citi and Troutman Pepper participating to consider approval of the merger. A representative from Troutman Pepper reviewed materials provided in advance of the meeting, including the latest version of the merger agreement and other transaction documents. The Board of Directors was reminded of the prior discussions regarding the fiduciary duties of directors and further reviewed the fiduciary duties of directors applicable to the review of a transaction like that under consideration. A representative from Wells Fargo reviewed materials provided in advance of the meeting, including its financial analysis. Wells Fargo then rendered to the Board of Directors Wells Fargo's oral opinion, subsequently confirmed in Wells Fargo's written

opinion dated May 18, 2025, that as of that date, and based upon and subject to the assumptions, limitations, qualifications, and conditions described in Wells Fargo's written opinion, the merger consideration was fair, from a financial point of view, to the holders of TXNM common stock entitled to receive such merger consideration. At this meeting, the Board of Directors unanimously adopted resolutions approving the merger, the merger agreement and the other transactions and agreements contemplated by the merger agreement. The Board of Directors also resolved to submit the merger agreement for consideration and approval by TXNM shareholders and recommend the approval of the merger agreement by TXNM shareholders.

Later, on May 18, 2025, the parties executed the merger agreement, the Blackstone stock purchase agreement for the PIPE transaction and the other ancillary financing and transaction documents. Blackstone Infrastructure also delivered financing commitment letters on the same day. There were no discussions between representatives of the parties regarding post-closing employment of any officers or directors prior to the signing of the merger agreement.

On the morning of May 19, 2025, the parties issued a press release announcing the transaction. On June 2, 2025, at the closing of the PIPE transaction pursuant to the Blackstone stock purchase agreement for the PIPE transaction, TXNM issued \$400 million of TXNM common stock to Parent, an affiliate of Blackstone Infrastructure.

TXNM's Reasons for the Merger

The Board of Directors regularly receives and discusses advice and opinions from management, consultants and financial advisors regarding trends in the utility industry as part of its consideration of ways in which to execute on TXNM's growth plans to meet customer needs and enhance its earnings and value. The Board of Directors recognized the financial support needed to achieve TXNM's plans for economic development and grid modernization in New Mexico and transmission development in all service territories to meet increasing demands for electricity, including TXNM's high equity issuance needs over the next five years. As part of this effort, the Board of Directors has focused on TXNM's operations as well as possible strategic initiatives, including a merger as described in "—Background of the Merger" above. In particular, the Board of Directors looked to realize a premium to the current value of TXNM's stock price while considering TXNM's business and growth plans, financial capacity and flexibility, cost of capital and industry and regulatory constraints.

The Board of Directors concluded, based on the recent review over an eight-month period which included numerous meetings at which TXNM's strategic alternatives were discussed, that the merger with Parent was in the best interests of TXNM's shareholders and other stakeholders, including customers and the communities it serves. After careful consideration, at a meeting held on May 18, 2025, the Board of Directors unanimously (i) determined that the merger consideration is fair, from a financial point of view, to TXNM's shareholders, (ii) declared the merger agreement and the transactions contemplated by the merger agreement, including the merger, advisable, consistent with and in furtherance of TXNM's business strategies and fair to and in the best interests of TXNM and TXNM's shareholders and (iii) resolved to submit adoption of the merger agreement for approval by TXNM shareholders and recommend the approval of the merger agreement by TXNM shareholders.

In addition to the factors mentioned above, the material factors considered by the Board of Directors in making these determinations included those summarized below (which are not listed in any relative order of importance).

- The merger consideration represented a premium to TXNM's recent and historic share trading price (a 15.4% implied premium to the closing share price of TXNM common stock as of May 14, 2025, a 22.3% implied premium to the unaffected share price of TXNM common stock as of March 5, 2025 and a 23.0% implied premium to the 30-day volume weighted average price of TXNM's common stock as of March 5, 2025) and a 30.7% implied premium to the six-month volume weighted average price of TXNM's common stock as of March 5, 2025.
- The belief of the Board of Directors, after a thorough review of our business, market trends, operations, competitive landscape, execution risks and financial condition (including the Forecasts), and discussions with our management and advisors, that the value offered to shareholders pursuant to the merger is more favorable to our shareholders than the potential long-term and sustainable value that might have resulted from remaining an independent public company, considering:
 - the outlook of our industry and markets, including macroeconomic impacts, consolidation in the utility industry, natural disaster impacts and mitigation and regulatory risks;

- the execution and other risks and uncertainties relating to future execution of our strategic plan including the increased capital expenditure requirements to serve customers and costs of capital;
- costs and risks of other strategic alternatives;
- credit ratings pressure; and
- general market volatility and trading and liquidity challenges for small and mid-cap utilities.
- The fact that the merger consideration of \$61.25 per share of TXNM common stock will be paid in all cash, and provides liquidity and certainty of value, eliminates shareholder risk inherent in our business plan and removes potential future dilution from required equity issuances by TXNM, and also provides for the ability to continue paying a quarterly dividend and to increase dividends in certain circumstances prior to the closing.
- The agreement for an affiliate of Parent to purchase \$400 million of TXNM common stock, pursuant to the Blackstone stock purchase agreement, intended to provide TXNM financing necessary for the execution of TXNM's business plan during the interim period before the consummation of the merger and the flexibility in the merger agreement to issue an additional \$400 million of equity during the interim period to support TXNM's business plan, ongoing operations and growth.
- The terms of the merger agreement that provide that in the event of the transaction not closing due to certain breaches of the merger agreement by Parent or due to non-receipt of regulatory approvals, TXNM will receive \$350 million in termination fees, which are guaranteed by Blackstone Infrastructure, without having to establish damages.
- The benefits to customers and local communities that can be provided by Parent's access to capital and other resources, with a focus on creating jobs in New Mexico, economic development, sustainability, culture and reliable and efficient services. The headquarters of PNM and TNMP will remain in New Mexico and Texas. The Board of Directors also considered the ability of Parent to help PNM achieve its transition to carbon-free energy and execute on other sustainability goals.
- The continuity across management and other protections provided for TXNM employees in the merger agreement. The operations of TXNM are expected to be business as usual, without impact to service and safety.
- The other alternatives evaluated and considered by the Board of Directors, in consultation with its advisors, including (i) continuing to run TXNM in the ordinary course, (ii) de-levering TXNM and (iii) selling certain businesses of TXNM.
- The responses from other possible merger partners as discussed above under “—Background of the Merger”.
- The course of negotiations between TXNM and Parent, in which TXNM was advised by independent legal and financial advisors.
- The belief of the Board of Directors based upon arm's-length negotiations with Parent that the price to be paid by Parent was the highest price per share that Parent was willing to pay for TXNM and the fact that other possible merger partners that were contacted declined to or were unable to make a competitive offer to merge with or acquire TXNM. The Board of Directors also considered the fact that TXNM did not receive any other competitive offers following extensive media coverage of rumors of TXNM exploring a sale of TXNM.
- The oral opinion of Wells Fargo, subsequently confirmed in Wells Fargo's written opinion dated as of May 18, 2025, that as of May 18, 2025, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations, qualifications and conditions described in Wells Fargo's written opinion, the merger consideration was fair, from a financial point of view, to the holders of TXNM common stock entitled to receive such merger consideration, as more fully described below in the section entitled “—Opinion of Wells Fargo” beginning on page 48 of this proxy statement.

- The likelihood that the merger will be consummated, based on, among other things, the likelihood of receiving the TXNM shareholder approval necessary to complete the merger in a timely manner, the limited number of conditions to the merger, the fact that Parent has received financing commitment letters that will be sufficient for Parent to fund payment of the merger consideration, and the relative likelihood of obtaining required regulatory approvals.
- Parent's experience and track record in investing in the electric utility industry.
- Parent's commitment to providing customer and community benefits package as part of its merger application.
- The terms and conditions of the merger agreement that permit TXNM, prior to the time that TXNM shareholders approve the merger agreement and the transactions contemplated thereby, under certain circumstances, to discuss and negotiate an acquisition proposal should one be made and, if the Board of Directors determines in good faith, after consultation with its legal and financial advisors, that the unsolicited acquisition proposal constitutes a superior proposal within the meaning of the merger agreement, the Board of Directors is permitted, after giving Parent an opportunity to match that proposal, to terminate the merger agreement in order to enter into a definitive agreement for such superior proposal, subject to payment of a termination fee of \$210 million.
- The other terms and conditions of the merger agreement, including, among other things, the representations, warranties, covenants and agreements of the parties, and the conditions to completion of the merger, including the absence of a financing condition.

The Board of Directors also considered a variety of risks and potentially negative factors concerning the merger and the merger agreement, including the following (which are not listed in any relative order of importance).

- The risk that the merger will be delayed or will not be completed, including the risk that required regulatory approvals may not be obtained and the risk that the financing contemplated by the equity and debt financing commitments is ultimately not obtained, as well as the potential loss of value to TXNM shareholders and the potential negative impact on the financial position, operations and prospects of TXNM if the merger is delayed or is not completed for any reason.
- The exclusive remedy in the event of breach of the merger agreement by Parent, even a breach that is deliberate or willful, is limited to a maximum of \$375 million, and TXNM is not entitled to seek specific performance.
- That TXNM will be required to bear the costs associated with negotiating the merger agreement and attempting to close the merger, including incurring additional interest on TXNM's debt, even if the merger is not ultimately completed.
- Potential litigation may arise in relation to the merger agreement.
- That the ability of the Board of Directors to withdraw or change its recommendation in favor of the merger in connection with a superior proposal or certain material changes related to TXNM is subject to payment of a termination fee of \$210 million in the event Parent terminates the merger agreement following such withdrawal or recommendation change.
- That substantial management time and effort will be required to effectuate the merger and the related disruption to TXNM's day-to-day operations during the pendency of the merger, and the risk that it may be more difficult to attract or retain personnel while the merger is pending.
- That the announcement and pendency of the merger could adversely affect the relationship of TXNM and its subsidiaries with their respective regulators, customers, employees, suppliers, agents and others with whom they have business dealings.
- That the terms of the merger agreement place certain restrictions on the conduct of TXNM's business out of the ordinary course prior to completion of the merger (which may be up to approximately 19 months under the terms of the merger agreement), which may prevent TXNM from undertaking certain business opportunities that may arise prior to completion of the merger, and the resultant risk if the merger is not completed.

- The fact that TXNM shareholders will not participate in any potential future earnings or growth of TXNM and will not benefit from any potential appreciation in the value of TXNM as a subsidiary of Parent.
- The fact that the gain recognized by TXNM shareholders as a result of the merger generally will be taxable to the shareholders for U.S. income tax purposes.
- That TXNM's executive officers and directors may have interests in the merger that are different from, or in addition to, the interests of TXNM shareholders generally. See the section entitled "Interests of TXNM's Directors and Executive Officers in the Merger" beginning on page 62 of this proxy statement for additional information.

The foregoing discussion of factors considered by the Board of Directors is not intended to be exhaustive, but are believed to include all material factors considered. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Board of Directors did not attempt to quantify, rank or otherwise assign any relative or specific weights to the factors that it considered in reaching its determination to approve the merger and adopt the merger agreement.

In addition, individual members of the Board of Directors may have given differing weights to different factors. The Board of Directors conducted an overall review of the factors described above and other material factors, including through discussions with, and inquiry of, TXNM's management, its inside and outside legal advisors, and its financial advisors regarding certain of the matters described above.

Recommendation of the Board of Directors

After careful consideration of various factors described in the section entitled "—TXNM's Reasons for the Merger" beginning on page 43 of this proxy statement, at a meeting held on May 18, 2025, the Board of Directors unanimously (i) determined that the merger consideration is fair, from a financial point of view, to TXNM's shareholders, (ii) declared the merger agreement and the transactions contemplated by the merger agreement, including the merger, advisable, consistent with and in furtherance of TXNM's business strategies and fair to and in the best interests of TXNM and TXNM's shareholders and (iii) resolved to submit adoption of the merger agreement for approval by TXNM shareholders and recommend the approval of the merger agreement by TXNM shareholders.

The Board of Directors recommends that you vote "FOR" the proposal to approve the merger agreement and "FOR" the other matters described in this proxy statement.

Certain Unaudited Financial Forecasts Prepared by the Management of TXNM

While we provide public earnings per share guidance each quarter for that fiscal year, we do not, as a matter of course, publicly disclose other financial forecasts as to future performance, earnings or other results, other than providing projected earnings growth targets, investment plans and expected dividend growth in our regular investor materials. We are especially reluctant to disclose financial forecasts for periods longer than one fiscal year due to the increasing uncertainty, unpredictability and subjectivity of the underlying assumptions and estimates when applied to time periods further in the future. However, in connection with the evaluation of a possible transaction involving TXNM, TXNM management prepared and provided the Board of Directors with certain non-public, unaudited financial forecasts regarding TXNM for the years 2025 through 2029. We also provided the Forecasts to Parent and Wells Fargo and the Board of Directors approved the Forecasts for Wells Fargo's use in connection with rendering its opinion.

A summary of the Forecasts considered by TXNM is included in this proxy statement, not to influence your decision whether to vote for or against the proposal to approve the merger agreement, but because these financial forecasts were made available to Wells Fargo, the Board of Directors and Parent. The inclusion of this information should not be regarded as an indication that the Board of Directors, its advisors or any other person considered, or now considers, such Forecasts to be material or to be a reliable prediction of actual future results, and these Forecasts should not be relied upon as such. Our management's internal financial forecasts, upon which the Forecasts are based, are subjective in many respects. There can be no assurance that these Forecasts will be realized or that actual results will not be significantly higher or lower than forecasted. The Forecasts cover multiple years and become subject to greater uncertainty with each successive year. As a result, the inclusion of the Forecasts in this proxy statement should not be relied on as necessarily predictive of actual future events.

The Forecasts contained herein have been prepared by, and are the responsibility of, our management. The Forecasts were not prepared with a view toward public disclosure or toward complying with generally accepted accounting principles, or GAAP, the published guidelines of the SEC regarding projections and the use of non-GAAP measures or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, but, in the view of our management, were prepared on a reasonable basis, reflected the best then-currently available estimates and judgments at the time of their preparation, and presented at the time of their preparation, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of TXNM. KPMG LLP has neither examined, compiled nor performed any procedures with respect to the accompanying financial forecasts and, accordingly, KPMG LLP does not express an opinion or any other form of assurance with respect thereto.

The estimates and assumptions underlying the Forecasts are inherently uncertain and, though considered reasonable by our management as of the date of the preparation of such Forecasts, are subject to a wide variety of significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the Forecasts, including, among other things, the matters described in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 26 of this proxy statement. In addition, the Forecasts also reflect assumptions that are subject to change and do not reflect revised prospects for our business, changes in general business or economic conditions or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the Forecasts were prepared, including the announcement of the merger, the potential issuance of \$400 million in equity in 2025 and 2026 permitted by the merger agreement or the issuance of \$400 million of TXNM common stock pursuant to the Blackstone stock purchase agreement for the PIPE transaction. Our Forecasts depend, in large part, upon customer usage, weather, capital expenditures and regulatory impacts. We have not prepared and expressly disclaim any responsibility to prepare (except to the extent required by applicable federal securities laws) revised Forecasts to take into account other variables that may have changed since the preparation of the Forecasts. Accordingly, there can be no assurance that these Forecasts will be realized or that our future financial results will not materially vary from these Forecasts.

Certain of the measures included in the Forecasts may be considered non-GAAP financial measures, including gross margin, operating income, earnings before income taxes, net earnings from ongoing operations and earnings per share from ongoing operations. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by us may not be comparable to similarly titled amounts used by other companies. Reconciliations of forward-looking non-GAAP financial measures to comparable GAAP measures are not available due to the challenges and impracticability of estimating certain items, particularly non-recurring gains or losses, unusual or non-recurring items, income tax benefit or expense, or one-time transaction costs and cost of revenue. TXNM is unable to reasonably predict these because they are uncertain and depend on various factors not yet known, which could have a material impact on GAAP results for the guidance period. Because of those challenges, a reconciliation of forward-looking non-GAAP financial measures is not available without unreasonable effort.

In light of the foregoing factors and the uncertainties inherent in the Forecasts, shareholders should not unduly rely on the Forecasts included in this proxy statement.

TXNM Forecasts

The following table sets forth a summary of the forward-looking information we provided to Parent and our financial advisors in connection with the process leading to the execution of the merger agreement.

	2025	2026	2027	2028	2029
	(in thousands, except per share amounts)				
Total Operating Revenue	\$2,112,777	\$2,363,563	\$2,650,293	\$2,900,270	\$3,129,262
Cost of Energy Sold	666,652	725,806	805,136	913,791	949,323
Gross Margin	1,446,125	1,637,757	1,845,157	1,986,479	2,179,939
Non-Fuel Operation Expenses	965,123	1,079,389	1,189,931	1,258,706	1,345,040
Operating Income	481,002	558,367	655,226	727,773	834,899
Earnings Before Income Taxes	295,302	328,599	399,375	443,374	533,491

	2025	2026	2027	2028	2029
	(in thousands, except per share amounts)				
Net Earnings from Ongoing Operations	260,224	293,511	352,096	371,836	441,259
Earnings Per Diluted Share – Ongoing					
Operations	2.75	3.01	3.42	3.49	3.75
Cash from Operations	636,600	736,890	895,522	975,955	1,052,943
Capital Expenditures	1,321,286	1,435,708	1,582,234	1,773,938	1,721,079

The forward-looking financial information is based on various assumptions, including, but not limited to, the following principal assumptions:

- Incremental improvement in regulatory outcomes and timely rate case filings at PNM and TNMP, including \$83 million and \$78 million rate increases at PNM implemented in 2027 and 2028 and a \$32 million rate increase at TNMP implemented in 2026;
- Annual FERC transmission formula rate increases;
- Customer impact associated with PNM rate change filings benefits from projected load growth as economic development projects come to fruition;
- Residential and commercial customer growth is in line with previous years;
- Continued population and economic growth resulting in higher loads;
- Significant capital investments;
- 2025-2029 rate base growth of 12.4%; and
- Financing TXNM with a capital structure that maintains an investment grade rating.

Opinion of Wells Fargo

On May 18, 2025, representatives of Wells Fargo reviewed with the Board of Directors its financial analysis of the merger consideration and delivered to the Board of Directors an oral opinion, which was confirmed by delivery of a written opinion dated May 18, 2025, to the effect that, as of that date and based on and subject to various assumptions and limitations described in its opinion, the merger consideration to be received by holders of TXNM's common stock (other than the shares that will be cancelled without payment at the effective time of the merger in accordance with the merger agreement), was fair, from a financial point of view, to such holders.

Wells Fargo's opinion was for the information and use of the Board of Directors (in its capacity as such) in connection with its evaluation of the proposed merger. Wells Fargo's opinion only addressed the fairness, from a financial point of view, to the holders of TXNM common stock (other than the shares that will be cancelled without payment at the effective time of the merger in accordance with the merger agreement) of the merger consideration to be paid to such holders and did not address any other aspect or implication of the merger. The summary of Wells Fargo's opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex B to this proxy statement and sets forth the procedures followed, assumptions made, matters considered and limitations and qualifications on the review undertaken by Wells Fargo in connection with the preparation of its opinion. However, neither Wells Fargo's written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and they do not constitute, advice or a recommendation to any shareholder of TXNM as to how such shareholder should vote or act on any matter relating to the merger.

In arriving at its opinion, Wells Fargo, among other things:

- reviewed an execution version of the merger agreement;
- reviewed certain publicly available business and financial information relating to TXNM and the industries in which it operates;
- compared the financial and operating performance of TXNM with publicly available information concerning certain other companies Wells Fargo deemed relevant, and compared current and historic market prices of TXNM common stock with similar data for such other companies;

- compared the proposed financial terms of the merger with the publicly available financial terms of certain other business combinations that Wells Fargo deemed relevant;
- reviewed certain internal financial analyses and forecasts for TXNM (referred to in this summary of Wells Fargo's opinion as the "Forecasts" and as described in more detail under the section entitled "*The Merger—Certain Unaudited Financial Forecasts Prepared by the Management of TXNM*") prepared by the senior management of TXNM at the direction of the Board of Directors and approved by the Board of Directors for use by Wells Fargo in preparing its opinion;
- discussed with the management of TXNM certain aspects of the merger, the business, financial condition and prospects of TXNM, the effect of the merger on the business, financial condition and prospects of TXNM, and certain other matters that Wells Fargo deemed relevant; and
- considered such other financial analyses and investigations and such other information that Wells Fargo deemed relevant.

In giving its opinion, Wells Fargo assumed and relied upon the accuracy and completeness of all information that was publicly available or was furnished to or discussed with Wells Fargo by TXNM or otherwise reviewed by Wells Fargo. Wells Fargo did not independently verify any such information, and pursuant to the terms of Wells Fargo's engagement by TXNM, Wells Fargo did not assume any obligation to undertake any such independent verification. In relying on Forecasts, Wells Fargo assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of management as to the future performance and financial condition of TXNM. Wells Fargo expressed no view or opinion with respect to the Forecasts or the assumptions upon which they are based. Wells Fargo assumed that any representations and warranties made by TXNM and Parent in the merger agreement or in other agreements relating to the merger will be true and accurate in all respects that are material to its analysis and that TXNM will have no exposure for indemnification pursuant to the merger agreement or such other agreements that would be material to its analysis.

Wells Fargo assumed that the merger will have the tax consequences described in discussions with, and materials provided to it by, TXNM and its representatives. Wells Fargo also assumed that, in the course of obtaining any regulatory or third-party consents, approvals or agreements in connection with the merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on TXNM or the contemplated benefits of the merger. Wells Fargo also assumed that the merger will be consummated in compliance with all applicable laws and regulations and in accordance with the terms of the merger agreement without waiver, modification or amendment of any term, condition or agreement thereof that is material to its analyses or opinion. In addition, Wells Fargo did not make any independent evaluation, inspection or appraisal of the assets or liabilities (contingent or otherwise) of TXNM or Parent, nor was Wells Fargo furnished with any such evaluations or appraisals. Wells Fargo did not evaluate the solvency of TXNM or Parent under any state or federal laws relating to bankruptcy, insolvency or similar matters. Wells Fargo further assumed that the final form of the merger agreement, when executed by the parties thereto, would conform to the draft reviewed by it in all respects material to its analyses and opinion.

Wells Fargo's opinion only addressed the fairness, from a financial point of view, of the merger consideration to be paid to the holders of TXNM common stock (other than the shares that will be cancelled without payment at the effective time of the merger in accordance with the merger agreement) and Wells Fargo expressed no opinion as to the fairness of any consideration payable to TXNM pursuant to the Blackstone stock purchase agreement for the PIPE transaction, the consideration payable to TXNM in any subsequent equity offering to be conducted after the date of the merger agreement or any consideration paid in connection with the merger to the holders of any other class of securities, creditors or other constituencies of TXNM. Furthermore, Wells Fargo expressed no opinion as to any other aspect or implication (financial or otherwise) of the merger, or any other agreement, arrangement or understanding entered into in connection with the merger or otherwise, including, without limitation, the fairness of the amount or nature of, or any other aspect relating to, any compensation or consideration to be received by or otherwise payable to any officers, directors or employees of any party to the merger, or class of such persons, relative to the merger consideration or otherwise. Furthermore, Wells Fargo did not express any advice or opinion regarding matters that require legal, regulatory, accounting, insurance, tax, environmental, executive compensation or other similar professional advice and has relied upon the assessments of TXNM and its advisors with respect to such advice.

Wells Fargo's opinion was necessarily based upon information made available to Wells Fargo as of the date of its opinion and financial, economic, market and other conditions as they existed and could be evaluated on the date of its opinion. Wells Fargo did not undertake, and is under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring or coming to its attention after the date of its opinion, notwithstanding that any subsequent development may affect its opinion. Wells Fargo's opinion did not address the relative merits of the merger as compared to any alternative transactions or strategies that might have been available to TXNM, nor did it address the underlying business decision of the Board of Directors to proceed with or effect the merger. Wells Fargo did not express any opinion as to the price at which the TXNM common stock may be traded at any time.

Financial Analyses

In preparing its opinion to the Board of Directors, Wells Fargo performed a variety of analyses, including those described below. The summary of Wells Fargo's analyses is not a complete description of the analyses underlying Wells Fargo's opinion. The preparation of such an opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytical methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither Wells Fargo's opinion nor its underlying analyses is readily susceptible to summary description. Wells Fargo arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, methodology or factor. Accordingly, Wells Fargo believes that its analyses and the following summary must be considered as a whole and that selecting portions of its analyses, methodologies and factors, without considering all analyses, methodologies and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying Wells Fargo's analyses and opinion.

In performing its analyses, Wells Fargo considered general business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. None of the selected companies used in Wells Fargo's analyses is identical to TXNM and none of the selected transactions reviewed was identical to the proposed merger. Evaluation of the results of those analyses is not entirely mathematical. The financial analyses performed by Wells Fargo were performed for analytical purposes only and are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the control of TXNM.

While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Wells Fargo did not make separate or quantifiable judgments regarding individual analyses. Much of the information used in, and accordingly the results of, Wells Fargo's analyses are inherently subject to substantial uncertainty.

Wells Fargo's opinion was only one of many factors considered by the Board of Directors in evaluating the merger. Neither Wells Fargo's opinion nor its analyses were determinative of the merger consideration or of the views of the Board of Directors or TXNM's management with respect to the merger or the merger consideration. The type and amount of consideration payable in the merger were determined through negotiations between TXNM and Parent, and the decision to enter into the merger agreement was solely that of the Board of Directors.

The following is a summary of the material financial analyses performed by Wells Fargo in connection with the preparation of its opinion rendered to, and reviewed with, the Board of Directors on May 18, 2025. The order of the analyses summarized below does not represent relative importance or weight given to those analyses by Wells Fargo. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying and the assumptions made, procedures followed, matters considered and limitations and qualifications affecting each analysis, could create an incomplete view of Wells Fargo's analyses.

The estimates of the future financial performance of the companies listed below were based on public filings, including SEC, state regulatory and foreign filings, and research estimates for those companies and the estimates of the future financial performance of TXNM relied upon for the financial analyses described below were based on the Forecasts.

Selected Public Companies Analysis

Wells Fargo reviewed certain data for selected companies with publicly traded equity securities that Wells Fargo deemed relevant. None of the selected companies used in Wells Fargo's analyses is identical to TXNM. The selected companies were selected by Wells Fargo because they were deemed by Wells Fargo to be similar to TXNM in one or more respects, including, among other things, that each selected company is a small-mid cap whose principal business includes regulated electric utility service.

The financial data reviewed included:

Enterprise Value, calculated as the selected company's equity value based on closing stock price on May 14, 2025 and the number of fully diluted shares outstanding using the treasury stock method, plus debt, preferred stock and noncontrolling interests, and less cash and short-term investments, as a multiple of estimated EBITDA (earnings before interest, taxes, depreciation and amortization, unburdened for stock-based consideration) for the last twelve months and years 2025 and 2026, or "LTM EBITDA," "2025E EBITDA" and "2026E EBITDA," respectively; and

Share price as a multiple of estimated adjusted earnings per share for the last twelve months and years 2025 and 2026, or "LTM Adj. EPS," "2025E Adj. EPS" and "2026E Adj. EPS," respectively.

Financial data for the selected companies are summarized below:

Select SMID-Cap Peers	Enterprise Value/LTM EBITDA Multiple	Enterprise Value/2025E EBITDA Multiple	Enterprise Value/2026E EBITDA Multiple	Share Price/LTM Adj. EPS Multiple	Share Price/2025E Adj. EPS Multiple	Share Price/2026E Adj. EPS Multiple
Avista Corporation	9.8x	9.5x	8.7x	16.0x	14.4x	13.7x
IDACORP, Inc.	13.3x	13.8x	11.1x	19.7x	19.1x	17.5x
NorthWestern Energy Group, Inc.	11.1x	10.3x	9.6x	15.4x	15.2x	14.0x
OGE Energy Corp.	10.7x	10.6x	9.9x	17.8x	18.9x	17.6x
Pinnacle West Capital Corp.	10.8x	10.3x	9.1x	17.6x	19.4x	17.4x
Portland General Electric Company	10.6x	8.0x	7.4x	14.3x	12.7x	12.1x
Median	10.8x	10.3x	9.4x	16.8x	17.0x	15.7x
Mean	11.0x	10.4x	9.3x	16.8x	16.6x	15.4x

Taking into account the results of the selected public companies analysis, Wells Fargo applied a multiple range of 11.50x to 12.50x to TXNM's EBITDA for the twelve months ended March 31, 2025, a multiple range of 10.50x to 11.50x to TXNM's estimated EBITDA for the year ended December 31, 2025, a multiple range of 9.25x to 10.25x to TXNM's estimated EBITDA for the year ended December 31, 2026, a multiple range of 16.75x to 18.75x to TXNM's Adj. EPS for the twelve months ended March 31, 2025, a multiple range of 16.25x to 18.25x to TXNM's estimated Adj. EPS for the year ended December 31, 2025 and a multiple range of 15.00x to 17.00x to TXNM's estimated Adj. EPS for the year ended December 31, 2026, in each case, based on the Forecasts and Wells Fargo's professional judgment and experience. The selected companies analysis indicated the following implied price per share reference ranges for TXNM common stock:

Metric	Implied Equity Value Per Share	
	Low	High
Enterprise Value/ LTM EBITDA	\$41.92	\$50.61
Enterprise Value/ 2025E EBITDA	\$40.40	\$49.76
Enterprise Value/ 2026E EBITDA	\$40.95	\$51.64
Selected Public Companies Enterprise Value / EBITDA Reference Range: . . .	\$40.40	\$51.64
Share Price/ LTM Adj. EPS	\$42.26	\$47.31
Share Price/ 2025E Adj. EPS	\$44.79	\$50.31
Share Price/ 2026E Adj. EPS	\$45.21	\$51.23
Selected Public Companies Price / EPS Reference Range:	\$42.26	\$51.23

The implied equity value per share reference range was then compared to the merger consideration of \$61.25 per share of TXNM common stock.

Selected Transactions Analysis

Wells Fargo considered certain financial terms of certain transactions involving target companies that Wells Fargo deemed relevant. The selected transactions were selected because they involved target companies that were deemed similar to TXNM in one or more respects.

The financial data reviewed included:

Enterprise Value as a multiple of EBITDA for the last twelve months prior to the announcement of the applicable transaction and for the fiscal year following the last complete fiscal year prior to the announcement of the applicable transaction for which data was publicly available, or “LTM EBITDA” and “FY1 EBITDA,” respectively.

Share price as a multiple of estimated adjusted earnings per share for the last twelve months prior to the announcement of the applicable transaction and for the fiscal year following the last complete fiscal year prior to the announcement of the applicable transaction for which data was publicly available, or “LTM Adj. EPS” and “FY1 Adj. EPS,” respectively.

Financial data for the selected transactions are summarized below:

Date Announced	Acquiror	Target	Enterprise Value/LTM EBITDA Multiple	Enterprise Value/FY1 EBITDA Multiple	Share Price/LTM Adj. EPS Multiple	Share Price/FY1 Adj. EPS Multiple
02/2015	Iberdrola SA	UIL Holdings Corporation	11.5x	N/A ⁽¹⁾	23.3x	22.0x
09/2015	Emera Incorporated	TECO Energy, Inc.	11.7x	11.4x	26.7x	25.3x
02/2016	Algonquin Power & Utilities Corp.	Empire District Electric Company	12.7x	10.1x	25.6x	22.8x
02/2016	Fortis Inc.	ITC Holdings Corp.	14.1x	13.7x	22.5x	21.6x
05/2016	Great Plains Energy Incorporated	Westar Energy, Inc.	12.7x	11.6x	27.6x	24.7x
07/2017	Hydro One Limited	Avista Corporation	11.1x	11.8x	24.2x	27.2x
01/2018	Dominion Energy Inc	SCANA Corporation	9.4x	9.3x	14.3x	13.1x
04/2018	CenterPoint Energy, Inc.	Vectren Corporation	13.6x	12.1x	27.7x	25.3x
10/2018	Oncor Electric Delivery Company LLC	InfraREIT, Inc.	14.2x	13.4x	14.6x	16.4x
06/2019	J.P. Morgan Infrastructure Investments Fund	El Paso Electric Company	16.0x	15.9x	30.1x	27.9x
10/2020	Avangrid, Inc.	PNM Resources, Inc.	13.8x	13.5x	22.7x	22.2x
05/2024	Global Infrastructure Partners / CPP Investments	ALLETE, Inc.	14.2x	12.0x	18.4x	17.6x

(1) Item noted “N/A” is not publicly available and not included in calculation of median or mean.

<u>Metric</u>	<u>Median</u>	<u>Mean</u>
Enterprise Value/ LTM EBITDA	13.2x	12.9x
Enterprise Value/ FY1 EBITDA.	12.0x	12.2x
Share Price/ LTM Adj. EPS	23.8x	23.1x
Share Price/ FY1 Adj. EPS.	22.5x	22.2x

None of the selected transactions reviewed was identical to the proposed merger. However, the selected transactions were chosen because certain aspects of the transactions, for purposes of Wells Fargo’s analysis, may be considered similar to the proposed merger. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the transactions differently than they would affect the proposed merger.

Taking into account the results of the selected transactions analysis, Wells Fargo applied a multiple range of 11.50x to 13.50x to EBITDA for the last twelve months ended March 31, 2025 for TXNM, a multiple range of 11.25x to 12.25x to estimated EBITDA for the fiscal year ended December 31, 2025 for TXNM, a multiple range of 21.50x to 24.50x to Adj. EPS for the last twelve months ended March 31, 2025 for TXNM and a multiple range of 20.50x to 23.00x to estimated Adj. EPS for the fiscal year ended December 31, 2025 for TXNM, in each case based on the Forecasts and Wells Fargo’s professional judgment and experience.

The selected transactions analysis indicated the following implied price per share equity value reference ranges for TXNM common stock:

<u>Metric</u>	<u>Implied Equity Value Per Share</u>	
	<u>Low</u>	<u>High</u>
Enterprise Value/ LTM EBITDA	\$41.92	\$59.29
Enterprise Value/ 2025E EBITDA.	\$47.42	\$56.79
Selected Transactions Enterprise Value / EBITDA Reference Range:	\$41.92	\$59.29
Share Price/ LTM Adj. EPS	\$54.25	\$61.82
Share Price/ 2025E Adj. EPS.	\$56.51	\$63.40
Selected Transactions Price / EPS Reference Range:	\$54.25	\$63.40

The implied equity value per share reference range was then compared to the merger consideration of \$61.25 per share of TXNM common stock.

Discounted Cash Flow Analysis

Wells Fargo performed a discounted cash flow analysis for TXNM by calculating the estimated present value (as of March 31, 2025) of the projected unlevered, after-tax free cash flows of TXNM for the nine months ending December 31, 2025 through the fiscal year ending December 31, 2029, based on the Forecasts.

Wells Fargo applied discount rates ranging from 5.40% to 6.40%, which were chosen by Wells Fargo based on its experience and professional judgment taking into account an analysis of TXNM’s weighted average cost of capital, which was calculated based on considerations that Wells Fargo deemed relevant in its professional judgment and experience. The discounted cash flow analysis indicated the following implied per share equity value reference range for TXNM common stock:

	<u>Implied Per Share Equity Value</u>	
	<u>Low</u>	<u>High</u>
Terminal Value, P / E Exit Multiple	\$43.47	\$58.28
Terminal Value, TEV / EBITDA Exit Multiple.	\$50.33	\$67.98

The implied equity value per share reference range was then compared to the merger consideration of \$61.25 per share of TXNM common stock.

Other Matters

Wells Fargo is a trade name of Wells Fargo Securities, LLC, an investment banking subsidiary and affiliate of Wells Fargo & Company. TXNM retained Wells Fargo as its financial advisor in connection with the merger based on Wells Fargo's experience and reputation. Wells Fargo is an internationally recognized investment banking firm which is regularly engaged in providing financial advisory services in connection with mergers and acquisitions. In connection with financial advisory services rendered in connection with the merger, TXNM has agreed to pay Wells Fargo an aggregate fee currently estimated to be approximately \$42.5 million, \$7.0 million of which became payable to Wells Fargo prior to and including the announcement date of the merger of May 19, 2025, and the remainder of which is contingent and payable upon the consummation of the merger. In addition, TXNM has agreed to reimburse Wells Fargo for certain expenses and to indemnify Wells Fargo and certain related parties against certain liabilities and other items that may arise out of or relate to Wells Fargo's engagement. The issuance of Wells Fargo's opinion was approved by a fairness committee of Wells Fargo.

Wells Fargo or its affiliates also acted as financial advisor to TXNM in connection with the transactions contemplated by the Blackstone stock purchase agreement for the PIPE transaction and received a fee equal to \$4.0 million from TXNM for such services. Wells Fargo and its affiliates provide a wide range of investment and commercial banking advice and services, including financial advisory services, securities underwritings and placements, securities sales and trading, brokerage advice and services, and commercial loans. During the two years preceding the date of Wells Fargo's written opinion, Wells Fargo and its affiliates have had investment or commercial banking relationships with TXNM and its subsidiaries and portfolio companies of Blackstone Infrastructure for which Wells Fargo and its affiliates have received customary compensation. Such relationships have included acting (i) as sole lead arranger, administrative agent and sole bookrunner on an offering of debt securities by TXNM in June 2023, as joint bookrunner on an at-the-market offering of shares of TXNM common stock in September 2023, as joint lead arranger, administrative agent and bookrunner on offerings of debt securities by TXNM in December 2023, as joint lead arranger, administrative agent and bookrunner on offerings of debt securities by TXNM in April 2024, as joint bookrunner on an offering of convertible debt securities by TXNM in June 2024, as administrative agent in connection with the Backstop Facilities with TXNM and TNMP and on offerings for equity and debt securities for TXNM subsidiaries, for which Wells Fargo or its affiliates have received or are expected to receive approximately \$10.5 million in fees from TXNM since May 1, 2023; and (ii) on offerings of equities and debt securities, on debt underwritings, and as M&A financial advisor for such portfolio companies of Blackstone Infrastructure. Wells Fargo or its affiliates are also an agent and a lender to one or more of the credit facilities of TXNM, PNM, and TNMP. Following the date of its opinion, Wells Fargo or its affiliates may provide financing or services in connection with the new issuance of debt securities by PNM and TNMP, refinancings of outstanding debt securities issued by PNM and TNMP as well as other indebtedness incurred by PNM and TNMP, and/or subsequent offerings shares of TXNM common stock, for any of which Wells Fargo or its affiliates are expected to receive customary compensation. The information disclosed in this paragraph regarding relationships of Wells Fargo and fees recognized by it is based upon information provided to TXNM by Wells Fargo. Wells Fargo and its affiliates hold, on a proprietary basis, less than 1% of the outstanding common stock of each of TXNM and Blackstone Infrastructure. In the ordinary course of business, Wells Fargo and its affiliates may trade or otherwise effect transactions in the securities or other financial instruments (including bank loans or other obligations) of TXNM, Blackstone Infrastructure and certain of their affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or financial instruments. Wells Fargo and its affiliates have adopted policies and procedures designed to preserve the independence of their research and credit analysts whose views may differ from those of the members of the team of investment banking professionals involved in preparing Wells Fargo's opinion.

In addition, in the future Wells Fargo and its affiliates may provide financial advisory services to TXNM, Blackstone Infrastructure and their respective affiliates.

Regulatory Approvals Required for the Merger

General

To complete the merger, Parent and TXNM must obtain approvals or consents from, or make filings with, a number of U.S. federal and state regulatory authorities. The material regulatory approvals, consents and filings include the following:

- the expiration of the waiting period under the HSR Act and the rules and regulations thereunder;
- approval by the NMPRC, pursuant to the New Mexico Public Utility Act and NMPRC Rule 450;
- approval by the PUCT, pursuant to the PURA;
- approval by the FERC, pursuant to Section 203 of the FPA;
- approval by the FCC under the Communications Act of 1934 for the transfer of control over wireless and microwave licenses held by certain TXNM subsidiaries; and
- approval from the NRC.

Parent and TXNM have made or intend to make various filings and submissions for the above-mentioned authorizations and approvals and, under the terms of the merger agreement, each company must use its reasonable best efforts to obtain these authorizations and approvals, subject to certain conditions.

HSR Act and Antitrust

The merger is subject to the requirements of the HSR Act, which prevents Parent and TXNM from completing the merger until required information and materials are furnished to the Antitrust Division of the DOJ and the FTC and the HSR Act's applicable waiting period expires or is terminated. Pursuant to the HSR Act requirements, Parent and TXNM expect to file the required Notification and Report Forms with the DOJ and the FTC on a date to be agreed to by the parties as provided for in the merger agreement.

NMPRC Approval

Pursuant to the New Mexico Public Utility Act and NMPRC Rule 450, approval of the merger by the NMPRC is required for the consummation of the merger. The NMPRC's approval standard is whether the merger is inconsistent with the public interest or unlawful. The NMPRC applies the following factors to its determination: (1) whether the merger provides benefits to customers, (2) whether the NMPRC's jurisdiction will be preserved, (3) whether quality of service will diminish, (4) whether the merger will result in improper subsidization of non-utility activities, (5) careful verification of the qualifications and financial health of the new owner, and (6) adequate protections against harm to customers. NMPRC Rule 450 will also require certain commitments from the new owner to provide ongoing supervision in support of these standards.

Parent and TXNM expect to file an application with the NMPRC prior to the consummation of the merger. There can be no guarantee that the NMPRC will approve the merger or that it will not impose conditions on its approval that have adverse effects on either Parent or TXNM.

PUCT Approval

Sections 14.101, 39.262 and 39.915 of the PURA, as codified in Title II of the Texas Utilities Code, requires approval of a merger by the PUCT. The PUCT is required by Sections 39.262(m) and 39.915(b) of the PURA to rule on the application within 180 days of the filing, although the PUCT is permitted to extend the 180-day deadline by 60 days if it determines that there is good cause to do so.

To approve the proposed transactions, Sections 39.262 and 39.915 of the PURA require that the PUCT must find that the proposed transactions are in the public interest. In making this determination, the PUCT must consider whether the proposed transactions will adversely affect the reliability of service, availability of service or the cost of service currently provided by TXNM. Section 14.101 of the PURA also instructs the PUCT to consider whether the proposed transactions are consistent with the public interest, taking into consideration whether the proposed transactions will result in the transfer of jobs to workers outside of Texas, adversely affect the health or safety of a utility's customers or employees, or result in a decline in service to customers.

Parent and TXNM expect to file an application with the PUCT prior to the consummation of the merger. There can be no guarantee that the PUCT will approve the merger or that it will not impose conditions on its approval that have adverse effects on either Parent or TXNM.

FERC Approval

TXNM has public utility subsidiaries subject to the jurisdiction of FERC under Part II of the FPA. Section 203 of the FPA provides that no public utility shall dispose of its jurisdictional facilities or merge or consolidate, either directly or indirectly, such facilities without securing an order from FERC authorizing it to do so. Consequently, FERC's approval of the merger under Section 203 of the FPA is required. FERC must authorize the merger if it finds that the merger is consistent with the public interest. In addition, in accordance with the Energy Policy Act of 2005, FERC must also find that the merger will not result in the cross-subsidization by utilities of their non-utility affiliates or the improper encumbrance or pledge of utility assets. Parent and TXNM expect to file an application with FERC prior to the consummation of the merger.

FCC Approval

Under FCC regulations implementing provisions of the Communications Act of 1934, as amended, an entity holding an FCC license generally must obtain the approval of the FCC before the direct or indirect transfer of control or assignment of those licenses. Certain TXNM subsidiaries hold FCC wireless and microwave licenses and, thus, must obtain prior FCC approval to assign or transfer direct or indirect control of those licenses. Parent and TXNM expect to file transfer of control applications with respect to the wireless and microwave licenses held by PNM and TNMP prior to the consummation of the merger.

NRC Approval

PNM is a participant in the three units of the Palo Verde Nuclear Generating Station, or PVNGS, and is named as an owner in the applicable NRC renewed facility operating licenses. Under the Atomic Energy Act of 1954, as amended, and the regulations of the NRC, an NRC power plant licensee must seek and obtain prior NRC consent for the indirect transfer of its NRC licenses resulting from the transfer of control over the licensee in a merger.

In reviewing a license transfer application, the NRC must find that the transfer is not inimical to the common defense and security, does not result in foreign ownership, control, or domination, and will not result in or cause any undue risk to the public health and safety. In making these findings the NRC assesses, among other things, the transferee's technical and financial qualifications to own and operate the nuclear facilities, whether there is assurance that adequate decommissioning funds will be available to safely decommission the facilities at the end of their useful lives, whether the transfer will result in foreign ownership, control or domination, and whether the transfer is otherwise consistent with the applicable provisions of laws, regulations and orders of the NRC. The NRC presumes financial qualifications for state rate-regulated electric utilities that are authorized to recover the costs and operating expenses of their nuclear facilities through state approved rates. The NRC also permits state rate-regulated entities to provide decommissioning funding assurance through the use of external sinking funds.

Parent and TXNM will coordinate with the operator of PVNGS, Arizona Public Service, to file an application with the NRC prior to consummation of the merger. However, there is no guarantee that the NRC will approve the merger.

Dissenter's Rights

General

If you are a shareholder of record as of the record date of the special meeting, you have a right to dissent from the merger and to obtain payment of the fair value of your shares in the event the merger is completed. The appraised fair value may be more or less than the value of the merger consideration being paid in the merger in exchange for shares of TXNM common stock.

If you are contemplating exercising your right to dissent, you should read carefully the provisions of Sections 53-15-3 and 53-15-4 of the NMBCA, a copy of which is attached to this proxy statement as **Annex C**,

and which qualify in all respects the following discussion of those provisions, and consult with your legal counsel before electing or attempting to exercise these rights. The following discussion describes the steps you must take if you want to exercise your right to dissent. You should read this summary and the full text of the law carefully.

How to Exercise and Perfect Your Right to Dissent

To be eligible to exercise your right to dissent from the merger:

- you must file with TXNM, prior to or at the special meeting, a written objection to the merger;
- you must not vote in favor of the merger;
- you must, within ten days after the date of the special meeting, make a written demand on TXNM (as the surviving company of the merger) for payment of the fair value of your shares of TXNM common stock; and
- if your shares of TXNM common stock are represented by a certificate, you must, within 20 days after you make your demand for payment to TXNM as described above, submit your certificate formerly representing your shares of TXNM common stock to TXNM for notation that such demand has been made.

If you intend to exercise your right to dissent from the merger, you must file with TXNM, prior to or at the special meeting, a written objection to the merger. If you fail to file the written objection to the merger at or prior to the special meeting, if you vote your shares of TXNM common stock in favor of the merger or if you fail to make your demand for payment on a timely basis, you will lose your right to dissent from the merger. If your shares of TXNM common stock are represented by a certificate and you fail to submit your certificate formerly representing shares of TXNM common stock to TXNM on a timely basis after you have submitted the demand for payment as described above, TXNM will have the option to terminate your right of dissent as to your shares of TXNM common stock unless a court of competent jurisdiction, for good and sufficient cause shown, otherwise directs. In any instance of a termination or loss of your right of dissent, you will instead receive the merger consideration as set forth in the merger agreement. If you comply with the first two items above and the merger is completed, TXNM will send you a written notice advising you that the merger has been completed. TXNM must give you this notice within ten days after the merger is completed.

Your Demand for Payment

If you have provided your written objection to the merger to TXNM in a timely manner and you have not voted in favor of the merger, and you desire to receive the fair value of your shares of TXNM common stock in cash, you must, within ten days after the date of the special meeting, give TXNM a written demand for payment of the fair value of your shares. The fair value of your shares of TXNM common stock will be the value of the shares on the day immediately preceding the special meeting.

If you do not make your written demand for payment within that ten-day period, you will be bound by the merger and you will not be entitled to receive a cash payment representing the fair value of your shares of TXNM common stock. Instead, you will receive the merger consideration as set forth in the merger agreement.

Delivery of Stock Certificates

Upon receiving a demand for payment from any dissenting shareholder, TXNM will make an appropriate notation thereof in its shareholder records. If your shares of TXNM common stock are represented by a certificate, you must, within 20 days after demanding payment for your shares, submit your certificate representing your shares of TXNM common stock to TXNM for notation thereon that such demand has been made. The failure to submit your certificates within such 20-day period will, at the option of TXNM, terminate your rights under the NMBCA unless a court of competent jurisdiction otherwise directs. If your shares of TXNM common stock for which you have demanded payment are uncertificated or if your shares are represented by a certificate on which such notation has been made is/are transferred, any new certificate issued for such shares will bear similar notation and your name, as the original dissenting holder of the shares, and a transferee of the shares acquired by such transfer will have no rights in TXNM other than those which you, as the original dissenting shareholder, had after making demand for payment of the fair value of such shares.

Payment of the Fair Value of Your Shares of TXNM Common Stock

Within ten days after the merger is completed, TXNM will give you written notice that the merger was completed and will make a written offer to you to pay for your shares of TXNM common stock at a specified price deemed by TXNM to be the fair value thereof.

If, within 30 days after the date on which the merger was completed, you and TXNM agree upon the fair value of your shares of TXNM common stock, TXNM will make payment to you for your shares within 90 days after the date on which the merger was completed, and, if your shares are represented by a certificate, upon surrender of the certificate formerly representing your shares of TXNM common stock. Once TXNM makes payment to you of the agreed value, you will cease to have any interest in your shares of TXNM common stock.

Commencement of a Legal Proceeding if a Demand for Payment Remains Unsettled

If a dissenting shareholder and TXNM do not agree on the fair value of such shareholder's shares of TXNM common stock within such 30-day period, then TXNM, within 30 days after receipt of written demand from any dissenting shareholder, given within 60 days after the date on which the merger was completed, will, or at its election at any time within such 60-day period may, file a petition in any court of competent jurisdiction in Bernalillo County, New Mexico asking that the fair value of such shares be determined. If TXNM fails to institute the proceeding as provided in the NMBCA, any dissenting shareholder may do so in the name of TXNM. All dissenting shareholders, wherever residing, will be made parties to the proceeding as an action against their shares of TXNM common stock. A copy of the petition will be served on each dissenting shareholder who is a resident of New Mexico and will be served by registered or certified mail on each dissenting shareholder who is a nonresident. Service on nonresidents will also be made by publication as provided by law. All dissenting shareholders who are parties to the proceeding will be entitled to judgment against TXNM for the amount of the fair value of their shares of TXNM common stock. The court may, if it so elects, appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The judgment will be payable to the holders of uncertificated shares immediately, but to the holders of shares represented by certificates only upon the surrender to TXNM of certificates. Upon payment of the judgment, the dissenting shareholder will cease to have any interest in such shares.

The judgment will include an allowance for interest at such rate as the court may find to be fair and equitable, in all the circumstances, from the date of the special meeting to the date of payment.

The costs and expenses of any such proceeding will be determined by the court and will be assessed against TXNM, but all or any part of the costs and expenses may be apportioned and assessed as the court deems equitable against any or all of the dissenting shareholders who are parties to the proceeding to whom TXNM will have made an offer to pay for such dissenting shareholders' shares of TXNM common stock if the court will find that the action of such dissenting shareholders in failing to accept such offer was arbitrary or vexatious or not in good faith. Such expenses will include reasonable compensation for and reasonable expenses of the appraisers, but exclude the fees and expenses of counsel for and experts employed by any party; but if the fair value of such dissenting shareholders' shares as determined materially exceeds the amount which TXNM offered to pay for such shares, or if no offer was made, the court in its discretion may award to any dissenting shareholder who is a party to the proceeding such sum as the court determines to be reasonable compensation to any expert employed by the dissenting shareholder in the proceeding, together with reasonable fees of legal counsel.

Withdrawal of Demand

You may not withdraw your demand unless TXNM consents to such withdrawal. If, however, your demand is withdrawn upon consent, or if the merger is abandoned or rescinded or the TXNM shareholders revoke the authority to effect the merger, or if no demand or petition for the determination of fair value by a court has been made or filed within the time provided in the NMBCA, or if a court of competent jurisdiction determines that you are not entitled to the relief provided by the NMBCA, then your right to be paid the fair value of your shares of TXNM common stock will cease and your status as a TXNM shareholder will be restored.

Beneficial Owners

Persons who beneficially own shares of TXNM common stock that are held of record in the name of another person, such as a bank, broker or other nominee, and who desire to have the right of dissent exercised as

to those shares must submit to TXNM at or prior to the special meeting a written consent of the record holder of such shares and must otherwise comply with all of the actions required under the NMBCA to exercise and perfect such dissenters' rights.

Financing of the Merger

As of the date of this proxy statement, the estimated maximum total amount of funds required to complete the merger is approximately \$7.585 billion. Parent and Merger Sub expect this amount to be funded through a combination of the following:

- debt financing in an aggregate amount of up to \$965.7 million to fund the repayment, repurchase or other retirement in full of certain outstanding indebtedness of TXNM and its subsidiaries in connection with the consummation of the merger, and to pay fees and expenses incurred in connection therewith; and
- equity financing in an aggregate amount of up to \$6.619 billion.

The consummation of the merger under the merger agreement is not subject to any financing condition.

Debt Commitment Letters

In connection with the entry into the merger agreement, Royal Bank of Canada; RBC Capital Markets, LLC; BNP Paribas; Canadian Imperial Bank of Commerce, New York Branch; MUFG Bank, Ltd.; and Sumitomo Mitsui Banking Corporation (referred to in this proxy statement as the "initial lenders") provided:

- the TNMP Debt Commitment Letter, pursuant to which the initial lenders committed to provide the TNMP Debt Financing, the proceeds of which will be used to fund, directly or indirectly (i) the repayment, repurchase or other retirement in full of the TNMP Bonds issued by TNMP pursuant to (1) the TNMP Mortgage Indenture and (2) those certain Bond Purchase Agreements between TNMP and the applicable purchasers named therein, dated as of December 17, 2015, June 14, 2017, June 28, 2018, February 26, 2019, April 24, 2020, July 14, 2021, April 27, 2022, April 28, 2023, March 28, 2024 and February 14, 2025, (ii) the TNMP Backstop Facility, (iii) any facility entered into for the purpose of refinancing such TNMP Backstop Facility and (iv) fees and expenses incurred in connection with the foregoing transactions and related thereto; and
- the TXNM Debt Commitment Letter, pursuant to which the initial lenders committed to provide the TXNM Debt Financing, the proceeds of which will be used to fund, directly or indirectly (i) the repayment, repurchase or other retirement of (x) the Convertible Notes issued pursuant to the Convertible Notes Indenture and (y) any non-convertible notes issued in exchange for the Convertible Notes upon the exercise of any conversion right by the holder thereof and (ii) fees and expenses incurred in connection with the foregoing transactions or otherwise related thereto.

The commitments under the TNMP Debt Commitment Letter are subject to reduction pursuant to the terms thereof in connection with, among other things, the prepayment of the TNMP Bonds by TNMP. As of the date of this proxy statement, \$1.08 billion in principal amount of the First Mortgage Bonds have been repaid since the signing of the merger agreement, which has resulted in dollar-for-dollar reduction of commitments under the TNMP Debt Financing to \$415.7 million. The initial lenders' obligation to provide the Debt Financing is subject to customary conditions, including, without limitation, the following (subject to certain exceptions and qualifications as set forth in the debt commitment letters):

- the consummation of the merger in accordance with the terms of the merger agreement;
- the accuracy (subject to materiality standards set forth in the debt commitment letters) of certain specified representations and warranties in the merger agreement and in the definitive documents with respect to the Debt Financing;
- the execution and delivery of definitive documents with respect to the Debt Financing on terms consistent with the debt commitment letters and other customary deliverables, including a solvency certificate;
- customary documentation and information for applicable "know your customer" and anti-money laundering rules and regulations;

- the payment of applicable fees and expenses; and
- the absence of a material adverse effect on TXNM.

The interest rate applicable to the loans incurred under the TNMP Debt Financing will range from a rate equal to, at TNMP's option, SOFR *plus* a margin of 0.875% per annum or a base rate *plus* a margin of 0.0% per annum, with each such margin increasing by an additional 0.25% 180 days following the closing date of the merger. Upon the funding of the TNMP Debt Financing, TNMP may be required to pay a ticking fee, depending when such funding occurs, with such ticking fee having accrued at a rate of 0.10% per annum of the commitment amount under the TNMP Debt Commitment Letter beginning on the date that is 90 days following the date of the TNMP Debt Commitment Letter, stepping up to 0.20% at the 18-month anniversary thereof and again stepping up to 0.30% at the 21-month anniversary thereof. Additionally, TNMP must pay a duration fee on the 90th, 180th and 270th day following the date of the initial funding of the TNMP Debt Financing at a rate equal 0.50%, 0.75% and 1.00% of the aggregate outstanding amount of loans outstanding thereunder as of such respective dates.

The interest rate applicable to the loans incurred under the TXNM Debt Financing will range from a rate equal to, at TXNM's option, SOFR *plus* a margin of 1.50% per annum or a base rate *plus* a margin of 0.50% per annum, with each such margin increasing by an additional 0.25% on each of the 90th, 180th and 270th day following the closing date of the merger. Upon the funding of the TXNM Debt Financing, TXNM may be required to pay a ticking fee, depending when such funding occurs, with such ticking fee having accrued at a rate of 0.175% per annum of the commitment amount under the TXNM Debt Commitment Letter beginning on the date that is 180 days following the date of the TXNM Debt Commitment Letter, stepping up to 0.275% at the 18-month anniversary thereof and again stepping up to 0.375% at the 21-month anniversary thereof. Additionally, TXNM must pay a duration fee on the 90th, 180th and 270th day following the date of the initial funding of the TXNM Debt Financing at a rate equal 0.50%, 0.75% and 1.00% of the aggregate outstanding amount of loans outstanding thereunder as of such respective dates.

The commitments under each of the debt commitment letters will automatically terminate upon the earliest of (1) 11:59 p.m. Eastern Daylight Time, on the fifth business day following the End Date, including as it may be extended pursuant to the terms of the merger agreement, (2) the date on which the merger agreement is terminated prior to the consummation of the merger, and (3) the date that is 90 days following the closing of the merger.

Although the commitments under the debt commitment letters described in this proxy statement are not subject to due diligence or a "market out" provision, which allows lenders not to fund their commitments if certain conditions in the financial markets prevail, there is still a risk that such financing may not be funded if and when required.

Subject to the terms and conditions of the merger agreement, each of Parent and Merger Sub will use its reasonable best efforts to maintain in effect the commitments under the debt commitment letters.

Equity Commitment Letter

Concurrently with the execution of the merger agreement, Blackstone Infrastructure executed and delivered to Parent an equity commitment letter pursuant to which Blackstone Infrastructure committed to make an equity contribution to Parent in an aggregate amount of up to \$6.619 billion at or prior to the effective date of the merger. The proceeds of the equity commitment will be used by Parent, together with the Debt Financing, solely to:

- pay upon the closing of the merger, all of their respective obligations under the merger agreement, including in respect of:
 - the payment of the aggregate merger consideration and all other amounts payable by Parent and Merger Sub in connection with the effectiveness of the merger;
 - the repayment, prepayment or discharge of certain debt obligations of TXNM and its subsidiaries identified in a TXNM disclosure schedule; and
 - the payment of all related fees and expenses expected to be incurred upon the closing of the merger; and

- after the closing, together with TXNM, repay, prepay or discharge the debt obligations of TXNM and its subsidiaries identified in a TXNM disclosure schedule.

Blackstone Infrastructure's obligation to fund the equity commitment is conditioned upon:

- the merger agreement not being terminated;
- all of the conditions to the obligations of Parent and Merger Sub to close the merger as set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing) having been satisfied or (to the extent permitted by applicable law) waived in accordance with the terms of the merger agreement;
- all of the conditions to the obligations of Parent and Merger Sub to close the merger as set forth in the merger agreement that by their nature are to be satisfied at the closing being capable of being satisfied at the closing and actually being satisfied at the closing if the closing occurs;
- the Debt Financing having been funded or lenders providing the Debt Financing having confirmed in writing that the Debt Financing will be funded at the closing if the equity financing is funded at the closing;
- TXNM delivering to Parent and Merger Sub irrevocable written notice that (a) all of the conditions set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing) have been satisfied or (to the extent permitted by applicable law) waived in accordance with the merger agreement, (b) the conditions set forth in the merger agreement that by their nature are to be satisfied at the closing are capable of being satisfied at the closing if the closing were to occur at the time of delivery of such notice, and (c) it is prepared, willing and able to consummate the closing, and if Parent and Merger Sub are prepared, willing and able to consummate the closing, it will proceed with and immediately consummate the closing as required pursuant to the terms of the merger agreement; and
- the substantially concurrent consummation of the closing in accordance with the terms of the merger agreement.

Limited Guarantee

Concurrently with the execution of the merger agreement, Blackstone Infrastructure executed and delivered a limited guarantee in favor of TXNM pursuant to which Blackstone Infrastructure agreed to guarantee the due and punctual payment, if and when due in accordance with the merger agreement, and subject to the limitations of liability set forth therein, of any Parent termination fee payable by Parent (and certain other fees and expenses to be paid in connection therewith), only if such amounts become payable pursuant to the merger agreement, subject to certain limitations, and any amounts payable by Parent in respect of certain indemnification obligations. Blackstone Infrastructure's maximum aggregate liability under the limited guarantee is \$375 million.

Delisting and Deregistration of TXNM Common Stock

If the merger is completed, TXNM common stock will be delisted from the NYSE and deregistered under the Exchange Act.

Litigation Relating to the Merger

As of the date of this proxy statement, there are no pending lawsuits challenging the merger, but TXNM has received demand letters from purported TXNM shareholders alleging deficiencies or omissions in the preliminary proxy statement that TXNM filed on July 11, 2025. The demand letters seek additional disclosures to remedy these purported deficiencies. Potential plaintiffs may file lawsuits challenging the merger. The outcome of any future litigation is uncertain.

INTERESTS OF TXNM'S DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

In considering the recommendation of the Board of Directors that you vote to approve the merger agreement, you should be aware that certain directors and executive officers of TXNM may have interests in the merger that are different from, or in addition to, the interests of TXNM shareholders generally, including the treatment in the merger of TXNM equity compensation awards, potential retention awards, potential severance and other benefits upon a qualifying termination of employment in connection with the merger, ongoing indemnification and insurance coverage, and other rights that may be held by TXNM's directors and executive officers. The Board of Directors was aware of and considered these interests when it unanimously (i) determined that the merger consideration is fair, from a financial point of view, to TXNM's shareholders, (ii) declared the merger agreement and the transactions contemplated by the merger agreement, including the merger, consistent with and in furtherance of TXNM's business strategies and fair to and in the best interests of TXNM and its shareholders and (iii) resolved to submit the merger agreement for consideration and approval by TXNM shareholders and recommended the approval of the merger agreement by TXNM shareholders.

Equity Compensation Awards

Treatment of Restricted Stock Rights

Immediately prior to the effective time of the merger, pursuant to the merger agreement, each outstanding award of TXNM restricted stock rights granted under the TXNM Stock Plan or otherwise will cease to relate to or represent any right to receive TXNM common stock and will be converted into the right to receive an amount in cash (rounded down to the nearest cent) equal to the product of (i) the total number of shares of TXNM common stock subject to such restricted stock right immediately prior to the effective time of the merger multiplied by (ii) the merger consideration, plus interest at the rate of 6%, compounded semi-annually, from the effective time of the merger until the date of payment, less applicable taxes required to be withheld with respect to such payment. These restricted stock rights cash payouts will be payable to the holders of the cancelled TXNM restricted stock rights subject to the same terms and conditions as were applicable to the corresponding cancelled TXNM restricted stock rights, including any applicable vesting, acceleration and payment timing provisions (subject to any existing deferral election with respect to which the cancelled TXNM restricted stock rights are subject) but excluding any terms rendered inoperative by reason of the consummation of the merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award.

As of the effective time of the merger, pursuant to the merger agreement, (i) the Deferred Plan in which the TXNM directors participate will terminate, (ii) no TXNM director will be eligible to participate in such plan thereafter (except with respect to any outstanding TXNM restricted stock rights granted to an eligible TXNM director with respect to which such director, prior to the effective time of the merger, has made a deferral election under such plan, which TXNM restricted stock rights will be converted as described above and the cash to be received deferred into such plan in accordance with the applicable deferral election), (iii) each share of TXNM common stock distributable under such plan will be converted into the right to receive the merger consideration, and (iv) TXNM will distribute to each participant the amounts credited to his or her account in such plan as of the effective time as soon as administratively practicable (and no later than 30 days) after the effective time of the merger to the extent permitted by applicable tax laws, including Section 409A of the Code (but in no event later than one year after the effective time).

The following table sets forth the number of TXNM restricted stock rights and deferred restricted stock rights held by TXNM's non-employee directors as of July 1, 2025, and the total value of these rights based on the merger consideration, assuming that such rights are fully vested.

Name	Restricted Stock Rights (not deferred) (#)	Restricted Stock Rights (deferred) (#)	Total Value of Restricted Stock Rights ⁽¹⁾ (\$)
Vicky A. Bailey	2,726	—	166,968
Norman P. Becker	2,726	—	166,968
E. Renae Conley	2,726	11,822	891,065
Alan J. Fohrer ⁽²⁾		2,344	143,570

Name	Restricted Stock Rights (not deferred) (#)	Restricted Stock Rights (deferred) (#)	Total Value of Restricted Stock Rights⁽¹⁾ (\$)
Sidney M. Gutierrez	2,726	—	166,968
James A. Hughes	—	4,944	302,820
Steven C. Maestas	2,726	—	166,968
Lillian J. Montoya	—	6,294	385,508
Maureen T. Mullarkey	—	13,980	856,275

(1) Calculated by multiplying the \$61.25 merger consideration by the number of shares.

(2) Mr. Fohrer completed his term on the Board of Directors at TXNM's 2025 Annual Meeting of Shareholders.

The following table sets forth the number and total value of TXNM restricted stock rights held by our executive officers as of July 1, 2025, and the total value of these restricted stock rights based on the merger consideration, assuming that such rights are fully vested.

Name	Restricted Stock Rights⁽¹⁾ (#)	Total Value of Restricted Stock Rights⁽²⁾ (\$)
Patricia K. Collawn	45,134	2,764,458
Joseph D. Tarry	29,247	1,791,379
Brian G. Iverson	8,175	500,719
Henry E. Monroy	2,177	133,341
Elisabeth A. Eden ⁽³⁾	4,723	289,284
Monique M. Jacobson ⁽⁴⁾	—	—
Patrick V. Apodaca ⁽⁵⁾	—	—

(1) Includes Mr. Iverson's unvested portion of his 2024 sign-on Restricted Stock Rights award and Mr. Tarry's unvested portion of his 2023 retention award which was converted to restricted stock rights in 2024.

(2) Calculated by multiplying the \$61.25 per share merger consideration by the number of shares.

(3) Ms. Eden was named Senior Vice President, Finance as of May 19, 2025 and ceased to serve as an executive officer at that time.

(4) Ms. Jacobson was hired April 14, 2025 and does not have any unvested restricted stock rights.

(5) Mr. Apodaca was an executive officer during fiscal year 2024. Mr. Apodaca retired effective October 2, 2024 and ceased to serve as an executive officer at that time.

Treatment of Performance Shares

Immediately prior to the effective time of the merger, pursuant to the merger agreement, the Board of Directors (or its applicable committee) will determine the number of shares of TXNM common stock that will be deemed to have been earned as of the effective time of the merger for each outstanding award of performance shares based on the higher of the target level of performance and the actual level of performance determined on a goal-by-goal basis as of the last day of the last month ending at least 30 days before the effective time of the merger. Immediately prior to the effective time of the merger, the number of earned performance shares so determined will cease to relate to or represent a right to receive TXNM common stock and will be converted into a right to receive an amount in cash (rounded down to the nearest cent) equal to the product of (i) the number of shares of TXNM common stock subject to such earned performance shares immediately prior to the effective time of the merger multiplied by (ii) the merger consideration, plus interest at the rate of 6%, compounded semi-annually, from the effective time of the merger until the date of payment, less applicable taxes required to be withheld with respect to such payment. These earned performance share payouts will be payable to the holders subject to the same service-based vesting terms and conditions as were applicable to the corresponding converted earned performance shares, including any applicable service-based vesting, acceleration and payment timing provisions and other terms and conditions as applied to the corresponding TXNM performance shares, as applicable, but excluding any terms rendered inoperative by reason of the consummation of the merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award.

The following table sets forth the number of performance shares held by TXNM’s executive officers as of July 1, 2025, that may be converted at target and maximum levels of deemed performance, assuming that such rights are fully vested.

Executive Officer	Target Performance Shares (#)	Maximum Performance Shares (#)	Total Value of Target Performance Shares ⁽¹⁾ (\$)	Total Value of Maximum Performance Shares ⁽¹⁾ (\$)
Patricia K. Collawn	138,856	277,714	8,504,930	17,009,983
Joseph D. Tarry	70,992	141,987	4,348,260	8,696,704
Brian G. Iverson	20,499	41,000	1,255,564	2,511,250
Henry E. Monroy	6,624	13,249	405,720	811,501
Elisabeth A. Eden	16,208	32,418	992,740	1,985,603
Monique M. Jacobson	8,246	16,493	505,068	1,010,196
Patrick V. Apodaca	2,779	5,558	170,214	340,428

(1) Calculated by multiplying the \$61.25 per share merger consideration by the number of shares.

Potential Retention Awards

The merger agreement permits TXNM to establish a retention program in an aggregate amount not to exceed \$5 million to promote retention and to incentivize efforts of certain TXNM employees, which may include TXNM’s executive officers, to complete the merger. To date, no awards have been allocated or granted under the retention program.

Payments Upon Termination Upon or Following the Closing of the Merger

TXNM’s executive officers are not party to individual change in control agreements or employment agreements. TXNM’s officer retention plan, or the Officer Retention Plan, provides TXNM’s executive officers with benefits if their employment is terminated by TXNM without “cause” or by the executive under circumstances giving rise to a “constructive termination” within 24 months following a change in control of TXNM (which includes the merger) (such event is referred to as a covered termination for the purposes of this section). The severance benefits that the executive officers are eligible to receive pursuant to the Officer Retention Plan upon a covered termination include the following: (i) a lump sum severance payment equal to two times the executive officer’s current eligible compensation, which includes the executive officer’s highest annual base salary during the 24 months following a change in control of TXNM, any cash award paid as a merit increase in lieu of base salary during the 12-month period immediately preceding the date of the covered termination and the average awards under the TXNM Energy, Inc. Officer Annual Incentive Plan, or the annual incentive plan, for such executive officer for the three calendar years immediately preceding the date of the covered termination, (ii) a lump sum pro rata award under the executive officer’s annual incentive plan based on the target award available under the applicable plan for the relevant performance period (unless the officer received the annual incentive plan payment or a payment in lieu of the annual incentive plan payment), (iii) benefits under TXNM’s medical, dental, vision, life and accidental death and dismemberment insurance benefits that are substantially similar to those received by the officer immediately prior to termination of employment for a period of 24 months following the covered termination and (iv) reimbursement of reasonable legal fees and expenses incurred as a result of termination of the executive officer’s employment. TXNM does not provide a gross up for any excise taxes the executive officer may incur, including under Section 4999 of the Code, but will utilize the “best net” cutback approach to reduce any severance benefits the executive officer is to receive if the executive officer would be better off on an after-tax basis as a result of the reduction.

An executive officer’s receipt of payments and benefits in the event of covered termination after a change in control is conditioned upon (i) the executive officer’s full and effective release of any liability by TXNM to the executive officer within 45 days of receipt of the release and (ii) the executive officer’s execution of a restrictive covenant agreement within 90 days of being notified of eligibility to participate in the Officer Retention Plan. Pursuant to these restrictive covenant agreements, all executive officers are bound by confidentiality, assignment of intellectual property, non-competition and non-solicitation of customer (with a six-month lookback period) and employee covenants during employment and for a period of 12 months after termination of employment

following a change in control. If an executive officer signs a restrictive covenant agreement, the executive officer will be compensated for the period of time during which the restrictions are in effect in an amount equal to the executive officer's current eligible compensation for 12 months. If the executive officer does not sign the release of claims and the restrictive covenant agreement in a timely manner, or subsequently revokes the release, then the executive officer(s) will not be entitled to any severance benefits under the Officer Retention Plan. In addition, a breach of any of the covenants set forth in these restrictive covenant agreements will result in the forfeiture of any termination or change-in-control payments or severance benefits then still owing to the executive officer in addition to any other damages owed to TXNM.

Under the Officer Retention Plan, "cause" means the executive officer's (i) willful and continued failure to substantially perform his or her duties with TXNM after written demand for substantial performance is delivered to the executive officer which specifically identifies the manner in which the executive officer has not substantially performed his or her duties, (ii) willful failure to report to work for more than 30 days, (iii) willful engagement in conduct which is demonstrably and materially injurious to TXNM, monetarily or otherwise, including acts of fraud, misappropriation, violence or embezzlement for personal gain at the expense of TXNM, conviction of a felony, or conviction of a misdemeanor involving immoral acts or (iv) violation of any provision of the executive officer's restrictive covenant agreement.

Under the Officer Retention Plan, a "constructive termination" generally means a voluntary separation by the executive officer under any of the following circumstances without the express written consent of the executive officer: (i) a failure to elect or reelect or otherwise to maintain the executive officer in the office or the position, or a substantially equivalent or better office or position, of or with TXNM which the executive officer held immediately prior to a change in control, or the removal of the executive officer as a member of the Board of Directors (or any successor thereto) if the executive officer was a director of TXNM immediately prior to the change in control, (ii) a significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the executive officer's position with TXNM, (iii) a 15% or more reduction in the aggregate of the executive officer's base salary and annual incentive plan award opportunity (calculated at the target level of performance) received from TXNM, (iv) a requirement that the executive officer relocate his or her principal location of work by more than 35 miles from such location immediately prior to the change in control, or (v) any material breach of the terms of the Officer Retention Plan by TXNM or any successor thereto. The executive officer must provide a notice describing the condition giving rise to constructive termination and must provide TXNM with an opportunity to cure such condition.

The TXNM Stock Plan (including the annual TXNM Energy, Inc. Long-Term Incentive Plans thereunder), as revised by the merger agreement, contains the following double-trigger vesting in certain circumstances following a change in control: upon a qualifying change in control termination (which requires a termination of the executive officer's employment by TXNM for any reason other than Cause, death, or Disability or a termination by the executive officer due to Constructive Termination (in each case, as defined in the TXNM Stock Plan, as applicable)), all outstanding, unvested performance share awards will vest based on the deemed performance determined immediately prior to the effective date of the merger (at the higher of (i) the target level of performance or (ii) the actual level of performance achieved, determined on a goal-by-goal basis as of the last day of the last month ending at least 30 days before the effective time of the merger) and all time-vested restricted stock right awards will vest in full.

TXNM also maintains the TXNM Energy, Inc. Non-Union Severance Pay Plan. If an executive officer is eligible to receive benefits under the Officer Retention Plan, severance benefits are not available to such executive officer under the Non-Union Severance Plan.

Potential severance amounts for TXNM's executive officers, other than Monique Jacobson, under the Officer Retention Plan are set forth in the Golden Parachute Compensation section below. Subject to the assumptions set forth in the Golden Parachute Compensation section below, if Ms. Jacobson were to experience a covered termination for the purposes of the Officer Retention Plan on the closing date of the merger and sign the release of claims or restrictive covenant agreement in a timely manner, the estimated aggregate value of the potential severance benefits that Ms. Jacobson would be entitled to receive is \$2,039,646. Receipt of the severance benefits is conditioned upon Ms. Jacobson's execution of a customary release agreement and a restrictive covenant agreement not to compete. To date, no severance triggering event has been announced for Ms. Jacobson.

280G Mitigation

In analyzing the severance and other payments that could be made in connection with the merger, TXNM has determined that certain of its executives may be subject to an excise tax under Section 4999 of the Code on payments they will or may receive in connection with the merger. Generally, an excise tax of 20% is imposed on each individual recipient of certain “parachute payments” that, under the rules of Section 280G of the Code, exceed a certain threshold amount for such individual and the corporation making the payments is denied a tax deduction for such payments. The excise tax due is in addition to the regular income and employment taxes otherwise payable in connection with compensatory payments to the affected individuals. Payments to certain executive officers that may be considered “parachute payments” for purposes of Sections 280G and 4999 of the Code include, as applicable, any severance payments (e.g., benefits payable under the Officer Retention Plan) and the value of the accelerated vesting of unvested equity awards upon a qualifying change in control termination.

Under the merger agreement, TXNM may, after consultation with Parent in each instance, implement certain mitigation strategies as reasonably advisable, necessary or appropriate to prevent or reduce the impact of Section 280G of the Code. As of the date of this proxy statement, TXNM has not implemented any Section 280G mitigation strategies.

Golden Parachute Compensation

The information below sets forth the information required by Item 402(t) of the SEC’s Regulation S-K regarding compensation that is based on, or otherwise relates to, the merger for each “named executive officer” of TXNM. The plans or arrangements pursuant to which such payments would be made (other than the merger agreement), consist of the annual incentive plan, the Officer Retention Plan, the TXNM Stock Plan (including the annual TXNM Energy, Inc. Long-Term Incentive Plans thereunder) and the respective equity awards specifying the terms and conditions of each such outstanding award. With respect to TXNM’s named executive officers, no changes were made in the terms and conditions of such plans or the equity awards, other than as specified in the merger agreement and described in the section entitled “The Merger Agreement—Treatment of TXNM Restricted Stock Rights, Performance Shares, Direct Plan, and Deferred Plan.” Throughout this discussion, the following individuals are referred to collectively as the named executive officers of TXNM:

- Patricia K. Collawn—Executive Chairman;
- Joseph D. Tarry—President and Chief Executive Officer;
- Elisabeth A. Eden—Senior Vice President, Finance;
- Brian G. Iverson—General Counsel, Senior Vice President Regulatory and Public Policy and Corporate Secretary;
- Henry E. Monroy—Senior Vice President and Chief Financial Officer; and
- Patrick V. Apodaca—Former SVP, General Counsel and Secretary.

The potential payments in the table below are based on the following assumptions:

- the closing date of the merger is July 1, 2025, which is the estimated date of the completion of the merger solely for purposes of this golden parachute compensation disclosure; and
- the named executive officers of TXNM are terminated without “cause” immediately following the assumed closing date of the merger on July 1, 2025.

The amounts shown are estimates of amounts that would be payable to the named executive officers based on multiple assumptions that may or may not actually occur, including assumptions described in this proxy statement. Some of the assumptions are based on information not currently available and, as a result, the actual amounts received by a named executive officer may differ materially from the amounts shown in the following table. See “—Executive Officers Positions with TXNM Following the Merger” below for more information.

The following tables, footnotes and discussion describe double-trigger benefits for the named executive officers, except where noted. For purposes of this discussion, “double-trigger” refers to benefits that require two

conditions, which are the completion of the merger as well as a covered termination within two years following the completion of the merger. Ms. Collawn will terminate employment as Executive Chairman upon completion of the merger and her termination will be considered a covered termination in connection with the merger.

Golden Parachute Compensation

Name	Cash ⁽¹⁾ (\$)	Equity ⁽²⁾ (\$)	Perquisites/ Benefits ⁽³⁾ (\$)	Other ⁽⁴⁾ (\$)	Total (\$) ⁽⁵⁾
Patricia K. Collawn	8,933,778	12,594,255	55,020	20,000	21,603,053
Joseph D. Tarry	4,849,051	6,874,702	51,604	20,000	11,795,357
Elisabeth A. Eden	2,445,904	1,438,454	34,066	20,000	3,938,425
Brian G. Iverson	2,549,254	1,979,672	38,945	20,000	4,587,871
Henry E. Monroy	1,960,364	615,888	50,832	20,000	2,647,084
Patrick V. Apodaca ⁽⁶⁾	—	170,214	—	—	170,214

- (1) The amounts reflect estimated payments of the lump-sum cash severance that would be provided to the named executive officer under the terms of the Officer Retention Plan if the named executive officer were to experience a covered termination for the purposes of the Officer Retention Plan on the closing date of the merger and sign the release of claims or restrictive covenant agreement in a timely manner, calculated as a lump sum severance payment equal to two times current eligible compensation for the Executive Chairman, CEO, and SVPs of \$5,499,876 to Ms. Collawn, \$2,945,580 to Mr. Tarry, \$1,530,036 to Ms. Eden, \$1,591,200 to Mr. Iverson, and \$1,287,000 to Mr. Monroy. Receipt of the double-trigger payments is conditioned upon the named executive officer's execution of a customary release agreement and a restrictive covenant agreement not to compete. The amounts also include (i) estimated payments conditioned on compliance with a restrictive covenant agreement (which includes a covenant not to compete) if the named executive officer experiences a covered termination following a change in control equal to the named executive officer's eligible compensation paid over a 12-month period (\$2,749,938 to Ms. Collawn, \$1,472,790 to Mr. Tarry, \$765,018 to Ms. Eden, \$795,600 to Mr. Iverson, and \$643,500 to Mr. Monroy) and (ii) a pro rata award of the named executive officer's annual incentive plan at target (\$683,964 to Ms. Collawn, \$430,681 to Mr. Tarry, \$150,850 to Ms. Eden, \$162,454 to Mr. Iverson, and \$29,864 to Mr. Monroy). The estimated payments do not include potential retention awards under the retention program. As to date, no awards have been allocated or granted under the retention program.
- (2) The amounts reflect the aggregate payment that each named executive officer would receive with respect to TXNM equity awards subject to accelerated vesting upon a qualifying change in control termination in connection with the merger, as described above in "Interests of TXNM's Executive Officers and Directors in the Merger – Payments Upon Termination Upon or Following the Closing of the Merger" above. The amounts reflect estimated deemed performance shares based on management projections of the greater of (i) target performance or (ii) actual performance to date. Based on management projections of actual performance to date, the performance payout of the performance shares is estimated to be at target performance (i.e., 100%), 125%, and 118% for the 2023-2025, 2024-2026, and 2025-2027 performance period, respectively. The actual earned performance shares will be determined immediately prior to merger, but any service-based vesting, acceleration, and payment timing provisions will continue to apply. As described above, the time-vested restricted stock rights will fully vest upon a qualifying change in control termination upon a change in control. Because the named executive officers are retirement eligible, the time-vested restricted stock rights will also fully vest upon a voluntary termination.
- (3) Includes the estimated value of medical, dental, vision, life and accidental death and dismemberment insurance benefits that are substantially similar to those received by the named executive officer immediately prior to termination of employment for a period of two years. Receipt of these benefits is conditioned upon the named executive officer experiencing a covered termination following the closing date of the merger, and his or her execution of a customary release agreement.
- (4) Includes reimbursement of reasonable legal expenses upon termination for a change in control under the Officer Retention Plan. The amount shown in the table is a reasonable estimate of the amount that may be reimbursable.
- (5) In the event of a retirement as of July 1, 2025, the following amounts would have been received by the named executive officers: \$7,891,867 to Ms. Collawn, \$3,155,507 to Mr. Tarry, \$920,295 to Ms. Eden, \$378,360 to Mr. Iverson, and \$163,206 to Mr. Monroy.
- (6) Patrick V. Apodaca was an executive officer during fiscal year 2024. Mr. Apodaca retired effective October 2, 2024.

Executive Officer Positions with TXNM Following the Merger

The officers of TXNM at the effective time of the merger will be the officers of the surviving corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal.

As of the date of this proxy statement, none of the TXNM executive officers has entered into any new agreement, arrangement or understanding with Parent or any of its affiliates regarding the terms and conditions of compensation, incentive pay or employment with TXNM after the merger. Although no agreements have been entered into at this time with any of TXNM's executive officers, prior to or following the completion of the merger, they may enter into new agreements or amendments to existing arrangements with Parent or one of its affiliates regarding their employment with TXNM after the merger.

As previously announced, Ms. Collawn will terminate her employment as Executive Chairman upon the closing of the merger, and her termination will be considered a covered termination and qualifying change in control termination, as applicable, as described above.

Director Positions with Parent Following the Merger

The directors of Merger Sub at the effective time of the merger will be the directors of the surviving corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal.

Indemnification; Directors' and Officers' Insurance

From and after the effective time of the merger, Parent and the surviving corporation will indemnify and hold harmless each present and former director and officer of, and individuals performing equivalent functions for, TXNM and its subsidiaries, in respect of acts or omissions occurring at or prior to the effective time of the merger or related to the merger agreement to the fullest extent permitted by the NMBCA or any other applicable law or under TXNM's articles of incorporation or bylaws in effect on the date of the merger agreement.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain material U.S. federal income tax consequences to holders of shares of TXNM common stock upon the exchange of shares of TXNM common stock for cash pursuant to the merger. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a holder of shares of TXNM common stock in light of such holder's particular circumstances. In addition, this summary does not describe any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction and does not consider any aspects of U.S. federal tax law other than income taxation. This summary deals only with shares of TXNM common stock held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code (i.e., generally, property held for investment), and does not address tax considerations applicable to any holder of shares of TXNM common stock that may be subject to special treatment under the U. S. federal income tax laws, including:

- a bank, insurance company, or other financial institution;
- a tax-exempt organization;
- a retirement plan or other tax-deferred account;
- an S corporation, a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes (or an investor in a partnership or S corporation);
- a real estate investment trust or regulated investment company;
- a dealer or broker in stocks and securities, or currencies;
- a trader in securities that elects mark-to-market treatment;
- a holder of shares of TXNM common stock subject to the alternative minimum tax provisions of the Code;
- a holder of shares of TXNM common stock that received the shares of TXNM common stock through the exercise of an employee stock option, through a tax qualified retirement plan, through a TXNM Stock Plan or notional unit arrangement or otherwise as compensation;
- a holder of shares of TXNM common stock that received the shares of TXNM common stock through conversion of notes or in connection with forward sales arrangements;
- a U.S. holder (as defined below) that has a functional currency other than the United States dollar;
- "controlled foreign corporations," "passive foreign investment companies" or corporations that accumulate earnings to avoid U.S. federal income tax;
- a person that holds the shares of TXNM common stock as part of a hedge, straddle, constructive sale, conversion or other risk reduction strategy or integrated transaction;
- "qualified foreign pension funds" or foreign governments or organizations subject to Section 892 of the Code;
- a holder that exercises dissenters rights in connection with the merger; or
- a U.S. expatriate or a former citizen or long-term resident of the United States.

In addition, this summary does not address tax considerations applicable to receipt of cash paid by TXNM in connection with any dividends or distributions made with respect to shares of TXNM common stock.

This summary is based on the Code, the Treasury Regulations promulgated under the Code, and IRS rulings and judicial decisions, all as in effect as of the date hereof, and all of which are subject to change or differing interpretations at any time, with possible retroactive effect that could adversely affect a holder of TXNM common stock. We have not sought, and do not intend to seek, any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and no assurance can be given that the IRS will agree with the views expressed herein, or that a court will not sustain any challenge by the IRS in the event of litigation.

THE DISCUSSION SET OUT HEREIN IS INTENDED ONLY AS A GENERAL SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO A HOLDER OF SHARES OF TXNM COMMON STOCK IN CONNECTION WITH THE EXCHANGE OF SUCH STOCK FOR CASH IN THE MERGER. WE URGE YOU TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES TO YOU IN CONNECTION WITH THE MERGER IN LIGHT OF YOUR OWN PARTICULAR CIRCUMSTANCES, INCLUDING U.S. FEDERAL INCOME, ESTATE, GIFT AND OTHER NON-INCOME TAX CONSEQUENCES, AND TAX CONSEQUENCES UNDER STATE, LOCAL OR NON-U.S. TAX LAWS OR ANY APPLICABLE INCOME TAX TREATIES.

For purposes of this discussion, the term “U.S. holder” is a beneficial owner of shares of TXNM common stock that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or any other entity or arrangement treated as a corporation for United States federal income tax purposes) organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more “United States” persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust or (b) the trust has validly elected to be treated as a United States person for U.S. federal income tax purposes.

A “non-U.S. holder” is any beneficial owner of shares of TXNM common stock that is neither a U.S. holder nor a partnership (or other entity treated as a partnership for U.S. federal income tax purposes).

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of TXNM common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, a partnership holding shares of TXNM common stock should consult its own tax advisor regarding the U.S. federal income tax consequences of exchanging the shares of TXNM common stock pursuant to the merger.

U.S. holders

Payments in Exchange for Shares of TXNM Common Stock

The exchange of shares of TXNM common stock for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. holder who receives cash in exchange for shares of TXNM common stock pursuant to the merger will recognize gain or loss, if any, equal to the difference between the amount of cash received and the U.S. holder’s adjusted tax basis in the shares of TXNM common stock exchanged therefor. Gain or loss will be determined separately for each block of shares of TXNM common stock (i.e., shares of TXNM common stock acquired at the same cost in a single transaction). Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if such U.S. holder’s holding period for the shares of TXNM common stock is more than one year at the time of the exchange. Long-term capital gain recognized by certain U.S. holders, including individuals, generally is subject to tax at a lower rate than short-term capital gain or ordinary income. There are limitations on the deductibility of capital losses.

Medicare Tax

A U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the U.S. holder’s “net investment income” (or “undistributed net investment income” in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. holder’s modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual’s circumstances). A holder’s net investment income generally will include net gains recognized from the disposition of shares of TXNM common stock in the merger. A U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its recognized gains in respect of any shares of TXNM common stock such holder disposes of in the merger.

Information Reporting and Backup Withholding

A U.S. holder may be subject to information reporting and backup withholding at the applicable rate (currently 24%) with respect to the proceeds from the disposition of shares of TXNM common stock pursuant to the merger. Certain U.S. holders are exempt from backup withholding, including corporations. A U.S. holder will not be subject to backup withholding if the U.S. holder provides a valid taxpayer identification number, which for an individual is ordinarily his or her social security number, and complies with certain certification procedures (generally, by providing a properly completed and executed IRS Form W-9) or otherwise establishes an exemption from backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. holder may be allowed as a credit against the U.S. holder's U.S. federal income tax liability and any overpayment may entitle the U.S. holder to a refund, if the required information is timely furnished to the IRS. Each U.S. holder should complete and sign the IRS Form W-9, which will be included with the letter of transmittal to be returned to the paying agent, to provide the information and certification necessary to not be subject to backup withholding, unless an exemption applies and is established in a manner satisfactory to the exchange agent.

Non-U.S. holders

Payments in Exchange for Shares of TXNM Common Stock

Subject to the discussion below regarding the potential FIRPTA Tax (defined below), cash payments made to a non-U.S. holder in exchange for shares of TXNM common stock pursuant to the merger generally will not be subject to U.S. federal income tax on any gain realized upon the exchange of the shares of TXNM common stock unless:

- the non-U.S. holder is an individual who was present in the United States for 183 days or more during the taxable year of the exchange and certain other conditions are met; or
- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, and, if required by an applicable income tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the United States.

A non-U.S. holder described in the first bullet point above generally will be subject to U.S. federal income tax at a flat rate of 30% (or such lower rate as may be specified under an applicable income tax treaty) on any gain from the exchange of the shares of TXNM common stock, which may be offset by U.S. source losses of the non-U.S. holder, provided the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

Unless an applicable income tax treaty provides otherwise, gain described in the second bullet point above will be subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person. Non-U.S. holders that are corporations also may be subject to a branch profits tax at a rate of 30% (or applicable lower rate under an applicable income tax treaty) in respect of effectively connected gains, as adjusted for certain items.

Non-U.S. holders are urged to consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

The FIRPTA Tax

The following discussion of the applicability of U.S. federal income tax at the regular rates imposed under Section 897 of the Code, or the FIRPTA Tax, to a non-U.S. holder assumes that the TXNM common stock will be "regularly traded" (within the meaning of Section 897 of the Code and the applicable Treasury Regulations) on the NYSE at all times leading up to the effective time of the merger.

A non-U.S. holder that is a Significant Shareholder (as defined below) and that receives proceeds from the exchange of shares of TXNM common stock pursuant to the merger will be subject to FIRPTA Tax on any gain realized provided that TXNM is or has been a USRPHC (as defined below) at any time during the Testing Period (as defined below).

TXNM believes it may currently be, or may have been during the relevant Testing Period, a "United States real property holding corporation," or USRPHC, as defined under the provisions of Section 897 of the Code,

originally enacted under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA. A corporation generally is characterized as a USRPHC if the fair market value of the U.S. real property interests, or USRPIs, owned by the corporation and its subsidiaries equals or exceeds 50% of the sum of (i) the fair market value of the worldwide real property interests owned by the group and (ii) the fair market value of the other assets used or held for use by the group in a trade or business. USRPIs include an interest (other than an interest solely as a creditor) in real property located in the United States or the Virgin Islands. Real property generally includes land and unsevered natural products of the land, improvements on land (e.g., the inherently permanent structural components of power plants) and certain personal property associated with the use of real property.

As used herein, “Testing Period” means, with respect to a non-U.S. holder, the shorter of (i) the five-year period preceding the effective time of the merger and (ii) the period during which the non-U.S. holder held its TXNM common stock, and “Significant Shareholder” means a non-U.S. holder that has owned, directly or indirectly, more than 5% of TXNM’s common stock at any time during the Testing Period.

For purposes of determining whether any non-U.S. holder owns more than 5% of TXNM’s common stock, ownership is determined by applying the constructive ownership rules of Section 318 of the Code as modified by Section 897 of the Code. Generally, those rules treat a shareholder as owning (i) shares owned by certain relatives, related corporations, partnerships, estates or trusts, and (ii) shares that the shareholder has an option to acquire.

If TXNM is or has been a USRPHC at any time during the Testing Period, any gain recognized by a Significant Shareholder on the exchange of its TXNM common stock pursuant to the merger will be treated as income that is effectively connected to a U.S. trade or business and subject to U.S. federal income tax on a net income basis in the same manner as if the Significant Shareholder were a United States person. A Significant Shareholder subject to the FIRPTA Tax will be required to file a U.S. federal income tax return with the IRS. An exemption from the FIRPTA Tax or a reduced tax rate may be available under certain U.S. income tax treaties.

Under Section 1445 of the Code, a person acquiring stock in a USRPHC from a non-U.S. holder generally is required to deduct and withhold a tax equal to 15% of the amount realized by that non-U.S. holder on the sale or exchange of that stock, or FIRPTA Withholding. However, there is an exemption from FIRPTA Withholding for stock that is regularly traded on an established securities market. We believe that the TXNM common stock will continue to be regularly traded on the NYSE at all times leading up to and as of the effective time of the merger, so that the TXNM common stock should be considered to be regularly traded on an established securities market for purposes of this exemption. Assuming that this expectation proves to be correct, none of Parent, Merger Sub, the surviving corporation or their respective agents (including the exchange agent) will be required to, nor will they, deduct and withhold amounts on account of FIRPTA Withholding with respect to a non-U.S. holder’s exchange of the shares of TXNM common stock pursuant to the merger.

Because of the complexity of the FIRPTA rules, non-U.S. holders are urged to consult their tax advisors to determine the possible application of the FIRPTA Tax and availability of an exemption or tax reduction under an applicable U.S. income tax treaty.

Information Reporting and Backup Withholding

A non-U.S. holder may be subject to information reporting and backup withholding at the applicable rate (currently 24%) with respect to the proceeds from the exchange of shares of TXNM common stock pursuant to the merger. A non-U.S. holder will not be subject to backup withholding by certifying on an appropriate IRS Form W-8 that such non-U.S. holder is not a United States person, or by otherwise establishing an exemption in a manner satisfactory to the exchange agent. Non-U.S. holders should consult their tax advisors regarding the certification requirements for non-United States persons.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder may be allowed as a refund or a credit against the non-U.S. holder’s United States federal income tax liability, if the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or “FATCA”) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Proposed Treasury Regulations generally eliminate FATCA withholding on payments of gross proceeds from the disposition of stock. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Holders of shares of TXNM common stock should consult their tax advisors regarding the potential application of withholding under FATCA to the proceeds from the exchange of shares of TXNM common stock pursuant to the merger.

THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO PARTICULAR HOLDERS OF SHARES OF TXNM COMMON STOCK. HOLDERS OF SHARES OF TXNM COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF EXCHANGING THEIR SHARES OF TXNM COMMON STOCK FOR CASH IN THE MERGER UNDER ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS OR ANY APPLICABLE INCOME TAX TREATIES.

THE MERGER AGREEMENT

*This section of this proxy statement describes the material provisions of the merger agreement, dated as of May 18, 2025, by and among TXNM, Parent and Merger Sub, but does not purport to describe all of the terms of the merger agreement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as **Annex A** to this proxy statement and incorporated into this proxy statement by reference. TXNM and Parent urge you to read the full text of the merger agreement because it is the legal document that governs the merger.*

The merger agreement is not intended to provide you with any factual information about TXNM or Parent. The representations, warranties and covenants made in the merger agreement by TXNM, Parent and Merger Sub were made solely to the parties to, and solely for the purposes of, the merger agreement and as of specific dates and were qualified and subject to important limitations agreed to by TXNM, Parent and Merger Sub in connection with negotiating the terms of the merger agreement. In particular, representations and warranties were negotiated with the principal purposes of allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to shareholders and reports and documents filed with the SEC, and the assertions embodied in the representations and warranties contained in the merger agreement (and summarized below) are qualified by information in disclosure schedules provided by TXNM to Parent and by Parent to TXNM in connection with the signing of the merger agreement and by certain information contained in certain of TXNM's filings with the SEC. These disclosure schedules and SEC filings contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the merger agreement. In addition, information concerning the subject matter of the representations and warranties may have changed since May 18, 2025, and may change after the date of this proxy statement, and subsequent developments or new information qualifying a representation or warranty may have been included in this proxy statement.

In addition, if specific material facts arise that contradict the representations and warranties in the merger agreement, TXNM will disclose those material facts in the public filings that it makes with the SEC in accordance with, and to the extent required by, applicable law. Accordingly, the representations and warranties in the merger agreement and the description of them in this proxy statement should not be read alone, but instead should be read in conjunction with the other information contained in the reports, statements and filings TXNM publicly files with the SEC. Such information can be found elsewhere in this proxy statement and in the public filings TXNM makes with the SEC, as described in the section entitled "Where You Can Find Additional Information" beginning on page 107 of this proxy statement.

The Merger

The merger agreement provides for the merger of Merger Sub with and into TXNM, after which Merger Sub will cease to exist as a separate corporate entity subject to the terms and conditions of the merger agreement and in accordance with New Mexico law. TXNM will continue as the surviving corporation of the merger and as a wholly-owned subsidiary of Parent. All of the properties, rights, privileges, immunities, powers and franchises of TXNM and Merger Sub will vest in TXNM as the surviving corporation and all claims, obligations, debts, liabilities and duties of TXNM and Merger Sub will become the claims, obligations, debts, liabilities and duties of TXNM as the surviving corporation. After completion of the merger, the name of surviving corporation will remain "TXNM Energy, Inc."

The closing of the merger will occur on the tenth business day after all of the closing conditions set forth in the merger agreement are satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing, but subject to satisfaction or waiver of such conditions at closing), or at such other time as TXNM and Parent agree in writing. See "—Conditions That Must Be Satisfied or Waived for the Merger to Occur." The merger will become effective when the articles of merger have been duly filed with the New Mexico Secretary of State or at a later time as agreed by the parties and specified in the articles of merger.

Effects of the Merger

The directors of Merger Sub as of the effective time of the merger will serve as the directors of the surviving corporation. The officers of TXNM as of the effective time of the merger will serve as the officers of

the surviving corporation. The articles of incorporation and bylaws of Merger Sub as of the effective time of the merger will be the articles of incorporation and bylaws of the surviving corporation, except that the name of the surviving corporation will remain “TXNM Energy, Inc.”

Merger Consideration

At the effective time of the merger, by virtue of the merger, each share of TXNM common stock issued and outstanding immediately prior to the effective time of the merger (other than (i) shares of TXNM common stock owned by Parent, TXNM, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent or TXNM, in each case, not held on behalf of third parties, which shares will be cancelled without payment at the effective time of the merger, and (ii) dissenting shares, which will be treated as described in “—Dissenting Shares” below), will be converted into the right to receive \$61.25 in cash, without interest, which we refer to as the merger consideration.

If the number of outstanding shares of TXNM common stock changes between the date of the merger agreement and the closing of the merger, or the number of securities convertible or exchangeable into or exercisable for TXNM common stock changes into a different number of shares of TXNM common stock or securities convertible or exchangeable into or exercisable for TXNM common stock, or securities of a different class, in either case, as a result of a reclassification, stock split (including a reverse stock split), stock dividend, recapitalization, merger, issuer tender or exchange offer, or other similar transaction, then, in each case, the merger consideration will be equitably adjusted to provide to Parent and the holders of TXNM common stock the same economic effect as contemplated by the merger agreement prior to such event.

At the effective time of the merger, each share of common stock of Merger Sub will be converted into one share of common stock of the surviving corporation.

Dissenting Shares

Shares of TXNM common stock outstanding immediately prior to the effective time of the merger 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, referred to as dissenting shares, in accordance with the NMBCA will not be converted into the right to receive the merger consideration unless and until such holder fails to perfect or effectively withdraws or otherwise loses the right to receive payment of fair value for such holder’s dissenting shares in accordance with the NMBCA. Any such holder will instead be entitled only to receive payment of the fair value of such holder’s dissenting shares in accordance with the NMBCA, less any applicable withholding taxes. At the effective time of the merger, dissenting shares will no longer be outstanding, and each holder of a certificate or book-entry share that immediately prior to the effective time represented dissenting shares will cease to have any rights with respect to those shares, except the right to receive the fair value of such shares in accordance with the provisions of the NMBCA. If, after the effective time of the merger, a holder fails to perfect or effectively withdraws or otherwise loses the right to receive payment of the fair value of such holder’s dissenting shares in accordance with the provisions of the NMBCA (or had not properly demanded payment under the NMBCA), then each such dissenting share will be treated as if it had been converted as of the effective time of the merger into the right to receive the merger consideration, without interest.

Surrender of TXNM Shares

Parent will deposit, or cause to be deposited, with an exchange agent selected by Parent with TXNM’s prior approval, (i) at or prior to the effective time of the merger, cash sufficient to provide all funds necessary for the exchange agent to pay the aggregate merger consideration and (ii) from time to time as needed, additional cash sufficient to pay any dividends or other distributions on TXNM common stock, in trust for the benefit of TXNM shareholders.

Promptly (and in any event within three business days) after the effective time of the merger, the surviving corporation will cause the exchange agent to mail or otherwise provide to each holder of record of TXNM common stock (other than (i) shares of TXNM common stock owned by Parent, TXNM, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent or TXNM and (ii) dissenting shares) a letter of transmittal and instructions for use in effecting the surrender of book-entry shares or certificates (or affidavits of loss in lieu of the certificates) to the exchange agent.

Upon surrender of a certificate representing shares of TXNM common stock to the exchange agent in accordance with the terms of the transmittal materials and instructions and delivery of a duly completed and validly executed letter of transmittal, the holder of such certificate will be entitled to receive in exchange therefor a cash amount (after giving effect to any required tax withholdings) equal to the number of shares of TXNM common stock represented by such certificate multiplied by the merger consideration, plus any dividends and other distributions such holder has the right to receive pursuant to the merger agreement. No interest will be paid or accrued on any cash amount payable upon surrender of the certificates.

Any holder of book-entry shares will not be required to deliver a certificate representing shares of TXNM common stock or an executed letter of transmittal to the exchange agent to receive the merger consideration and any dividends or other distributions such holder is entitled to receive. Each holder of record of one or more book-entry shares (other than (i) shares of TXNM common stock owned by Parent, TXNM, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent or TXNM and (ii) dissenting shares) will, upon receipt by the exchange agent of an "agent's message" in customary form and any other evidence of surrender, if any, as the exchange agent may reasonably request, be entitled to receive a cash amount (after giving effect to any required tax withholdings) equal to the number of shares of TXNM common stock represented by such book-entry shares multiplied by the merger consideration, plus any dividends and other distributions such holder has the right to receive pursuant to the terms of the merger agreement. No interest will be paid or accrued on any cash amount payable upon due surrender of the book-entry shares.

In the event of a transfer of ownership of shares of TXNM common stock that is not registered in the transfer records of TXNM or if payment of the applicable merger consideration is to be made to a person other than the person in whose name the surrendered certificate or book-entry share is registered, a check for any cash to be exchanged upon due surrender of the certificate or book-entry share may be delivered to such transferee or other person if the certificate or book-entry share formerly representing such shares of TXNM common stock is properly endorsed or is otherwise in proper form for transfer and is presented to the exchange agent accompanied by all documents required to effect such transfer and to evidence that any applicable transfer or other similar taxes have been paid or are inapplicable.

If any cash representing merger consideration remains unclaimed by former TXNM shareholders for 12 months after the effective time of the merger, then, upon the surviving corporation's demand, such cash will be delivered to the surviving corporation. Any former holder of shares of TXNM common stock (other than (i) shares of TXNM common stock owned by Parent, TXNM, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent or TXNM and (ii) dissenting shares) who has not previously complied with the exchange procedures in the merger agreement will thereafter look solely to Parent and the surviving corporation for the merger consideration (after giving effect to any required tax withholdings) and any dividends or other distributions such holder has the right to receive pursuant to the terms of the merger agreement. None of the surviving corporation, Parent, Merger Sub, TXNM, the exchange agent or anyone else will be liable to any former holder of TXNM common stock for any amount delivered to a public official pursuant to applicable abandoned property, escheat or similar laws. Any portion of the merger consideration remaining unclaimed by persons entitled to receive the merger consideration as of a date that is immediately prior the date when such unclaimed funds would otherwise escheat to or become property of any governmental entity will, to the extent permitted by applicable law, become the property of the surviving corporation free and clear of any claims or interest of any person entitled to such merger consideration.

Each of Parent, Merger Sub, the surviving corporation and their respective agents (including the exchange agent) will be entitled to deduct and withhold from the merger consideration otherwise payable to any holder of shares of TXNM common stock, restricted stock rights, performance shares, or other rights with respect to shares of TXNM common stock (including any converted awards), or any other person who is entitled to receive the merger consideration, such amounts as it is required to deduct and withhold by applicable law. To the extent that amounts are so withheld by Parent, Merger Sub, the surviving corporation and their respective agents (including the exchange agent), as the case may be, such withheld amounts will be promptly remitted by such party to the applicable governmental entity, and will be treated for all purposes of the merger agreement as having been paid to the holder of such securities.

If any certificate representing shares of TXNM common stock has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate and, if reasonably required by Parent or the exchange agent, the posting by such person of a bond in customary amount and upon such terms as may

be required by Parent or the exchange agent as indemnity against any claim that may be made against it or the surviving corporation with respect to such certificate, the exchange agent will issue a check in the amount (after giving effect to any required tax withholdings) equal to the number of shares of TXNM common stock represented by such lost, stolen or destroyed certificate, multiplied by the merger consideration, plus any dividends and other distributions such holder has the right to receive pursuant to the terms of the merger agreement.

Other Covenants and Agreements

Parent and TXNM have made certain other covenants to and agreements with each other regarding various other matters including:

- cooperation between Parent and TXNM in the preparation and filing of this proxy statement;
- notification to the other party upon the occurrence of certain events;
- Parent's access to TXNM's information and Parent's agreement to keep information exchanged confidential;
- cooperation with Parent and the use of commercially reasonable efforts by TXNM to delist shares of TXNM common stock from the NYSE and deregister such shares as promptly as practical after the effective time of the merger;
- cooperation between Parent and TXNM in connection with public announcements;
- indemnification of directors and officers of TXNM and its subsidiaries for certain matters occurring at or prior to the merger;
- notification and cooperation between TXNM and Parent with respect to any litigation related to the merger agreement, the merger or the other transactions contemplated by the merger agreement;
- the activities of Parent and Merger Sub prior to the effective time of the merger and the performance by Merger Sub of its obligations under the merger agreement;
- prior to the effective time of the merger, TXNM using commercially reasonable efforts to take the steps reasonably necessary or advisable to cause any dispositions of TXNM equity securities pursuant to the transactions contemplated by the merger agreement by individuals subject to Section 16(a) of the Exchange Act to be exempt under Rule 16b-3 promulgated under the Exchange Act;
- the agreement of the parties that if the effective time of the merger occurs after the record date for a regular quarterly cash dividend payable to holders of shares of TXNM common stock and prior to the payment date of such dividend, then the surviving corporation will cause to be paid, out of the exchange fund, such dividend following the effective time of the merger on the scheduled payment date for such dividend;
- the use by each of Parent and TXNM of commercially reasonable efforts to do all things reasonably necessary, proper or advisable under applicable law to carry out the intent and purposes of the merger agreement, to fulfill and satisfy each condition within the control of such party and to consummate and make effective the transactions contemplated by the merger agreement, including the merger;
- the establishment by Parent and TXNM of a transition committee, consisting of two representatives of each party, to develop regulatory plans and proposals, facilitate the transfer of information between the parties and other matters as such committee deems appropriate, subject to applicable law; and
- the taking by each of Parent and TXNM of all action within its power to ensure that no state anti-takeover statute or similar statute or regulation is or becomes applicable to the merger agreement, the merger or any of the other transactions contemplated by the merger agreement, and if any such statute or regulation becomes applicable to the merger agreement, the merger or any of the other transactions contemplated by the merger agreement, the taking by each of Parent and TXNM of all action within its power to ensure that the merger and the other transactions contemplated by the merger agreement may be consummated as promptly as reasonably practicable on the terms contemplated by the merger agreement and otherwise to minimize the effect of such statute or regulation on the merger and the other transactions contemplated by the merger agreement.

Treatment of TXNM Restricted Stock Rights, Performance Shares, Direct Plan, and Deferred Plan

Immediately prior to the effective time of the merger, each outstanding award of TXNM restricted stock rights granted under any TXNM Stock Plan or otherwise will cease to relate to or represent any right to receive any TXNM common stock and will be converted into a right to receive an amount in cash (rounded down to the nearest cent) equal to the product of (i) the total number of shares of TXNM common stock subject to such restricted stock right immediately prior to the effective time of the merger multiplied by (ii) the merger consideration, plus interest at the rate of 6%, compounded semi-annually, from the effective time of the merger until the date of payment, less applicable taxes required to be withheld with respect to such payment. These restricted stock cash payouts will be payable to the holder of such converted award subject to the same terms and conditions as were applicable to the corresponding converted TXNM restricted stock rights, including any applicable vesting, acceleration and payment timing provisions and subject to any prior deferral election by the holder with respect to the corresponding converted TXNM restricted stock rights, as adjusted hereby, but excluding any terms rendered inoperative by reason of the consummation of the merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award, in each case through TXNM's regular payroll processes applicable to such holder.

Immediately prior to the effective time of the merger, each outstanding award of performance shares granted under any TXNM Stock Plan or otherwise will be deemed to have been earned at the higher of (i) the target level of performance or (ii) the actual level of performance achieved, determined on a goal-by-goal basis as of the last day of the last month ending at least 30 days before the effective time of the merger, with such actual level of performance determined in the good faith judgment of TXNM's compensation committee as constituted immediately prior to the effective time of the merger in accordance with the applicable TXNM Stock Plan. Immediately thereafter, each such earned performance share award will cease to relate to or represent any right to receive any TXNM common stock and will be converted into the right to receive an amount in cash equal to the product of (1) the total number of shares of TXNM common stock subject to such earned performance share immediately prior to the effective time of the merger multiplied by (2) the merger consideration, plus interest at the rate of 6%, compounded semi-annually, from the effective time of the merger until the date of payment, less applicable taxes required to be withheld with respect to such payment. These earned performance shares cash payouts will be payable to the holder of such converted award subject to the same service-based vesting, acceleration and payment timing provisions as were applicable to the corresponding converted TXNM earned performance shares, including any applicable service-based vesting, acceleration and payment timing provisions, but excluding any terms rendered inoperative by reason of the consummation of the merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award, in each case through TXNM's regular payroll processes applicable to such holder.

In accordance with the terms of the Direct Plan, TXNM will take all actions reasonably necessary to ensure that the Direct Plan will terminate immediately following the effective time of the merger. TXNM will provide timely notice to participants of the termination of the Direct Plan in accordance with the terms of the Direct Plan.

As of the effective time of the merger, (i) the Deferred Plan in which members of the Board of Directors participate will terminate, (ii) no non-employee director will be eligible to participate in such plan thereafter (except with respect to any outstanding restricted stock rights granted to a non-employee director with respect to which such non-employee director, prior to the effective time of the merger, has made a deferral election under such plan, which restricted stock rights will be converted as described above and the cash to be received deferred into such plan in accordance with the applicable deferral election), (iii) each share of TXNM common stock distributable under such plan will be converted into the right to receive the merger consideration, and (iv) TXNM will distribute to each non-employee director the amounts credited to his or her account in such plan as of the effective time of the merger as soon as administratively practicable (and no later than 30 days) after the effective time of the merger, to the extent permitted by applicable tax laws, including Section 409A of the Code, but in no event later than one year after the effective time of the merger.

As of the effective time of the merger, no further restricted stock rights, performance shares, or other rights with respect to shares of TXNM common stock will be granted under the TXNM Stock Plan or otherwise, and the TXNM Stock Plan will terminate upon the occurrence of the effective time of the merger such that, following the effective time of the merger, there will be no outstanding restricted stock rights or performance shares (in each case, whether vested or unvested) or any TXNM common stock or stock-based awards of TXNM, the

surviving corporation or any of their respective subsidiaries, under the terminated TXNM Stock Plan or otherwise; provided, however, that the converted restricted stock rights and the converted earned performance shares will remain subject to the applicable terms and conditions of the TXNM Stock Plan and the treatment described in the merger agreement.

Representations and Warranties

Each of TXNM, on the one hand, and Parent and Merger Sub, on the other hand, makes to the other party various representations and warranties as to itself and, in the case of TXNM, its subsidiaries that are subject, in some cases, to specified exceptions and qualifications contained in the merger agreement, in the disclosure schedule that each of TXNM and Parent delivered to the other party in connection with the merger agreement, or in certain reports filed with the SEC. These representations and warranties relate to, among other things:

- due organization, valid existence, good standing, organizational documents and, in the case of TXNM, ownership of subsidiaries;
- corporate or similar power and authority to enter into the merger agreement and to complete the transactions contemplated by the merger agreement, and the enforceability of the merger agreement;
- absence of conflicts with or breaches of its and, in the case of TXNM, its subsidiaries', (i) governing documents, licenses, and certain contracts, and (ii) applicable laws as a result of entering into the merger agreement and the consummation of the merger and the other transactions contemplated by the merger agreement;
- consents and approvals required in connection with the execution and delivery of the merger agreement or the completion of the merger and the other transactions contemplated by the merger agreement, including required filings with, and the consents and approvals of, governmental entities or third parties in connection with the transactions contemplated by the merger agreement;
- compliance with laws and licenses;
- absence of certain litigation, orders and injunctions; and
- brokers' fees in connection with the transactions contemplated by the merger agreement.

In the merger agreement, TXNM has also made additional representations and warranties regarding:

- capital structure, including in particular the number of shares of common stock, preferred stock and equity-based awards issued and outstanding;
- securities filings since January 1, 2023 including financial statements contained therein;
- internal controls and absence of undisclosed liabilities;
- the vote required by the TXNM shareholders to approve the merger agreement and the transactions contemplated thereby, including the merger;
- matters with respect to certain contracts;
- conduct of business in the ordinary course since December 31, 2023;
- absence of material adverse effect;
- matters related to employee benefit plans;
- labor and employment matters;
- insurance matters;
- real property matters;
- tax matters;
- intellectual property matters;
- environmental matters;
- receipt of an opinion from its financial advisor;
- regulatory matters;

- the inapplicability of certain state and federal antitakeover statutes;
- matters related to energy price risk management;
- compliance with anti-corruption and anti-money laundering laws; and
- financing matters.

In the merger agreement, Parent and Merger Sub also have made additional representations and warranties regarding:

- ownership and operations of Merger Sub;
- absence of ownership of TXNM common stock or certain securities, contract rights or derivative positions by Parent's affiliates;
- sufficiency of funds necessary to consummate the merger and the other transactions contemplated by the merger agreement, including the payment of the merger consideration;
- the receipt and enforceability of the equity commitment letter delivered by Blackstone Infrastructure;
- the receipt and enforceability of the debt commitment letters delivered by lenders to Parent;
- absence of any requirement that the holders of any capital stock of Parent or any of its affiliates vote or consent to approve the merger agreement or the transactions contemplated thereby, including the merger;
- the solvency of Parent and Merger Sub as of the date of the merger agreement and after giving effect to the merger and the other transactions contemplated by the merger agreement;
- the financing of the merger and the other transactions contemplated by the merger agreement by Parent and Merger Sub;
- the delivery and enforceability of the guarantee by Blackstone Infrastructure in favor of TXNM with respect to certain obligations of Parent and Merger Sub under the merger agreement; and
- Parent's and Merger Sub's status as United States persons.

Certain of the representations and warranties in the merger agreement are subject to exceptions or qualifications, including, in certain cases, knowledge qualifications, which means that those representations and warranties would not be deemed untrue or incorrect as a result of matters of which certain executives of the party making such representations and warranties did not have actual knowledge, and materiality or material adverse effect qualifications.

Material Adverse Effect

Certain of the representations and warranties in the merger agreement are subject to materiality or material adverse effect qualifications (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct is material or would result in a material adverse effect, as applicable).

Under the merger agreement, a material adverse effect with respect to TXNM is generally defined as any event, development, change, circumstance, effect or occurrence that, individually or in the aggregate with all other events, developments, changes, circumstances, effects or occurrences, (i) would prevent or materially impair or materially delay the consummation of the merger or (ii) has a material adverse effect on or with respect to the business, properties, results of operations or condition of the TXNM Parties (financial or otherwise), taken as a whole. For purposes of clause (ii) of the prior sentence only, no events, developments, changes, circumstances, effects or occurrences relating to, arising out of or in connection with or resulting from any of the following will be deemed, either alone or in combination, to constitute or contribute to a material adverse effect and no event, development, change, circumstance, effect or occurrence relating to, arising out of or in connection with or resulting from any of the following will be taken into account when determining whether a material adverse effect has occurred or may, would or could occur:

- (i) general changes or developments in the legislative or political condition, or in the economy or the financial, debt, capital, credit, commodities or securities markets, in each such case, in the United States or elsewhere in the world, including as a result of changes in geopolitical conditions, tariff policies, interest rates or inflation;

- (ii) any change affecting any industry in which the TXNM Parties operate, including electric and renewable power generating, transmission or distribution industries (including, in each case, any changes in operations thereof) or any change affecting retail markets for electric power, capacity or fuel or related products;
- (iii) any changes in the national, regional, state, provincial or local electric generation, transmission or distribution systems or increases or decreases in planned spending with respect thereto;
- (iv) the entry into the merger agreement or the public announcement of the merger or other transactions contemplated by the merger agreement, including any impact thereof on relationships, contractual or otherwise, with customers, suppliers, regulators, lenders, partners or employees of the TXNM Parties;
- (v) the identity of Parent or any of its affiliates as the acquiror of TXNM;
- (vi) any action taken or omitted to be taken by TXNM at the express written request of or with the express written consent of Parent;
- (vii) any actions required to be undertaken by TXNM in accordance with the regulatory covenants in the merger agreement related to obtaining any consent or making any filing required for the consummation of the merger and the other transactions contemplated by the merger agreement or, in connection therewith, any written proposal or commitment made by Parent or TXNM or their respective affiliates to any governmental entity in accordance with the regulatory covenants in the merger agreement or imposed by any governmental entity, in each case, in order to obtain the required regulatory approvals;
- (viii) changes after the date of execution of the merger agreement in any applicable laws or applicable binding accounting regulations or principles or interpretation or enforcement thereof by any governmental entity;
- (ix) any hurricane, tornado, fire, wildfire, earthquake, flood, tsunami other natural disaster or weather-related event, act of God, pandemic or epidemic, including the COVID-19 virus, outbreak or escalation of hostilities or war (whether or not declared), military actions or any act of sabotage, cyber attacks, ransomware attacks, terrorism, or national or international political or social conditions;
- (x) any change in the market price or trading volume of the shares of TXNM or the credit rating of the TXNM Parties;
- (xi) any failure by TXNM to meet any published analyst estimates or expectations of TXNM's revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by TXNM to meet its internal or published projections, budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself;
- (xii) any litigation or claim threatened or initiated by shareholders, ratepayers, customers or suppliers of the TXNM Parties (each in their capacity as such) against the TXNM Parties, or any of their respective officers or directors (in each case, in their capacity as such), in each case, arising out of the execution of the merger agreement or the transactions contemplated thereby; or
- (xiii) any increase in interest rates payable arising from the refinancing of the TNMP Bonds.

With respect to items (x) and (xi) above, the facts, events or circumstances giving rise to or contributing to such change or failure may be deemed to constitute, and may be taken into account in determining whether there has been a material adverse effect. In addition, the items in (i), (ii), (iii), (viii) and (ix) above may be deemed to constitute and may be taken into account in determining whether there has been a material adverse effect, to the extent that the TXNM Parties, taken as a whole, are disproportionately affected as compared with other participants in the industry in which TXNM operates in the United States (in which case solely the incremental disproportionate impact or impacts may be taken into account in determining whether there has been a material adverse effect). Notwithstanding the foregoing, the effect of the failure to obtain the consent of TXNM's existing lenders to the execution of the merger agreement prior to its execution and delivery (but not the effect of the failure to obtain consents from such existing lenders to the closing of the merger that may be required under the

contracts with such existing lenders) may be considered, and taken into account, in determining whether a “material adverse effect” has occurred or may, would or could occur (without giving effect to, and disregarding, any of the exceptions set forth in each of the preceding items (i) through (xiii)).

Under the merger agreement, a material adverse effect with respect to Parent or Merger Sub is defined as any event, development, change, circumstances, effect or occurrence that, individually or in the aggregate with all other events, developments, changes, circumstances, effects or occurrences, would prevent or materially impair or materially delay the consummation of the merger by Parent or Merger Sub.

The representations and warranties contained in the merger agreement, or in any instrument delivered pursuant thereto and any rights arising out of any breach of such representations and warranties, will not survive the effective time of the merger.

Covenants Regarding Conduct of Business by TXNM Pending the Merger

Except as required pursuant to or permitted by the merger agreement, as set forth on a disclosure schedule to the merger agreement, as required by applicable law or a governmental entity, to address any exigent emergencies that present, or would be reasonably likely to present, an immediate and material threat to TXNM or the environment or the health and safety of natural persons if not addressed by TXNM taking immediate action and acting as a reasonable and prudent operator of electric utilities in New Mexico and Texas, or as consented to in writing by Parent (which consent may not be unreasonably withheld, conditioned or delayed), from the date of the merger agreement until the earlier of the effective time of the merger or the termination of the merger agreement in accordance with the terms of the merger agreement,

- TXNM has agreed to, cause each of its subsidiaries to, and exercise any available rights to cause its and their respective joint ventures to:
 - conduct their respective businesses in the ordinary course of business consistent with past practice and in substantially the same manner as previously conducted;
 - preserve substantially intact, in all material respects, the business organization of the TXNM Parties;
 - use their commercially reasonable efforts to maintain their respective relationships with governmental entities, customers, suppliers, contractors, distributors, creditors, lessors and other third parties that have material business dealings with the TXNM Parties and keep available the services of its officers and key employees and consultants, in each case, as is reasonably necessary to preserve substantially intact their respective business organization; and
- TXNM has agreed not to, and cause each of its subsidiaries not to, directly or indirectly, take any action (including any action with respect to a third-party) that would, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the merger or the other transactions contemplated by the merger agreement or their respective ability to satisfy their obligations hereunder.

In addition, and subject to the exceptions set forth in the preceding paragraph, TXNM has agreed not to, cause each of its subsidiaries not to, and exercise any available rights to cause its joint ventures not to:

- amend or otherwise change the articles of incorporation or bylaws or the equivalent organizational documents of any TXNM Party;
- make any acquisition of, or make any investment in any interest in, any business or assets except for (i) purchases of equipment, inventory and other assets or pursuant to construction, operation and/or maintenance contracts, in each case in the ordinary course of business or pursuant to contracts existing on the date of the merger agreement or entered into thereafter consistent with the terms of the merger agreement or (ii) acquisitions or investments that do not exceed \$20 million individually or \$60 million in the aggregate;

- issue or authorize the issuance, pledge, transfer, subject to any lien, sell, or dispose of or commit to any of the foregoing (in each case, whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any equity securities (including stock appreciation rights, phantom stock or similar instruments) of any TXNM Party, except:
 - for the issuance of up to 1,104,641 shares of TXNM common stock pursuant to forward sales agreements previously entered into by TXNM with third-party forward purchasers under an “at-the-market” offering;
 - for issuance of up to 14,534,850 shares of TXNM common stock upon conversion of the Convertible Notes;
 - for issuance of shares of TXNM common stock with proceeds to TXNM of up to \$400,000,000, including pursuant to an “at-the-market” offering, block sale or other offering to be conducted after the date of the merger agreement on the terms as set forth on the TXNM disclosure schedule (on June 27, 2025, TXNM sold 3,615,003 shares of TXNM common stock, for a purchase price of \$55.325 per share (an aggregate amount of approximately \$200 million), to five purchasers, pursuant to the Zimmer stock purchase agreement);
 - for shares of TXNM common stock issued pursuant to the Blackstone stock purchase agreement;
 - for the issuance of shares of TXNM common stock upon the settlement of restricted stock rights or performance shares outstanding as of May 16, 2025 in accordance with the terms thereof;
 - for any issuance, sale or disposition to TXNM or a wholly-owned subsidiary of TXNM by any subsidiary of TXNM;
 - for the grant of restricted stock rights and/or performance shares as permitted by the TXNM disclosure schedule; or
 - for pledges or liens relating to any indebtedness incurred in compliance with the terms of the merger agreement.
- reclassify, combine, split, subdivide or amend the terms of, or redeem, purchase or otherwise acquire, directly or indirectly, any of equity securities, except (i) for the acquisition of shares of TXNM common stock tendered by directors or employees or in order to pay taxes in connection with the exercise, vesting or settlement of restricted stock rights or performance shares outstanding as of May 16, 2025 in accordance with the terms thereof or (ii) in connection with the purchase of TXNM common stock by TXNM in the market in connection with the settlement of shares under the restricted stock rights or performance shares;
- other than certain permitted liens or liens relating to indebtedness otherwise permitted to be incurred pending the merger, create or incur any material lien on any material assets of TXNM or its subsidiaries (other than subsidiaries acquired following the date of the merger agreement);
- make any loans or advances to any person (other than TXNM or any of its wholly-owned subsidiaries) other than in the ordinary course of business or not in excess of \$10 million in the aggregate;
- sell or otherwise dispose of any corporation, partnership or other business organization or division thereof or otherwise sell, assign, exclusively license, abandon, allow to expire or lapse, or dispose of any assets, rights or properties which are material to TXNM, its subsidiaries and joint ventures, taken as a whole (other than sales, dispositions or licensing of equipment or inventory and other assets in the ordinary course of business consistent with past practice or pursuant to contracts existing on the date of the merger agreement or entered into thereafter consistent with the terms of the merger agreement as expressly permitted thereunder) as expressly permitted under the merger agreement;
- declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its equity securities, or make any other actual, constructive or deemed dividend or distribution in respect of any of its equity securities (except (i) TXNM may continue the declaration and payment of planned regular quarterly cash dividends on TXNM common stock for each quarterly period ended after the date of the merger agreement, subject to a maximum per share amount of \$0.4075 for any fiscal quarters in 2025 and a maximum per share amount of \$0.4275 for any

fiscal quarters in 2026, with usual record and payment dates in accordance with past dividend practice, (ii) for any cash dividend or cash distribution by a wholly-owned subsidiary of TXNM to TXNM or another wholly-owned subsidiary of TXNM) and (iii) a “stub period” dividend to holders of record of TXNM common stock as of immediately prior to the effective time of the merger equal to the product of (1) the number of days from the record date for payment of the last quarterly dividend paid by TXNM prior to the effective time of the merger, multiplied by (2) a daily dividend rate determined by dividing the amount of the last quarterly dividend paid prior to the effective time of the merger by 91;

- other than in the ordinary course of business, as required by law or any governmental entity or to implement the outcome of any regulatory proceeding, enter into, terminate or modify or amend in any material respect certain material contracts;
- incur or assume indebtedness for borrowed money or issue any debt, provided that these restrictions on debt will not apply to (1) debt incurred in the ordinary course of business not to exceed \$25 million in the aggregate, (2) debt pursuant to letters of credit in the ordinary course of business, and (3) any refinancing of short-term debt of TXNM or any of its subsidiaries existing as of the date of the merger agreement; provided, however, that if such refinancing is completed prior to maturity, it will be (x) on substantially similar terms or terms that are more favorable to TXNM or such subsidiaries in the aggregate, (y) for the same or lesser principal amount and (z) voluntarily prepayable by TXNM or such subsidiaries without premium or penalty; provided further, that any such indebtedness incurred will not have any default, event of default, mandatory prepayment, mandatory offer to pay or similar event that would be triggered by the consummation of the transactions contemplated under the merger agreement;
- modify in any material respect in a manner adverse to TXNM or Parent the terms of any such indebtedness for borrowed money;
- assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any person (other than a wholly-owned subsidiary of TXNM);
- make any loans, advances or capital contributions to or investments in any other person or entity (other than TXNM or any of its subsidiaries), except for business expense advancements in the ordinary course of business consistent with past practice to employees of TXNM or its subsidiaries;
- mortgage or pledge any of its or its subsidiaries’ assets (tangible or intangible); or
- enter into any commodity, currency, sale or other hedging agreements other than such hedging agreements (i) entered into in the ordinary course of business consistent with past practice or (ii) entered into in connection with the Permitted Permanent Bond Replacement Financing, in each case which can be terminated on 90 days or less notice and which do not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event that would be triggered by the consummation of the transactions contemplated by the merger agreement other than cross defaults to the Existing Credit Facilities, the Backstop Facilities or any Permitted Replacement Backstop Facility;
- except that with respect to the items described in the six preceding bullets, TXNM may take such action (i) with respect to any Permitted Permanent Bond Replacement Financing in compliance with the merger agreement, (ii) with respect to entering into, amending and borrowing under the Backstop Facilities or any debt facility required to prepay or refinance any Existing Credit Facility, in each case, in compliance with the merger agreement, (iii) for obtaining any Permitted Replacement Backstop Facility in compliance with the merger agreement, (iv) for borrowings in the ordinary course of business under TXNM’s and its subsidiaries’ Credit Facilities, (v) for extensions of the maturity dates of the Credit Facilities (other than the Backstop Facilities, which are provided for in clause (ii) above) in the ordinary course of business on customary market terms, (vi) for the issuance of an equal aggregate principal amount of TXNM’s 5.75% Junior Subordinated Notes due 2054 upon any conversion of the Convertible Notes in compliance with the terms thereof, or (vii) for intercompany loans between TXNM and any of its wholly-owned subsidiaries or between any wholly-owned subsidiaries of TXNM;
- except as required by applicable law or the terms of any TXNM Plan or collective bargaining agreement made available to Parent and in effect on the date of the merger agreement or as contemplated under the merger agreement, (i) make any increase or decrease in, or accelerate the

funding, payment or vesting of, the compensation or benefits payable or to become payable to, or grant or announce any new bonus (including any retention, transaction or change in control bonus), equity or equity-based award, severance or termination pay (or rights thereto) to, any current or former TXNM Employees, (ii) establish, adopt, enter into, amend, terminate, or take any action to accelerate rights under any TXNM Plan, or any new plan, agreement, program, policy or arrangement that would be a TXNM Plan if in effect on the date of the merger agreement, (iii) hire or promote any TXNM officer, or (iv) make or forgive any loan to any current or former TXNM Employees (other than reasonable and normal advances to TXNM Employees for bona fide expenses that are incurred in the ordinary course of business consistent with past practice);

- make any material change in any accounting principles, policies, procedures or practices, except as may be required as a result of a change to conform to statutory or regulatory accounting rules, Regulation S-X promulgated under the Exchange Act, GAAP or, in each case, other regulatory requirements with respect thereto;
- other than as and to the extent required by applicable law or GAAP, (i) make, revoke, rescind or change any material tax election, (ii) adopt or change an annual tax accounting period, (iii) adopt or change a material tax accounting method, (iv) surrender any material claim for a refund of taxes, (v) settle or compromise any material liability or refund for taxes or any tax audit, claim or other proceeding relating to a material amount of taxes or otherwise enter into any closing agreement affecting any material tax liability or refund, or (vi) amend in a material respect any material tax return;
- other than in the ordinary course of business or as required by applicable law, enter into any collective bargaining agreement with any labor organization representing any TXNM Employees or extend or amend in any material respect any existing collective bargaining agreement;
- waive, release, discharge, settle, satisfy or compromise any proceeding, other than the waiver, release, assignment, discharge, settlement, satisfaction or compromises of a proceeding where the amount paid does not exceed \$5 million individually or \$15 million in the aggregate, except that (i) TXNM will continue to have the ability to enter into settlements or compromises in the ordinary course of business consistent with past practice other than in respect of any regulatory proceedings (including appeals) and (ii) any amount that is reflected or reserved against in TXNM's audited consolidated financial statements included in certain reports filed by TXNM with the SEC in respect of such legal proceeding, or that is offset by insurance proceeds received (or reimbursed) in respect of such legal proceeding, will in each case not be counted towards the \$5 million or \$15 million limitations;
- merge or consolidate with any person or adopt a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restricting, recapitalization or other reorganization;
- authorize or make any capital expenditures that are, in the aggregate, greater than 125% of the aggregate amount of capital expenditures scheduled to be made in TXNM's capital expenditure budget as set forth in TXNM's disclosure schedule for the relevant periods indicated therein, provided that notwithstanding the foregoing, TXNM and its subsidiaries will be permitted to make emergency capital expenditures, after first using commercially reasonable efforts to consult with Parent, in any amount (i) as required by a governmental entity or (ii) that TXNM determines is incurred in connection with the repair or replacement of facilities or equipment destroyed or damaged due to casualty or accident or natural disaster or other force majeure event necessary or advisable to maintain or restore safe, adequate and reliable electric transmission service or to prevent any threat to health and safety of individuals;
- enter into any agreement with respect to the voting of its capital stock;
- other than in the ordinary course of business consistent with past practice, enter into any contract for the lease or purchase of material real property or modify the material terms of any lease for any material real property;
- fail to use its commercially reasonable efforts to maintain, in full force without interruption, its present insurance policies or comparable insurance coverage;
- agree, authorize or commit to do any of the actions described in the bullets above; or

- enter into, amend, waive or modify any engagement letter or similar arrangement between any TXNM Party and any professional advisor thereof relating to the transactions contemplated by the merger agreement, in each case, where a TXNM Party would reasonably be expected to pay \$1,000,000 or more to such advisor in connection therewith (together with any other engagement letters or similar arrangements entered into between any TXNM Party and such advisor), other than any customary engagement letters or similar arrangements entered into in respect of (i) the issuance of any indebtedness or debt or (ii) the issuance of TXNM common stock, in each case as permitted in the merger agreement.

In addition, TXNM has agreed to, and to cause its subsidiaries to, give any notices to third parties, and TXNM and Parent have agreed to each use, and cause their respective subsidiaries to use, their reasonable best efforts to obtain certain third-party consents, and TXNM and Parent have agreed to coordinate and cooperate in identifying further required actions, consents, approvals or waivers under material contracts to which TXNM or a subsidiary or joint venture thereof is a party. In seeking any such actions, consents, approvals or waivers, TXNM will not be required to pay any consent or similar fee to obtain such consents other than *de minimis* amounts or amounts that are advanced or reimbursed by Parent.

Covenants Regarding Regulatory Proceedings

Prior to the effective time of the merger or the earlier termination of the merger agreement, TXNM and any subsidiary thereof may (i) initiate or settle, in the ordinary course of business, any regulatory proceeding that is not material in nature and not related to the transactions contemplated by the merger agreement, or (ii) enter into any settlement or stipulation in respect of any regulatory proceeding, in any case, (1) in the ordinary course and not related to the transactions contemplated by the merger agreement; provided, that such regulatory proceeding is not material in nature, (2) as set forth on the TXNM disclosure schedule or (3) otherwise with prior consultation with Parent; provided, however, that with respect to any regulatory proceeding for which Parent's consultation is required, no later than five business days prior to TXNM's initiation and settlement of any such regulatory proceeding, TXNM will (i) deliver to Parent any documents or filings in connection therewith, (ii) make reasonably available one or more authorized persons of TXNM, which may be an officer or designated representative of TXNM, to discuss any such documents or filings with one or more authorized persons of Parent, (iii) consider in good faith any comments made by Parent or any one or more authorized persons thereof with respect to such documents or filings, and (iv) to the extent TXNM reasonably agrees to any such comments, incorporate the same into such documents or filings; provided, further, that any regulatory proceeding that constitutes ordinary course compliance reporting will not require notice to, or consultation with, Parent. In the event that TXNM or any subsidiary thereof would be prohibited from taking any action by reason of this covenant without prior consultation with Parent, such action may nevertheless be taken without such consultation if TXNM requests Parent's consultation (provided that such request is made via email and delivered to each of Parent's designated representatives) and Parent fails to respond in writing (including response made via email) to such request within 10 business days after the date such request is delivered. The prior written consent of Parent (such consent not to be unreasonably withheld, delayed or conditioned) will be required to initiate or enter into any settlement or stipulation with respect to any regulatory proceeding related to any rate case of TXNM or any of its subsidiaries.

No Control of TXNM's Business

The merger agreement provides that nothing contained in the merger agreement will give Parent or Merger Sub, directly or indirectly, the right to control or direct TXNM's or its subsidiaries' operations prior to the effective time of the merger. Prior to the effective time of the merger, TXNM will exercise, consistent with the terms and conditions of the merger agreement, complete control and supervision over its and its subsidiaries' operations.

No Solicitation by TXNM

TXNM has agreed not to, and to cause its subsidiaries and their respective directors, officers and employees not to, and to use its reasonable best efforts to cause their respective representatives not to:

- initiate, solicit, knowingly encourage or knowingly facilitate any inquiries with respect to or that could reasonably be expected to lead to, or the making, submission or announcement of, any acquisition proposal;

- participate or engage in any negotiations or discussions concerning, or furnish or provide access to its properties, books and records or any confidential information or data to, any person relating to an acquisition proposal, or any inquiry or proposal that could reasonably be expected to lead to any acquisition proposal;
- approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any acquisition proposal; or
- execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar agreement for any acquisition proposal.

TXNM has agreed to immediately cease and terminate and cause its subsidiaries and their respective directors, officers and employees to, and use its reasonable best efforts to cause their respective representatives to, immediately cease and cause to be terminated any solicitations, discussions or negotiations with any person (other than Parent and its affiliates) in connection with an acquisition proposal that exists as of the date of the merger agreement.

TXNM is required to promptly (and in any event within 24 hours) notify Parent if TXNM receives an acquisition proposal or any request for non-public information relating to TXNM or any of its subsidiaries in connection with or relating to an acquisition proposal. If the proposal or request is in writing, TXNM's notice to Parent is required to include a copy of the proposal and any related draft agreements or other documentation or materials delivered with the proposal. If the proposal or request is oral, TXNM's notice to Parent is required to include a reasonably detailed summary, including all material terms, of the proposal or request. Any such notice to Parent must include the identity of the person making or submitting the acquisition proposal or request for non-public information. TXNM is required to keep Parent informed of the current status and material terms of any such acquisition proposal including any material changes to it and to deliver promptly (and in any event within 24 hours) a summary of any such material changes.

The merger agreement does not prohibit TXNM or the Board of Directors from disclosing to its shareholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) promulgated under the Exchange Act (or any similar communication to shareholders).

Prior to obtaining TXNM shareholder approval of the merger agreement, subject to all other terms of the merger agreement, TXNM and the Board of Directors may:

- grant a waiver, amendment or release under any confidentiality or standstill agreement to the extent necessary to allow for a confidential acquisition proposal to be made to TXNM or the Board of Directors or to allow for the engagement in discussions regarding an acquisition proposal or a proposal that would reasonably be expected to lead to an acquisition proposal so long as, in each case, such acquisition proposal or proposal that would reasonably be expected to lead to an acquisition proposal was not obtained or made as a result of a violation of the terms of the merger agreement, if the Board of Directors in good faith, after consultation with its financial advisors and outside legal counsel, has determined that the failure to take such action could be reasonably likely to result in a breach of its fiduciary duties under applicable law and so long as TXNM notifies Parent thereof (including the identity of such counterparty) at least 24 hours prior to granting any such waiver, amendment or release and, if requested by Parent, grants Parent a waiver, amendment or release of any similar provision under the confidentiality agreement between Parent and TXNM;
- so long as TXNM has provided the required notice of the acquisition proposal to Parent and such acquisition proposal was not initiated, solicited, obtained or encouraged in breach of TXNM's non-solicitation obligations under the merger agreement, provide access to TXNM's properties, books and records and provide information or data in response to a request therefor by a person or group who has made a bona fide written acquisition proposal after the date of the merger agreement if the Board of Directors (i) has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such acquisition proposal could reasonably be expected to constitute, result in or lead to a superior proposal, (ii) after consultation with its outside legal counsel, has determined in good faith that failing to do so could be reasonably expected to result in a breach of its fiduciary duties under applicable law and (iii) has received from such person an executed confidentiality agreement on

terms no less favorable in the aggregate to TXNM and no less restrictive in the aggregate to such person to those contained in the confidentiality agreement between TXNM and Parent (except for such changes specifically and expressly permitted pursuant to the merger agreement); and

- so long as TXNM has provided the required notice of the acquisition proposal to Parent and such acquisition proposal was not initiated, solicited, obtained or encouraged in breach of TXNM's non-solicitation obligations under the merger agreement, participate and engage in any negotiations or discussions with any person or group and their respective representatives who has made a bona fide written acquisition proposal after the date of the merger agreement if the Board of Directors (i) has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such acquisition proposal could reasonably be expected to constitute, result in or lead to a superior proposal and (ii) after consultation with its outside legal counsel, that failing to do so could be reasonably expected to result in a breach of its fiduciary duties under applicable law.

“Acquisition proposal” means any bona fide proposal, inquiry, indication of interest or offer from any person or group of persons (other than Parent, Merger Sub or their respective affiliates) relating to any transaction or series of transactions, involving (i) any direct or indirect acquisition or purchase of (1) a business or assets that constitute 20% or more of the revenues, net income or assets of TXNM and its subsidiaries, on a consolidated basis, or (2) 20% or more of any class of equity or voting securities of TXNM (or any subsidiary or subsidiaries of TXNM whose business constitutes (together) 20% or more of the revenues, net income or assets of TXNM and its subsidiaries, on a consolidated basis), (ii) any tender offer, exchange offer or similar transaction that if consummated would result in any person or group of persons beneficially owning 20% or more of any class of the equity or voting securities of TXNM (or any subsidiary or subsidiaries of TXNM whose business constitutes (together) 20% or more of the revenues, net income or assets of TXNM and its subsidiaries, on a consolidated basis), (iii) any merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving TXNM (or any subsidiary or subsidiaries of TXNM whose business constitutes (together) 20% or more of the revenues, net income or assets of TXNM and its subsidiaries, on a consolidated basis) or (iv) any combination of the foregoing.

“Superior proposal” means a written acquisition proposal (with all references to “20% or more” included in the definition of acquisition proposal changed to “more than 50%”) that was not obtained, solicited or received in, or otherwise resulted from, violation of the non-solicitation provisions of the merger agreement, in each case, that the Board of Directors in good faith determines, after consultation with its outside legal counsel and financial advisors, would, if consummated, result in a transaction that is more favorable to the shareholders of TXNM from a financial point of view than the transactions contemplated by the merger agreement after taking into account all such factors and matters considered appropriate in good faith by the Board of Directors (including, to the extent considered appropriate by the Board of Directors, (i) financial provisions and the payment of the TXNM termination fee, (ii) the identity of the person or persons making such acquisition proposal, (iii) legal and regulatory conditions and other undertakings relating to TXNM's and its subsidiaries' regulators, lenders or partners, (iv) probable timing, (v) conditionality and likelihood of consummation and (vi) with respect to which the cash consideration and other amounts (including costs associated with the acquisition proposal) payable at closing are subject to fully committed financing from recognized financial institutions), and after taking into account any changes to the terms of the merger agreement committed to in writing by Parent in response to such superior proposal.

Recommendation of the Board of Directors

Subject to the provisions described below, neither the Board of Directors nor any committee thereof may:

- withhold, withdraw, qualify or modify, or resolve to or propose to withhold, withdraw, qualify or modify, its recommendation that the TXNM shareholders vote in favor of approving the merger and the merger agreement in a manner adverse to Parent;
- make any public statement inconsistent with such recommendation;
- approve, adopt or recommend any acquisition proposal, or any inquiry or proposal that could reasonably be expected to lead to any acquisition proposal;

- fail to reaffirm or re-publish such recommendation within ten business days of being requested by Parent to do so, provided that Parent will not be entitled to request such a reaffirmation or re-publishing more than one time with respect to any single acquisition proposal other than in connection with an amendment to any financial terms of such acquisition proposal or any other material amendment to such acquisition proposal;
- fail to include such recommendation in this proxy statement;
- fail to announce publicly, within five business days after a tender offer or exchange offer relating to any TXNM securities has been commenced that would constitute an acquisition proposal, that the Board of Directors recommends rejection of such tender or exchange offer;
- resolve, publicly propose or agree to do any of the foregoing;
- authorize, cause or permit TXNM or any of its subsidiaries to enter into a merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar contract (other than an acceptable confidentiality agreement) or recommend any tender offer providing for, with respect to, or in connection with any acquisition proposal or requiring TXNM to abandon, terminate, delay or fail to consummate the merger or any other transaction contemplated by the merger agreement; or
- take any action pursuant to which any person (other than Parent, Merger Sub or their respective affiliates) or acquisition proposal would become exempt from or not otherwise subject to any take-over statute or articles of incorporation provision relating to an acquisition proposal.

However, at any time prior to obtaining TXNM shareholder approval of the merger agreement, subject to compliance with the terms of the next paragraph, (i) the Board of Directors may change its recommendation in response to the occurrence of a specified intervening event or (ii) if the Board of Directors determines in good faith, after consultation with its financial advisor and outside legal counsel, in response to an acquisition proposal from a third party that did not otherwise result from a breach of TXNM's non-solicitation obligations under the merger agreement, that such acquisition proposal constitutes a superior proposal, and such acquisition proposal is not withdrawn, TXNM or the Board of Directors may (1) change its recommendation and/or (2) terminate the merger agreement to enter into a definitive agreement with respect to such superior proposal, in each case, if (I) after consultation with its financial advisor and outside legal counsel, the Board of Directors determines that the failure to change its recommendation or to terminate the merger agreement would be reasonably expected to result in a breach of its fiduciary duties under applicable laws and (II) the merger agreement is terminated, as a result of a superior proposal, TXNM pays Parent the required TXNM termination fee.

TXNM or the Board of Directors, as applicable, may not change its recommendation or terminate the merger agreement in order to enter into a definitive agreement with respect to a superior proposal unless (i) TXNM delivers written notice to Parent at least five business days' in advance advising Parent that the Board of Directors proposes to take such action and containing (1) the material details of such intervening event or the material terms and conditions of the superior proposal that is the basis of the proposed action by the Board of Directors and (2) a copy of the most current draft of any written communication (including any agreement) relating to the superior proposal and (ii) during such five business day period, if Parent has delivered to TXNM a written, binding, irrevocable offer, capable of being accepted by TXNM, to alter the terms of the merger agreement, the Board of Directors thereafter reaffirms in good faith (after consultation with its outside counsel and financial advisor) that the acquisition proposal continues to constitute a superior proposal. If requested by Parent, TXNM will, and will cause its representatives to, during the five business day period, engage in good faith negotiations with Parent and its representatives (including by making TXNM's officers and representatives reasonably available to negotiate) to make such adjustments in the terms and conditions of the merger agreement so that (x) in the case of an acquisition proposal, such acquisition proposal would cease to constitute a superior proposal (it being understood and agreed that if Parent has committed to any changes to the terms of the merger agreement, each time thereafter that there has been any subsequent amendment to any material term of such superior proposal, the Board of Directors will provide a new written notice to Parent and an additional two-business day period from the date of such notice and the obligations of TXNM during such period will continue in effect during such additional period) or (y) in the case of an intervening event, the failure of the Board of Directors to change its recommendation could not be reasonably expected to result in a breach of its fiduciary duties under applicable laws.

As further discussed below under “—Termination of the Merger Agreement,” if the Board of Directors changes its recommendation to the TXNM shareholders for approval of the merger agreement and terminates the merger agreement or if it terminates the merger agreement to enter into a superior proposal, TXNM will be required to pay a termination fee of \$210 million.

An “intervening event” means any event, development, change, effect or occurrence that affects or would reasonably be expected to affect (i) the business, financial condition or continuing results of operation of TXNM and its subsidiaries, taken as a whole or (ii) the TXNM shareholders (including the benefits of the merger to the TXNM shareholders) in either case that (1) is material, (2) was not known to the Board of Directors as of the date of the merger agreement, (3) becomes known to the Board of Directors prior to obtaining the approval of the TXNM shareholders, and (4) does not relate to or involve any acquisition proposal. However, an “intervening event” will not include (i) any event, development, change, effect or occurrence (1) solely related to Parent or Merger Sub or any of their affiliates unless such event, development, change, effect or occurrence has had or would reasonably be expected to have a material adverse effect on Parent, or (2) any action taken by any party to the merger agreement pursuant to and in compliance with the affirmative covenants set forth in merger agreement with respect to regulatory approvals, or the consequences of any such action, and (ii) the receipt, existence or terms of an acquisition proposal, or the consequences thereof.

Efforts to Obtain TXNM Shareholder Approval

The merger agreement requires that, promptly after the SEC confirms that it has no further comments on or will not review this proxy statement, TXNM take all reasonable action necessary to duly call, give notice of, convene and hold a shareholders’ meeting, for the purpose of obtaining TXNM shareholder approval of the merger agreement. Unless the Board of Directors has modified its recommendation regarding the merger as permitted under the merger agreement, as further discussed in “—Recommendation of the Board of Directors” immediately above, TXNM will include in this proxy statement its recommendation that its shareholders approve and adopt the merger agreement and, subject to the consent of Wells Fargo, TXNM’s financial advisor, the written opinion of Wells Fargo, dated as of the date of the merger agreement, that, as of such date, the merger consideration is fair, from a financial point of view, to the holders of shares of TXNM common stock, and TXNM will use its reasonable best efforts to obtain TXNM shareholder approval of the merger agreement. TXNM is not required to hold the special meeting if the merger agreement is terminated.

Employee Benefits and Service Credit

For a period of at least 24 months following the effective time of the merger, each employee of TXNM or its subsidiaries who continues to be employed by TXNM or the surviving corporation or any applicable subsidiary thereof, which we refer to as a continuing employee, will receive:

- an annual base salary or hourly wage, as applicable, that is no less favorable than the annual base salary or hourly wage, as applicable, that was provided to such continuing employee immediately prior to the effective time of the merger,
- an annual cash bonus opportunity (at target and with the comparable opportunity for payouts above target, it being understood that actual payouts will be determined based on actual performance for the applicable performance period in accordance with the terms of the applicable incentive plan or arrangement), and annual long-term incentive opportunity (at target and with the comparable opportunity for payouts above target, it being understood that actual payouts will be determined based on actual performance for the applicable performance period in accordance with the terms of the applicable incentive plan or arrangement and that the annual long-term incentive opportunities provided by Parent to each continuing employee will take into account the value of and relative opportunity with respect to previous annual equity or equity-based grants and need not be provided in the form of equity or equity-based grants), that are no less favorable in the aggregate than the target annual cash bonus opportunity and long-term incentive opportunity provided to such continuing employee immediately prior to the effective time of the merger,
- employee retirement benefits (including defined contribution retirement, pension and nonqualified deferred compensation) (including matching and other employer contributions), that are no less

favorable in the aggregate than the employee retirement benefits (including defined contribution retirement, pension and nonqualified deferred compensation) (including matching and other employer contributions) that were provided to such continuing employee immediately prior to the effective time of the merger, and

- welfare and other employee benefits (other than severance (which is addressed below), equity or equity-based and long-term incentives (which are addressed in the second bullet above), nonqualified deferred compensation (which is addressed in the third bullet above), post-retirement welfare benefits (which are addressed below), and retention (including a TXNM retention program), transaction, change in control, or any other one-time or special payments or benefits) that are substantially comparable in the aggregate to the welfare and other employee benefits that were provided to such continuing employee immediately prior to the effective time of the merger.

The benefits listed above will not apply to continuing employees who are covered by a collective bargaining agreement to the extent inconsistent with the collective bargaining or otherwise required to be subject to bargaining.

For a period of at least 24 months following the effective time of the merger, Parent will, and will cause the surviving corporation to, provide each continuing employee who experiences a termination of employment with the surviving corporation severance benefits that are no less favorable than the severance benefits that would have been provided under the TXNM Plans as of immediately prior to the effective time of the merger (with credit for service earned after the effective time of the merger); provided, however, that such requirements will not apply to continuing employees who are covered by a collective bargaining agreement to the extent inconsistent with the collective bargaining agreement or otherwise required to be subject to bargaining.

Parent will, and will cause the surviving corporation to maintain post-retirement welfare arrangements that are no less favorable than those post-retirement welfare arrangements in place for TXNM's current or former employees as of the effective time of the merger as set forth on the TXNM disclosure schedule until the later of (i) 24 months following the effective time of the merger or (ii) with respect to any particular trust set forth on the applicable section of the TXNM disclosure schedule, the date the assets in such trust established by TXNM meeting the requirements of Section 501(c)(9) of the Code, as amended, have been exhausted.

Subject to applicable law and any obligations under any collective bargaining agreement, Parent will, or will cause the surviving corporation to, honor, in accordance with their terms, all of the TXNM Plans set forth on the applicable TXNM disclosure schedule, including any funding arrangements thereunder in effect as of the date of the merger agreement. For a period of at least 24 months following the effective time of the merger, Parent and its affiliates (including the surviving corporation) are prohibited from terminating certain TXNM Plans set forth on the TXNM disclosure schedule to provide for payment of any obligations owed thereunder as of and after the effective time of the merger other than as scheduled as of the effective time of the merger under the terms of the applicable agreement, plan or arrangement. Additionally, Parent will, or will cause the surviving corporation to, fund (and continue to fund) any relevant rabbi trust to the extent such funding was required as of the effective time of the merger pursuant to the terms of the related TXNM Plans.

The merger agreement permits TXNM to establish a retention program in an aggregate amount not to exceed \$5 million to promote retention and to incentivize efforts to complete the merger.

The merger agreement provides that Parent and the surviving corporation, as applicable, will pay or cause the applicable subsidiary to pay to each eligible current or former employee of TXNM or any of its subsidiaries (i) any accrued but unpaid annual bonus (or other cash incentive award) relating to any completed year (or completed performance period) ending prior to the year (or performance period) in which the effective time of the merger occurs that has been accrued on the audited consolidated financial statements of TXNM and its subsidiaries as of the effective time of the merger, in the ordinary course and consistent with past practice, including without limitation any applicable service-based vesting, acceleration and payment timing provisions and (ii) an annual bonus (and other cash incentive award) relating to the year (or other applicable performance period) in which the effective time of the merger occurs based on the higher, determined as of the end of the year (or other applicable performance period), of (1) TXNM's achievement of the applicable performance targets, based on the actual level of performance achieved, determined on a goal-by-goal basis, as of the end of the applicable year or other performance period, as determined by Parent in good faith and consistent with TXNM's

historical practices and in accordance with the terms and conditions of the applicable TXNM Plan, and (2) the target-level achievement, payable in the ordinary course, consistent with past practice and in accordance with the terms and conditions of the applicable TXNM Plan, including without limitation any applicable service-based vesting, acceleration and payment timing provisions.

At the effective time of the merger, participants in TXNM's cash or deferred savings plan or any other TXNM deferred compensation plan who are invested in shares of TXNM common stock through those plans will be treated in the same manner as other TXNM shareholders. Immediately prior to the effective time of the merger, each notional unit granted under TXNM's Executive Savings Plan II, or the ESP II, will be liquidated based on the merger consideration and notionally reinvested in one or more other investment funds as determined by TXNM prior to the effective time of the merger. After the effective time of the merger, participants in those plans may not direct any further investments or deemed investments into TXNM common stock through those plans.

The terms and conditions of employment for any employees covered by a collective bargaining agreement will be governed by the applicable collective bargaining agreement until the expiration, modification or termination of such collective bargaining agreement in accordance with its terms or applicable law. Parent has agreed to cause the surviving corporation or its subsidiaries to honor the terms of each collective bargaining agreement to which TXNM or any of its subsidiaries is a party until such agreement otherwise expires pursuant to its terms or is modified by the parties thereto.

The merger agreement provides that Ms. Collawn will terminate employment as Executive Chairman upon completion of the merger and her termination will be considered a covered termination as described above.

TXNM Indebtedness

The merger agreement required TXNM to, and to cause each of its subsidiaries to, execute and deliver to certain of its lenders one or more notices regarding the execution of the merger agreement and the planned merger. The notices with respect to one or more of the lenders included a request for a consent or waiver, in form and substance reasonably acceptable to Parent, to (i) in the case of the initial notice to be provided to a lender immediately following the date of the merger agreement, the execution of the merger agreement, and (ii) certain modifications of (or waivers under or other changes to) any agreement or documentation relating to TXNM's or its subsidiaries', as applicable, relationship with such lenders. On May 18, 2025, TXNM entered into a consent and waiver to its \$30.3 million standby letter of credit agreement, on May 23, 2025, TXNM entered into an amendment to its \$300.0 million revolving credit agreement and an amendment to its \$500.0 million term loan agreement and on May 23, 2025, TNMP entered into an amendment to its \$200.0 million revolving credit agreement providing for these required consents and waivers.

Immediately prior to or concurrently with the effective time of the merger, Parent and Merger Sub will pay off certain indebtedness of TXNM as identified in the TXNM disclosure schedule.

On May 19, 2025, in accordance with the merger agreement and the TNMP Mortgage Indenture, TXNM commenced an Offer to Purchase the TNMP Bonds with a repayment date of June 24, 2025. Prior to this repayment date, TNMP borrowed under the TNMP Backstop Facility all amounts necessary to complete such purchase and used the proceeds of such borrowing to purchase \$1.08 billion TNMP Bonds on the repayment date. Not prior to completion of the Offers to Purchase (and, if prior to completion of the Permitted Permanent Bond Replacement Financing, so long as not disruptive to the completion of such Permitted Permanent Bond Replacement Financing, as determined in the reasonable judgment of TXNM (after consultation with Parent) and its underwriters, initial purchasers or placement agents, as applicable), at the request of Parent, TXNM will conduct consent solicitations to obtain from the requisite holders thereof consent to certain amendments to the TNMP Mortgage Indenture as set forth on the TXNM disclosure schedule. Any such Offers to Purchase will be funded using consideration provided by TXNM, and TXNM will be responsible for all other liabilities, fees and expenses incurred in connection with the Offers to Purchase. Except as provided in the TXNM disclosure schedule, TXNM will be responsible for all liabilities, fees and expenses incurred in connection with the consent solicitations. Any consent solicitations will be made on customary terms and conditions as are reasonably proposed by Parent, are reasonably acceptable to TXNM and are permitted or required by the terms of the TNMP Mortgage Indenture and applicable laws, including applicable rules and regulations of the SEC. Subject to the receipt of the requisite consents, in connection with any or all of the consent solicitations, TXNM will execute supplemental indentures to the TNMP Mortgage Indenture in accordance with the terms thereof

amending the terms and provisions of such indenture in a form as reasonably requested by Parent and reasonably acceptable to TXNM; provided that TXNM may require any such amendment to become effective only upon consummation of the transactions contemplated by the merger agreement. In connection with the consent solicitations, except as set forth on the TXNM disclosure schedule, at TXNM's sole cost and expense, TXNM will, and will cause its subsidiaries to, and will use reasonable best efforts to cause its and their respective controlled affiliates and representatives to, on a timely basis, (i) cause TXNM's representatives to furnish any customary certificates or legal opinions, (ii) provide reasonable cooperation to the solicitation agents or similar agents in any consent solicitations in connection with their related diligence activities, including providing access to documentation reasonably requested by such persons, and (iii) provide reasonable assistance in the preparation of customary documentation, which may incorporate, by reference, periodic and current reports filed by TXNM with the SEC. The solicitation agent, information agent, or other agent retained in connection with any consent solicitations will be selected by TXNM and be reasonably acceptable to Parent and the fees and expenses of such agents will be paid directly by TXNM.

TXNM will, and will cause TNMP to, use their respective reasonable best efforts to maintain in effect the Backstop Facilities and comply with all of their respective obligations thereunder as required. TXNM will, and will cause TNMP to, satisfy on a timely basis all of the conditions to borrowings under the applicable Backstop Facility when and if any borrowing thereunder would be required hereunder. TXNM will give Parent prompt notice if TXNM receives notice of any breach or default (or alleged or purported breach or default) by any party to the Backstop Facilities of which TXNM has become aware or any termination or repudiation (or alleged or purported termination or repudiation) of any Backstop Facility.

TXNM will not, and will cause TNMP not to, without Parent's prior written consent, permit any amendment, supplement, modification, assignment, termination, replacement or waiver to be made to, or consent to any waiver of, any provision of or remedy under the applicable Backstop Facility if such amendment, supplement, modification, termination, assignment, replacement or waiver would or would reasonably be expected to (i) except as expressly contemplated under the terms thereof, reduce the commitment amounts thereunder, (ii) impose new or additional conditions to the Backstop Facilities or otherwise expand, amend or modify any of the existing conditions to the applicable Backstop Facilities, (iii) materially and adversely impact the ability of Parent or Merger Sub to enforce its rights against any other party to the applicable Backstop Facilities (iv) otherwise expand, amend, modify or waive any provision of the applicable Backstop Facilities in a manner that in any such case would or would reasonably be expected to prevent, materially delay or make materially less likely any funding under the Backstop Facilities when such funding is required hereunder or (v) include any provision that would require TXNM or TNMP to pay any fee or premium conditioned upon the consummation of the transactions contemplated hereunder or include any modification that is adverse to TXNM or Parent in any material respect.

If (i) all or a portion of a Backstop Facility becomes unavailable prior to its termination in full in accordance with the terms thereof or (ii) there are any borrowings under any Backstop Facility, then in each such case, TXNM will, and will cause TNMP to, as applicable, use their respective commercially reasonable efforts to incur one or more Permitted Replacement Backstop Facilities to replace or refinance such Backstop Facility in full (or to the extent there is any borrowing thereunder, in the amount of such borrowing), other than the portion of such Backstop Facility drawn to refinance a term loan facility (which will be repaid prior to the maturity thereof in accordance with the terms of the merger agreement), (x) with respect to clause (i) above, promptly, and (y) with respect to clause (ii) above, at least 45 days before the scheduled maturity of such Backstop Facility. TXNM will keep Parent reasonably informed of its progress to obtain such Permitted Replacement Backstop Facilities. Upon obtaining any Permitted Replacement Backstop Facility pursuant to the terms of the merger agreement, the terms set forth in the merger agreement applicable to any Backstop Facility will apply equally to such Permitted Replacement Backstop Facility received in lieu thereof and each reference to a Backstop Facility will be deemed to include a reference to such Permitted Replacement Backstop Facility.

With respect to the TNMP Bonds:

- If TNMP seeks to incur Permitted Permanent Bond Replacement Financing without any borrowing under the TNMP Backstop Facility, then TNMP will (i) promptly notify Parent in writing of such election and provide Parent with reasonable details of such transaction prior to the consummation thereof and (ii) furnish to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to such financing promptly upon execution thereof.

- If all or any portion of the TNMP Backstop Facility is drawn pursuant to the terms thereof in connection with payments for offers to purchase, TXNM will cause TNMP to use commercially reasonable efforts to incur Permitted Permanent Bond Replacement Financing and use the proceeds thereof to repay the TNMP Backstop Facility. TXNM will, and will cause TNMP to, keep Parent reasonably informed about such transaction, including by furnishing to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to such financing promptly upon execution thereof.

If TXNM or any subsidiary of TXNM seeks to incur any indebtedness pursuant to the items listed on the applicable section of the TXNM disclosure schedule, TXNM will promptly notify Parent of its decision and provide Parent with reasonable details of such transaction prior to the consummation thereof and upon execution thereof, promptly furnish to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to such indebtedness.

Prior to the effective time of the merger, TXNM will promptly provide Parent with notice of (i) its receipt of any Notice of Conversion (as defined in the Convertible Notes Indenture), (ii) the principal amount of Convertible Notes to be converted pursuant to such Notice of Conversion and amount of TXNM's Conversion Obligation (as defined in the Convertible Notes Indenture), including the number of shares of TXNM common stock and principal amount of junior subordinated non-convertible notes to be issued in connection with such conversion and the amount of cash to be paid in lieu of any fractional shares of TXNM common stock, (iii) the Conversion Rate (as defined in the Convertible Notes Indenture) applicable to such conversion, and (iv) the proposed Conversion Date for such conversion (as defined in the Convertible Notes Indenture). As reasonably requested by Parent, TXNM will provide Parent with the position listing of the Convertible Notes, and Parent will be permitted to engage or participate in, or otherwise facilitate through its representatives, discussions with holders of Convertible Notes. TXNM will not make any change to the terms of the Convertible Notes Indenture or otherwise take any action (other than the payment of any dividend permitted under the merger agreement) that would result in a change to the Conversion Rate (as defined in the Convertible Notes Indenture) without the prior written consent of Parent.

Financing and Debt Financing Cooperation

The merger is not contingent upon Parent or Merger Sub obtaining equity financing or debt financing.

The merger agreement prohibits Parent from permitting any amendment to, or any waiver of any provision or remedy pursuant to, the equity commitment letter delivered by Blackstone Infrastructure to Parent.

Each of Parent and Merger Sub will use its reasonable best efforts to maintain in effect the equity commitment letter, comply with all of their respective obligations thereunder and, subject to the satisfaction of all of the closing conditions, consummate the transactions contemplated by the equity commitment letter.

Each of Parent and Merger Sub will use its reasonable best efforts to maintain in effect the debt commitment letters and comply with all of their respective obligations thereunder to the extent required as a condition to the Debt Financing. Solely to the extent any amount remains outstanding under the TNMP Backstop Facility or under any Permitted Replacement Backstop Facility in respect the TNMP Backstop Facility after TXNM has complied with its obligations under the merger agreement as described under "TXNM Indebtedness" above, each of Parent and Merger Sub will use its reasonable best efforts to consummate the portion of the Debt Financing contemplated to refinance the TNMP Backstop Facility on the terms and conditions thereof (as the same may be amended or otherwise modified in accordance with the terms of the merger agreement and including any "market flex" provisions thereof) on or prior to the effective time of the merger, including:

- negotiating, entering into and delivering definitive agreements with respect to such portion of the Debt Financing reflecting the terms contained in the applicable debt commitment letters (including any "market flex" provisions thereof) (or with other terms agreed by Parent and the lenders providing the Debt Financing, subject to the restrictions on amendments and other modifications of the debt commitment letters set forth below), so that such agreements are in effect no later than the effective time of the merger, and
- satisfying on a timely basis all the conditions to the Debt Financing and the definitive agreements related thereto that are applicable to Parent and Merger Sub.

Parent and Merger Sub will keep TXNM reasonably informed of the status of their efforts to obtain the Debt Financing and, if applicable, to satisfy the conditions thereof, including:

- to the extent applicable, advising and updating TXNM with respect to status, proposed closing date and material terms of the definitive documentation related to the Debt Financing,
- to the extent applicable, providing copies of substantially final drafts of the credit agreement and other primary definitive documents,
- notifying TXNM if for any reason at any time Parent believes that it may not be able to obtain all or any portion of the Debt Financing on the terms, in the manner or from the sources contemplated by the debt commitment letters, and
- giving TXNM prompt notice if Parent receives notice of any breach or default (or alleged or purported breach or default) by any party to the debt commitment letters of which Parent has become aware or any termination or repudiation (or alleged or purported termination or repudiation) of the debt commitment letters.

Neither Parent nor Merger Sub will, without TXNM's prior written consent permit any amendment, supplement, modification, assignment, termination, replacement or waiver to be made to, or consent to any waiver of, any provision of or remedy under any of the debt commitment letters or, if applicable, definitive agreements with respect to the Debt Financing if such amendment, supplement, modification, termination, assignment, replacement or waiver would or would reasonably be expected to:

- except as expressly contemplated under the debt commitment letters, reduce the aggregate amount of the Debt Financing (including by increasing the amount of fees to be paid or original issue discount) below an amount (when taken together with other sources of funds immediately available to Parent (including additional equity commitments that will be funded in lieu thereof)), which aggregate amount we call the "required amount" in this proxy statement, to enable Parent and Merger Sub to:
 - pay upon the closing of the merger, all of their respective obligations under the merger agreement, including in respect of:
 - the payment of the aggregate merger consideration and all other amounts payable by Parent and Merger Sub in connection with the effectiveness of the merger;
 - the repayment, prepayment or discharge of certain debt obligations of TXNM and its subsidiaries identified in a TXNM disclosure schedule; and
 - the payment of all related fees and expenses expected to be incurred upon the closing of the merger; and
 - after the closing, have sufficient funds, together with TXNM, to repay, prepay or discharge the debt obligations of TXNM and its subsidiaries identified in a TXNM disclosure schedule,
- impose new or additional conditions to the Debt Financing or otherwise expand, amend or modify any of the existing conditions to the Debt Financing,
- materially and adversely impact the ability of Parent or Merger Sub to enforce its rights against any other party to any of the debt commitment letters or, if applicable, the definitive agreements related to the Debt Financing, or
- otherwise expand, amend, modify or waive any provision of any of the debt commitment letters or, if applicable, the definitive agreements related to the Debt Financing in a manner that would, or would reasonably be expected to, prevent, materially delay or make materially less likely:
 - the funding of the Debt Financing in an amount no less than the "required amount" (or satisfaction of the conditions to the Debt Financing) at the time the Debt Financing is contemplated to be funded or
 - the timely consummation of the merger and the other transactions contemplated by the merger agreement.

Parent and Merger Sub will promptly deliver to TXNM copies of any termination, amendment, supplement, modification, waiver or replacement of any debt commitment letter or, if applicable, any definitive agreement related to the Debt Financing and each other agreement entered into in connection therewith other than any amendment entered into to add additional commitment parties thereto.

In the event any of the Debt Financing becomes unavailable on the terms and conditions (including any “flex” provisions) contemplated in the debt commitment letters for any reason other than pursuant to its express terms, then Parent will promptly notify TXNM in writing and Parent and Merger Sub will use their reasonable best efforts to obtain alternative debt financing commitments from alternative debt financing sources in an amount sufficient to replace the amount of the Debt Financing that is unavailable as promptly as practicable following the occurrence of such event, and promptly after execution of any alternative debt financing commitments, Parent will deliver copies of the new commitment letter(s) and all related fee letter(s) to TXNM, which would not:

- include any terms and conditions that are materially less beneficial to Parent and Merger Sub taken as a whole than those that are set forth in the debt commitment letters as of the date of the merger agreement (including any “flex” provisions) (provided that such reasonable best efforts shall not include requiring Parent and Merger Sub to pay any additional fees or to increase any interest rates applicable to the Debt Financing in excess of the amount set forth in the debt commitment letters (including any “flex” provisions) on the date hereof),
- include any conditions to funding the Debt Financing that are not contained in the debt commitment letters as of the date of the merger agreement and
- be reasonably expected to prevent, impede or delay the consummation of the Debt Financing or such alternative financing or the transactions contemplated by the merger agreement.

Under the terms of the merger agreement, TXNM is committed to using its reasonable best efforts to assist Parent in arranging its Debt Financing, or any alternative financing, prior to the effective time of the merger. This cooperation includes making its officers available for meetings and assisting in the preparation of necessary financial documents and presentations. TXNM will also provide the required financial information and cooperate with due diligence efforts as customary for similar financings.

TXNM is not required to incur any costs, fees, or liabilities, nor is TXNM obligated to enter into any agreements effective prior to the closing. Parent has agreed to reimburse TXNM for all reasonable and documented out-of-pocket expenses incurred in connection with this cooperation and to indemnify TXNM against any claims or losses arising from the financing efforts, except those resulting from TXNM’s gross negligence, fraud, bad faith, or willful misconduct.

Regulatory Approvals and Other Consents

Prior to the effective time of the merger, each of Parent and TXNM will cooperate and promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions and filings, and will use reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things in order to:

- make and obtain the required consents and filings,
- make all registrations and filings, and thereafter, make any other required registrations, filings or submissions, and pay any fees due in connection therewith, with any governmental entity necessary in connection with the consummation of the transactions contemplated by the merger agreement,
- take, or cause to be taken, all reasonable and appropriate action and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable law or otherwise to consummate and make effective the merger and the other transactions contemplated by the merger agreement (including satisfying any of the conditions to closing set forth in the merger agreement as promptly as practicable other than by means of waiver),
- cooperate in good faith with the applicable governmental entities or other persons and provide promptly such other information and communications requested by such governmental entities or other persons, and
- execute and deliver any additional agreements or instruments reasonably necessary to consummate the transactions contemplated by the merger agreement.

Parent, Merger Sub and TXNM have agreed to use their reasonable best efforts to make any premerger notification filing required under the HSR Act with respect to the transactions contemplated by the merger agreement within 25 business days after a date to be mutually agreed to by the parties (which date will be no more than one year before the reasonably anticipated closing date or later than six months prior to the then-applicable End Date). Parent, Merger Sub and TXNM have agreed to supply as promptly as reasonably practicable reasonable responses to requests for additional information or documentary material that may be requested pursuant to the HSR Act and take all other actions, proper or advisable to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable. Parent, Merger Sub and TXNM have agreed to use reasonable best efforts to respond to any additional requests for information, including requests for production of documents and production of witnesses for interviews or depositions, made by the Antitrust Division of the DOJ, the FTC or the antitrust or competition law authorities of any other jurisdiction, so as to cause the expiration of any waiting periods or obtain any other clearances from such governmental entities as soon as practicable. Each of Parent and Merger Sub has agreed to exercise its reasonable best efforts, and TXNM has agreed to cooperate with Parent and Merger Sub, to promptly prevent the entry of any claim brought by any such governmental entity of any order that would prohibit, make unlawful or delay the consummation of the transactions contemplated hereby in any material respect.

In addition to filings under the HSR Act, the parties will, as soon as reasonably practicable following the execution of the merger agreement, prepare and file, and pay any related fees, with respect to obtaining the consents required for the consummation of the merger and the other transactions contemplated by the merger agreement. The parties have agreed to diligently pursue and use their reasonable best efforts to obtain the required consents and cooperate in connection with such efforts; provided that any such filings will not occur earlier than 90 days following the date of the merger agreement. Each of Parent, Merger Sub and TXNM will promptly inform one another of any material communication received by such party from, or given by such party to, any governmental entity from which any such consent is required, unless prohibited by applicable law, and of any material communication received or given in connection with any claim by a private party, in each case regarding any of the transactions contemplated by the merger agreement, and will permit the other party to review any communication given by it to, and consult with each other in advance of any meeting or conference with, any such governmental entity or, in connection with any claim by a private party, with such other person or entity, and to the extent permitted by applicable law or otherwise as agreed to by Parent and TXNM, give the other party the opportunity to attend and to participate in such meetings and conferences.

Subject to the following sentence, Parent and TXNM will jointly determine the overall strategy for obtaining all required regulatory approvals and making all filings with respect thereto and, unless prohibited by law or otherwise agreed to by Parent and TXNM, schedule and conduct any meetings with any governmental entity or intervenor in any proceeding related to a required regulatory approval. Parent, after consulting with TXNM in good faith, will have sole control over the strategy for coordinating any filings, obtaining any necessary approvals, and resolving any investigation or other inquiry of any governmental entity under the HSR Act.

Parent has agreed that it will not, and will cause its affiliates not to, enter into any new commercial activities or businesses unrelated to the merger or the other transactions contemplated by the merger agreement or enter into any transaction to acquire any asset, property, business or person (by way of merger, consolidation, share exchange, investment, other business combination, asset, stock or equity purchase, or otherwise), that would reasonably be expected to materially delay or prevent obtaining any consent or filing contemplated by the merger agreement. In furtherance of and without limiting any of Parent's covenants and agreements under the merger agreement, Parent will use its reasonable best efforts to avoid or eliminate each and every impediment that may be asserted by a governmental entity so as to enable the closing to occur as soon as reasonably possible, which such reasonable best efforts will include the following:

- defending through litigation on the merits, including appeals, any proceeding asserted in any court or other proceeding or claim by any person, including any governmental entity, that seeks to or could reasonably be expected to prevent or prohibit or impede, interfere with or delay the consummation of the closing (including pursuing appeals following the failure to obtain any required regulatory approval);

- proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, licensing or disposition of any assets or businesses of Parent or TXNM, including, in each such case, entering into customary ancillary agreements on commercially reasonable terms relating to any such sale, divestiture, licensing or disposition;
- agreeing to any limitation on the conduct of Parent or its affiliates (including, after the closing, the surviving corporation); and
- agreeing to take any other action with respect to TXNM or Parent as may be required by a governmental entity in order to effect each of the following: (i) obtaining each consent or filing contemplated by the merger agreement before the End Date, (ii) avoiding the entry of, or having vacated, lifted, dissolved, reversed or overturned any judgment, whether temporary, preliminary or permanent, that is in effect that prohibits, prevents or restricts consummation of, or materially impedes, interferes with or delays, the closing and (iii) effecting the expiration or termination of any waiting period, which would otherwise have the effect of preventing, prohibiting or restricting consummation of the closing or materially impeding, interfering with or delaying the closing.

So long as Parent continues, in good faith, to diligently seek the required regulatory approvals prior to the End Date on terms reasonably acceptable to Parent (including, for the avoidance of doubt, any request for rehearing or similar if any required regulatory approval is obtained on terms not reasonably acceptable to Parent), Parent will be deemed to have complied with the applicable covenants regarding seeking regulatory approvals in all respects, will be deemed not to be in breach of such covenants and TXNM will not have a right to terminate the merger agreement pursuant to certain termination provisions.

Conditions That Must Be Satisfied or Waived for the Merger to Occur

Conditions to the Obligations of Parent, Merger Sub and TXNM

The respective obligations of Parent, Merger Sub and TXNM to consummate the merger are subject to the satisfaction or waiver of the following mutual conditions:

- approval of the merger agreement by an affirmative vote of the holders of at least a majority of the outstanding shares of TXNM common stock entitled to vote at the special meeting;
- absence of any law or judgment (whether temporary, preliminary or permanent) which prohibits, restrains, enjoins or otherwise prevents the consummation of the merger (what we refer to in this proxy statement as a “legal restraint”), and the expiration or termination of any agreement between Parent or TXNM with the FTC or the Antitrust Division of the DOJ to not effect the merger; and
- all required consents and filings by or with any governmental entities have been obtained, made or given and are in full force and effect and are not subject to appeal, and all applicable waiting periods imposed by any government entity (including under the HSR Act) have terminated or expired.

Conditions to the Obligations of Parent and Merger Sub

The obligations of Parent and Merger Sub to consummate the merger are subject to the satisfaction or waiver of further conditions, including:

- the representations and warranties of TXNM with respect to the organization and qualification of TXNM and with respect to the authority, absence of conflicts with organizational documents, the ownership of TXNM’s direct and indirect subsidiaries and fees owed to financial advisors in connection with the transactions contemplated by the merger agreement being true and correct in all material respects as of the effective time of the merger (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case as of such earlier date);
- the representations and warranties of TXNM with respect to TXNM and its subsidiaries related to capitalization being true and correct in all but de minimis respects as of the effective time of the merger (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case as of such earlier date);
- the representation and warranty of TXNM with respect to the absence of any material adverse effect being true and correct in all respects as of the effective time of the merger;

- all other representations and warranties of TXNM being true and correct in all respects, without giving effect to materiality qualifiers, as of the effective time of the merger (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty being true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on TXNM;
- TXNM's performance in all material respects of all obligations, and compliance in all material respects with all agreements and covenants, required to be performed or complied with by it under the merger agreement;
- there not having occurred since the date of the merger agreement any event, development, change, circumstance, effect or occurrence that has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on TXNM; and
- receipt by Parent of a certificate of an executive officer of TXNM certifying that the first five conditions above in this list have been satisfied.

Conditions to the Obligations of TXNM

The obligation of TXNM to consummate the merger is subject to the satisfaction or waiver of further conditions, including:

- the representations and warranties of Parent and Merger Sub being true and correct in all respects, without giving effect to materiality qualifiers, as of the effective time of the merger (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty being true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Parent;
- Parent's and Merger Sub's performance in all material respects of all obligations, and compliance in all material respects with all agreements and covenants, required to be performed or complied with by them under the merger agreement; and
- receipt by TXNM of a certificate of an executive officer of Parent certifying that the preceding conditions have been satisfied.

Termination of the Merger Agreement

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger, notwithstanding, except as provided below, the approval of the merger agreement by the TXNM shareholders, under the following circumstances:

- by mutual written consent of Parent and TXNM;
- by either Parent or TXNM:
 - if the condition to closing the merger that there has been no legal restraint is not satisfied and the legal restraint giving rise to such nonsatisfaction has become final and nonappealable; provided, however, that (i) the right to terminate the merger agreement for this reason is not available to a party if the legal restraint is due to the breach of the merger agreement by such party and (ii) the party terminating the merger agreement must have complied in all material respects with the regulatory covenants in the merger agreement;
 - if the merger has not been completed on or before 5:00 p.m. New York City time on August 18, 2026, which will be extended automatically in accordance with the terms of the merger agreement to December 31, 2026 and further (upon mutual written consent) to March 31, 2027, in each case if all conditions to closing have been satisfied other than those related to the absence of a legal restraint and the receipt of required regulatory approvals (we refer to the applicable date as the End Date), and the failure of the effective time of the merger to occur on or before the End Date was not due to the breach of the merger agreement by the party seeking to terminate the merger agreement; or TXNM shareholder approval of the merger agreement is not obtained at the special meeting (or any adjournment or postponement thereof);

- by TXNM:
 - if Parent or Merger Sub has breached or failed to perform its representations, warranties, covenants or agreements contained in the merger agreement, which breach or failure to perform (i) would cause certain of the conditions to TXNM's obligation to consummate the merger to not be satisfied and (ii) cannot be cured by Parent or Merger Sub or has not been cured by the earlier of 30 days after written notice thereof has been given by TXNM to Parent or three business days prior to the End Date, but TXNM will not have such a termination right if it is then in breach of any of its representations, warranties, covenants or agreements in the merger agreement and such breach would result in a failure of certain of the conditions to Parent's or Merger Sub's obligation to consummate the merger to not be satisfied;
 - in order to enter into a definitive agreement with respect to a superior proposal, if such termination occurs before TXNM shareholders approve the merger agreement and so long as TXNM has complied with the merger agreement's non-solicitation restrictions and TXNM complies with its obligations with respect to a superior proposal, including payment of the TXNM termination fee to Parent (as described below); or
 - if (i) all conditions to the obligation of the parties to consummate the merger (other than those conditions that by their nature are to be satisfied at the closing) have been satisfied or (to the extent permitted by applicable law) waived in accordance with the merger agreement, (ii) the conditions that by their nature are to be satisfied at the closing are capable of being satisfied at the closing, (iii) Parent and Merger Sub fail to consummate the closing on the date specified in the merger agreement, (iv) following such failure contemplated by the foregoing clause (iii), TXNM has given irrevocable written notice to Parent and Merger Sub that (1) all of the conditions set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing) have been satisfied or (to the extent permitted by applicable law) waived in accordance with the merger agreement, (2) the conditions set forth in the merger agreement that by their nature are to be satisfied at the closing are capable of being satisfied at the closing if the closing were to occur at the time of delivery of such notice, and (3) it is prepared, willing and able to consummate the closing, and if Parent and Merger Sub are prepared, willing and able to consummate the closing, it will proceed with and immediately consummate the closing as required pursuant to the merger agreement, and (v) Parent and Merger Sub fail to consummate the closing by the close of business on the second business day following receipt of such notice;
- by Parent:
 - if TXNM has breached or failed to perform its representations, warranties, covenants or agreements contained in the merger agreement, which breach or failure to perform (i) would cause certain of the conditions to Parent's and Merger Sub's obligation to consummate the merger to not be satisfied, and (ii) cannot be cured by TXNM or has not been cured by the earlier of 30 days after written notice thereof has been given by Parent to TXNM or three business days prior to the End Date, but Parent will not have such a termination right if it or Merger Sub is then in breach of any of its representations, warranties, covenants or agreements in the merger agreement and such breach would result in a failure of certain of the conditions to TXNM's obligation to consummate the merger to not be satisfied; or
 - if the Board of Directors changes its recommendation to TXNM shareholders to approve the merger agreement.

Pursuant to the merger agreement, TXNM could also have terminated the merger agreement as a result of TXNM terminating the Blackstone stock purchase agreement due to the purchaser under the Blackstone stock purchase agreement failing to consummate the closing of the Blackstone stock purchase agreement. Additionally, Blackstone Infrastructure delivered a limited guarantee to TXNM with respect to certain obligations of the purchaser under the Blackstone stock purchase agreement. However, the Blackstone stock purchase agreement closed (and the related limited guarantee terminated) on June 2, 2025.

Effect of Termination

If the merger agreement is terminated in accordance with its terms, there will be no liability on the part of any party thereto, except (i) certain provisions of the merger agreement will survive such termination, including those relating to confidentiality, publicity, and fees and expenses; (ii) liability of a party for willful breach of a covenant or agreement (only to the extent a termination fee is not due and paid pursuant to the merger agreement); and (iii) damages for fraud. The maximum liability of Parent and Merger Sub in connection with the merger agreement and the transactions contemplated thereby will not exceed the amount of the Parent termination fee and the cost and expense reimbursement and indemnification obligations described in the merger agreement. Under the terms of the limited guarantee delivered by Blackstone Infrastructure, TXNM's maximum recovery amount for the Parent termination fee and other fees and expenses is \$375 million. If TXNM receives the Parent termination fee and TXNM's reimbursable costs and expenses as contemplated by the merger agreement, then TXNM is not entitled to any further payments under the merger agreement.

Termination Fee

TXNM has agreed to pay a termination fee of \$210 million, which we refer to as the TXNM termination fee, to Parent if:

- the merger agreement is terminated by TXNM as permitted by the merger agreement in order to enter into a definitive agreement with respect to a superior proposal, if such termination occurs before the TXNM shareholders approve the merger agreement;
- the merger agreement is terminated by Parent because the Board of Directors, before the TXNM shareholders approve the merger agreement, (i) withholds, withdraws, qualifies or modifies (or resolves to do so) its recommendation to the TXNM shareholders for approval of the merger agreement in a manner adverse to Parent, (ii) makes any public statement inconsistent with such recommendation, (iii) approves, adopts or recommends any acquisition proposal, or any inquiry or proposal that could reasonably be expected to lead to any acquisition proposal, (iv) fails to reaffirm or re-publish such recommendation within ten business days of being requested by Parent to do so, (v) fails to include such recommendation in this proxy statement, (vi) fails to announce publicly, within five business days after a tender offer or exchange offer relating to any securities of TXNM has been commenced that would constitute an acquisition proposal, that the Board of Directors recommends rejection of such tender or exchange offer or (vii) resolves, publicly proposes or agrees to do any of the foregoing;
- the merger agreement is terminated (i) by either Parent or TXNM because of a failure to obtain TXNM shareholder approval of the merger agreement at the special meeting (or any adjournment or postponement thereof), or (ii) by Parent as a result of TXNM having breached its representations or warranties or having failed to perform its covenants or agreements contained in the merger agreement, which breach or failure to perform (I) would cause the conditions to Parent's and Merger Sub's obligation to consummate the merger related to the accuracy of TXNM's representations and warranties and the performance of its covenants and agreements, in each case, to not be satisfied and to be incapable of being satisfied by the End Date, and (II) cannot be cured by TXNM or has not been cured by the earlier of (x) 30 days after written notice thereof has been given by Parent to TXNM and (y) three business days prior to the End Date, and in either such case of (x) and (y) above, only so long as TXNM continues to use its reasonable best efforts to cure such breach or failure to perform; provided that Parent will not have the right to terminate the merger agreement under (ii) above if Parent or Merger Sub is then in breach of any of its representations, warranties, covenants or other agreements in the merger agreement and such breach would cause the conditions to TXNM's obligation to consummate the merger related to the accuracy of Parent and Merger Sub's representations and warranties and the performance of their covenants and agreements, in each case, to not be satisfied; and in either such case of (i) or (ii) above:
 - at any time after the date of the merger agreement and prior to such termination an acquisition proposal has been made to TXNM, the Board of Directors or TXNM shareholders, or an acquisition proposal has otherwise become publicly known, and within 12 months after such termination, TXNM has entered into a definitive agreement with respect to, or consummated, an acquisition proposal. In this case, "acquisition proposal" has the meaning set forth above in "—No Solicitation by TXNM," except all references to "20% or more" therein will be deemed to be references to "more than 50%."

Parent has agreed to pay a termination fee of \$350 million, which we refer to as the Parent termination fee, to TXNM if:

- (i) the merger agreement is terminated by (1) Parent or TXNM (x) due to (solely in connection with a required regulatory approval) the condition to closing the merger that there has been no legal restraint not being satisfied and the legal restraint giving rise to such nonsatisfaction has become final and nonappealable, or (y) due to the occurrence of the End Date; or (2) TXNM as a result of Parent or Merger Sub having breached its representations or warranties or failed to perform its covenants or agreements contained in the merger agreement, which breach or failure to perform (I) would cause the conditions to TXNM's obligation to consummate the merger related to the accuracy of Parent's or Merger Sub's representations and warranties and the performance of its covenants and agreements, in each case, to not be satisfied and to be incapable of being satisfied by the End Date, and (II) cannot be cured by Parent or Merger Sub, as applicable, or has not been cured by the earlier of (x) 30 days after written notice thereof has been given by TXNM to Parent and (y) three business days prior to the End Date, and in either such case of (x) and (y) above, only so long as Parent or Merger Sub, as applicable, continues to use its reasonable best efforts to cure such breach or failure to perform; provided that TXNM will not have the right to terminate the merger agreement if TXNM is then in breach of any of its representations, warranties, covenants or other agreements in the merger agreement and such breach would cause the conditions to Parent's or Merger Sub's obligation to consummate the merger related to the accuracy of TXNM's representations and warranties and the performance of TXNM's covenants and agreements, in each case, to not be satisfied; and (ii) in each case above, all other conditions to the closing of the merger set forth (other than with respect to required regulatory approvals or, solely in connection with required regulatory approvals, that there is no legal restraint) will have been satisfied or waived (except for (1) those conditions that by their nature are to be satisfied at the closing, but which condition would be satisfied or would be capable of being satisfied if the closing date were the date of such termination and (2) those conditions that have not been satisfied as a result of a breach of the merger agreement by Parent or Merger Sub); or
- the merger agreement is terminated by TXNM because (i) all of the closing conditions set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing) have been satisfied or (to the extent permitted by applicable law) waived in accordance with the merger agreement, (ii) the conditions that by their nature are to be satisfied at the closing are capable of being satisfied at the closing, (iii) Parent and Merger Sub fail to consummate the closing on the date that the closing should have occurred pursuant to the terms of the merger agreement, (iv) following such failure contemplated by the foregoing clause (iii), TXNM has given irrevocable written notice to Parent and Merger Sub that (1) all of the conditions set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing) have been satisfied or (to the extent permitted by applicable law) waived in accordance with the merger agreement, (2) the conditions set forth in the merger agreement that by their nature are to be satisfied at the closing are capable of being satisfied at the closing if the closing were to occur at the time of delivery of such notice, and (3) it is prepared, willing and able to consummate the closing, and if Parent and Merger Sub are prepared, willing and able to consummate the closing, it will proceed with and immediately consummate the closing as required pursuant to the terms of the merger agreement, and (v) Parent and Merger Sub fail to consummate the closing by the close of business on the second business day following receipt of such notice.

Parent also agreed in the merger agreement to pay the Parent termination fee if TXNM terminated the merger agreement as a result of TXNM terminating the Blackstone stock purchase agreement for the PIPE transaction due to the purchaser under the Blackstone stock purchase agreement failing to consummate the closing of the Blackstone stock purchase agreement. Additionally, Blackstone Infrastructure delivered a limited guarantee to TXNM with respect to certain obligations of the purchaser under the Blackstone stock purchase agreement. However, the Blackstone stock purchase agreement closed (and the related limited guarantee terminated) on June 2, 2025.

Expenses

Except for the filing fees with respect to any required regulatory approvals, which will be borne solely by Parent, each party will bear its own expenses in connection with the merger agreement and the transactions contemplated thereby. Expenses incurred in connection with the filing, printing and mailing of this proxy

statement have been shared equally by Parent and TXNM. In the event TXNM must pay the TXNM termination fee, it may offset any expenses it has paid to Parent pursuant to the merger agreement against such fee.

Modification, Amendment or Waiver

The merger agreement may be amended by written agreement among Parent, Merger Sub and TXNM, subject to applicable law, provided that after the TXNM shareholders approve the merger agreement, the merger agreement will not be amended if applicable law requires further approval by the TXNM shareholders of such an amendment unless such further approval of such shareholders is obtained.

At any time prior to the effective time of the merger, Parent, Merger Sub or TXNM may (i) extend the time for the performance of any of the obligations or other acts of the other parties to the merger agreement, (ii) waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement and (iii) subject to the requirements of applicable law, waive compliance with any of the agreements or conditions contained in the merger agreement, where such extension or waiver is in writing signed by the parties to be bound thereby and specifically referencing the merger agreement.

Governing Law

The merger agreement, and all claims or causes of action that may be based upon, arise out of or relate to the merger agreement or the negotiation, execution or performance thereof, will be governed by, and construed in accordance with, the laws of the State of Delaware (without giving effect to choice of law principles thereof or of any other jurisdiction that would mandate or permit the application of the laws of any jurisdiction other than the State of Delaware), except that any matter relating to the (i) fiduciary obligations of the Board of Directors will be governed by the laws of the State of New Mexico and (ii) the mechanics of the merger will be governed by the NMBCA.

Specific Performance

TXNM has agreed that Parent will be entitled to an injunction, specific performance and other equitable relief to prevent breaches of the merger agreement and to enforce specifically its terms and provisions, including TXNM's obligations to consummate the merger. The parties to the merger agreement agreed that TXNM will not be entitled to specific performance or other equitable relief to prevent or remedy a breach of the merger agreement by Parent or Merger Sub, and that TXNM's sole and exclusive remedy relating to such a breach will be the termination of the merger agreement and the collection of the Parent termination fee and reimbursement of certain expenses (except that TXNM will be entitled to specific performance to prevent a breach of the covenant related to compliance with a confidentiality agreement between TXNM and Blackstone Infrastructure Advisors L.L.C.).

MARKET PRICES AND DIVIDEND DATA

TXNM common stock is currently listed on the NYSE under the ticker symbol “TXNM.” As of July 17, 2025, there were 105,378,979 shares of TXNM common stock outstanding held by approximately 6,536 holders of record.

The following table presents the closing price per share of TXNM common stock on May 16, 2025, the last day for which information was available prior to the date of the public announcement of the signing of the merger agreement, and July 18, 2025, the last practicable trading day prior to the mailing of this proxy statement:

<u>Date</u>	<u>Common Stock Closing Price</u>
May 16, 2025.....	\$52.88
July 18, 2025.....	\$56.86

TXNM shareholders are urged to obtain current market quotations for TXNM common stock and to review carefully the other information contained in this proxy statement or incorporated by reference into this proxy statement, when considering whether to approve the merger agreement. See the section entitled “Where You Can Find Additional Information” beginning on page 107 of this proxy statement.

Dividends

Dividends on TXNM’s common stock are declared by the Board of Directors, typically quarterly. During the twelve months ended June 30, 2025, TXNM paid quarterly dividends of approximately \$145.4 million in cash. On July 16, 2024, the Board of Directors declared a dividend on common stock of \$0.3875 per share payable on August 9, 2024. On September 24, 2024, the Board of Directors declared a dividend on common stock of \$0.3875 per share payable on November 8, 2024. On December 3, 2024, the Board of Directors declared a dividend on common stock of \$0.4075 per share payable on February 14, 2025. On February 25, 2025, the Board of Directors declared a dividend on common stock of \$0.4075 per share payable on May 16, 2025.

Under the terms of the merger agreement, TXNM has agreed not to declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its equity securities, or make any other actual, constructive or deemed dividend or distribution in respect of any of its equity securities (except (i) TXNM may continue the declaration and payment of regular quarterly cash dividends on TXNM common stock for each quarterly period ended after the date of the merger agreement, in an amount not to exceed \$0.4075 for any fiscal quarters in 2025 and \$0.4275 for any fiscal quarters in 2026, with usual record and payment dates for such quarterly dividends in accordance with past dividend practice, (ii) for any cash dividend or cash distribution by a wholly-owned subsidiary of TXNM to TXNM or another wholly-owned subsidiary of TXNM, and (iii) a “stub period” dividend to holders of record of TXNM common stock as of immediately prior to the effective time equal to the product of (1) the number of days from the record date for payment of the last quarterly dividend paid by TXNM prior to the effective time of the merger, multiplied by (2) a daily dividend rate determined by dividing the amount of the last quarterly dividend paid prior to the effective time by 91).

If the closing date of the merger occurs (i) after the record date for a regular quarterly cash dividend payable to holders of TXNM common stock and (ii) prior to the payment date of such dividend, then TXNM will cause such dividend to be paid on the payment date for such dividend.

BENEFICIAL OWNERSHIP OF SECURITIES

Security Ownership of Certain Beneficial Owners and Management of TXNM

Largest Shareholders

The following table contains information regarding the only persons and groups TXNM knows of that beneficially owned more than 5% of TXNM's common stock based on reports filed by such persons with the SEC and the number of shares of TXNM common stock outstanding as of July 1, 2025.

Name and Address	Voting Authority		Dispositive Authority		Total Amount	Percentage of Class
	Sole	Shared	Sole	Shared		
BlackRock, Inc. ⁽¹⁾ 50 Hudson Yards New York, NY 10001	11,450,209	—	11,615,539	—	11,615,539	11.02%
The Vanguard Group ⁽²⁾ 100 Vanguard Blvd. Malvern, PA 192355	—	109,361	9,144,749	186,181	9,330,930	8.85%
Troy TopCo LP ⁽³⁾ 345 Park Avenue New York, NY, 10154	8,000,000	—	8,000,000	—	8,000,000	7.59%
FMR LLC ⁽⁴⁾ 245 Summer Street Boston, MA 02210	6,868,315	—	6,892,074	—	6,892,074	6.54%
T. Rowe Price Investment Management, Inc. ⁽⁵⁾ 101 E. Pratt Street Baltimore, MD 21201	6,230,887	—	6,250,680	—	6,250,680	5.93%

- (1) As reported on Schedule 13G/A filed April 28, 2025, with the SEC by BlackRock, Inc. as the parent holding company or control person of thirteen subsidiaries.
- (2) As reported on Schedule 13G/A filed February 13, 2024, with the SEC by The Vanguard Group.
- (3) Consists of 8,000,000 shares of TXNM common stock held by Troy TopCo LP. Troy GP LLC is the general partner of Troy TopCo LP. BIP Holdings Manager L.L.C. is the manager of Troy GP LLC. Blackstone Infrastructure Associates L.P. is the managing member of BIP Holdings Manager L.L.C. BIA GP L.P. is the general partner of Blackstone Infrastructure Associates L.P. BIA GP L.L.C. is the general partner of BIA GP L.P. Blackstone Holdings II L.P. is the sole member of BIA GP L.L.C. Blackstone Holdings I/II GP L.L.C. is the general partner of Blackstone Holdings II L.P. Blackstone Inc. is the sole member of Blackstone Holdings I/II GP L.L.C. The sole holder of the Series II preferred stock of Blackstone Inc. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly owned by Blackstone Inc.'s senior managing directors and controlled by its founder, Stephen A. Schwarzman. Each of the Blackstone entities described in this footnote and Mr. Schwarzman (other than to the extent it or he directly holds securities as described herein) may be deemed to beneficially own the securities directly or indirectly controlled by such Blackstone entities or him, but each disclaims beneficial ownership of such securities.
- (4) As reported on Schedule 13G filed May 9, 2025, with the SEC by FMR LLC.
- (5) As reported on Schedule 13G filed November 14, 2024, with the SEC by T. Rowe Price Investment Management, Inc.

Share Ownership of Executive Officers and Directors

The following table shows the amount of TXNM common stock owned by TXNM's current directors, the named executive officers, and our directors and executive officers as a group as of July 1, 2025.

Name	Amount and Nature of Shares Beneficially Owned ^(a)				
	Shares Held	Right to Acquire within 60 Days ^(b)	Total Shares Beneficially Owned	Percent of Shares Beneficially Owned	Deferred Restricted Stock Awards ^(c)
Non-Employee Directors:					
Vicky A. Bailey	16,793	2,726	19,519	*	—
Norman P. Becker	23,928	2,726	26,654	*	—
E. Renae Conley	22,725	2,726	25,451	*	11,822
Alan J. Fohrer	35,631	—	35,631	*	2,344
Sidney M. Gutierrez	26,711	2,726	29,437	*	—
James A. Hughes	14,575	—	14,575	*	4,944
Steven C. Maestas	3,568	2,726	6,294	*	—
Lillian J. Montoya	—	—	—	*	6,294
Maureen T. Mullarkey	17,809	—	17,809	*	13,980
Named Executive Officers:					
Patricia K. Collawn	749,557	139,968	890,245	*	—
Joseph D. Tarry	41,847	29,247	71,094	*	—
Elisabeth A. Eden	21,921	4,723	26,644	*	—
Brian G. Iverson	3,493	8,175	11,668	*	—
Patrick V. Apodaca ⁽¹⁾	90,004	4,945	94,949		—
Henry E. Monroy	8,638	2,177	10,815	*	—
Directors and Executive Officers as a Group (15 persons)					
	1,077,220	203,585	1,280,785	1.22%	39,384

* Less than 1% of TXNM outstanding shares of common stock.

(1) Mr. Apodaca is not included under the "group" ownership reporting as he retired effective October 2, 2024.

(a) Unless otherwise noted, each person has sole investment and voting power over the reported shares (or shares such powers with his or her spouse).

(b) Beneficial ownership also includes the shares directors and executive officers have a right to acquire through (1) potential accelerated vesting (upon disability) under the PEP of non-employee director restricted stock awards that the director has elected not to defer receipt to a later date, (2) potential accelerated vesting (including upon retirement or disability) under the PEP of officer RSAs, and (3) the number of shares that executive officers have a right to acquire through the ESP II upon the participant's termination of employment. As of July 1, 2025, the number of shares reported in this column include the following ESP II phantom share rights: P. K. Collawn - 94,834.

(c) The amounts shown are restricted stock rights that directors have elected to defer receipt of. The information in this column is not required by SEC rules because the effect of the deferral election is that the director does not have the right to acquire any underlying shares within 60 days of July 1, 2025. TXNM has provided this information to provide a more complete picture of the financial stake that its directors have in TXNM.

FUTURE SHAREHOLDER PROPOSALS

The merger is expected to close in the second half of 2026. Therefore, we expect to hold a 2026 annual meeting of shareholders on the timeline similar to the annual meetings held in previous years. If the 2026 annual meeting is held as expected, for a shareholder proposal (other than a director nomination) to be included in TXNM's proxy statement and form of proxy for the 2026 annual meeting, the written notice must be received by the Corporate Secretary no later than 5:00 p.m. Central Time on December 2, 2025. For a shareholder nominee for director to be included in TXNM's proxy statement and form of proxy for the 2026 annual meeting, the written notice must be received by the Corporate Secretary no earlier than November 2, 2025, and no later than 5:00 p.m. Central Time on December 2, 2025, and must contain certain information required under our bylaws. The requirements for such notice are set forth in our bylaws, a copy of which can be found on our website, www.txnmenergy.com/sustainability/governance/governance-documents.aspx. Please refer to our bylaws for the complete proxy access requirements.

Additionally, we are required under SEC Rule 14a-19 to include on our proxy card all nominees for director for whom we have received notice under the rule, which must be received no later than 60 calendar days prior to the anniversary of the previous year's annual meeting. For any such director nominee to be included on our proxy card for the 2026 annual meeting, the Corporate Secretary must receive notice under SEC Rule 14a-19 no later than March 14, 2026. Please note that the notice requirement under SEC Rule 14a-19 is in addition to the applicable notice requirements under the advance notice provisions of our bylaws described above.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the site is www.sec.gov.

Our website address is www.txnmenergy.com. The contents of our website are not a part of this proxy statement. Our filings with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are accessible free of charge at www.txnmenergy.com as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

The SEC allows us to "incorporate by reference" information into this proxy statement. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this proxy statement, except for any information that is superseded by information that is included directly in this proxy statement or incorporated by reference subsequent to the date of this proxy statement.

This proxy statement incorporates by reference the documents listed below that we have previously filed with the SEC. They contain important information about us and our financial condition. The following documents, which were filed by us with the SEC, are incorporated by reference into this proxy statement (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

- Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed with the SEC on February 28, 2025);
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (filed with the SEC on May 9, 2025);
- Current Reports on Form 8-K (excluding any information and exhibits furnished under either Item 2.02 or Item 7.01 thereof) filed with the SEC on January 22, 2025, February 14, 2025, February 27, 2025, April 23, 2025, May 14, 2025, May 15, 2025, May 19, 2025 (as amended by the Form 8-K/A filed with the SEC on May 22, 2025), May 27, 2025, June 20, 2025 and June 24, 2025; and
- Definitive Proxy Statement on Schedule 14A filed on April 1, 2025, to the extent incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

You may obtain without charge a copy of any of the documents we incorporate by reference, except for exhibits to such documents which are not specifically incorporated by reference into such documents, by contacting us at TXNM Energy, Inc., 414 Silver Ave. SW, MS-0905, Albuquerque, New Mexico, 87102-3289, Attention: Investor Relations and Shareholder Services. You may also telephone your request at (505) 241-2868.

In addition, we incorporate by reference additional documents that we may file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this proxy statement and the date on which the merger is completed. These documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (excluding any information furnished on any current report on Form 8-K, including the related exhibits, that pursuant to and in accordance with the rules and regulations of the SEC is not deemed “filed” for purposes of the Exchange Act) as well as proxy statements.

OTHER MATTERS

As of the date of this proxy statement, we do not expect a vote to be taken on any matters at the special meeting other than as described in this proxy statement. A properly executed proxy gives the persons named as proxies on the proxy card authority to vote in their discretion with respect to any other matters that properly come before the special meeting.

GLOSSARY OF TERMS AND ABBREVIATIONS

As used in this proxy statement, unless the context indicates otherwise, the terms contained herein have the meanings set forth below.

Acquisition proposal refers to the term “Acquisition Proposal” as it is defined in the merger agreement.

Backstop Facilities refers to the TXNM Backstop Facility and the TNMP Backstop Facility, together.

Board of Directors refers to the members of the board of directors of TXNM prior to the completion of the merger.

Change refers to any change, effect, event, circumstance or development.

Code refers to the Internal Revenue Code of 1986, as amended.

Constructive termination refers to the term as defined in the Officer Retention Plan.

Continuing employee refers to each employee of TXNM or its subsidiaries who continues to be employed by TXNM or the surviving corporation or any subsidiary or affiliate thereof following the effective time of the merger.

Convertible Notes refers to TXNM’s 5.75% Junior Subordinated Convertible Notes due 2054.

Convertible Notes Indenture refers to the Indenture governing the Convertible Notes, dated as of June 10, 2024, by and between TXNM Energy, Inc. and Computershare Trust Company, N.A.

Credit Facility refers to certain agreements related to indebtedness as set forth on the applicable TXNM disclosure schedule.

Debt Financing refers to the TNMP Debt Financing and the TXNM Debt Financing, together.

Deferred Plan refers to the TXNM Director Deferred Restricted Stock Rights Program, effective as of December 1, 2017 and amended as of February 28, 2025.

Direct Plan refers to the Third Amended and Restated PNM Resources, Inc. Direct Plan, as amended by the First Amendment to Third Amended and Restated PNM Resources, Inc. Direct Plan, effective on August 4, 2015, and the Second Amendment to Third Amended and Restated PNM Resources, Inc. Direct Plan, effective as of November 2, 2020.

Dissenting shares refers to shares of TXNM common stock outstanding immediately prior to the effective time of the merger 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.

Effective time refers to the completion of the merger and the filing with the Secretary of the State of the State of New Mexico and acceptance of the articles of merger.

End Date refers to the deadline to complete the merger by 5:00 p.m. New York City time on August 18, 2026, which may be extended automatically to December 31, 2026 and further (upon mutual written consent) to March 31, 2027, in each case in accordance with the terms of the merger agreement.

Equity conversion factor refers to an amount equal to the merger consideration payable on a share of TXNM common stock divided by the average of the volume weighted averages of the trading prices of Parent common stock on the NYSE (as reported by Bloomberg L.P. or, if not reported therein, in another authoritative source mutually selected by the parties to the merger agreement) on each of the ten consecutive trading days ending on (and including) the trading day that immediately precedes the closing date of the merger.

Exchange agent refers to an exchange agent selected by Parent with TXNM’s prior approval, which approval shall not be unreasonably conditioned, withheld or delayed.

Exchange fund refers to the amount of immediately available cash that shall be deposited with the exchange agent at or prior to the effective time.

Existing Credit Facility refers to the indebtedness related to a request for consent or waiver that TXNM or its subsidiaries delivered to the applicable lender after the date of the merger agreement.

Funding commitment refers to the commitment letter from Blackstone Infrastructure to Parent pursuant to which Blackstone Infrastructure has committed, subject to the conditions of the funding commitment, to provide equity financing for the entire equity proceeds of the merger and the related transactions as set forth in the merger agreement.

GAAP refers to the generally accepted accounting principles for financial reporting in the United States consistently applied through the periods involved.

Intervening event refers to an “Intervening Event” as that term is defined in the merger agreement.

Material adverse effect refers to a “Company Material Adverse Effect” or “Parent Material Adverse Effect,” as applicable, as those terms are defined in the merger agreement.

Merger agreement refers to the Agreement and Plan of Merger, dated May 18, 2025, as it may be amended from time to time, by and among Parent, Merger Sub and TXNM.

Merger consideration refers to the conversion of each share of TXNM common stock issued and outstanding immediately prior to the completion of the merger (other than (i) shares of TXNM common stock owned by Parent, TXNM, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent or TXNM and (ii) dissenting shares) into the right to receive \$61.25 in cash, without interest.

Merger Sub refers to Troy Merger Sub, Inc., a New Mexico corporation and direct subsidiary of Parent.

Offers to Purchase refers to one or more offers to purchase all of the outstanding TNMP Bonds for cash.

Officer Retention Plan refers to the TXNM Energy, Inc. Officer Retention Plan as amended and restated effective as of October 20, 2020, as amended effective January 1, 2025.

Parent refers to Troy ParentCo LLC, a Delaware limited liability company.

Parent termination fee refers to the termination fee of \$350 million payable by Parent to TXNM in certain circumstances under the merger agreement, as applicable.

Permitted Permanent Bond Replacement Financing refers to any debt financing satisfying the required debt terms (as set forth in the merger agreement) the proceeds of which will be used to replace or refinance the TNMP Bonds accepting the Offers to Purchase and/or borrowings under the TNMP Backstop Facility.

Permitted Replacement Backstop Facility refers to (i) any amendment to a Backstop Facility or any then-existing Permitted Replacement Backstop Facility to extend the maturity thereof and/or (ii) any new unsecured (or in the case of TNMP, as may be secured by the TNMP Mortgage Indenture) bridge facility provided by one or more commercial banks that have terms that are consistent with the terms of the applicable Backstop Facility or Permitted Replacement Backstop Facility being replaced and incurred to replace or extend the maturity of such Backstop Facility or Permitted Replacement Backstop Facility, and in each case above, with a maturity term that is no less than the lesser of (1) 364 days and (2) the remaining period through the then-effective End Date and on market economic terms and in consultation with the Parent.

Record date refers to July 17, 2025, the record date of the special meeting. Only shareholders of record as of the close of business on July 17, 2025, are entitled to notice of, and to vote at, the special meeting.

Regulatory approvals refers to certain regulatory approvals required as identified in the merger agreement.

Special meeting refers to the special meeting of shareholders of TXNM, to be held on August 28, 2025, at 9:00 a.m. Mountain Time, at TXNM Energy, Inc. Corporate Headquarters - 4th Floor, 414 Silver Avenue SW, Albuquerque, New Mexico 87102.

Surviving corporation refers to the surviving corporation of the merger, TXNM, which will survive the merger as a wholly-owned subsidiary of Parent.

TNMP Backstop Facility refers to that certain Term Loan Agreement, dated as of May 18, 2025, by and among TNMP, the lenders party thereto from time to time and Wells Fargo Bank, National Association (including all exhibits, schedules, and annexes thereto, and any fee letter associated therewith and referenced therein), as may be amended or modified.

TNMP Bonds refers to the \$1,505,000,000 aggregate principal amount of first mortgage bonds issued by TNMP pursuant to the terms of the TNMP Mortgage Indenture.

TNMP Debt Commitment Letter refers to the debt commitment letter, dated May 18, 2025, by and between Merger Sub and the lender party thereto, pursuant to which the lender party thereto committed to provide the TNMP Debt Financing (as amended, restated, supplemented or otherwise modified in accordance its terms and the terms of the merger agreement).

TNMP Debt Financing refers to a 364-day bridge loan facility to TNMP in the aggregate amount of \$1.5 billion.

TNMP Mortgage Indenture refers to that certain First Mortgage Indenture, dated as of March 23, 2009, as amended and supplemented by the supplemental indentures thereto, between TNMP and U.S. Bank Trust Company, National Association, as successor trustee.

Transaction or transactions refers to the merger and the other transactions contemplated by the merger agreement.

TXNM Backstop Facility refers to that certain Credit Agreement, dated as of May 18, 2025, by and among TXNM, the lenders party thereto from time to time and Wells Fargo Bank, National Association (including all exhibits, schedules, and annexes thereto, and any fee letter associated therewith and referenced therein), as may be amended or modified. Following receipt of the consents and waivers as described above under “TXNM Indebtedness,” the TXNM Backstop Facility terminated on May 23, 2025 in accordance with its terms.

TXNM common stock refers to each share of common stock of TXNM outstanding prior to the completion of the merger.

TXNM Debt Commitment Letter refers to the debt commitment letter, dated May 18, 2025, by and between Merger Sub and the lender party thereto, pursuant to which the lender party thereto committed to provide the TXNM Debt Financing (as amended, restated, supplemented or otherwise modified in accordance its terms and the terms of the merger agreement).

TXNM Debt Financing refers to a 364-day bridge loan facility to TXNM in the aggregate amount of \$550 million.

TXNM Employees refers to any current, former or retired employee or director or other individual consultant/service provider of TXNM or any of its subsidiaries.

TXNM Parties refers to TXNM and its subsidiaries and its joint ventures.

TXNM performance shares or ***performance shares*** refers to each award of performance shares granted under the TXNM Stock Plan or otherwise that is outstanding as of the effective time of the merger.

TXNM Plan refers to any “employee benefit plan” (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, whether or not subject to ERISA), and each other benefit or compensation plan, program, policy, agreement or arrangement, including, but not limited to, vacation or sick pay policy, fringe benefit, stock purchase, phantom equity or other equity or equity-based compensation, retention, transaction or change in control, deferred compensation, incentive compensation, pension, retirement savings, bonus, profit sharing, health, medical or dental, disability, unemployment insurance, life insurance, severance, individual consulting or employment (including offer letter) or other plan, program, policy, agreement or arrangement contributed to, sponsored or maintained by TXNM or any of its subsidiaries for the benefit of any TXNM Employee and any such plan, program, agreement or arrangement that is or was subject to Part 3 of Title I of ERISA, Section 412 of the Code or Title IV of ERISA, at any time during the six-year period preceding the date of the merger agreement, with respect to which TXNM or any of its subsidiaries has or would reasonably be expected to have any present or future actual or contingent liabilities.

TXNM restricted stock right refers to each award of restricted stock units granted under the TXNM Stock Plan or otherwise that is outstanding as of the effective time of the merger.

TXNM Stock Plan refers to, collectively, (i) the TXNM 2014 Performance Equity Plan, effective as of May 15, 2014 and as amended on December 14, 2015 and January 1, 2017, and (ii) the TXNM 2023 Performance Equity Plan effective as of May 9, 2023 and as amended on August 2, 2024, or the 2023 PEP.

TXNM termination fee refers to the termination fee of \$210 million payable by TXNM to Parent in certain circumstances under the merger agreement.

Further, as used in this proxy statement, the abbreviations contained herein have the meanings set forth below.

Blackstone Infrastructure	Blackstone Infrastructure Partners L.P., a Delaware limited partnership and an Affiliate of Parent and Merger Sub.
Broadridge	Broadridge Investor Communication Solutions, Inc.
DOJ	Department of Justice
EBITDA	Earnings before interest, taxes, depreciation and amortization
Exchange Act	The Securities Exchange Act of 1934, as amended
FCC	Federal Communications Commission
FERC	Federal Energy Regulatory Commission
FPA	Federal Power Act
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles
Georgeson	Georgeson, Inc.
HSR	Hart-Scott-Rodino Antitrust Improvements Act of 1976
IRS	Internal Revenue Service
NRC	United States Nuclear Regulatory Commission
NYSE	New York Stock Exchange
NMBCA	New Mexico Business Corporation Act
NMPRC	New Mexico Public Regulation Commission
PNM	Public Service Company of New Mexico, a New Mexico corporation
PUCT	Public Utility Commission of Texas
PURA	Public Utility Regulatory Act
SEC	United States Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
TNMP	Texas-New Mexico Power Company, a Texas corporation
TXNM	TXNM Energy, Inc., a New Mexico corporation
USRPHC	United States real property holding corporation

Annex A

AGREEMENT AND PLAN OF MERGER

among

TROY PARENTCO LLC,

TROY MERGER SUB INC.,

and

TXNM ENERGY, INC.

Dated as of May 18, 2025

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of May 18, 2025 (this “Agreement”), is entered into among Troy ParentCo LLC, a Delaware limited liability company (“Parent”), Troy Merger Sub Inc., a New Mexico corporation and a direct subsidiary of Parent (“Merger Sub”), and TXNM Energy, Inc., a New Mexico corporation (the “Company” and, together with Parent and Merger Sub, the “Parties” and each, a “Party”).

RECITALS

WHEREAS, the board of directors of the Company (the “Company Board of Directors”), at a meeting duly called and held, has unanimously (a) determined, in good faith, that this Agreement and the transactions contemplated by this Agreement, including the merger of Merger Sub with and into the Company (the “Merger”), are fair to, and in the best interests of, the Company and its shareholders, (b) approved and adopted this Agreement and the transactions contemplated by this Agreement, including the Merger, (c) declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable, consistent with and in furtherance of the Company’s business strategies and in the best interests of the Company and its shareholders, (d) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, by the shareholders of the Company, and (e) directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to the shareholders of the Company for their approval;

WHEREAS, the manager of Parent has (a) determined, in good faith, that this Agreement and the transactions contemplated by this Agreement, including the Merger, are advisable to and in the best interests of Parent and its sole member and (b) approved and declared advisable this Agreement and the transactions contemplated by this Agreement, including the Merger, in accordance with the Delaware Limited Liability Company Act;

WHEREAS, the board of directors of Merger Sub has (a) determined, in good faith, that this Agreement and the transactions contemplated by this Agreement, including the Merger, are fair to, and in the best interests of, Merger Sub and its sole shareholder, (b) approved and authorized this Agreement and the transactions contemplated by this Agreement, including the Merger and declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable and in the best interests of Merger Sub and its sole shareholder, and (c) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, to Parent, as the sole shareholder of Merger Sub, and directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to Parent, as the sole shareholder of Merger Sub, for approval in accordance with the NMBCA;

WHEREAS, Parent has approved this Agreement and the transactions contemplated hereby, including the Merger, by written consent in its capacity as the sole shareholder of Merger Sub;

WHEREAS, concurrently with the execution of this Agreement, and as a condition to the willingness of the Company to enter into this Agreement, Blackstone Infrastructure Partners L.P., a Delaware limited partnership and an Affiliate of Parent and Merger Sub (“Sponsor”), has entered into (a) that certain Equity Commitment Letter, dated as of the date hereof (the “Equity Commitment Letter”), pursuant to which Sponsor has agreed to provide funding to Parent in the amount and circumstances set forth therein (the “Equity Financing”) and (b) that certain Limited Guarantee in favor of the Company (the “Guarantee”) with respect to certain obligations of Parent and Merger Sub under this Agreement;

WHEREAS, the Company and Troy TopCo LP, a Delaware limited partnership (“Purchaser”) that, directly or indirectly, wholly owns Parent, simultaneously with the execution of this Agreement, are entering into a Stock Purchase Agreement (the “Stock Purchase Agreement”), pursuant to which the Company will issue and sell, and Purchaser will purchase, subject to the terms and conditions set forth therein, 8,000,000 shares of Company Common Stock (as hereinafter defined) for aggregate consideration to the Company of \$400,000,000; and

WHEREAS, the Company, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with this Agreement.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

THE MERGER

SECTION 1.1 Definitions. The following terms have the meanings set forth in the following sections of this Agreement:

2014 PEP.....	Section 3.3(b)(iii)
2023 PEP.....	Section 3.3(b)(iii)
Acceptable Confidentiality Agreement.....	Section 9.3(a)
Acquisition Proposal.....	Section 6.1(e)(i)
Affiliate.....	Section 9.3(b)
Agreement.....	Preamble
Anti-Corruption Laws.....	Section 9.3(c)
Antitrust Authorities.....	Section 6.4(c)(i)
Applicable Date.....	Section 3.6
Articles of Merger.....	Section 1.4
Backstop Facilities.....	Section 3.24
Bankruptcy and Equity Exception.....	Section 3.4(a)
Book-Entry Share.....	Section 2.1(a)
Business Day.....	Section 9.3(d)
Cancelled Shares.....	Section 2.1(a)
Certificate.....	Section 2.1(a)
Closing.....	Section 1.3
Closing Date.....	Section 1.3
Code.....	Section 9.3(e)
Company.....	Preamble
Company Articles of Incorporation.....	Section 3.2
Company Board of Directors.....	Recitals
Company Bylaws.....	Section 3.2
Company Capitalization Date.....	Section 3.3(b)
Company Change of Recommendation.....	Section 6.1(c)
Company Collective Bargaining Agreements.....	Section 3.12(a)
Company Common Stock.....	Section 3.3(a)
Company Contact.....	Section 6.15(b)
Company Cure Period.....	Section 8.1(e)(i)
Company Disclosure Schedule.....	Article III
Company Employees.....	Section 3.11(a)
Company Financial Advisor.....	Section 3.18
Company Material Adverse Effect.....	Section 9.3(f)
Company Material Contract.....	Section 3.8(a)(viii)
Company Material Real Property.....	Section 3.14(a)
Company Notice.....	Section 6.1(d)
Company Parties.....	Section 9.3(g)
Company Plan.....	Section 3.11(a)
Company Preferred Stock.....	Section 3.3(a)
Company Recommendation.....	Section 3.4(b)
Company Regulatory Approvals.....	Section 7.1(c)
Company Requisite Vote.....	Section 3.4(a)
Company Risk Management Guidelines.....	Section 3.22
Company SEC Reports.....	Section 3.7(a)
Company Securities.....	Section 3.3(c)
Company Share.....	Section 2.1(a)

Company Shareholders Meeting.....	Section 6.3
Company Stock Plans.....	Section 3.3(b)(iii)
Company Termination Fee.....	Section 8.2(b)(i)
Confidentiality Agreement.....	Section 6.6(b)
Consent.....	Section 3.5(b)
Consent Solicitations.....	Section 6.17(d)
Continuing Employee(s).....	Section 6.9(a)
Contract.....	Section 9.3(h)
Control.....	Section 9.3(i)
Controlled Group Liability.....	Section 3.11(d)
Convertible Notes.....	Section 3.3(b)(iii)
Convertible Notes Indenture.....	Section 6.17(i)
Credit Facilities.....	Section 9.3(j)
Definitive Agreement.....	Section 6.18(d)
Derivative Product.....	Section 9.3(k)
Designated Person.....	Section 9.3(l)
Direct Plan.....	Section 2.2(c)
Directors Deferred Plan.....	Section 2.2(d)
Dissenting Shares.....	Section 2.3
D&O Insurance.....	Section 6.10(d)
Earned Performance Shares.....	Section 2.2(b)
Easement.....	Section 3.14(c)
Effective Time.....	Section 1.4
End Date.....	Section 8.1(c)
Environmental Law.....	Section 3.17
Equity Commitment Letter.....	Recitals
Equity Financing.....	Recitals
Equity Securities.....	Section 9.3(m)
ERISA.....	Section 3.11(a)
ERISA Affiliate.....	Section 9.3(n)
ESP II.....	Section 9.3(o)
Ex-Im Laws.....	Section 9.3(p)
Exchange Act.....	Section 9.3(q)
Exchange Agent.....	Section 2.4(a)
Exchange Fund.....	Section 2.4(a)
Existing Credit Facility.....	Section 6.17(a)
Existing Lenders.....	Section 6.17(a)
Existing Loan Consent.....	Section 6.17(a)
Existing Loan Notice.....	Section 6.17(a)
Extended End Date.....	Section 8.1(c)
FERC.....	Section 9.3(r)
Filing.....	Section 3.5(b)
Final Order.....	Section 9.3(s)
Final Quarterly Dividend.....	Section 6.14
Financing Conditions.....	Section 4.12(b)
FPA.....	Section 9.3(t)
GAAP.....	Section 9.3(u)
Governmental Entity.....	Section 9.3(w)
Governmental Official.....	Section 9.3(v)
Guarantee.....	Recitals
Hazardous Substance.....	Section 3.17

HSR Act	Section 9.3(x)
Indemnified Party	Section 6.10(a)
Insolvent	Section 9.3(y)
Intellectual Property	Section 9.3(z)
Interim Period	Section 5.1
Intervening Event	Section 9.3(aa)
IRS	Section 3.11(b)
Joint Venture	Section 9.3(bb)
Judgment	Section 9.3(cc)
knowledge	Section 9.3(dd)
Law	Section 9.3(ee)
Legal Restraint	Section 7.1(b)
Liability Limitation	Section 9.3(ff)
Licenses	Section 3.6
Liens	Section 3.14(a)
Merger	Recitals
Merger Sub	Preamble
New Mexico Secretary of State	Section 1.4
NMBCA	Section 9.3(gg)
NMPRC	Section 6.6(a)
Notional Units	Section 9.3(hh)
Notice Period	Section 6.1(d)
NYSE	Section 9.3(ii)
Offers to Purchase	Section 6.17(d)
Organizational Documents	Section 9.3(jj)
Parent	Preamble
Parent Alternative Financing	Section 6.18(g)
Parent Contact	Section 6.15(b)
Parent Cure Period	Section 8.1(d)(i)
Parent Debt Commitment Letter	Section 4.12(d)
Parent Debt Financing	Section 4.12(d)
Parent Debt Financing Entities	Section 9.3(kk)
Parent Debt Financing Sources	Section 9.3(ll)
Parent Disclosure Schedule	Article IV
Parent Material Adverse Effect	Section 9.3(mm)
Parent Regulatory Approvals	Section 7.1(c)
Parent Termination Fee	Section 8.2(c)
Parties	Preamble
Party	Preamble
Per Share Merger Consideration	Section 2.1(a)
Performance Shares	Section 2.2(b)
Permitted Liens	Section 3.14(a)
Permitted Permanent Bond Replacement Financing	Section 9.3(nn)
Permitted Replacement Backstop Facility	Section 9.3(oo)
Person	Section 9.3(pp)
Personal Information	Section 9.3(qq)
PNM	Section 3.7(a)
Privacy Rules and Policies	Section 9.3(rr)
Proceeding	Section 6.10(a)
Prohibited Modifications	Section 6.18(f)
Proxy Statement	Section 6.2(a)

PUCT	Section 6.6(a)
PUHCA	Section 3.19(a)
Purchaser	Recitals
Regulated Operating Subsidiaries	Section 3.19(a)
Regulatory Proceeding	Section 9.3(ss)
Representatives	Section 6.1(a)
Required Amount	Section 4.12(a)
Required Financial Information	Section 9.3(uu)
Required Regulatory Approvals	Section 7.1(c)
Restricted Stock Rights	Section 2.2(a)
Retention Program	Section 6.9(c)
Sanctioned Country	Section 9.3(vv)
Sanctions	Section 9.3(ww)
Sanctions List	Section 9.3(xx)
Sarbanes-Oxley Act	Section 3.7(a)
Satisfaction Notice	Section 8.1(d)(iii)
SEC	Section 3.7(a)
Section 53-15-4	Section 2.3
Securities Act	Section 3.7(a)
Significant Subsidiary	Section 9.3(yy)
SPA Guarantee	Section 9.3(zz)
Sponsor	Recitals
Stock Purchase Agreement	Recitals
subsidiary	Section 9.3(aaa)
Superior Proposal	Section 6.1(e)(ii)
Surviving Corporation	Section 1.2
Surviving Corporation Bylaws	Section 1.5(c)
Surviving Corporation Charter	Section 1.5(b)
Tax Return	Section 9.3(bbb)
Taxes	Section 9.3(ccc)
Taxing Authority	Section 9.3(ddd)
TNMP	Section 3.7(a)
TNMP Backstop Facility	Section 3.24
TNMP Bonds	Section 9.3(eee)
TNMP Mortgage Indenture	Section 9.3(fff)
Transaction Litigation	Section 6.11
Transition Committee	Section 6.15(b)
Treasury Regulations	Section 9.3(ggg)
TXNM Backstop Facility	Section 3.24
WARN Act	Section 3.12(b)
Willful Breach	Section 9.3(hhh)

SECTION 1.2 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, Merger Sub shall be merged with and into the Company and the separate corporate existence of Merger Sub shall thereupon cease. The Company shall be the surviving entity in the Merger (sometimes hereinafter referred to as the “Surviving Corporation”) and a direct subsidiary of Parent, and the separate corporate existence of the Company, with all of its properties, rights, privileges, immunities, powers and franchises, shall continue unaffected by the Merger, subject to Article II. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all of the properties, rights, privileges, immunities, powers and franchises of the Company and Merger Sub shall vest in the Company as the Surviving Corporation and all claims, obligations, debts, liabilities and duties of the Company and Merger Sub shall become the claims, obligations, debts, liabilities and duties of the Company as the Surviving Corporation. The Merger shall have the effects set forth in this Agreement and specified in the NMBCA.

SECTION 1.3 Closing. The closing for the Merger (the “Closing”) shall take place at the offices of Troutman Pepper Locke LLP, 875 Third Avenue, New York, New York 10022, at 9:00 a.m., New York City time, on the tenth (10th) Business Day following the day on which the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or (to the extent permitted by applicable Law) waiver of those conditions at the Closing) have been satisfied or (to the extent permitted by applicable Law) waived in accordance with this Agreement or at such other time and place as the Company and Parent may agree in writing. The date on which the Closing occurs is referred to herein as the “Closing Date”.

SECTION 1.4 Effective Time. At the Closing, the Company and Merger Sub will cause the Merger to be consummated by filing with the Secretary of State of the State of New Mexico (the “New Mexico Secretary of State”) articles of merger (the “Articles of Merger”), to be executed, acknowledged and filed with the New Mexico Secretary of State as provided in Section 53-14-4 of the NMBCA. The Merger shall become effective at the time when the Articles of Merger have been duly filed with the New Mexico Secretary of State or at such later time as may be agreed by the Parties in writing and specified in the Articles of Merger (the “Effective Time”).

SECTION 1.5 Articles of Incorporation; Bylaws.

(a) The name of the Surviving Corporation shall be the name of the Company.

(b) The articles of incorporation of Merger Sub as in effect immediately prior to the Effective Time shall be the articles of incorporation of the Surviving Corporation (except that the name of the Surviving Corporation shall be the name of the Company) (the “Surviving Corporation Charter”), until thereafter amended as provided therein or by applicable Law, in each case, subject to the obligations set forth in Section 6.10.

(c) The bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation (except that the name of the Surviving Corporation shall be the name of the Company) (the “Surviving Corporation Bylaws”), until thereafter amended as provided therein or by applicable Law, in each case subject to the obligations set forth in Section 6.10.

SECTION 1.6 Directors and Officers.

(a) The directors of Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation Charter and the Surviving Corporation Bylaws.

(b) The officers of the Company at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation Charter and the Surviving Corporation Bylaws.

ARTICLE II

EFFECT OF THE MERGER ON THE CAPITAL STOCK OF THE CONSTITUENT CORPORATIONS

SECTION 2.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Sub or the holders of any shares of Company Common Stock or the capital stock of Merger Sub or limited liability company interests of Parent:

(a) Merger Consideration. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (each, a “Company Share”) (other than (i) Company Shares owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and (ii) Company Shares owned by the Company or any of its wholly-owned subsidiaries as treasury stock or otherwise, and in each case, not held on behalf of third parties (collectively, the “Cancelled Shares”), which shall be treated in accordance with Section 2.1(b), and the Dissenting Shares, which shall be treated in accordance with Section 2.3), shall be automatically converted, in accordance with the procedures set forth in this Agreement, into the right to receive an amount equal to \$61.25 per Company Share in cash, without interest

(the “Per Share Merger Consideration”). At the Effective Time, all of the Company Shares shall cease to be outstanding, shall be cancelled and shall cease to exist, and each certificate (a “Certificate”) formerly representing any of the Company Shares (other than Cancelled Shares and Dissenting Shares) and each non-certificated Company Share represented by book-entry (a “Book-Entry Share”) (other than Cancelled Shares and Dissenting Shares) shall, in each case, thereafter represent only the right to receive the Per Share Merger Consideration, in each case without interest and subject to compliance with the procedures for surrender as set forth in Section 2.4.

(b) Cancellation of Cancelled Shares. Each Cancelled Share shall automatically, and without any action on the part of the Company, Parent or Merger Sub, cease to be outstanding, shall be cancelled without payment of any consideration therefor and shall cease to exist.

(c) Surviving Corporation Shares. Each share of common stock, no par value per share, of Merger Sub, issued and outstanding immediately prior to the Effective Time, shall be converted into one (1) share of common stock, no par value per share, of the Surviving Corporation.

SECTION 2.2 Treatment of Restricted Stock Rights and Performance Shares.

(a) Treatment of Restricted Stock Rights. Immediately prior to the Effective Time, each outstanding award of restricted stock rights (“Restricted Stock Rights”) granted under any Company Stock Plan or otherwise, shall, automatically and without any required action on the part of the holder thereof, cease to relate to or represent any right to receive any Company Common Stock and shall be converted, immediately prior to the Effective Time, into the right of the holder of such Restricted Stock Right to receive, from the Surviving Corporation or Parent (on behalf of the Surviving Corporation), an amount in cash (rounded down to the nearest cent) equal to the product of (i) the total number of shares of Company Common Stock subject to such Restricted Stock Right immediately prior to the Effective Time multiplied by (ii) the Per Share Merger Consideration, plus interest at the rate of six percent (6%), compounded semi-annually, from the Effective Time until the date of payment less applicable Taxes required to be withheld with respect to such payment. Such cash amount shall be payable to the holder of such converted award on the same terms and conditions as were applicable to the corresponding converted Restricted Stock Rights, including any applicable vesting, acceleration and payment timing provisions and subject to any prior deferral election by the holder with respect to the corresponding converted Restricted Stock Rights, as adjusted hereby, but excluding any terms rendered inoperative by reason of the consummation of the Merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award, in each case through the Company’s regular payroll processes applicable to such holder. For the avoidance of doubt, such cash amount will be paid only if and to the extent (and at the same time as) the corresponding Restricted Stock Right would have vested and been paid in accordance with the terms thereof. The intent is for the Surviving Corporation or Parent (on behalf of the Surviving Corporation) to pay, or cause to be paid, such amount only at the earliest time permitted under the terms of the applicable agreement, plan or arrangement relating to the corresponding Restricted Stock Right such that no Tax or penalty under Section 409A of the Code will be triggered as a result of the conversion of the Restricted Stock Right.

(b) Treatment of Performance Shares. Immediately prior to the Effective Time, each outstanding award of performance shares (“Performance Shares”) granted under any Company Stock Plan or otherwise, shall, automatically and without any required action on the part of the holder thereof, be deemed to have been earned at the higher of (i) the target level of performance or (ii) the actual level of performance achieved, determined on a goal-by-goal basis, as of the last day of the last month ending at least thirty (30) days before the Effective Time, with such actual level of performance determined in the good faith judgment of the Company’s compensation committee as constituted immediately prior to the Effective Time in accordance with the applicable Company Stock Plan (the “Earned Performance Shares”). Immediately thereafter, each Earned Performance Share shall, automatically and without any required action on the part of the holder thereof, cease to relate to or represent any right to receive any Company Common Stock and shall be converted into the right of the holder of such Earned Performance Share to receive, from the Surviving Corporation or Parent (on behalf of the Surviving Corporation), an amount in cash equal to the product of (A) the number of shares of Company Common Stock subject to such Earned Performance Share immediately prior to the Effective Time multiplied by (B) the Per Share Merger Consideration, plus interest at the rate of six percent (6%), compounded semi-annually, from the Effective Time until the date of

payment less applicable Taxes required to be withheld with respect to such payment. Such cash amount shall be payable to the holder of such converted award on the same service-based vesting terms and conditions as were applicable to the corresponding converted Earned Performance Share, including any applicable service-based vesting, acceleration and payment timing provisions but excluding any terms rendered inoperative by reason of the consummation of the Merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award, in each case through the Company's regular payroll processes applicable to such holder. For the avoidance of doubt, such cash amount will be paid only if and to the extent (and at the same time as) the corresponding cancelled Earned Performance Share would have vested and been paid in accordance with the service-based terms thereof. The intent is for the Surviving Corporation or Parent (on behalf of the Surviving Corporation) to pay, or cause to be paid, such amounts only at the earliest time permitted under the terms of the applicable agreement, plan or arrangement relating to the corresponding Earned Performance Share, so that no Tax or penalty under Section 409A of the Code will be triggered as a result of the conversion of the Performance Share.

(c) Direct Plan. In accordance with the terms of the Third Amended and Restated PNM Resources, Inc. Direct Plan (as amended, the "Direct Plan"), the Company shall take all actions reasonably necessary to ensure that the Direct Plan shall terminate immediately following the Effective Time; provided, that such termination shall be contingent upon the occurrence of the Effective Time. The Company shall provide timely notice to participants of the termination of the Direct Plan in accordance with the Direct Plan.

(d) Director Deferred Restricted Stock Rights Program. As of the Effective Time, in accordance with the terms of the Company's Director Deferred Restricted Stock Rights Program, effective as of December 1, 2017 and amended as of February 28, 2025 (the "Directors Deferred Plan"), the Company shall take all actions reasonably necessary and in accordance with the Directors Deferred Plan to ensure that (i) the Directors Deferred Plan is terminated as of the Effective Time, (ii) no Nonemployee Director (as defined in the Directors Deferred Plan) will be eligible to participate in the Directors Deferred Plan after the Effective Time, except with respect to any outstanding Restricted Stock Rights granted to a Nonemployee Director with respect to which the Nonemployee Director, prior to the Effective Time, has made a deferral election pursuant to the Directors Deferred Plan, which Restricted Stock Rights shall be deferred into the Directors Deferred Plan in accordance with the applicable deferral election, (iii) each share of Company Common Stock distributable under the Directors Deferred Plan shall be automatically converted, in accordance with the procedures set forth in this Agreement, into the right to receive the Per Share Merger Consideration, and (iv) the Company will distribute to each participant the amounts credited to his or her account in the Directors Deferred Plan as soon as administratively practicable (and no later than thirty (30) days) after the Effective Time to the extent permitted by Section 409A of the Code (any amounts credited to the director's account in the Directors Deferred Plan after the Effective Time shall be distributed to the participant as soon as administratively practicable (and no later than thirty (30) days) after the amounts are credited to the director's account in the Directors Deferred Plan and in no event later than one (1) year after the Effective Time); provided, however, that such termination and all of the related foregoing actions shall be contingent upon the occurrence of the Effective Time, and provided, further, that nothing herein shall preclude a Nonemployee Director whose account in the Directors Deferred Plan is not paid as soon as administratively practicable (and no later than thirty (30) days) after the Effective Time from directing the deemed investment in such account to investments other than Company Common Stock pursuant to the terms of the Directors Deferred Plan.

(e) Treatment of Company Stock Plans. As of the Effective Time, no further Restricted Stock Rights, Performance Shares, or other rights with respect to shares of Company Common Stock shall be granted under the Company Stock Plans or otherwise, and the Company Stock Plans, other than the ESP II and the TXNM Energy, Inc. Retirement Savings Plan, shall terminate automatically upon the occurrence of the Effective Time such that, following the Effective Time, there shall be no outstanding Restricted Stock Rights or Performance Shares (in each case, whether vested or unvested) or any Company Common Stock or stock-based awards of the Company, the Surviving Corporation or any of their respective subsidiaries, under the terminated Company Stock Plans; provided, however, that the converted Restricted Stock Rights and the converted Earned Performance Shares shall remain subject to the applicable terms and conditions of the Company Stock Plans and the treatment described in this Section 2.2.

(f) No Right to Acquire Shares. The Company shall take all actions reasonably necessary to ensure that, from and after the Effective Time, neither Parent nor the Surviving Corporation will be required to deliver shares of Company Common Stock or other capital stock of the Company to any Person pursuant to or in settlement of Restricted Stock Rights or Performance Shares that are subject to the provisions set forth in this Section 2.2 or any other rights with respect to shares of Company Common Stock granted under the Company Stock Plans.

(g) Corporate Actions. At or prior to the Effective Time, the Company, the Company Board of Directors or the compensation committee of the Company Board of Directors, as applicable, shall adopt any resolutions and take any actions which are reasonably necessary to effectuate the provisions of this Section 2.2 (including the satisfaction of the requirements of Rule 16b-3(e) promulgated under the Exchange Act); provided, that such actions shall expressly be conditioned upon the consummation of the Merger and shall be of no effect if this Agreement is terminated without consummation of the Merger. The Company and the Company Board of Directors shall not take any action to apply the provisions of Section 11.5 of the 2014 PEP or Section 10.5 of the 2023 PEP to the transactions contemplated by this Agreement.

SECTION 2.3 Dissenting Shares. Notwithstanding Section 2.1, Company Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing who is entitled to, and who has demanded, payment for fair value of such Company Shares (“Dissenting Shares”) in accordance with Section 53-15-4 of the NMBCA (“Section 53-15-4”) shall not be converted into the right to receive the Per Share Merger Consideration for each such Dissenting Share, unless and until such holder fails to perfect or effectively withdraws or otherwise loses the right to receive payment of fair value for such holder’s Dissenting Shares in accordance with Section 53-15-4. Any such holder shall instead be entitled only to receive payment of the fair value of such holder’s Dissenting Shares in accordance with the provisions of Section 53-15-4 less any applicable Taxes required to be withheld in accordance with Section 2.4(e) with respect to such payment. At the Effective Time, the Dissenting Shares shall no longer be outstanding, and each holder of a Certificate or Book-Entry Share that immediately prior to the Effective Time represented Dissenting Shares shall cease to have any rights with respect thereto, except the right to receive the fair value of such Dissenting Shares in accordance with the provisions of Section 53-15-4. If, after the Effective Time, such holder fails to perfect or effectively withdraws or otherwise loses the right to receive payment of the fair value of such holder’s Dissenting Shares in accordance with the provisions of Section 53-15-4 (or had not properly demanded payment under Section 53-15-4), then each such Dissenting Share shall be treated as if such Dissenting Share had been converted as of the Effective Time into the right to receive the Per Share Merger Consideration, without interest thereon. The Company will give Parent (a) prompt written notice of any demand for payment of fair value of any Company Shares in accordance with Section 53-15-4, any withdrawals of such demands, and any other communications received by the Company or any of its Representatives in respect of the demand, withdrawal, or perfection of any rights under Section 53-15-4 and (b) the opportunity to conduct jointly with the Company all negotiations and proceedings with respect to such demands related to any Company Shares under Section 53-15-4. The Company will not, except with the prior written consent of Parent, voluntarily make any payment with respect to any Dissenting Shares or settle or offer to settle any such demands.

SECTION 2.4 Surrender of Company Shares.

(a) Exchange Agent. Prior to the Effective Time, the Company and Parent shall enter into an agreement in form and substance reasonably acceptable to the Company and Parent with an exchange agent selected by Parent with the Company’s prior approval, which approval shall not be unreasonably conditioned, withheld or delayed (the “Exchange Agent”), for the purpose of delivering or causing to be delivered to each holder of Company Shares (other than Cancelled Shares or Dissenting Shares) the aggregate Per Share Merger Consideration to which the shareholders of the Company shall become entitled in respect of their Company Shares pursuant to this Article II. Parent shall deposit, or cause to be deposited, with the Exchange Agent, (i) at or prior to the Effective Time, a cash amount in immediately available funds sufficient in the aggregate to provide all funds necessary for the Exchange Agent to make payments of the Per Share Merger Consideration under Section 2.1, and (ii) from time to time, to the extent and when needed, additional cash sufficient to pay any dividends or other distributions pursuant to Section 6.14 (such cash deposited with the Exchange Agent being hereinafter referred to as the “Exchange Fund”) in trust for the benefit of the holders of the Company Shares. The Exchange Agent shall invest any cash in the Exchange Fund if so directed by Parent; provided, that any such investments shall be in short-term

(i.e., maturities of thirty (30) days or less) obligations of or guaranteed by the United States of America and backed by the full faith and credit of the United States of America, in commercial paper obligations rated A-1 or P-1 or better by Moody's Investors Services, Inc. or Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., respectively. To the extent that there are losses with respect to such investments, or any cash in the Exchange Fund diminishes for other reasons below the level required to make prompt cash payment of the aggregate Per Share Merger Consideration as contemplated by Section 2.1 and to pay any dividends or other distributions pursuant to Section 6.14, Parent shall promptly replace or restore the cash in the Exchange Fund lost through such investments or other events so as to ensure that the cash in the Exchange Fund is at all times maintained at a level sufficient to make such cash payments. Any interest and other income resulting from such investment shall become a part of the Exchange Fund, and any amounts in excess of the amounts payable under Section 2.1(a) and Section 6.14 shall be promptly returned to Parent or the Surviving Corporation, as requested by Parent. The funds deposited with the Exchange Agent pursuant to this Section 2.4(a) shall not be used for any purpose other than as contemplated by this Section 2.4(a).

(b) Exchange Procedures.

(i) Transmittal Materials. Promptly after the Effective Time (and in any event within three (3) Business Days thereafter), the Surviving Corporation shall cause the Exchange Agent to mail or otherwise provide to each holder of record of Company Shares (other than holders of Cancelled Shares and Dissenting Shares) (A) transmittal materials, including a letter of transmittal in customary form as Parent shall reasonably specify after consultation with the Company, specifying that delivery shall be effected, and risk of loss and title shall pass, with respect to Book-Entry Shares, only upon delivery of an "agent's message" regarding the book-entry transfer of Book-Entry Shares (or such other evidence, if any, of the transfer as the Exchange Agent may reasonably request), and with respect to Certificates, only upon delivery of the Certificates (or satisfaction of the replacement requirements in lieu of the Certificates as provided in Section 2.4(f)) and delivery of a duly completed and validly executed letter of transmittal to the Exchange Agent, such transmittal materials to be in such form and have such other provisions as Parent shall reasonably determine after consultation with the Company, and (B) instructions for use in effecting the surrender of the Book-Entry Shares or Certificates (or satisfaction of the replacement requirements in lieu of the Certificates as provided in Section 2.4(f)) to the Exchange Agent.

(ii) Certificates. Upon surrender of a Certificate (or satisfaction of the replacement requirements in lieu of the Certificate as provided in Section 2.4(f)) to the Exchange Agent in accordance with the terms of such transmittal materials and instructions and delivery with the letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, the holder of such Certificate shall be entitled to receive in exchange therefor a cash amount in immediately available funds (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) equal to (A) the product obtained by multiplying (1) the number of Company Shares represented by such Certificate (or affidavit of loss in lieu of the Certificate as provided in Section 2.4(f)) by (2) the Per Share Merger Consideration, plus (B) any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. No interest will be paid or accrued on any cash amount payable upon due surrender of the Certificates.

(iii) Book-Entry Shares. Notwithstanding anything to the contrary contained in this Agreement, any holder of Book-Entry Shares shall not be required to deliver a Certificate or an executed letter of transmittal to the Exchange Agent to receive the aggregate Per Share Merger Consideration that such holder is entitled to receive as a result of the Merger pursuant to Section 2.1(a) and any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. In lieu thereof, each holder of record of one or more Book-Entry Shares (other than Cancelled Shares and Dissenting Shares) shall upon receipt by the Exchange Agent of an "agent's message" in customary form and such other evidence of surrender, if any, as the Exchange Agent may reasonably request (it being understood that the holders of Book-Entry Shares shall be deemed to have surrendered such Company Shares upon receipt by the Exchange Agent of such "agent's message" or such other evidence of surrender, if any, as the Exchange Agent may reasonably request) be entitled to receive, and Parent shall cause the Exchange Agent to pay and deliver as promptly as reasonably practicable after the Effective Time, a cash amount in immediately available funds (after giving effect to any required Tax withholdings as

provided in Section 2.4(e)) equal to (A) the product obtained by multiplying (1) the number of Company Shares represented by such Book-Entry Shares by (2) the Per Share Merger Consideration, plus (B) any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. No interest will be paid or accrued on any cash amount payable upon due surrender of the Book-Entry Shares.

(iv) Unrecorded Transfers; Other Payments. In the event of a transfer of ownership of Company Shares that is not registered in the transfer records of the Company or if payment of the applicable Per Share Merger Consideration is to be made to a Person other than the Person in whose name the surrendered Certificate or Book-Entry Share is registered, a check for any cash to be exchanged upon due surrender of such Certificate or Book-Entry Share may be delivered to such transferee or other Person only if the Certificate or Book-Entry Share formerly representing such Company Shares is properly endorsed or shall be otherwise in proper form for transfer and is presented to the Exchange Agent accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable transfer or other similar Taxes have been paid or are not applicable.

(v) Related Charges and Expenses. Until surrendered as contemplated by this Section 2.4(b), each Certificate and each Book-Entry Share shall represent at any time from and after the Effective Time only the right to receive upon such surrender (together with a letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, or an “agent’s message,” and such other documents as may reasonably be required pursuant to such instructions or by the Exchange Agent (as applicable)) the applicable Per Share Merger Consideration and any dividends or other distributions with respect to Company Shares payable pursuant to Section 6.14. The Surviving Corporation shall pay all charges and expenses, including those of the Exchange Agent, in connection with the exchange of Company Shares for the Per Share Merger Consideration and any dividends or other distributions payable pursuant to Section 6.14.

(c) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof) that remains unclaimed by the former shareholders of the Company for twelve (12) months after the Effective Time shall, upon the written demand of the Surviving Corporation, be delivered to the Surviving Corporation. Any former holder of Company Shares (other than a holder of Cancelled Shares or Dissenting Shares) who has not theretofore complied with this Article II shall thereafter be entitled to solely look to Parent and the Surviving Corporation, as a general unsecured creditor thereof, for payment of the Per Share Merger Consideration (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) and any dividends or other distributions such holder has the right to receive pursuant to Section 6.14 upon due surrender of its Certificates (or affidavits of loss in lieu of the Certificates) or acceptable evidence of the surrender and cancellation of Book-Entry Shares, without any interest thereon in accordance with the provisions set forth in Section 2.4(b), and Parent shall remain liable for (subject to applicable abandoned property, escheat or other similar Laws) payment of their claim for the Per Share Merger Consideration and any dividends or other distributions such holder has the right to receive pursuant to Section 6.14 payable upon due surrender of their Certificates or Book-Entry Shares. Notwithstanding the foregoing, none of the Surviving Corporation, Parent, Merger Sub, the Company, the Exchange Agent or any other Person shall be liable to any former holder of Company Shares for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar Laws. Any portion of the Exchange Fund remaining unclaimed by Persons entitled to receive the Per Share Merger Consideration pursuant to this Article II as of a date that is immediately prior to such time as such unclaimed funds would otherwise escheat to or become property of any Governmental Entity will, to the extent permitted by applicable Law, become the property of the Surviving Corporation free and clear of any claims or interest of any Person entitled thereto.

(d) Transfers. From and after the Effective Time, there shall be no transfers on the stock transfer books of the Company of the Company Shares that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any Certificate or acceptable evidence of a Book-Entry Share is presented (together with the properly delivered and validly executed transmittal materials required by this Section 2.4) to the Surviving Corporation, Parent or the Exchange Agent for transfer, it shall be cancelled and exchanged for the consideration provided for in, and in accordance with the procedures set forth in, this Article II. The Per Share Merger Consideration paid upon the surrender of Certificates together with the letter of

transmittal, duly completed and validly executed in accordance with the instructions thereto (or upon receipt by the Exchange Agent of an “agent’s message,” in the case of Book-Entry Shares, or such other evidence, if any, as the Exchange Agent may reasonably request), in accordance with the terms of this Article II shall be deemed to have been paid in full satisfaction of all rights pertaining to the Company Shares formerly represented by such Certificates or such Book-Entry Shares.

(e) Withholding Rights. Notwithstanding anything in this Agreement to the contrary, each of Parent, Merger Sub, the Surviving Corporation and their respective agents (including the Exchange Agent) shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to this Agreement to any holder of Company Shares, Restricted Stock Rights, Performance Shares, or other rights with respect to shares of Company Common Stock (including any converted awards), or any other Person who is entitled to receive the Per Share Merger Consideration, any amounts as may be required to be deducted and withheld with respect to the making of such payment under the Code, or any other applicable state, local or non-U.S. tax Law. To the extent that amounts are so withheld by Parent, Merger Sub, the Surviving Corporation or any of their respective agents (including the Exchange Agent), such deducted and withheld amounts (i) shall be promptly remitted by Parent, Merger Sub, the Surviving Corporation or their respective agents, as applicable, to the applicable Governmental Entity, and (ii) to the extent so remitted to the applicable Governmental Entity, shall be treated for all purposes of this Agreement as having been paid to the Person(s) in respect of which such deduction and withholding was made. The Parties and their respective agents (including the Exchange Agent) shall reasonably cooperate in good faith (i) to establish or obtain any exemption from or reduction in the amount of any withholding that otherwise would be required and (ii) to coordinate the deduction and withholding of any Taxes required to be deducted and withheld under any applicable Tax Law.

(f) Lost Certificates. In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if reasonably required by Parent or the Exchange Agent, the posting by such Person of a bond in customary amount and upon such terms as may be required by Parent or the Exchange Agent as indemnity against any claim that may be made against it or the Surviving Corporation with respect to such Certificate, the Exchange Agent will issue a check in the amount (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) equal to (i) the product obtained by multiplying (A) the number of Company Shares represented by such lost, stolen or destroyed Certificate by (B) the Per Share Merger Consideration, plus (ii) any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. Delivery of such affidavit and the posting of such bond shall be deemed delivery of a Certificate with respect to the relevant Company Shares for purposes of this Article II.

SECTION 2.5 Adjustments. In the event that the number of Company Shares issued and outstanding after the date hereof and prior to the Effective Time or the number of securities convertible or exchangeable into or exercisable for Company Shares shall have been changed into a different number of Company Shares or securities convertible or exchangeable into or exercisable for Company Shares, as applicable, or securities of a different class as a result, in either case, of a reclassification, stock split (including a reverse stock split), stock dividend, recapitalization, merger, issuer tender or exchange offer, or other similar transaction, then, in each case, the Per Share Merger Consideration and any other number or amount contained herein which is based upon the number of Company Shares shall be equitably adjusted to provide to Parent and the holders of Company Shares the same economic effect as contemplated by this Agreement prior to such event; provided, however, that nothing in this Section 2.5 shall be construed to permit the Company, any subsidiary of the Company or any other Person to take any action that is otherwise prohibited by the terms of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Merger Sub that, except (i) as disclosed in the Company SEC Reports filed with, or furnished to, the SEC from and after January 1, 2021 and prior to the date of this Agreement (other than in any “risk factor” disclosure under the heading “Risk Factors” or any forward-looking statements contained therein) or (ii) as set forth on the corresponding sections or subsections of the disclosure schedules delivered to Parent and Merger Sub by the Company concurrently with entering into this Agreement (the “Company Disclosure Schedule”), it being agreed that disclosure of any item in any section or

subsection of the Company Disclosure Schedule shall also be deemed disclosure with respect to any other section or subsection of this Agreement to which the relevance of such item is reasonably apparent on the face of such disclosure:

SECTION 3.1 Organization and Qualification; Subsidiaries.

(a) Each Company Party is a legal entity duly organized, validly existing and, to the extent such concept is applicable, in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and, to the extent such concept is applicable, is in good standing as a foreign corporation or other legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or present conduct of its business requires such qualification, except in each case where the failure to be so organized, formed, existing, qualified or, to the extent such concept is applicable, in good standing or to have such power or authority as does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Section 3.1(b) of the Company Disclosure Schedule sets forth a list of all the Company's subsidiaries and Joint Ventures, including (i) the name of each such entity and its form and jurisdiction of incorporation, (ii) a brief description of the principal line or lines of business conducted by each such entity and (iii) all Equity Securities held by any Person (including the Company) in each such entity. Except (A) as set forth in Section 3.1(b) of the Company Disclosure Schedule or (B) for Equity Securities acquired after the date of this Agreement without violating any covenant or agreement set forth herein, none of the Company nor any of its subsidiaries directly or indirectly owns any Equity Securities in any subsidiaries or Joint Ventures.

SECTION 3.2 Articles of Incorporation and Bylaws. The Company has furnished or otherwise made available to Parent, prior to the date hereof, a correct and complete copy of the Articles of Incorporation, as amended to date (the "Company Articles of Incorporation"), and the Bylaws, as amended to date (the "Company Bylaws"), of the Company as in effect as of the date hereof, and the Organizational Documents of each of the Company's Significant Subsidiaries, each as in effect as of the date hereof. The Company Articles of Incorporation and the Company Bylaws are in full force and effect. The Company is not in material violation of any provision of the Company Articles of Incorporation or Company Bylaws. The Organizational Documents of the Company's Significant Subsidiaries are in full force and effect, and no Significant Subsidiary is in material violation of any provision of its Organizational Documents.

SECTION 3.3 Capitalization.

(a) The authorized capital stock of the Company consists of (i) 200,000,000 shares of common stock, no par value (the "Company Common Stock") and (ii) 10,000,000 shares of preferred stock, no par value (the "Company Preferred Stock"), of which 500,000 shares have been designated Convertible Preferred Shares, Series A.

(b) As of the close of business on May 16, 2025 (the "Company Capitalization Date"), the total issued and outstanding equity of the Company, and the total equity reserved for issuance by the Company, consisted of the following Equity Securities:

(i) 92,659,335 shares of Company Common Stock were issued and outstanding (which number does not include shares of Company Common Stock to which Restricted Stock Rights, Performance Shares or Notional Units relate);

(ii) no shares of Company Preferred Stock were issued or outstanding; and

(iii) (A) 269,963 shares of Company Common Stock subject to outstanding Restricted Stock Rights, (B) 301,977 shares and 603,971 shares of Company Common Stock subject to outstanding Performance Shares (calculated assuming target and maximum level performance achievement, respectively), in each such case, as granted or provided for under the (1) TXNM Energy, Inc. 2023 Performance Equity Plan, effective as of May 9, 2023 and as amended on August 2, 2024 (the "2023 PEP"), and (2) the TXNM Energy, Inc. 2014 Performance Equity Plan, effective as of May 15, 2014 and as amended on December 14, 2015 and January 1, 2017 (the "2014 PEP"), (and applicable award

agreements issued thereunder) (collectively with the ESP II and the TXNM Energy, Inc. Retirement Savings Plan, as amended on December 13, 2022 and August 2, 2024, the “Company Stock Plans”), (C) no shares of Company Common Stock were held by the Company in its treasury, (D) 3,232,991 shares of Company Common Stock were reserved for issuance under the Company Stock Plans, (E) 14,534,850 shares of Company Common Stock were reserved for issuance upon conversion of the Company’s 5.75% Junior Subordinated Convertible Notes due 2054 (the “Convertible Notes”), and (F) 1,104,641 shares of Company Common Stock were reserved for issuance pursuant to forward sales agreements entered into by the Company with third-party forward purchasers under an “at-the-market” offering.

(c) From the close of business on the Company Capitalization Date through the date of this Agreement, no (i) Restricted Stock Rights, (ii) Performance Shares (or awards in respect thereof), (iii) Notional Units or (iv) other rights to acquire Company Common Stock under any Company Stock Plan, have been granted or promised to be granted, and no shares of Company Common Stock have been issued or promised to be issued, except for shares of Company Common Stock issued pursuant to the vesting or settlement of Restricted Stock Rights or Performance Shares, in each case in accordance with the terms of the Company Stock Plans and the applicable award agreements, shares of Company Common Stock purchased and sold in the TXNM Energy, Inc. Retirement Savings Plan, and shares of Company Common Stock issued pursuant to the Stock Purchase Agreement. Except as set forth in Section 3.3(b), as of the Company Capitalization Date, (A) there are no outstanding or authorized (1) shares of capital stock or other voting securities of the Company, (2) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company or (3) options, warrants, calls, phantom stock, rights (including stock appreciation rights), preemptive rights, other Contracts, commitments, understandings or arrangements, including any right of conversion or exchange under any outstanding security, instrument or Contract or other rights to acquire from any Company Party, or obligations or agreements of any Company Party to issue, transfer or sell, or cause to be issued, transferred or sold, any capital stock, voting securities or securities convertible into, exercisable for, or exchangeable for, or giving any Person a right to subscribe for or acquire, any capital stock or voting securities of any Company Party (collectively, “Company Securities”), and (B) there are no outstanding contractual obligations of any Company Party (1) to repurchase, redeem or otherwise acquire or dispose of, or (2) that contain any right of first refusal with respect to, require the registration for sale of, apply voting restrictions to, grant any preemptive or antidilutive rights with respect to, or otherwise restrict any Person from purchasing, selling, pledging or otherwise disposing of, any Company Securities. All outstanding shares of Company Common Stock, and all shares of the Company reserved for issuance as noted in Section 3.3(b), when issued in accordance with the respective terms thereof, are or will be duly authorized, validly issued, fully paid and non-assessable and free of pre-emptive rights, purchase options, call, right of first refusal or any similar right. Each of the outstanding shares of capital stock of each of the Company’s subsidiaries and Joint Ventures is duly authorized, validly issued, fully paid and nonassessable and, with respect to the Company’s subsidiaries, all such shares are owned by the Company or another wholly-owned subsidiary of the Company and are owned free and clear of all Liens. Except as set forth in Section 3.3(b) and on Section 3.3(c) of the Company Disclosure Schedule, no Company Party has any outstanding bonds, debentures, notes or other indebtedness or obligations (or commitment, understanding or obligation to issue, sell or extend any such outstanding bond, debenture, note or other indebtedness or obligation) the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the shareholders of Company Common Stock on any matter.

(d) There are no voting trusts, proxies or other commitments, understandings, restrictions or arrangements to which the Company or any of its subsidiaries is a party in favor of any Person other than the Company or a subsidiary wholly-owned, directly or indirectly, by the Company with respect to the voting of or the right to participate in dividends or other earnings on any capital stock or other equity interests of the Company or any of its subsidiaries.

(e) No subsidiary or Joint Venture of the Company owns any stock in the Company.

(f) The Company has made available to Parent, as of the Company Capitalization Date, a complete and correct list of all outstanding (i) Restricted Stock Rights, (ii) Performance Shares and (iii) Notional Units, in each case, including the number of shares of Company Common Stock subject to such award (in

the case of Performance Shares, based on both the target level and maximum level of performance), the name or employee identification number of the holder thereof, the grant date, the number of shares underlying such award subject to a deferral election (if any), the vesting schedule, including the extent to which any vesting had occurred as of the Company Capitalization Date, whether such award is cash-settled or stock-settled and any performance targets or similar conditions to vesting or settlement thereof, and whether (and to what extent) the vesting of such award may be accelerated in any way by the consummation of the transactions contemplated by the Agreement (alone or in combination with any other event, including the termination of employment or engagement or change in position of any holder thereof following or in connection with the consummation of the transactions contemplated by the Agreement). The Company Stock Plans are the only plans or programs that the Company Parties maintain under which stock options, restricted stock, restricted stock units, stock appreciation rights, profits interests, phantom stock, stock purchase, or other compensatory equity and equity-based awards are outstanding, and no awards other than the Restricted Stock Rights and the Performance Shares have been granted under the Company Stock Plans.

SECTION 3.4 Authority.

(a) The Company has all requisite corporate power and authority, and has taken all corporate action necessary, to execute, deliver and perform this Agreement and to consummate the transactions contemplated by this Agreement, including the Merger, subject only to the affirmative vote (in person or by proxy) of the holders of a majority of all of the outstanding shares of Company Common Stock entitled to vote thereon at the Company Shareholders Meeting, or any adjournment or postponement thereof, to approve this Agreement (the “Company Requisite Vote”) and the filing of the Articles of Merger with the New Mexico Secretary of State. This Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery hereof by Parent and Merger Sub, constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the effects of applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors’ rights generally, and general equitable principles (whether considered in a proceeding in equity or at law) (the “Bankruptcy and Equity Exception”).

(b) The Company Board of Directors, at a meeting duly called and held, has unanimously (i) determined, in good faith, that this Agreement and the transactions contemplated hereby, including the Merger, are fair to and in the best interests of the Company and its shareholders, (ii) approved and adopted this Agreement and the transactions contemplated by this Agreement, including the Merger, (iii) declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable, consistent with and in furtherance of the Company’s business strategies and in the best interests of the Company and its shareholders, (iv) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, by the shareholders of the Company (the “Company Recommendation”), and (v) directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to the shareholders of the Company for their approval. The only vote of the shareholders of the Company required to approve this Agreement and the transactions contemplated hereby, including the Merger, is the Company Requisite Vote.

SECTION 3.5 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance of this Agreement by the Company do not, and the consummation of the Merger and the other transactions contemplated hereby does not and will not (i) subject to obtaining the Company Requisite Vote, breach or violate the Company Articles of Incorporation or the Company Bylaws or any Organizational Documents of any Company Party, (ii) subject to obtaining the Company Requisite Vote, assuming that all Consents and Filings set forth on Section 3.5(b)(i) and (ii) of the Company Disclosure Schedule have been obtained and made, respectively, and any waiting periods thereunder have terminated or expired, conflict with or violate any Law or Judgment applicable to any Company Party or by which any Company Party’s property is bound or (iii) subject to Section 3.5(a)(iii) of the Company Disclosure Schedule and obtaining the Existing Loan Consents, result in any breach or violation of or constitute a default or result in the loss of a benefit under, or give rise to any right of payment (other than payment of the Per Share Merger Consideration on each Company Share pursuant to the terms, and subject to the conditions of, this Agreement), reimbursement, termination, revocation,

cancellation, amendment, modification or acceleration of, or result in the creation of a Lien (except a Permitted Lien) on any of the assets or properties of any Company Party under, any of the terms, conditions or provisions of (A) subject to receipt of the Company Requisite Vote, any Law, rule, regulation, order, judgment or decree applicable to any Company Party or by which any of them or any of their respective properties are bound or (B) any Company Material Contract or License to which any Company Party is a party or by which any Company Party or any of their respective assets or properties is bound, except, in the case of clauses (ii) and (iii), for any such conflict, violation, breach, default, loss, right or other occurrence which does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Other than (i) the Required Regulatory Approvals and the other Consents and Filings that have been obtained or made by the Company and (ii) such other Consents and Filings, the failure of which to obtain or make does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, no Licenses, expirations or terminations of waiting periods, non-actions, waivers, qualifications, change of ownership approvals or other authorizations (each, a “Consent”) of, or registration, notice, declaration or filing (each, a “Filing”) with, any Governmental Entity or third party are required (with or without notice or lapse of time, or both) for or in connection with the execution, delivery and performance of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, including the Merger.

SECTION 3.6 Compliance. (a) No Company Party is, or since January 1, 2023 (the “Applicable Date”) has been, in default under or in violation of any Law applicable to any Company Party or any order of any Governmental Entity (including Anti-Corruption Laws), except for any such default or violation, which has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, and (b) the Company Parties have all permits, licenses, authorizations, exemptions, orders, consents, approvals, grants, certificates, variances, exceptions, permissions, qualifications, registrations, clearances, notices and franchises from Governmental Entities required to conduct their respective businesses as being conducted as of the date hereof (“Licenses”), except for any such Licenses the absence of which has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company and each Company Party is, and since the Applicable Date has been, in compliance in all respects with the terms of the Licenses, except where the failure to be in compliance has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. No Company Party nor, to the knowledge of the Company, any directors, officers, employees, agents or representatives thereof: (i) is a Designated Person; (ii) is a Person that is owned or controlled by a Designated Person; (iii) is located, organized or resident in a Sanctioned Country; or (iv) has or is now, in connection with the business of any Company Party, engaged in, any dealings or transactions (A) with any Designated Person, (B) in any Sanctioned Country, or (C) otherwise in violation of Sanctions or Ex-Im Laws. Since the Applicable Date, the Company has maintained and implemented policies, procedures and controls designed to ensure compliance with all Anti-Corruption Laws and Sanctions applicable to any Company Party.

SECTION 3.7 SEC Filings; Financial Statements; Undisclosed Liabilities.

(a) Each of the Company, Public Service Company of New Mexico, a New Mexico corporation (“PNM”), Texas-New Mexico Power Company, a Texas corporation (“TNMP”), and each other Company Party (if any) required to make such filings has filed or otherwise transmitted or furnished, on a timely basis, all forms, reports, schedules, statements (including definitive proxy statements), certifications and other documents (including all exhibits and other information incorporated therein, amendments and supplements thereto) in each case required to be filed or furnished by it with the U.S. Securities and Exchange Commission (the “SEC”) from the Applicable Date through the date hereof (all such forms, reports, schedules, statements, certificates and other documents filed or furnished with the SEC since the Applicable Date, including those filed or furnished after the date hereof and including all exhibits and other information incorporated therein, amendments and supplements thereto, collectively, the “Company SEC Reports”). As of their respective dates, or, if amended or superseded by a subsequent filing made prior to the date of this Agreement, as of the date of the last such amendment or superseding filing prior to the date of this Agreement, the Company SEC Reports complied as to form in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the “Securities Act”), the Exchange Act and the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), as the case may be, and the applicable

rules and regulations promulgated thereunder, each as in effect on the date of any such filing. As of the time of filing with the SEC (or, if amended or superseded prior to the date of this Agreement, as of the date of such amendment or superseding filing), none of the Company SEC Reports so filed contained (taking into account all amendments and supplements thereto filed prior to the date hereof) any untrue statement of a material fact or omitted to state any material fact required to be stated or incorporated by reference therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that no representation is made as to the accuracy of any financial projections or forward-looking statement.

(b) Since the Applicable Date, each of the principal executive officer and principal financial officer of the Company (or each former principal executive officer and principal financial officer of the Company, as applicable) has made all certifications required by Rule 13a-14 and 15d-14 under the Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act and the rules and regulations of the SEC promulgated thereunder with respect to the Company SEC Reports. For purposes of the preceding sentence, “principal executive officer” and “principal financial officer” shall have the meanings given to such terms in the Sarbanes-Oxley Act. Since the Applicable Date, neither the Company nor any of its subsidiaries has arranged any outstanding “extensions of credit” to directors or executive officers within the meaning of Section 402 of the Sarbanes-Oxley Act.

(c) The audited consolidated financial statements of the Company and its subsidiaries (including any related notes thereto) included in the Company SEC Reports (i) complied as of their respective dates of filing, in each case in all material respects, with the then applicable accounting requirements and the published rules and regulations of the SEC with respect thereto; (ii) have been prepared in accordance with GAAP in all material respects applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto); and (iii) fairly present in all material respects the consolidated financial position of the Company and its subsidiaries at the respective dates thereof or the periods covered thereby (taking into account the notes thereto) and the consolidated results of operations, statements of earnings, cash flows and stockholders’ equity for the periods indicated. The unaudited consolidated interim financial statements of the Company and its subsidiaries (including any related notes thereto) included in the Company SEC Reports (A) complied as of their respective dates of filing, in each case in all material respects, with the then applicable accounting requirements and the published rules and regulations of the SEC with respect thereto; (B) have been prepared in accordance with GAAP in all material respects (except as may be indicated in the notes thereto and except for the absence of footnote disclosures and normal recurring year-end adjustments that were not and are not expected to be, individually or in the aggregate, material); and (C) fairly present in all material respects the consolidated financial position of the Company and its subsidiaries as of the respective dates thereof (taking into account the notes thereto) and the consolidated results of operations, statements of earnings and cash flows for the periods indicated (subject to normal year-end adjustments that were not and are not expected to be, individually or in the aggregate, material).

(d) The Company maintains a system of internal control over financial reporting as required by Rule 13a-15(f) and 15d-15(f) of the Exchange Act that is effective in providing reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in all material respects. The Company maintains disclosure controls and procedures as required by Rule 13a-15(f) and 15d-15(f) of the Exchange Act that are effective in all material respects to ensure that material information required to be disclosed by the Company in the reports it files or furnishes under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms and (ii) is accumulated and communicated to the Company’s management (including the Company’s principal executive and principal financial officers, or persons performing similar functions) as appropriate to allow timely decisions regarding required disclosure. Based on the Company’s most recent evaluation of internal control over financial reporting prior to the date hereof, the Company has disclosed to its outside auditors and the audit committee of the Company Board of Directors (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

(e) Except for matters resolved prior to the date hereof, since the Applicable Date through the date of this Agreement, (i) neither the Company nor any of its subsidiaries nor any of their respective Representatives has received or otherwise obtained knowledge of any material complaint, allegation or claim (whether written or oral) regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or its subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that the Company or any of its subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no attorney representing the Company or any of its subsidiaries, whether or not employed by any such entity, has reported evidence of a material violation of securities Laws, breach of fiduciary duty or similar violation by the Company, any of its subsidiaries or any of their respective directors, officers or employees to the general counsel or chief executive officer of the Company or the Company Board of Directors or any committee thereof.

(f) Except (i) as reflected, accrued or reserved against in the financial statements (including all notes thereto) of the Company and its subsidiaries included in the Company SEC Reports filed prior to the date hereof; (ii) for liabilities or obligations incurred in the ordinary course of business since December 31, 2024; and (iii) for liabilities or obligations incurred pursuant to the transactions contemplated by this Agreement, neither the Company nor any of its subsidiaries has or is subject to any liabilities or obligations of a nature required by GAAP to be reflected in a consolidated balance sheet, other than those which do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(g) Since the Applicable Date, the Company has complied in all material respects with the applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations thereunder, as amended from time to time. The shares of Company Common Stock are listed on the NYSE, and, since the Applicable Date, the Company has complied in all material respects with the applicable listing and corporate governance requirements of the NYSE.

SECTION 3.8 Contracts.

(a) Except (x) for this Agreement, (y) for the Contracts filed as exhibits to the Company SEC Reports prior to the date hereof or (z) for the Company Plans and Company Stock Plans (and any Restricted Stock Rights or Performance Shares granted under the Company Stock Plan), as of the date hereof, no Company Party is party to or bound by any Contract that:

(i) is a “material contract” (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC);

(ii) (A) purports to limit in any material respect either the type of business in which the Company or any of its subsidiaries or Joint Ventures (including those Contracts of the Company Parties that purport to so limit Parent or any of its Affiliates after the Effective Time) or any of their respective Affiliates may engage or the manner or geographic area in which any of them may so engage in any business, (B) would require the disposition of any material assets or line of business of the Company or its subsidiaries or Joint Ventures (including those Contracts of the Company Parties that so require Parent or any of its Affiliates after the Effective Time) or any of their respective Affiliates as a result of the consummation of the transactions contemplated by this Agreement, including the Merger, (C) is a material Contract that grants “most favored nation” status that, following the Effective Time, would impose obligations upon Parent or any of its Affiliates (including the Company Parties), (D) prohibits or limits, in any material respect, the right of the Company or any of its subsidiaries or Joint Ventures (including those Contracts of the Company Parties that so prohibit or limit Parent or any of its Affiliates after the Effective Time) to make, sell or distribute any products or services or use, transfer, license or enforce any of their respective Intellectual Property rights, (E) is with a Governmental Entity (other than ordinary course Contracts with Governmental Entities), (F) grants any right of first refusal or right of first offer or similar right or that limits or purports to limit the ability of the Company or any of its subsidiaries or Joint Ventures (or, after the Effective Time, Parent or any of its Affiliates) to own, operate, lease, provide or receive services, or sell, transfer, pledge, or otherwise dispose of any material amount of its assets or its business, or (G) is approved by FERC as a special or nonconforming Contract or service agreement that deviates from standard tariffs;

(iii) is a partnership, joint venture or similar Contract that, in each case, is material to the Company and its subsidiaries taken as a whole;

(iv) under which the Company or any of its subsidiaries (A) is liable for indebtedness in excess of \$50,000,000 or (B) guarantees any indebtedness of a third party that is not a Company Party;

(v) expressly limits or otherwise restricts the ability of the Company or any of its subsidiaries to pay dividends or make distributions to its shareholders;

(vi) by its terms calls for aggregate payments by or to the Company and its subsidiaries under such Contract of more than \$50,000,000 over the remaining term of such Contract (other than (A) this Agreement, (B) Contracts subject to clause (iv) above, (C) Contracts for the transportation, transmission, processing, storage, purchase, exchange or sale of gas, coal, oil, nuclear fuel or electric energy, the obligations under which are subject to review by Governmental Entities regulating utilities in the jurisdictions in which the Company or its subsidiaries operate and (D) immaterial financial derivative interest rate hedges);

(vii) relates to the pending acquisition or pending disposition of any asset (including any entity or business, whether by merger, sale of stock, sale of assets or otherwise), for consideration in excess of \$50,000,000; or

(viii) is a Company Collective Bargaining Agreement.

Each Contract (x) set forth (or required to be set forth) in Section 3.8 of the Company Disclosure Schedule, (y) filed as an exhibit to the Company SEC Reports as a “material contract” pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act, or (z) disclosed by the Company on a Current Report on Form 8-K as a “material contract” (excluding any Company Plan), is referred to herein as a “Company Material Contract”. Other than any Company Material Contract filed as an exhibit to the Company SEC Reports prior to the date of this Agreement and other than this Agreement, the Company has made available to Parent a true, complete and correct copy of each Company Material Contract.

(b) Each of the Company Material Contracts is a legal, valid and binding obligation of, and enforceable against, the Company Party that is a party thereto and, to the knowledge of the Company, each other party thereto, and is in full force and effect in accordance with its terms, subject to the Bankruptcy and Equity Exception, except (i) to the extent that any Company Material Contract expires or terminates in accordance with its terms in the ordinary course of business consistent with past practice, and (ii) for such failures to be legal, valid and binding or to be in full force and effect that do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) No event has occurred that, with notice or the passage of time, or both, would constitute a breach or default by the Company or any of its subsidiaries under any such Company Material Contract, and, to the knowledge of the Company, no other party to any Company Material Contract is in breach or default (nor has any event occurred which, with notice or the passage of time, or both, would constitute such a breach or default) under any Company Material Contract, except in each case where such violation, breach, default or event of default does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

SECTION 3.9 Absence of Certain Changes or Events.

(a) Since December 31, 2023 through the date of this Agreement, (i) except as expressly contemplated by this Agreement, the Company and its subsidiaries have conducted their business in the ordinary course of business in a manner consistent with past practice, in all material respects, and (ii) there has not occurred any event, development, change, effect or occurrence that, has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Since December 31, 2023 through and including the date of this Agreement, neither the Company nor any subsidiary of the Company has taken any action that, if taken during the period from the date of this Agreement through the Effective Time, would constitute a violation of Section 5.1(c)(i), Section 5.1(c)(ii), Section 5.1(c)(iii), Section 5.1(c)(iv), Section 5.1(c)(vii), Section 5.1(c)(viii) (excluding

the declaration and payment of regular quarterly cash dividends on Company Common Stock during such period of time in the ordinary course of business and disclosed in the Company SEC Reports), Section 5.1(c)(xi), Section 5.1(c)(xiv) or Section 5.1(c)(xvii).

SECTION 3.10 Absence of Litigation. There are no (a) civil, criminal, administrative or other suits, claims, actions, proceedings, or arbitrations, by or before any Governmental Entity relating to or affecting any Company Party or any of its or their respective assets or properties pending or, to the knowledge of the Company, threatened against any Company Party or (b) to the knowledge of the Company, Governmental Entity investigations, inquiries or audits pending or threatened against, relating to or affecting, any Company Party or any of its or their respective properties or assets, other than, with respect to clause (a) or clause (b) of this Section 3.10, as applicable, any such suit, claim, action, proceeding, arbitration, investigation, inquiry or audit that has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Neither the Company nor any of its subsidiaries nor any of their respective properties is or are subject to any Judgment, injunction or award except for those that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. This Section 3.10 does not relate to environmental matters, which are addressed in Section 3.17.

SECTION 3.11 Employee Benefit Plans.

(a) Section 3.11(a) of the Company Disclosure Schedule contains a true and complete list, as of the date of this Agreement, of each material Company Plan. “Company Plan” means each “employee benefit plan” (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), whether or not subject to ERISA), and each other benefit or compensation plan, program, policy, agreement or arrangement, including, but not limited to, vacation or sick pay policy, fringe benefit, stock purchase, phantom equity or other equity or equity-based compensation, retention, transaction or change in control, deferred compensation, incentive compensation, pension, retirement savings, bonus, profit sharing, health, medical or dental, disability, unemployment insurance, life insurance, severance, individual consulting or employment (including offer letter) or other plan, program, policy, agreement or arrangement contributed to, sponsored or maintained by the Company or any of its subsidiaries for the benefit of any current, former or retired employee, director or other individual consultant/service provider of the Company or any of its subsidiaries (collectively, the “Company Employees”) and any such plan, program, agreement or arrangement that is or was subject to Part 3 of Title I of ERISA, Section 412 of the Code or Title IV of ERISA, at any time during the six (6)-year period preceding the date of this Agreement, with respect to which the Company or any of its subsidiaries has or would reasonably be expected to have any present or future actual or contingent liabilities.

(b) With respect to each Company Plan set forth on Section 3.11(a) of the Company Disclosure Schedule, the Company has made available to Parent a true, correct, and complete copy thereof to the extent in writing and, to the extent applicable, all material supporting documents including, but not limited to (i) the plan document or agreement, including any material amendments thereto, and any related trust agreement or other funding instrument or insurance policy, (ii) the most recent determination letter, if any, received from, and all material correspondence with the Internal Revenue Service (the “IRS”) in the three (3)-year period preceding the date of this Agreement, (iii) the most recent summary plan description for each Company Plan for which such summary plan description is required, (iv) for the most recent three (3) years (A) the Form 5500 and attached schedules, (B) audited financial statements and (C) actuarial valuation reports, if any, and (v) all material correspondence with the IRS, Department of Labor and the Pension Benefit Guaranty Corporation in the three (3)-year period preceding the date of this Agreement. No Company Plan is maintained outside the jurisdiction of the United States or covers any Company Employees residing or working outside of the United States.

(c) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each Company Plan has been established, funded and administered in accordance with its terms and in compliance with the applicable provisions of ERISA, the Code, and other applicable Laws, (ii) with respect to each Company Plan, as of the date of this Agreement, no actions, suits, audits, proceedings, investigations or claims (other than routine claims for benefits in the ordinary course), or material administrative proceeding by the IRS, the Department of Labor, or any other Governmental Entity, are pending or, to the knowledge of the Company, threatened, (iii) all contributions, reimbursements, premium payments and other payments required to be made by the Company or any of its subsidiaries to or

on behalf of any Company Plan have been made on or before their applicable due dates, and (iv) there has been no prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code, other than a transaction that is exempt under a statutory or administrative exemption), with respect to any Company Plan. Each Company Plan which is intended to be qualified under Section 401(a) of the Code has received a determination letter to that effect from the IRS and, to the knowledge of the Company, no circumstances exist which would reasonably be expected to materially adversely affect such qualification.

(d) No Company Plan is a multiemployer plan as defined in Sections 3(37) or 4001(a)(3) of ERISA or a multiple employer welfare arrangement as defined in Section 3(40) of ERISA, and neither the Company nor any ERISA Affiliate has contributed to or been obligated to contribute to any such plan within the six (6) years preceding the date of this Agreement. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, neither the Company nor any of its subsidiaries has incurred any Controlled Group Liability (as defined below) that has not been satisfied in full nor, to the knowledge of the Company, do any circumstances exist that could reasonably be expected to give rise to any Controlled Group Liability to the Company or any of its subsidiaries (except for the payment of premiums to the Pension Benefit Guaranty Corporation not yet due). For the purposes of this Agreement, “Controlled Group Liability” means any and all liabilities (i) under Title IV of ERISA, (ii) under Section 302 of ERISA, (iii) under Sections 412, 430 and 4971 of the Code or (iv) resulting from the failure to comply with the continuation of coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code, in each case, arising as a result of an ERISA Affiliate other than the Company or any of its subsidiaries.

(e) None of the execution, delivery and performance of this Agreement, shareholder or other approval of this Agreement or the consummation of the transactions contemplated by this Agreement (whether alone or in combination with another event, including termination of employment or service) could (i) entitle any current or former Company Employee to severance pay or benefit (or an increase in severance pay or benefit), unemployment compensation or any other payment or benefit (whether in cash or property or the cancellation of indebtedness) or trigger the funding of such payment or benefit, except as contemplated by this Agreement, (ii) accelerate the time of payment or vesting of, lapse the restrictions or repurchase rights relating to, or increase the amount of compensation or benefits due to any current or former Company Employee, except as expressly contemplated by this Agreement, (iii) result in any payment or benefit (whether in cash or property or the vesting of property or the cancellation of indebtedness), individually or together with any other payment or benefit, which would not reasonably be expected to be deductible under Section 280G of the Code or (iv) limit or restrict the right to merge, amend, terminate or transfer the assets of any Company Plan on or following the Effective Time, except as expressly contemplated by this Agreement.

(f) Neither the Company nor any of its subsidiaries is obligated or otherwise required to indemnify, reimburse, make whole, or provide for the gross-up of any Taxes, including Taxes imposed under Section 409A or Section 4999 of the Code.

(g) No Company Plan that is a “welfare benefit plan” within the meaning of ERISA provides benefits in respect of Company Employees beyond their retirement or other termination of service, other than coverage mandated solely by applicable Law. Neither the Company nor any of its subsidiaries has incurred or reasonably expects to incur (whether or not assessed) any penalty or Tax under Sections 4980B, 4980D, 4980H, 6721 or 6722 of the Code that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(h) Each Company Plan that constitutes in any part a “nonqualified deferred compensation plan” (as defined in Section 409A(d)(1) of the Code) subject to Section 409A of the Code has been documented and operated in material compliance with Section 409A of the Code.

SECTION 3.12 Labor and Employment Matters.

(a) Section 3.12(a) of the Company Disclosure Schedule sets forth each collective bargaining agreement or other Contract with a labor union, employee representative or other labor organization to which the Company or any subsidiary thereof is a party or is bound or is presently negotiating, in each case, with respect to any Company Employees (the “Company Collective Bargaining Agreements”). To the knowledge of the Company, there is no unfair labor practice charge or comparable or analogous complaint

pending before the National Labor Relations Board (or equivalent regulatory body, tribunal or authority) against the Company which, if adversely decided, would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Since the Applicable Date, (i) there have been no actual or, to the knowledge of the Company, threatened material labor arbitrations, strikes, lockouts, work stoppages, slowdowns or other material labor disputes against or involving the Company or any subsidiary thereof, and (ii) to the knowledge of the Company, there have been no labor organizing activities with respect to the Company or any subsidiary thereof. None of the Company or any of its subsidiaries have any notice or consultation obligations to any labor union or labor organization in connection with the execution of this Agreement or consummation of the transactions contemplated by this Agreement.

(b) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, since the Applicable Date, the Company has not engaged in any “plant closing” or “mass layoff,” as defined in the Worker Adjustment Retraining and Notification Act and the regulations promulgated thereunder or any similar state or local Law (collectively, the “WARN Act”), without complying with the notice requirements of such Laws.

(c) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect: (i) as of the date of this Agreement, there are no litigations, lawsuits, claims, charges, complaints, arbitrations, actions, investigations or proceedings pending or, to the knowledge of the Company, threatened between or involving the Company and any Company Employees and (ii) the Company is, and since the Applicable Date has been, in compliance with all applicable Laws, Contracts and policies respecting labor, employment and employment practices, including all legal requirements respecting terms and conditions of employment, equal opportunity, workplace health and safety, wages and hours, child labor, immigration, discrimination, disability rights or benefits, facility closures and layoffs, workers’ compensation, labor relations, employee leaves and unemployment insurance.

SECTION 3.13 Insurance. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (a) each of the Company and its subsidiaries has been since the Applicable Date continuously insured with financially responsible insurers or has self-insured, in each case in such amounts and with respect to such risks and losses as are customary for companies in the United States conducting the business conducted by the Company and its subsidiaries, (b) neither the Company nor its subsidiaries has received since the Applicable Date any written notice of any pending or threatened (or is otherwise aware of any fact or occurrence that would trigger) cancellation, nonrenewal, termination or premium increase with respect to any insurance policy of the Company or any of its subsidiaries and all insurance policies of the Company and its subsidiaries are in full force and effect and (c) all premiums due with respect to such insurance policies have been paid in accordance with the terms thereof. Since the Applicable Date, neither the Company nor any of its subsidiaries has been refused any insurance with respect to its respective businesses or assets.

SECTION 3.14 Properties.

(a) Except as does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each Company Party has (i) good and valid title to all real property that is material to the business of the Company Parties, taken as a whole, and that is owned in fee by such Company Party, (ii) valid rights to lease all real property and interests in real property, in each case, that is material to the business of the Company Parties, taken as a whole, and that is leased or subleased by such Company Party as lessee or sublessee and (iii) valid title to any real property easements that are material to the business of the Company Parties, taken as a whole, and that are owned by such Company Party (together, the “Company Material Real Property”), in each case free and clear of all liens, encumbrances, pledges, hypothecations, charges, mortgages, security interests, options, rights of first offer or last offer, preemptive rights, or other restrictions of similar nature (including any restriction on the transfer of any security or other asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset), claims and defects, and imperfections of title (“Liens”) (except in all cases for (A) Liens permissible under any applicable lines of credit or other credit facilities or arrangements, loan agreements and indentures in effect on the date of this Agreement (or any replacement or additional facilities thereto permitted pursuant to this Agreement), (B) statutory liens securing payments not yet due, (C) (1) zoning, building codes and other state and federal land use Laws regulating the use or occupancy of such Company Material Real Property or the activities conducted thereon which are imposed by any

Governmental Entity having jurisdiction over such Company Material Real Property and (2) such imperfections or irregularities of title, Liens, easements, covenants and other restrictions or encumbrances (including easements, rights of way, options, reservations or other similar matters or restrictions or exclusions which would be shown by a current title report or other similar report; and any condition or other matter, if any, that may be shown or disclosed by a current and accurate survey or physical inspection), as do not materially and adversely affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties, (D) Liens for current Taxes or other governmental charges not yet due and payable or for Taxes that are being contested in good faith by appropriate proceeding and for which adequate reserves have been established in accordance with GAAP, (E) pledges or deposits made in the ordinary course of business to secure obligations under workers' compensation, unemployment insurance, social security, retirement and similar Laws or similar legislation or to secure public or statutory obligations, (F) mechanics', carriers', workmen's, repairmen's or other like encumbrances arising or incurred in the ordinary course of business relating to obligations which are not overdue or that are being contested in good faith, and (G) mortgages, or deeds of trust, security interests or other encumbrances on title related to (x) indebtedness reflected on the most recent balance sheet included in the Company SEC Reports filed prior to the date hereof or (y) indebtedness incurred after the date hereof, in compliance with Section 5.1(c)(x) (items in clauses (A) through (G) are referred to herein as "Permitted Liens"). This Section 3.14 does not relate to Intellectual Property, which is addressed in Section 3.16 or environmental matters, which are addressed in Section 3.17.

(b) Neither the Company nor any of its subsidiaries is obligated under, or a party to, any option, right of first refusal or other contractual right or obligation to sell, assign or dispose of any Company Material Real Property (or any portion thereof) that, if such sale, assignment or disposition is consummated, would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Except in any such case as is not, individually or in the aggregate, reasonably expected to have a Company Material Adverse Effect, (i) each easement or subeasement for Company Material Real Property (each, an "Easement") is in full force and effect and is the valid and binding obligation of the Company or its applicable subsidiary, as applicable, enforceable against the Company or its applicable subsidiary, as applicable, in accordance with its terms, and to the knowledge of the Company, the other party or parties thereto, subject to the effects of the Bankruptcy and Equity Exception, (ii) no written notices of default under any Easement have been received by the Company or its subsidiaries that have not been resolved and (iii) to the knowledge of the Company, no event has occurred which, with notice, lapse of time or both, would constitute a breach or default under any Easement by the Company or its subsidiaries.

(d) With respect to the Company Material Real Property, neither the Company nor any of its subsidiaries has received any written notice of, nor to the knowledge of the Company, does there exist as of the date of this Agreement, any pending, threatened or contemplated condemnation (other than condemnations in connection with municipal road improvement projects, state highway improvement projects or other public transportation projects) or similar proceedings, or any sale or other disposition of any Company Material Real Property or any part thereof in lieu of condemnation that, individually or in the aggregate, has had and would reasonably be expected to have a Company Material Adverse Effect. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company and its subsidiaries have lawful rights of use to all land and other real property rights, subject to Permitted Liens, necessary to conduct their business as presently conducted.

SECTION 3.15 Tax Matters. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) The Company and each of its subsidiaries have timely filed (taking into account extensions of time to file) all Tax Returns required to be filed and all such Tax Returns are true, complete and accurate. The Company and each of its subsidiaries has timely paid (or has had timely paid on its behalf) in full all Taxes due and payable except with respect to matters contested in good faith and for which adequate reserves have been established in accordance with GAAP. There are no Liens with respect to Taxes upon any of the assets or properties of the Company or any of its subsidiaries, other than with respect to Taxes not yet due and payable.

(b) The most recent financial statement contained in the Company SEC Reports filed prior to the date of this Agreement reflects, in accordance with GAAP, an adequate reserve for all Taxes payable by the Company and its subsidiaries for all taxable periods through the date of such financial statements.

(c) No Tax Return filed of the Company or any of its subsidiaries is under any ongoing or pending audit or examination by any Taxing Authority or is the subject of any ongoing or pending administrative or judicial proceeding, and no written notice of assessment, proposed assessment or unpaid tax deficiency has been received by or asserted against the Company or any of its subsidiaries by any Taxing Authority that has not been fully satisfied by payment, finally settled or otherwise finally resolved. During the last three (3) years, no claim has been made in writing by any Taxing Authority in a jurisdiction where any of the Company or its subsidiaries does not file Tax Returns that such entity is or may be subject to taxation by that jurisdiction that has not been finally settled or otherwise resolved. Neither the Company nor any of its subsidiaries has waived or extended in writing any statute of limitations with respect to Taxes that remains in effect.

(d) Neither the Company nor any of its subsidiaries (i) has been a member of a group (other than a group the common parent of which is the Company) filing a consolidated, combined, affiliated, unitary or similar income Tax Return or (ii) has any liability for Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any corresponding provision of state, local or foreign Tax Law), other than the Company and any of its subsidiaries, by reason of filing or being required to file a consolidated, combined, affiliated, unitary or similar income Tax Return, or as a transferee or successor, by contract, or otherwise.

(e) None of the Company or any of its subsidiaries is a party to, is bound by or has any obligation under any Tax sharing, Tax allocation or Tax indemnity agreement or similar contract or arrangement, other than (i) agreements, contracts or arrangements solely between or among the Company and/or any of its subsidiaries or (ii) agreements, contracts or arrangements entered into in the ordinary course that do not relate primarily to Taxes.

(f) None of the Company or any of its subsidiaries has been either a “distributing corporation” or a “controlled corporation” in a distribution occurring during the last two (2) years in which the parties to such distribution treated the distribution as one to which Section 355 of the Code was applicable.

(g) All Taxes required to be deducted, withheld, collected or deposited by or with respect to the Company and each of its subsidiaries have been timely deducted, withheld, collected or deposited as the case may be, and to the extent required by applicable Tax Law, have been timely paid to the relevant Taxing Authority.

(h) Neither the Company nor any of its subsidiaries has participated in any “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4(b) (or any similar provision of state, local or foreign Law).

(i) Neither the Company nor any of its subsidiaries (i) has requested or received any ruling related to Taxes from any Taxing Authority, or signed (or been a party to or bound by) any binding agreement relating to Taxes with any Taxing Authority that reasonably could be expected to have an impact on the Tax liability of the Company or any of its subsidiaries in a taxable period (or portion thereof) ending after the Closing Date, or (ii) is currently the beneficiary of any Tax holiday or other Tax reduction or incentive arrangement with any Taxing Authority.

(j) Neither the Company nor any of its subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) adjustment under Section 481 of the Code (or any similar provision of state, local or non-U.S. tax Law) or any other change in method of accounting occurring prior to Closing, (ii) closing agreement described in Section 7121 of the Code (or any similar provision of state, local or non-U.S. tax Law) entered into prior to Closing, (iii) installment sale or open transaction disposition occurring prior to Closing, (iv) use of an improper method of accounting prior to Closing or (v) prepaid amount received, or deferred revenue accrued, prior to Closing.

Except to the extent that Section 3.11 relates to Taxes, the representations and warranties set forth in this Section 3.15 shall constitute the only representations and warranties by the Company with respect to Tax matters.

SECTION 3.16 Intellectual Property.

(a) Except as has not had since the Applicable Date and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and its subsidiaries either own, free and clear of all Liens except Permitted Liens, or have sufficient rights to use, all Intellectual Property used in their business as currently conducted; (ii) to the knowledge of the Company, the conduct of the Company's business does not, and, has not since the Applicable Date (or earlier if not currently resolved), infringed, misappropriated, or violated the Intellectual Property rights of any Person, and the Company and its subsidiaries have not received any written claim or allegation of same within the past year; (iii) to the knowledge of the Company, no Person is infringing, misappropriating or violating the Intellectual Property rights held exclusively by the Company or its subsidiaries; and (iv) the Company and its subsidiaries take commercially reasonable actions to protect the secrecy of their material trade secrets and confidential information and the security and operation of their material software and systems.

(b) Except as to matters that, individually or in the aggregate, have not had and would not reasonably be expected to result in a Company Material Adverse Effect, to the knowledge of the Company: (i) the Company and its subsidiaries have implemented and maintain reasonable backup, security and disaster recovery and business continuity technology, policies and plans that are consistent with industry practices; (ii) the Company and its subsidiaries take such industry standard measures and other measures as are required by applicable Law and the policies of the Company and its subsidiaries to ensure the confidentiality of customer financial and other confidential information and to protect against the loss, theft and unauthorized access or disclosure of such information; (iii) the Company and its subsidiaries are in compliance with the Company's and its subsidiaries' Privacy Rules and Policies; (iv) none of the Company or any of its subsidiaries has received any written claims, notices or complaints regarding the Company's or its subsidiaries' information handling or security practices or the disclosure, retention, misuse or security of any Personal Information, or alleging a violation of any Person's privacy, personal or confidentiality rights under any Person's Privacy Rules and Policies, or otherwise by any Person, including the U.S. Federal Trade Commission, any similar foreign bodies, or any other Governmental Entity; and (v) the Company's and its subsidiaries' computers, computer software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology systems operate and perform in all material respects in accordance with their documentation and functional specifications and otherwise as required by the Company or its subsidiaries in connection with its business as presently conducted, and have not materially malfunctioned or failed since the Applicable Date, and there have been no unauthorized intrusions or breaches of security with respect to the such information technology systems.

SECTION 3.17 Environmental Matters. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) the Company and its subsidiaries are, and have been since the Applicable Date, operating in compliance with all applicable Environmental Laws;

(b) the Company and its subsidiaries have obtained all Licenses required under any applicable Environmental Law for the operation of the business as currently conducted, and all such Licenses are validly issued, in full force and effect, and the Company and its subsidiaries are, and have been since the Applicable Date, in compliance with all terms and conditions of such Licenses;

(c) there has been no spill, release, disposal or discharge of any Hazardous Substances on, at, under, in, or from any Company Material Real Property currently or, to the knowledge of the Company, formerly owned, leased or operated by the Company or its subsidiaries or, to the knowledge of the Company, at any other location that is (i) currently subject to any investigation, remediation, funding, contribution or monitoring obligation of the Company or its subsidiaries or (ii) reasonably likely to result in an investigation, remediation, funding, contribution or monitoring obligation or other liability of the Company or any subsidiary, in either case of the foregoing clause (i) or (ii), under any applicable Environmental Laws;

(d) neither the Company nor any of its subsidiaries is a party to, or has received written notice of, any pending or, to the knowledge of the Company, threatened claim, complaint, suit, or demand alleging that it or any subsidiary is in violation of or has liability under any Environmental Laws;

(e) neither the Company nor any of its subsidiaries is a party or subject to any Judgment, settlement agreement, or similar arrangement imposing on it any obligation under any applicable Environmental Laws that remains unfulfilled; and

(f) neither the Company nor any of its subsidiaries has assumed or retained any liabilities under any applicable Environmental Laws of any other Person by Contract or operation of law, including in any acquisition or divestiture of any property or business.

For purposes of this Agreement, the following terms shall have the meanings assigned below:

“Environmental Law” shall mean any federal, state, local, foreign or international laws (including common law), rules, regulations, statutes, ordinances, codes or Judgments that concern (i) pollution, (ii) protection, preservation or clean-up of the environment, (iii) protection or preservation of human health and safety (to the extent relating to exposure to Hazardous Substances) or (iv) the generation, use, treatment, transportation, storage, disposal, handling or release of Hazardous Substances.

“Hazardous Substance” shall mean (i) any chemical, waste, material or substance defined or designated as toxic, hazardous, or radioactive or regulated as a waste, a pollutant or a contaminant by any applicable Environmental Law and (ii) petroleum and petroleum products, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, perfluorooctanoic acid, perfluorooctane sulfonate and other per- or polyfluoroalkyl substances, and polychlorinated biphenyls.

SECTION 3.18 Opinion of Financial Advisor. Wells Fargo Securities, LLC (the “Company Financial Advisor”) has delivered to the Company Board of Directors its written opinion (or oral opinion that will be confirmed in writing and delivered to the Company Board of Directors promptly, and in no event later than one (1) Business Day, after the date of this Agreement), dated as of the date of this Agreement, that, as of such date and subject to the factors, qualifications and assumptions set forth therein, the Per Share Merger Consideration is fair, from a financial point of view, to the holders of Company Common Stock (other than the Cancelled Shares). Copies of such opinion (including such written confirmation) have been made available to Parent or will be made available to Parent promptly after the date of this Agreement and prior to the Closing Date for informational purposes only.

SECTION 3.19 Regulatory Matters.

(a) The Company is a “holding company,” as such term is defined in the Public Utility Holding Company Act of 2005 and the implementing regulations of FERC in 18 C.F.R. Part 366 (“PUHCA”). Certain subsidiaries of the Company qualify as an “electric utility company” within the meaning of PUHCA, as a “public utility” under the FPA subject to regulation by FERC, as a “public utility” or “utility” subject to the Public Utility Regulatory Act of Texas, or as a “public utility” or “utility” subject to the Public Utility Act of New Mexico (hereinafter the “Regulated Operating Subsidiaries”).

(b) All filings required by all applicable statutes and the rules and regulations thereunder to be made by the Company or any of the Regulated Operating Subsidiaries since January 1, 2018, with FERC, the Department of Energy and any applicable state utility commissions, as the case may be, have been made, as applicable, including all forms, statements, reports, agreements and all documents, exhibits, amendments and supplements pertaining thereto, including all rates, tariffs and related documents, and all such filings complied, as of their respective dates, with all applicable requirements of applicable statutes and the rules and regulations thereunder, except for filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of applicable statutes and the rules and regulations thereunder do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Each of the Regulated Operating Subsidiaries is legally entitled to provide services in all areas (i) where it currently provides service to its customers, and (ii) as identified in their respective tariffs, franchise agreements, service agreements and other Contracts with its customers, except for failures to be so entitled that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(d) Section 3.19(d) of the Company Disclosure Schedule sets forth, as of the date of this Agreement, (i) all rate filings pending as of the date of this Agreement related to the Company or any Regulated Operating Subsidiary before the FERC and any state energy regulatory body and each other material

proceeding pending as of the date of this Agreement before the FERC or any state energy regulatory body relating to the Company or any Regulated Operating Subsidiary (other than those rate filings or other material proceedings of a general or industry-wide nature that also affect other entities engaged in a business similar to that of the Company or any Regulated Operating Subsidiary) and (ii) all tariffs (other than tariffs applicable to utilities generally in any jurisdiction in which the Company or any of the Regulated Operating Subsidiaries operates) filed with respect to, or applicable to, the services provided by the Company or any of the Regulated Operating Subsidiaries, and all agreements to provide service on non-tariff terms (and complete and correct copies of all such tariffs and agreements have been provided to Parent). All charges have been made for service and all related fees have been charged in accordance with the terms and conditions of valid and effective tariffs or valid and enforceable agreements for non-tariff charges and are not subject to refund, except for failures to have made such charges or charged such fees that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.20 Brokers. No broker, finder or investment banker (other than the Company Financial Advisor and each advisor set forth on Section 3.20 of the Company Disclosure Schedule) is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of the Company or any of its subsidiaries. The Company has heretofore made available to Parent a correct and complete copy of the Company's engagement letters with the Company Financial Advisor and each advisor set forth on Section 3.20 of the Company Disclosure Schedule, which letters describe all brokerage, finders' and advisory commissions or fees payable to the Company Financial Advisor and each advisor set forth on Section 3.20 of the Company Disclosure Schedule, in connection with the transactions contemplated hereby.

SECTION 3.21 Takeover Statutes. Assuming the accuracy of the representations and warranties set forth in Section 4.9, no "fair price", "moratorium", "control share acquisition", "affiliate transactions", "business combination" or other similar antitakeover statute or regulation enacted under state or federal Laws in the United States applies to this Agreement or the transactions contemplated hereby, including the Merger.

SECTION 3.22 Energy Price Risk Management. The Company has established risk parameters, limits and guidelines in compliance with the risk management policy (including commodity risk policies) approved by the Company Board of Directors (the "Company Risk Management Guidelines") and monitors compliance by the Company and its subsidiaries with such energy price risk parameters, limits and guidelines. The Company has made available the Company Risk Management Guidelines prior to the date of this Agreement. As of the date of this Agreement, except for exceptions approved in accordance with the Company Risk Management Guidelines and other than as would not reasonably be expected to have a Company Material Adverse Effect, the Company and its subsidiaries are operating in compliance with the Company Risk Management Guidelines and all Derivative Products of the Company and any of its subsidiaries were entered into in accordance with the Company Risk Management Guidelines.

SECTION 3.23 Anti-Corruption; Anti-Money Laundering. None of the Company or any of its subsidiaries or Joint Ventures, or any of their respective Representatives, has since January 1, 2020, directly or indirectly, made, offered, promised, authorized, accepted or agreed to accept, directly or indirectly, any gift, payment, or transfer of any money or anything else of value, including any bribe, rebate, kickback, payoff or other similar unlawful payment, or provided any benefit, to or from anyone, intending that, in consequence, a relevant function or activity should be performed improperly or to reward such improper performance, to any Government Official, (a) for the purpose of (i) influencing any act or decision of that Government Official, (ii) inducing that Government Official to do or omit to do any act in violation of his lawful duty, (iii) securing any improper advantage, or (iv) inducing that Government Official to use his or her influence with a Governmental Entity, (A) to affect or influence any act or decision of any Governmental Entity, or (B) to assist the Company or any of its subsidiaries or Joint Ventures in obtaining or retaining business with, or directing business to, any Person, or (b) which would otherwise constitute or have the purpose or effect of public or commercial bribery, acceptance of or acquiescence in extortion, kickbacks or other unlawful or improper means of obtaining business or any improper advantage. The Company and its subsidiaries and Joint Ventures have maintained complete and accurate books and records with respect to payments to any Government Official and any payment to or other expenses involving agents, consultants, representatives, customers, employees and any other third parties acting on behalf of any Company Party, in each case, in accordance with Anti-Corruption Laws and GAAP. None of the

Company or any of its subsidiaries or Joint Ventures has either (x)(1) conducted or initiated any review, audit, or internal investigation, or (y) made a voluntary, directed, or involuntary disclosure to any Governmental Entity responsible for enforcing Anti-Corruption Laws, in each case with respect to any alleged act or omission arising under or relating to noncompliance with any Anti-Corruption Laws, or (2) received any inquiry, notice, request or citation from any Person alleging noncompliance with any Anti-Corruption Laws. Each of the Company and its subsidiaries and Joint Ventures is, and has been since January 1, 2020, in compliance with all applicable anti-money laundering legislation, regulations, rules or orders relating thereto for all other applicable jurisdictions, and maintains adequate internal controls to ensure such compliance.

SECTION 3.24 Company Financing. As of the date hereof, the Company has delivered to Parent true, complete and correct copies of (a) that certain Credit Agreement, dated as of the date hereof, by and among the Company, the lenders party thereto from time to time and Wells Fargo Bank, National Association (including all exhibits, schedules, and annexes thereto, and any fee letter associated therewith and referenced therein (except that the fee letter is subject to redactions further set forth below), as may be amended or modified in accordance with the terms hereof, the “TXNM Backstop Facility”) and (b) that certain Term Loan Agreement, dated as of the date hereof, by and among TNMP, the lenders party thereto from time to time and Wells Fargo Bank, National Association (including all exhibits, schedules, and annexes thereto, and any fee letter associated therewith and referenced therein (except that the fee letter is subject to redactions further set forth below), as may be amended or modified in accordance with the terms hereof, the “TNMP Backstop Facility”, and together with the TXNM Backstop Facility, the “Backstop Facilities”). As of the date of this Agreement, (i) neither Backstop Facility has been amended, restated or otherwise modified or waived in any respect, (ii) no such amendment, restatement, modification or waiver is currently contemplated (other than, for the avoidance of doubt, amendment to the Backstop Facilities solely to add additional lenders as parties thereto), (iii) the commitments contained in the Backstop Facilities have not been terminated, withdrawn, rescinded, reduced or otherwise modified in any respect, and no such termination, withdrawal, rescission, reduction or modification is contemplated except as set forth in the Backstop Facilities and (iv) the conditions to the closing and effectiveness of the Backstop Facilities have all been satisfied. Except for fees set forth in the Backstop Facilities and fee letters (complete copies of which have been provided to Parent, with only fee amounts redacted) and customary engagement letters in respect of permanent financing to be incurred to refinance the TNMP Backstop Facility (none of which adversely affect the amount, conditionality, enforceability, termination or availability of the Backstop Facilities), as of the date hereof, there are no side letters or other Contracts or arrangements (oral or written) related to the Backstop Facilities that could affect the conditionality, enforceability, amount, availability, timing or termination of the Backstop Facilities or modifies, amends or expands the conditions to the funding of the Backstop Facilities or the transaction contemplated thereby other than as expressly set forth in the Backstop Facilities. The Company and TNMP, as applicable, has fully paid (or cause to be paid) any and all commitment fees or other fees in connection with the Backstop Facilities that are payable on or prior to the date hereof and the Company and TNMP, as applicable, will continue to pay in full any such amounts required to be paid as and when they become due and payable on or prior to the Closing Date. As of the date hereof, the Backstop Facilities are in full force and effect with respect to, and are the legal, valid, binding and enforceable obligations of the Company and/or TNMP, as applicable, and, to the knowledge of the Company and/or TNMP, as applicable, each of the other parties thereto. There are no conditions precedent or other contingencies relating to the funding of the amounts contemplated under the Backstop Facilities other than as expressly set forth in the Backstop Facilities. As of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would reasonably be expected to (A) constitute a default or breach under the Backstop Facilities on the part of the Company and/or TNMP, as applicable or, to the knowledge of the Company and/or TNMP, as applicable, any other party to the Backstop Facilities, (B) constitute a failure to satisfy a condition precedent under the Backstop Facilities on the part of the Company and/or TNMP, as applicable or, to the knowledge of the Company and/or TNMP as applicable, any other party to the applicable Backstop Facilities or (C) to the knowledge of the Company and/or TNMP, as applicable, result in any portion of the Backstop Facilities being unavailable when such facilities are contemplated to be funded. As of the date hereof, the Company and/or TNMP, as applicable, has no reason to believe that any of the conditions to the funding of the Backstop Facilities will not be satisfied at the time such portion of the facilities are contemplated to be funded.

SECTION 3.25 No Other Representations or Warranties. Except for the representations and warranties contained in Article IV (as modified by the Parent Disclosure Schedule), the Company acknowledges that none of Parent, Merger Sub or any other Person on behalf of Parent or Merger Sub makes, or has made, any other

express or implied representation or warranty with respect to Parent or Merger Sub or their respective subsidiaries and businesses or with respect to the transactions contemplated by this Agreement or with respect to any other information provided to the Company. The Company hereby disclaims, and specifically acknowledges and agrees to the disclaimer of, any such other representations or warranties, whether made by Parent, Merger Sub or any of their Affiliates, or any of their respective shareholders, officers, directors, employees, agents or Representatives, and of all liability and responsibility for any such other representation, warranty, projection, forecast, statement, or information made, communicated or furnished (orally or in writing) to the Company or its Affiliates or Representatives (including any opinion, information, projection or advice that may have been or may be provided to any of them). None of Parent, Merger Sub nor any other Person will have or be subject to any liability or indemnification obligation to the Company or any other Person resulting from the distribution to the Company, or the Company's use of, any such information, including any information, documents, projections, forecasts or other material made available to the Company in certain "data rooms" or management presentations in expectation of the transactions contemplated by this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES REGARDING PARENT AND MERGER SUB

Parent and Merger Sub hereby represent and warrant to the Company that, except as set forth on the corresponding sections or subsections of the disclosure schedules delivered to the Company by Parent concurrently with entering into this Agreement (the "Parent Disclosure Schedule"), it being agreed that disclosure of any item in any section or subsection of the Parent Disclosure Schedule shall also be deemed disclosure with respect to any other section or subsection of this Agreement to which the relevance of such item is reasonably apparent on the face of such disclosure:

SECTION 4.1 Organization and Qualification. Each of Parent and Merger Sub is a legal entity duly organized, validly existing and, to the extent such concept is applicable, in good standing under the Laws of its respective jurisdiction of organization and has the requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and, to the extent such concept is applicable, is in good standing as a foreign corporation or other legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, qualified or, to the extent such concept is applicable, in such good standing, or to have such power or authority has not had and would not reasonably be expected to have not, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.2 Organizational Documents of Parent and Merger Sub. Parent has furnished or otherwise made available to the Company, prior to the date hereof, correct and complete copies of the Organizational Documents of each of Parent and Merger Sub, each as amended to date, and each as so delivered in full force and effect. Neither of Parent nor Merger Sub is in material violation of any provision of its Organizational Documents.

SECTION 4.3 Operations and Ownership of Merger Sub. As of the date hereof, the authorized capital stock of Merger Sub consists solely of 100 shares of common stock no par value, 100 of which shares are validly issued and outstanding as of the date hereof. All of the issued and outstanding shares of capital stock of Merger Sub are, and at and immediately prior to the Effective Time will be, owned by Parent. Merger Sub has been formed solely for the purpose of engaging in the transactions contemplated hereby and, prior to the Effective Time, will have engaged in no other business activities and will have no assets, liabilities or obligations of any nature other than as expressly contemplated herein or in furtherance of the transactions contemplated hereby.

SECTION 4.4 Authority.

(a) Each of Parent and Merger Sub has all requisite corporate or similar power and authority, and has taken all corporate or similar action necessary, in order to execute, deliver and perform its obligations under this Agreement and to consummate the Merger and the other transactions contemplated hereby, subject only to filing of the Articles of Merger with the New Mexico Secretary of State. This Agreement has been duly

and validly executed and delivered by each of Parent and Merger Sub and, assuming the due authorization, execution and delivery hereof by the Company, constitutes a legal, valid and binding obligation of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(b) The manager of Parent has (i) determined that this Agreement and the transactions contemplated by this Agreement, including the Merger, are advisable to and in the best interests of Parent and its sole member and (ii) approved and declared advisable this Agreement and the transactions contemplated by this Agreement, including the Merger, in accordance with the Delaware Limited Liability Company Act.

(c) The board of directors of Merger Sub has (i) determined that this Agreement and the transactions contemplated by this Agreement, including the Merger, are fair to, and in the best interests of, Merger Sub and its sole shareholder, (ii) approved and authorized this Agreement and the transactions contemplated by this Agreement, including the Merger, and declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable and in the best interests of Merger Sub and its sole shareholder, and (iii) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, to Parent, as the sole shareholder of Merger Sub, and directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to Parent, as the sole shareholder of Merger Sub, for approval in accordance with the NMBCA.

(d) Parent has approved and adopted this Agreement and the transactions contemplated hereby, including the Merger, in its capacity as sole shareholder of Merger Sub.

SECTION 4.5 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance of this Agreement by Parent and Merger Sub do not, and the consummation of the Merger and the other transactions contemplated hereby, including the ownership and operation of the Company and its subsidiaries following the Effective Time, will not (with or without notice or lapse of time or both) (i) breach or violate the Organizational Documents of Parent or Merger Sub, (ii) assuming that all Consents and Filings set forth on Section 4.5(b)(i) and (ii) of the Parent Disclosure Schedule have been made and any waiting periods thereunder have terminated or expired, conflict with or violate any Law or Judgment applicable to Parent or Merger Sub or by which either of them or any of their respective properties are bound or (iii) result in any breach or violation of or constitute a default (or an event which with notice or lapse of time or both would become a default) or result in the loss of a benefit under, or give rise to any right of termination, cancellation, amendment or acceleration of, or result in the creation of a Lien (except a Permitted Lien) on any of the assets of Parent or Merger Sub pursuant to, any Contract to which Parent or Merger Sub is a party or by which Parent or Merger Sub or any of their respective properties are bound, except in the case of clauses (ii) and (iii), for any such conflict, violation, breach, default, loss, right or other occurrence which does not have and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Other than (i) the Required Regulatory Approvals and the other Consents and Filings that have been obtained or made by Parent and (ii) such other Consents and Filings, the failure of which to obtain or make does not have and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, no Consent or Filing with, any Governmental Entity or third party is required for or in connection with the execution, delivery and performance of this Agreement by Parent or Merger Sub or the consummation by Parent or Merger Sub of the transactions contemplated hereby, including the Merger.

SECTION 4.6 Compliance. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (a) Parent and Merger Sub are in compliance with all applicable Laws and all Licenses applicable to the business and operations of Parent and Merger Sub, and (b) Parent and Merger Sub hold, and are in compliance with, all Licenses required by applicable Laws for the conduct of their business as now being conducted. Neither Parent nor Merger Sub, and, to the knowledge of Parent, none of its or their respective directors, officers, employees, agents or representatives: (i) is a Designated Person; (ii) is a Person that is owned or controlled by a Designated Person; (iii) is located, organized or resident in a Sanctioned Country; or (iv) has or is now, in connection with the business of Parent or Merger Sub, engaged in, any dealings or transactions (A) with any Designated Person, (B) in any Sanctioned Country, or (C) otherwise in violation of Sanctions.

SECTION 4.7 Absence of Litigation. There are no civil, criminal, administrative or other suits, claims, actions, proceedings or arbitrations pending or, to the knowledge of Parent, threatened against Parent or Merger Sub, other than any such suit, claim, action, proceeding or arbitration that would not or would not reasonably be expected to have, individually or in the aggregate a Parent Material Adverse Effect. Neither Parent nor any of its subsidiaries nor any of their respective material properties is or are subject to any Judgment except for any Judgment that has not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.8 Brokers. No broker, finder or investment banker (other than RBC Capital Markets, LLC, whose fees shall be paid by Parent) is entitled to any brokerage, finder's, advisory or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of Parent or Merger Sub or any of their respective Affiliates for which the Company could have liability.

SECTION 4.9 Ownership of Shares of Company Common Stock. Other than the shares of Company Common Stock to be acquired by Purchaser as contemplated by the Stock Purchase Agreement, neither Purchaser or any of Parent's Affiliates beneficially owns (as defined in Rule 13d-3 under the Exchange Act) any shares of Company Common Stock or any securities that are convertible into or exchangeable or exercisable for shares of Company Common Stock, or holds any rights to acquire or vote any Company Shares, or any option, warrant, convertible security, stock appreciation right, swap agreement or other security, contract right or derivative position, whether or not presently exercisable, that provides Parent, Merger Sub, or any of their respective subsidiaries with an exercise or conversion privilege or a settlement payment or mechanism at a price related to the value of the shares of Company Common Stock or a value determined in whole or part with reference to, or derived in whole or part from, the value of the shares of Company Common Stock, in any case without regard to whether (a) such derivative conveys any voting rights in such securities to such Person or such Person's subsidiaries, (b) such derivative is required to be, or capable of being, settled through delivery of securities or (c) such Person or such Person's subsidiaries may have entered into other transactions that hedge the economic effect of such derivative.

SECTION 4.10 Vote/Approval Required. No vote or consent of the holders of any class or series of capital stock of Parent or any of its Affiliates is necessary to approve this Agreement or the transactions contemplated hereby, including the Merger.

SECTION 4.11 Solvency. Assuming that the representations and warranties set forth in Section 3.3 are accurate, Parent and Merger Sub, individually and on a consolidated basis, are not as of the date hereof, and after giving effect to the Merger and the other transactions contemplated hereby to occur at the Closing, including the Merger, the funding of the Parent Debt Financing and the Equity Financing, and the payment of the Required Amount, will not be, Insolvent.

SECTION 4.12 Parent Financing.

(a) Assuming that (i) the Equity Financing is funded in accordance with the Equity Commitment Letter, (ii) the Parent Debt Financing is funded in accordance with the Parent Debt Commitment Letter and (iii) the representations and warranties set forth in Section 3.3 are accurate, (A) Parent and Merger Sub will have available at the Closing sufficient funds to consummate the transactions contemplated hereby, including the Merger, and to enable Parent and Merger Sub to pay all of their respective obligations under this Agreement on the Closing Date, including in respect of the (1) payment of the aggregate Per Share Merger Consideration and all other amounts payable pursuant to Article II, (2) repayment, prepayment or discharge of the obligations of the Company and its subsidiaries identified in Section 4.12(a)(A) of the Company Disclosure Schedule that would become due (after giving effect to the Merger) and are intended to be repaid at Closing and (3) payment of all fees and expenses expected to be incurred on the Closing Date in connection therewith and (B) Parent and the Company will have available after the Closing sufficient funds to repay, prepay or discharge the obligations of the Company and its subsidiaries identified in Section 4.12(a)(B) of the Company Disclosure Schedule that would become due at the relevant time after the Closing (such amounts described in clauses (1) and (2), collectively, the "Required Amount"). Each of Parent and Merger Sub acknowledges that its obligations to consummate the transactions contemplated by this Agreement, including the Merger, are not contingent or conditioned in any manner on obtaining the Equity Financing, the Parent Debt Financing or any other financing.

(b) Concurrently with the execution of this Agreement, Sponsor has executed the Equity Commitment Letter. As of the date of this Agreement, the Equity Commitment Letter is in full force and effect and constitutes the legal, valid and binding obligation of each of Parent and Sponsor, subject only to the Bankruptcy and Equity Exception. The Equity Commitment Letter is not subject to any conditions or other contractual contingencies other than the conditions precedent set forth therein (the “Financing Conditions”). Parent has delivered to the Company a true and complete copy of the executed Equity Commitment Letter pursuant to which Sponsor has committed, subject only to the terms and conditions set forth therein, to provide the Equity Financing to Parent.

(c) As of the date of this Agreement, the Equity Commitment Letter has not been amended, restated or otherwise modified or waived in any respect, and no such amendment, restatement, modification or waiver is contemplated. As of the date of this Agreement, the commitments contained in the Equity Commitment Letter have not been terminated, withdrawn, rescinded, reduced or otherwise modified in any respect, and to the knowledge of Parent and Merger Sub, no such termination, withdrawal, rescission, reduction or modification is contemplated. As of the date of this Agreement, none of Parent, Merger Sub or Sponsor, as applicable, is in breach or default under the terms and conditions of the Equity Commitment Letter, and no event has occurred that (with or without notice or lapse of time, or both) would constitute a breach or default under the Equity Commitment Letter. As of the date of this Agreement and assuming the accuracy of the representations and warranties of the Company herein and the satisfaction or waiver of the conditions set forth in Section 7.1 and Section 7.2, neither Parent nor Merger Sub has any actual knowledge of any facts or circumstances that would reasonably be expected to result in any of the Financing Conditions failing to be satisfied on a timely basis or the Equity Financing contemplated by the Equity Commitment Letter not being made available on the Closing Date in accordance with the terms of the Equity Commitment Letter. Parent or Merger Sub has fully paid any and all commitment fees or other fees required by the terms of the Equity Commitment Letter to be paid on or before the date of this Agreement.

(d) As of the date hereof, Parent has delivered to the Company (i) true, complete and correct copies of two executed commitment letters, each dated as of the date hereof, between Merger Sub and the financial institutions and investors party thereto (including all exhibits, schedules, and annexes thereto, and the executed fee letters associated therewith and referenced therein (except that the fee letters are subject to redactions further described below), as may be amended or modified in accordance with the terms hereof, collectively, the “Parent Debt Commitment Letters”), pursuant to which the lenders thereto have committed, subject to the terms and conditions set forth therein, to lend the amounts set forth therein (the “Parent Debt Financing”) for the purposes of funding the transactions contemplated therein, and related fees and expenses. As of the date of this Agreement, the Parent Debt Commitment Letters have not been amended, restated or otherwise modified or waived in any respect, (A) no such amendment, restatement, modification or waiver is contemplated (other than, for the avoidance of doubt, amendment to the Parent Debt Commitment Letters solely to add lenders, lead arrangers, bookrunners, syndication agents or similar entities as parties thereto who had not executed the Parent Debt Commitment Letters as of the date hereof to the extent permitted under the terms of the Parent Debt Commitment Letters as of the date hereof) and (B) the respective commitments contained in the Parent Debt Commitment Letters have not been terminated, withdrawn, rescinded, reduced or otherwise modified in any respect, and no such termination, withdrawal, rescission, reduction or modification is contemplated. Except for fee letters (complete copies of which have been provided to Parent, with only fee amounts, market flex provisions and other customary threshold amounts and “securities demand” related provisions redacted) and customary engagement letters in respect of permanent financing in lieu of all or part of the Parent Debt Financing permitted hereby (none of which adversely affect the amount, conditionality, enforceability, termination or availability of the Parent Debt Financing), as of the date hereof there are no side letters or other Contracts or arrangements (oral or written) related to the Parent Debt Financing that could affect the conditionality, enforceability, amount, availability, timing or termination of the Parent Debt Financing or modifies, amends or expands the conditions to the funding of the Parent Debt Financing or the transactions contemplated thereby other than as expressly set forth in the Parent Debt Commitment Letters. Parent or Merger Sub, as applicable, has fully paid (or caused to be paid) any and all commitment fees or other fees in connection with the Parent Debt Commitment Letters that are payable on or prior to the date hereof and Parent or Merger Sub, as applicable, will, directly or indirectly, continue to pay in full any such amounts required to be paid as and when they become due and payable on or prior to the Closing Date; provided, that any payment due and payable on the Closing

Date shall be funded contemporaneously with the Closing and subject to the satisfaction of the other funding conditions in respect of the Parent Debt Financing on the Closing Date. As of the date hereof, the Parent Debt Commitment Letters are in full force and effect with respect to, and are the legal, valid, binding and enforceable obligations of, Parent and Merger Sub and, to the knowledge of Parent and Merger Sub, each of the other parties thereto. There are no conditions precedent or other contingencies related to the funding of the full amount of the Parent Debt Financing, other than as expressly set forth in the Parent Debt Commitment Letters. As of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would reasonably be expected to (1) constitute a default or breach on the part of Parent or Merger Sub or, to the knowledge of Parent and Merger Sub, any other party to the Parent Debt Commitment Letters, (2) constitute a failure to satisfy a condition precedent on the part of Parent or Merger Sub or, to the knowledge of Parent and Merger Sub, any other party to the Parent Debt Commitment Letters or (3) to the knowledge of Parent or Merger Sub, result in any portion of the Parent Debt Financing being unavailable on the Closing Date or at the relevant time when such commitments are expected to be funded. As of the date hereof, assuming the conditions in Article VII are satisfied, Parent and Merger Sub have no reason to believe that any of the conditions to the Parent Debt Financing contemplated by the Parent Debt Commitment Letters will not be satisfied on the Closing Date or at the relevant time when such commitments are expected to be funded.

SECTION 4.13 Guarantee. Concurrently with the execution and delivery of this Agreement, Sponsor has delivered to the Company a true, correct and complete copy of a duly executed Guarantee, and assuming the due authorization, execution and delivery by the Company of the Guarantee, the Guarantee constitutes a valid and binding obligation of Sponsor, enforceable against Sponsor in accordance with its terms, subject to the Bankruptcy and Equity Exception. No event has occurred that, with notice or lapse of time or both, would, or would reasonably be expected to, constitute a default on the part of Sponsor pursuant to the Guarantee.

SECTION 4.14 CFIUS Foreign Person Status. Each of Parent and Merger Sub is a United States person (as defined by Section 7701(a)(30) of the Code) and is not a “foreign person” or a “foreign entity,” or controlled by a “foreign person,” (each as defined in Section 721 of the Defense Production Act of 1950, as amended).

SECTION 4.15 No Other Representations or Warranties. Except for the representations and warranties contained in Article III (as modified by the Company Disclosure Schedule), each of Parent and Merger Sub acknowledges that neither the Company nor any other Person on behalf of the Company makes, or has made, any other express or implied representation or warranty with respect to the Company or its subsidiaries and businesses or with respect to the transactions contemplated by this Agreement or with respect to any other information provided to Parent or Merger Sub. Each of Parent and Merger Sub hereby disclaims, and specifically acknowledges and agrees to the disclaimer of, any such other representations or warranties, whether made by the Company or any of its Affiliates, or any of their respective shareholders, officers, directors, employees, agents or Representatives, and of all liability and responsibility for any such other representation, warranty, projection, forecast, statement, or information made, communicated or furnished (orally or in writing) to Parent or Merger Sub or their Affiliates or Representatives (including any opinion, information, projection or advice that may have been or may be provided to any of them). Neither the Company nor any other Person will have or be subject to any liability or indemnification obligation to Parent, Merger Sub or any other Person resulting from the distribution to Parent or Merger Sub, or Parent’s or Merger Sub’s use of, any such information, including any information, documents, projections, forecasts or other material made available to Parent or Merger Sub in certain “data rooms” or management presentations in expectation of the transactions contemplated by this Agreement.

SECTION 4.16 Access to Information; Disclaimer. Parent and Merger Sub each acknowledges and agrees that it has conducted its own independent investigation and analysis of the Company and its subsidiaries, their respective businesses and the transactions contemplated hereby, and has not relied on any representation, warranty or other statement by any Person on behalf of the Company or any of its subsidiaries, other than the representations and warranties of the Company expressly contained in Article III of this Agreement (including the Company Disclosure Schedule), and that all other representations and warranties are specifically disclaimed. Without limiting the foregoing, each of Parent and Merger Sub further acknowledges and agrees that, none of the Company or any of its shareholders, directors, officers, employees, Affiliates, advisors, agents or other

Representatives has made any representation or warranty (express or implied) concerning any estimates, projections, forecasts, business plans or other forward-looking information regarding the Company, its subsidiaries or their respective businesses and operations.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE MERGER

SECTION 5.1 Conduct of Business of the Company Pending the Merger. From the date of this Agreement until the earlier of the Effective Time and the valid termination of this Agreement in accordance with Article VIII (the “Interim Period”), except (v) as otherwise expressly permitted or required by this Agreement, (w) as set forth in Section 5.1 of the Company Disclosure Schedule, (x) as required by applicable Laws or by a Governmental Entity, (y) to address any exigent emergencies that present, or would be reasonably likely to present, an immediate and material threat to the Company or the environment or the health and safety of natural Persons if not addressed by the Company taking immediate action and acting as a reasonable and prudent operator of electric utilities in New Mexico and Texas or (z) as Parent shall otherwise consent in writing (which consent shall not be unreasonably withheld, conditioned or delayed):

(a) the Company shall, and shall cause each of its subsidiaries to, and the Company shall exercise (and cause its subsidiaries to exercise) any available rights with respect to its (and their respective) Joint Ventures to cause each such Joint Venture to (i) conduct their respective businesses in the ordinary course of business consistent with past practice and in substantially the same manner as heretofore conducted and (ii)(A) preserve substantially intact, in all material respects, the business organization of the Company Parties and (B) use their respective commercially reasonable efforts to maintain their respective relationships with Governmental Entities, customers, suppliers, contractors, distributors, creditors, lessors and other third parties that have material business dealings with the Company Parties and keep available the services of its officers and key employees and consultants, in each case, as is reasonably necessary to preserve substantially intact their respective business organization;

(b) the Company shall not, and it shall cause each of its subsidiaries not to, directly or indirectly, take any action (including any action with respect to a third-party) that would, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the Merger or the other transactions contemplated by this Agreement or their respective ability to satisfy their obligations hereunder; and

(c) without limiting the generality of the foregoing, the Company shall not, and shall cause each subsidiary of the Company not to, do any of the following and shall exercise (and shall cause its subsidiaries to exercise) any available rights with respect to its Joint Ventures to cause each such Joint Venture not to do any of the following:

(i) amend or otherwise change the Company Articles of Incorporation or the Company Bylaws or the equivalent Organizational Documents of any Company Party;

(ii) make any acquisition of (whether by merger, consolidation or acquisition of stock or substantially all of the assets), or make any investment in any interest in, any Person, corporation, partnership or other business organization or division thereof or any assets, in each case, except for (A) purchases of equipment, inventory and other assets or pursuant to construction, operation and/or maintenance contracts, in each case, in the ordinary course of business or pursuant to Contracts existing on the date of this Agreement or entered into after the date of this Agreement consistent with the terms hereof or (B) acquisitions or investments that do not exceed \$20,000,000 individually or \$60,000,000 in the aggregate;

(iii) issue or authorize the issuance, pledge, transfer, subject to any Lien, sell, or dispose of or commit to the issuance, authorization, pledge, transfer, subjecting to any Lien, or disposition of (in each case, whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise), any Equity Securities (including stock appreciation rights, phantom stock or similar instruments), of any Company Party (except (A) for issuance of up to 1,104,641 shares of Company Common Stock pursuant to forward sales agreements previously entered into by the Company with third-party forward purchasers under an “at-the-market” offering, (B) for issuance of up to 14,534,850 shares of Company Common Stock upon conversion of the Convertible Notes, (C) for

issuance of shares of Company Common Stock with proceeds to the Company of up to \$400,000,000, including pursuant to an “at-the-market” offering, block sale or other offering to be conducted after the date hereof on the terms set forth on Section 5.1(c)(iii)-Part A of the Company Disclosure Schedule, (D) for shares of Company Common Stock issued pursuant to the Stock Purchase Agreement, (E) for the issuance of shares of Company Common Stock upon the settlement of Restricted Stock Rights or Performance Shares outstanding as of the Company Capitalization Date in accordance with the terms thereof, (F) for any issuance, sale or disposition to the Company or a wholly-owned subsidiary of the Company by any subsidiary of the Company, (G) for the grant of Restricted Stock Rights and/or Performance Shares as permitted by Section 5.1(c)(iii)-Part B of the Company Disclosure Schedule or (H) for pledges or Liens relating to any indebtedness incurred in compliance with Section 5.1(c)(x);

(iv) reclassify, combine, split, subdivide or amend the terms of, redeem, purchase or otherwise acquire, directly or indirectly, any Equity Securities (except (A) for the acquisition of shares of Company Common Stock tendered by directors or employees or in order to pay Taxes in connection with the exercise, vesting or settlement of Restricted Stock Rights or Performance Shares outstanding as of the Company Capitalization Date in accordance with the terms thereof or (B) in connection with the purchase of Company Common Stock by the Company in the market in connection with the settlement of shares under the Restricted Stock Rights or Performance Shares);

(v) other than Permitted Liens or Liens relating to any indebtedness incurred in compliance with Section 5.1(c)(x), create or incur any material Lien on any material assets of the Company or its subsidiaries (other than subsidiaries acquired following the date hereof);

(vi) make any loans or advances to any Person (other than the Company or any of its wholly-owned subsidiaries) other than in the ordinary course of business or not in excess of \$10,000,000 in the aggregate;

(vii) sell or otherwise dispose of (whether by merger, consolidation or disposition of stock or assets or otherwise) any corporation, partnership or other business organization or division thereof or otherwise sell, assign, exclusively license, abandon, allow to expire or lapse, or dispose of any assets, rights or properties, which are material to the Company Parties, taken as a whole (other than sales, dispositions or licensing of equipment or inventory and other assets in the ordinary course of business consistent with past practice or pursuant to Contracts existing on the date of this Agreement or entered into after the date of this Agreement consistent with the terms hereof as expressly permitted hereunder) as expressly permitted hereunder;

(viii) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its Equity Securities, or make any other actual, constructive or deemed dividend or distribution in respect of any of its Equity Securities (except (A) the Company may continue the declaration and payment of regular quarterly cash dividends on Company Common Stock for each quarterly period ended after the date of this Agreement, not to exceed the amount set forth on Section 5.1(c)(viii) of the Company Disclosure Schedule, with usual record and payment dates for such quarterly dividends in accordance with past dividend practice, (B) for any cash dividend or cash distribution by a wholly-owned subsidiary of the Company to the Company or another wholly-owned subsidiary of the Company and (C) a “stub period” dividend to holders of record of Company Shares as of immediately prior to the Effective Time equal to the product of (1) the number of days from the record date for payment of the last quarterly dividend paid by the Company prior to the Effective Time, multiplied by (2) a daily dividend rate determined by dividing the amount of the last quarterly dividend paid prior to the Effective Time by ninety-one (91));

(ix) other than (A) in the ordinary course of business, (B) as required by Law or any Governmental Entity, or (C) to implement the outcome of any regulatory proceeding, enter into, terminate or modify or amend in any material respect any Company Material Contract;

(x) except (i) with respect to any Permitted Permanent Bond Replacement Financing in compliance with Section 6.17, (ii) with respect to entering into, amending and borrowing under the Backstop Facilities or any debt facility required to prepay or refinance any Existing Credit Facility, in each case, in compliance with Section 6.17, (iii) for obtaining any Permitted Replacement Backstop Facility in compliance with Section 6.17, (iv) for borrowings in the ordinary course of business under

the Company's and its subsidiaries' Credit Facilities, (v) for extensions of the maturity dates of the Credit Facilities (other than the Backstop Facilities, which are provided for in clause (ii) above) in the ordinary course of business on customary market terms, (vi) for the issuance of an equal aggregate principal amount of the Company's 5.75% Junior Subordinated Notes due 2054 upon any conversion of the Convertible Notes in compliance with the terms thereof, and (vii) for intercompany loans between the Company and any of its wholly-owned subsidiaries or between any wholly-owned subsidiaries of the Company, (A) incur or assume indebtedness for borrowed money or issue any debt securities, other than (1) indebtedness incurred in the ordinary course of business not to exceed \$25,000,000 in the aggregate, (2) pursuant to letters of credit in the ordinary course of business, and (3) any refinancing of short-term debt of the Company or any of its subsidiaries existing as of the date of this Agreement; provided, however, that if such refinancing is completed prior to maturity, it shall be (x) on substantially similar terms or terms that are more favorable to the Company or such subsidiaries in the aggregate, (y) for the same or lesser principal amount and (z) voluntarily prepayable by the Company or such subsidiaries without premium or penalty; provided, further, that any such indebtedness incurred shall not have any default, event of default, mandatory prepayment, mandatory offer to pay or similar event that would be triggered by the consummation of the transactions contemplated hereunder, (B) modify in any material respect in a manner adverse to the Company or Parent the terms of any such indebtedness for borrowed money; (C) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any Person (other than a wholly-owned subsidiary of the Company); (D) make any loans, advances or capital contributions to or investments in any other Person (other than the Company or any of its subsidiaries), except for business expense advancements in the ordinary course of business consistent with past practice to employees of the Company or its subsidiaries; (E) mortgage or pledge any of its or its subsidiaries' assets (tangible or intangible); or (F) enter into any commodity, currency, sale or other hedging agreements other than such hedging agreements (i) entered into in the ordinary course of business consistent with past practice or (ii) entered into in connection with the Permitted Permanent Bond Replacement Financing, in each case which can be terminated on ninety (90) days or less notice and which do not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event that would be triggered by the consummation of the transactions contemplated hereunder other than cross defaults to the Existing Credit Facilities, the Backstop Facilities or any Permitted Replacement Backstop Facility;

(xi) except as required by applicable Law or the terms of any Company Plan or Company Collective Bargaining Agreement made available to Parent and in effect on the date hereof, or as contemplated under this Agreement, (A) make any increase or decrease in, or accelerate the funding, payment, or vesting of, the compensation or benefits payable or to become payable to, or grant or announce any new bonus (including any retention, transaction or change in control bonus), equity or equity-based award, severance or termination pay (or rights thereto) to, any current or former Company Employees, (B) establish, adopt, enter into, amend, terminate, or take any action to accelerate rights under any Company Plan or any new plan, agreement, program, policy or other arrangement that would be a Company Plan if in effect on the date hereof, (C) hire or promote any Company officer, or (D) make or forgive any loan to any current or former Company Employees (other than reasonable and normal advances to Company Employees for *bona fide* expenses that are incurred in the ordinary course of business consistent with past practice);

(xii) make any material change in any accounting principles, policies, procedures or practices, except as may be required as a result of a change to conform to statutory or regulatory accounting rules, Regulation S-X promulgated under the Exchange Act, GAAP or, in each case, other regulatory requirements with respect thereto;

(xiii) other than as and to the extent required by applicable Law or GAAP, (A) make, revoke, rescind or change any material Tax election, (B) adopt or change an annual Tax accounting period, (C) adopt or change a material Tax accounting method, (D) surrender any material claim for a refund of Taxes, (E) settle or compromise any material liability or refund for Taxes or any Tax audit, claim or

other proceeding relating to a material amount of Taxes or otherwise enter into any closing agreement within the meaning of Section 7121 of the Code (or any similar provision of state, local or non-U.S. Tax Law) affecting any material Tax liability or refund, or (F) amend in a material respect any material Tax Return;

(xiv) other than in the ordinary course of business or as required by applicable Law, enter into any collective bargaining agreement with any labor organization representing any Company Employees or extend or amend in any material respect any Company Collective Bargaining Agreement;

(xv) waive, release, discharge, settle, satisfy or compromise any Proceeding, other than the waiver, release, assignment, discharge, settlement, satisfaction or compromises of a Proceeding where the amount paid does not exceed \$5,000,000 individually or \$15,000,000 in the aggregate, except that (A) the foregoing shall not restrict the Company's ability to enter into settlements or compromises in the ordinary course of business consistent with past practice (other than in respect of any Regulatory Proceedings (including appeals), which shall be addressed exclusively in Section 5.2 and shall not be subject to this Section 5.1(c)(xv)), and (B) any amount that is reflected or reserved against in the Company's audited consolidated financial statements included in the Company SEC Reports in respect of such legal proceeding, or that is offset by insurance proceeds received (or reimbursed) in respect of such legal proceeding, shall in each case not be counted towards the \$5,000,000 or \$15,000,000 limitations set forth above;

(xvi) merge or consolidate with any Person or adopt a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restricting, recapitalization or other reorganization;

(xvii) authorize or make any capital expenditures that are, in the aggregate, greater than one hundred and twenty-five percent (125%) of the aggregate amount of capital expenditures scheduled to be made in the Company's capital expenditure budget as disclosed in Section 5.1(c)(xvii) of the Company Disclosure Schedule for the relevant periods indicated therein; provided, however, that notwithstanding the foregoing, the Company and its subsidiaries shall be permitted to make emergency capital expenditures in any amount (A) as required by a Governmental Entity or (B) that the Company determines is incurred in connection with the repair or replacement of facilities or equipment destroyed or damaged due to casualty or accident or natural disaster or other force majeure event necessary or advisable to maintain or restore safe, adequate and reliable electric transmission service or to prevent any threat to health and safety of natural Persons; provided, further, that the Company shall use commercially reasonable efforts to consult with Parent prior to making or agreeing to make any such expenditure described in clauses (A) or (B) above;

(xviii) enter into any agreement with respect to the voting of its capital stock;

(xix) other than in the ordinary course of business consistent with past practice, (A) enter into any Contract for the lease or purchase of real property if, as a result thereof, such real property would be considered Company Material Real Property or (B) modify the material terms of any lease for any Company Material Real Property;

(xx) fail to use its commercially reasonable efforts to maintain, in full force without interruption, its present insurance policies or comparable insurance coverage;

(xxi) enter into, amend, waive or modify any engagement letter or similar arrangement (including those set forth in Section 3.20 of the Company Disclosure Schedule) between any Company Party and any professional advisor thereof (including the Company Financial Advisor and outside legal counsel) relating to the transactions contemplated by this Agreement, in each case, where a Company Party would reasonably be expected to pay \$1,000,000 or more to such advisor in connection therewith (together with any other engagement letters or similar arrangements entered into between any Company Party and such advisor), other than any customary engagement letters or similar arrangements entered into in respect of the issuance of any indebtedness or debt securities permitted in Section 5.1(c)(x) or the issuance of Company Common Stock permitted in Section 5.1(c)(iii); or

(xxii) agree, authorize or commit to do any of the foregoing actions described in Section 5.1(c)(i) through Section 5.1(c)(xx).

(d) The Company shall give (or shall cause its subsidiaries to give) any notices to third parties, and the Company and Parent shall each use, and cause their respective subsidiaries to use, their reasonable best efforts to obtain any third party consents, in each case (i) necessary, proper or advisable to consummate the Merger and the other transactions contemplated by this Agreement or (ii) disclosed in the Company Disclosure Schedule; provided, however, that the Company and Parent shall coordinate and cooperate in determining whether any actions, consents, approvals or waivers are required to be obtained from parties to any Company Material Contracts in connection with consummation of the Merger; provided, further, in seeking any such actions, consents, approvals or waivers, the Company shall not be required to pay any consent or similar fee to obtain such consents other than de minimis amounts or amounts that are advanced or reimbursed by Parent.

SECTION 5.2 Regulatory Proceedings. During the Interim Period, the Company and any subsidiary thereof may (a) initiate or settle, in the ordinary course of business, any Regulatory Proceeding that is not material in nature and not related to the transactions contemplated by this Agreement, or (b) enter into any settlement or stipulation in respect of any Regulatory Proceeding, in any case, (i) in the ordinary course and not related to the transactions contemplated by this Agreement; provided, that such Regulatory Proceeding is not material in nature, (ii) as set forth on Section 5.2 of the Company Disclosure Schedule or (iii) otherwise with prior consultation with Parent; provided, however, that with respect to any Regulatory Proceeding for which Parent's consultation is required under this Section 5.2, no later than five (5) Business Days prior to the Company's initiation and settlement of any such Regulatory Proceeding, the Company shall (i) deliver to Parent any documents or filings in connection therewith, (ii) make reasonably available one or more authorized persons of the Company, which may be an officer of the Company or the Company Contact, to discuss any such documents or filings with one or more authorized persons of Parent, which may be the Parent Contact, (iii) consider in good faith any comments made by Parent or any one or more authorized persons thereof with respect to such documents or filings, and (iv) to the extent the Company reasonably agrees to any such comments, incorporate the same into such documents or filings; provided, further, that any Regulatory Proceeding that constitutes ordinary course compliance reporting shall not require notice to, or consultation with, Parent. Notwithstanding anything in this Agreement to the contrary, the terms of Section 6.4 shall control with respect to any Regulatory Proceeding under Section 6.4, including any Filing made in connection therewith. In the event that the Company or any subsidiary thereof would be prohibited from taking any action by reason of this Section 5.2 without prior consultation with Parent, such action may nevertheless be taken without such consultation if the Company requests Parent's consultation (provided that such request is made via email and delivered to each of the Parent Contacts) and Parent fails to respond in writing (including response made via email) to such request within ten (10) Business Days after the date such request is delivered. Notwithstanding anything to the contrary in this Section 5.2, the prior written consent of Parent (such consent not to be unreasonably withheld, delayed or conditioned) shall be required to initiate or enter into any settlement or stipulation with respect to any Regulatory Proceeding related to any rate case of the Company or any of its subsidiaries.

SECTION 5.3 No Control of the Company's Business. Nothing contained in this Agreement shall give Parent or Merger Sub, directly or indirectly, the right to control or direct the Company's or its subsidiaries' operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its subsidiaries' operations.

ARTICLE VI

ADDITIONAL AGREEMENTS

SECTION 6.1 Company No Solicitation.

(a) During the Interim Period, the Company shall not, and shall cause its subsidiaries and its and their respective directors, officers, and employees not to, and shall use its reasonable best efforts to cause its and their respective consultants, attorneys, accountants, financial advisors, agents, investment bankers or other representatives (collectively, "Representatives") not to (and shall not authorize or permit their respective Representatives to), (i) initiate, solicit, knowingly encourage or knowingly facilitate any inquiries with respect to or that could reasonably be expected to lead to, or the making, submission or announcement of, any Acquisition Proposal, (ii) participate or engage in any negotiations or discussions concerning, or furnish

or provide access to the Company's or any of its subsidiaries' properties, books and records or any confidential information or data to any Person relating to or in connection with, an Acquisition Proposal, or any inquiry or proposal that could reasonably be expected to lead to any Acquisition Proposal, (iii) approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any Acquisition Proposal or (iv) execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar agreement for any Acquisition Proposal; provided, that (x) it is understood and agreed that any determination or action by the Company Board of Directors permitted under Section 6.1(b) or Section 6.1(d) shall not be deemed to be a breach or violation of this Section 6.1(a) or, in the case of Section 6.1(b)(i) — (iii), give Parent a right to terminate this Agreement pursuant to Section 8.1(e)(ii), and (y) the Company shall be permitted to enter into an Acceptable Confidentiality Agreement as contemplated by and in accordance with Section 6.1(b). The Company shall, and shall cause its subsidiaries and its and their respective directors, officers and employees to, and shall use its reasonable best efforts to cause their respective other Representatives to, immediately cease and cause to be terminated any solicitations, discussions or negotiations with any Person (other than Parent and its Affiliates) relating to or in connection with an Acquisition Proposal that exist as of the date hereof. The Company shall promptly, and in no event later than twenty-four (24) hours after its or any of its subsidiaries receipt (including receipt by any of their respective directors, officers or Representatives) of any Acquisition Proposal, or any request for nonpublic information relating to the Company or any of its subsidiaries in connection with or relating to an Acquisition Proposal, advise Parent orally and in writing of such Acquisition Proposal or request (including providing the identity of the Person making or submitting such Acquisition Proposal or request), and (A) if it is in writing, provide Parent a copy of such Acquisition Proposal and any related draft agreements or other documentation or materials delivered in connection therewith, or (B) if it is oral, provide Parent a reasonably detailed summary, including all material terms, thereof. The Company shall keep Parent informed in all material respects on a reasonably prompt basis of the current status and material terms of any such Acquisition Proposal including any material changes in respect of any such Acquisition Proposal and shall promptly (and in no event later than twenty-four (24) hours following any such change) deliver to Parent a summary of any material changes to any such Acquisition Proposal. Notwithstanding anything to the contrary herein, the Company may grant a waiver, amendment or release under any confidentiality or standstill agreement to the extent necessary to allow for a confidential Acquisition Proposal to be made to the Company or the Company Board of Directors or to allow for the engagement in discussions regarding an Acquisition Proposal or a proposal that would reasonably be expected to lead to an Acquisition Proposal so long as, in each case, such Acquisition Proposal or proposal that would reasonably be expected to lead to an Acquisition Proposal was not obtained or made as a result of a violation of the terms of this Agreement, if (y) the Company Board of Directors determines in good faith, after consultation with its financial advisors and outside legal counsel, that the failure to take such action could be reasonably likely to result in a breach of its fiduciary duties under applicable Law and so long as (z) the Company notifies Parent thereof (including the identity of such counterparty) at least twenty-four (24) hours prior to granting any such waiver, amendment or release and, if requested by Parent, grants Parent a waiver, amendment or release of any similar provision under the Confidentiality Agreement. Any breach of this Section 6.1 by any subsidiary of the Company or any officer, director, employee or other Representative of the Company or any subsidiary of the Company shall be deemed to be a breach by the Company for all purposes of this Agreement.

(b) Notwithstanding anything to the contrary in Section 6.1(a) or Section 6.3, nothing contained in this Agreement shall prevent the Company or the Company Board of Directors from:

(i) (x) taking and disclosing to its shareholders a position in accordance with Rule 14d-9 or Rule 14e-2(a) promulgated under the Exchange Act, (y) making any "stop-look-and-listen" communication to the shareholders of the Company pursuant to Rule 14d-9(f) under the Exchange Act or (z) making any disclosure to shareholders of the Company with regard to the transactions contemplated by this Agreement or an Acquisition Proposal made after the date hereof, in each case, if, in the good faith judgment of the Company Board of Directors, after consultation with its outside legal counsel, it determines that it is legally required to do so or failing to do so could be reasonably expected to result in a breach of its fiduciary duties under applicable Law; provided, that neither the Company nor its Company Board of Directors may take an action that would constitute a Company Change of Recommendation in respect of an Acquisition Proposal unless expressly permitted by Section 6.1(d) (it being understood and agreed that any disclosure of a position in connection with a

tender offer or exchange offer, other than a “stop, look and listen” or similar communication of the type contemplated by Rule 14d-9(f) promulgated under the Exchange Act or a recommendation on Schedule 14D-9 against such tender offer or exchange offer, made within ten (10) Business Days after the commencement thereof and in any event at least two (2) Business Days prior to the Company Shareholder Meeting, shall be deemed a Company Change of Recommendation, unless the Company Board of Directors expressly and concurrently reaffirms the Company Recommendation);

(ii) prior to obtaining the Company Requisite Vote, providing access to its properties, books and records and providing information or data in response to a request therefor by a Person or group who has made a bona fide written Acquisition Proposal after the date hereof if the Company Board of Directors (A) shall have determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal could reasonably be expected to constitute, result in or lead to a Superior Proposal, (B) after consultation with its outside legal counsel, shall have determined in good faith that failing to do so could be reasonably expected to result in a breach of the fiduciary duties of the Company Board of Directors under applicable Law and (C) prior to provision of any material or information, and engagement in any discussions, has received from the Person so requesting such information an executed Acceptable Confidentiality Agreement; or

(iii) prior to obtaining the Company Requisite Vote, participating and engaging in any negotiations or discussions with any Person or group and their respective Representatives who has made a bona fide written Acquisition Proposal after the date hereof if the Company Board of Directors shall have determined in good faith, (A) after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal could reasonably be expected to constitute, result in or lead to a Superior Proposal and (B) after consultation with its outside legal counsel, that failing to do so could be reasonably expected to result in a breach of its fiduciary duties under applicable Law; provided, that (1) in the case of Section 6.1(b)(ii) and (iii), (x) such Acquisition Proposal was not initiated, solicited, obtained or encouraged in breach of, or otherwise is not the result of any breach of, Section 6.1(a) and (y) the Company gives Parent the notice required by Section 6.1(a), and (2) in the case of Section 6.1(b)(ii), the Company furnishes any information provided to the maker of the Acquisition Proposal only pursuant to an executed Acceptable Confidentiality Agreement and such furnished information is delivered to Parent at substantially the same time (to the extent such information has not been previously furnished or made available by the Company to Parent).

(c) Except as contemplated by Section 6.1(d), neither the Company Board of Directors nor any committee thereof shall (i) (A) withhold, withdraw, qualify or modify, or resolve to or propose to withhold, withdraw, qualify or modify, the Company Recommendation in a manner adverse to Parent, (B) make any public statement inconsistent with the Company Recommendation, (C) approve, adopt or recommend any Acquisition Proposal, or any inquiry or proposal that could reasonably be expected to lead to any Acquisition Proposal, (D) fail to reaffirm or re-publish the Company Recommendation within ten (10) Business Days of being requested by Parent to do so (provided, however, that Parent shall not be entitled to request such a reaffirmation or re-publishing more than one (1) time with respect to any single Acquisition Proposal other than in connection with an amendment to any financial terms of such Acquisition Proposal or any other material amendment to such Acquisition Proposal), (E) fail to include the Company Recommendation in the Proxy Statement, (F) fail to announce publicly, within five (5) Business Days after a tender offer or exchange offer relating to any securities of the Company has been commenced that would constitute an Acquisition Proposal, that the Company Board of Directors recommends rejection of such tender or exchange offer or (G) resolve, publicly propose or agree to do any of the foregoing (each such action set forth in clauses (A) through (G) above being a “Company Change of Recommendation”), (ii) authorize, cause or permit the Company or any of its subsidiaries to enter into a merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar contract (other than the Acceptable Confidentiality Agreement) or recommend any tender offer providing for, with respect to, or in connection with any Acquisition Proposal or requiring the Company to abandon, terminate, delay or fail to consummate the Merger or any other transaction contemplated by this Agreement, or (iii) take any action pursuant to which any Person (other than Parent, Merger Sub or their respective Affiliates) or Acquisition Proposal would become exempt from or not otherwise subject to any take-over statute or articles of incorporation provision relating to an Acquisition Proposal.

(d) Notwithstanding anything in this Section 6.1 to the contrary, at any time prior to obtaining the Company Requisite Vote, (i) the Company Board of Directors may effect a Company Change of Recommendation in response to an Intervening Event or (ii) if the Company Board of Directors determines in good faith, after consultation with its financial advisor and outside legal counsel, in response to an Acquisition Proposal from a third party that did not otherwise result from a breach of Section 6.1(a), that such proposal constitutes a Superior Proposal, and such Acquisition Proposal is not withdrawn, the Company or the Company Board of Directors may (A) make a Company Change of Recommendation and/or (B) terminate this Agreement pursuant to Section 8.1(d)(ii) to enter into a definitive agreement with respect to such Superior Proposal, in each case, if (and only if) (1) in the event the Agreement is terminated pursuant to Section 8.1(d)(ii), the Company pays to Parent any Company Termination Fee required to be paid pursuant to Section 8.2(b)(i) at such time as set forth in Section 8.2(b)(i) and (2) after consultation with its financial advisor and outside legal counsel, the Company Board of Directors determines that the failure to make a Company Change of Recommendation, or to terminate this Agreement pursuant to Section 8.1(d)(ii), would be reasonably expected to result in a breach of its fiduciary duties under applicable Laws; provided, however, that the Company or the Company Board of Directors, as applicable, may only take the actions described in clauses (i) and (ii) if prior to taking any such action (x) the Company delivers to Parent written notice (a “Company Notice”), at least five (5) Business Days’ in advance (the “Notice Period”), advising Parent that the Company Board of Directors proposes to take such action and containing (1) the material details of such Intervening Event or the material terms and conditions of the Superior Proposal that is the basis of the proposed action by the Company Board of Directors and (2) a copy of the most current draft of any written communication (including any agreement) relating to the Superior Proposal and (y) during the Notice Period (as extended pursuant to the following sentence of this Section 6.1(d)), (i) the Company complies with the following sentence of this Section 6.1(d) and (ii) if Parent shall have delivered to the Company a written, binding, irrevocable offer, capable of being accepted by the Company, to alter the terms of this Agreement, the Company Board of Directors thereafter reaffirms in good faith (after consultation with its outside counsel and financial advisor) that the Acquisition Proposal giving rise to the Company Notice continues to constitute a Superior Proposal. If requested by Parent, the Company will, and will cause its Representatives to, during the Notice Period, engage in good faith negotiations with Parent and its Representatives (including by making the Company’s officers and Representatives reasonably available to negotiate) to make such adjustments in the terms and conditions of this Agreement so that (i) in the case of an Acquisition Proposal, such Acquisition Proposal would cease to constitute a Superior Proposal (it being understood and agreed that if Parent has committed to any changes to the terms of this Agreement, each time thereafter that there has been any subsequent amendment to any material term of such Superior Proposal, the Company Board of Directors shall provide a new Company Notice and an additional two (2) Business Day period from the date of such notice and the obligations of the Company during the Notice Period shall continue in effect during such additional period) or (ii) in the case of an Intervening Event, the failure of the Company Board of Directors to make a Company Change of Recommendation could not be reasonably expected to result in a breach of its fiduciary duties under applicable Laws. Any such Company Change of Recommendation shall not change the approval of this Agreement or any other approval of the Company Board of Directors in any respect that would have the effect of causing any corporate takeover statute or other similar statute or any provision of the Company Articles of Incorporation to be applicable to the transactions contemplated hereby, including the Merger.

(e) For purposes of this Agreement, the following terms shall have the meanings assigned below:

(i) “Acquisition Proposal” means any *bona fide* proposal, inquiry, indication of interest or offer from any Person or group of Persons (other than Parent, Merger Sub or their respective Affiliates) relating to any transaction or series of transactions, involving (A) any direct or indirect acquisition or purchase of (1) a business or assets that constitute twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis, or (2) twenty percent (20%) or more of any class of equity or voting securities of the Company (or any subsidiary or subsidiaries of the Company whose business constitutes (together) twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis), (B) any tender offer, exchange offer or similar transaction that if consummated would result in any Person or group of Persons beneficially owning twenty percent (20%) or more of any class of the equity or voting securities of the Company (or any subsidiary or subsidiaries of the Company whose business

constitutes (together) twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis), (C) any merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company (or any subsidiary or subsidiaries of the Company whose business constitutes (together) twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis), or (D) any combination of the foregoing.

(ii) “Superior Proposal” means a written Acquisition Proposal (with all references to “twenty percent (20%) or more” included in the definition of Acquisition Proposal changed to “more than fifty percent (50%)”) that was not obtained, solicited or received in, or otherwise resulted from, violation of this Section 6.1, in each case, that the Company Board of Directors in good faith determines, after consultation with its outside legal counsel and financial advisors, would, if consummated, result in a transaction that is more favorable to the shareholders of the Company from a financial point of view than the transactions contemplated hereby after taking into account all such factors and matters considered appropriate in good faith by the Company Board of Directors (including, to the extent considered appropriate by the Company Board of Directors, (A) the identity of the Person(s) making such Acquisition Proposal, (B) financial provisions and the payment of the Company Termination Fee, (C) legal and regulatory conditions and other undertakings relating to the Company’s and its subsidiaries’ regulators, lenders or partners, (D) probable timing, (E) conditionality and likelihood of consummation and (F) with respect to which the cash consideration and other amounts (including costs associated with the Acquisition Proposal) payable at Closing are subject to fully committed financing from recognized financial institutions), and after taking into account any changes to the terms of this Agreement committed to in writing by Parent in response to such Superior Proposal pursuant to, and in accordance with, Section 6.1(d) or otherwise.

SECTION 6.2 Proxy Statement.

(a) As promptly as practicable after the date of this Agreement and in any event within forty-five (45) days after the date of this Agreement, the Company shall prepare and provide to Parent and its advisors the proxy statement to be sent to the shareholders of the Company in connection with the Company Shareholders Meeting (such proxy statement, as amended or supplemented, the “Proxy Statement”) in preliminary form, and within sixty (60) days after the date of this Agreement, shall file with the SEC, the Proxy Statement in preliminary form. Parent shall promptly supply to the Company in writing, for inclusion in the Proxy Statement, all information concerning Parent required under the Securities Act and the Exchange Act, and the rules and regulations thereunder, to be included in the Proxy Statement; provided, that the Company shall not use any such information for any other purpose if doing so would violate or cause the violation of applicable securities Laws. Each of Parent and the Company shall notify the other promptly of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff for amendments or supplements to the Proxy Statement or for additional information related to the Proxy Statement and will promptly supply the other Party with copies of all correspondence between it and its Affiliates or their respective officers, employees, legal advisors or agents, on the one hand, and the SEC or its staff, on the other hand, with respect to the Proxy Statement or the Merger. Prior to filing or mailing the Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, each of Parent and the Company shall liaise and cooperate with the other Party and provide it with a reasonable opportunity to review and comment on such document or proposed response or compliance with any such request. If at any time prior to the Company Shareholders Meeting, any information relating to Parent or the Company or any of its respective Affiliates, directors or officers, should be discovered by such Party which should be set forth in an amendment or supplement to the Proxy Statement, so that such document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, the Party that discovers such information shall promptly notify the other Party and an appropriate amendment or supplement describing such information shall be prepared, filed with the SEC and disseminated to the shareholders of the Company to the extent required by Law. After all the comments received from the SEC have been cleared by the SEC staff and all information required to be contained in the Proxy Statement has been included therein by the Company, the Company shall promptly file the

definitive Proxy Statement with the SEC and cause the Proxy Statement to be mailed (including by electronic delivery if permitted), as promptly as practicable, to its shareholders of record, as of the record date established by the Company Board of Directors and set forth in the Proxy Statement.

(b) The Company covenants that none of the information supplied or to be supplied by or on behalf of the Company for inclusion or incorporation by reference in the Proxy Statement will, at the time such document is first filed with the SEC, at any time such document is amended or supplemented, at the time such document is declared effective by the SEC or at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will, at the time of the Company Shareholders Meeting, comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder.

(c) Parent covenants that none of the information supplied by or on behalf of Parent or Merger Sub for inclusion in the Proxy Statement will, at the time such document is filed with the SEC, at any time such document is amended or supplemented, at the time such document is declared effective by the SEC or at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, Parent makes no representation or warranty with respect to any information supplied in writing for inclusion in the Proxy Statement by or on behalf of the Company which is contained or incorporated by reference in the Proxy Statement.

SECTION 6.3 Company Shareholders Meeting. Notwithstanding any Company Change of Recommendation, the Company, acting through the Company Board of Directors (or a committee thereof), shall promptly following receipt of confirmation from the SEC that the SEC has no further comments on, or will not review, the Proxy Statement, take all reasonable action necessary to duly call, give notice of, convene and hold a meeting of its shareholders for the purpose of approving and adopting this Agreement (including any adjournment or postponement thereof, the “Company Shareholders Meeting”); provided, that the Company may postpone, recess or adjourn such meeting for up to thirty (30) days in the aggregate (excluding any adjournment or postponements required by applicable Law) (a) to the extent required by Law or to prevent a breach of fiduciary duty, (b) to allow reasonable additional time to solicit additional proxies to the extent the Company reasonably believes necessary in order to obtain the Company Requisite Vote (it being understood the Company shall have both a right and obligation to post, recess or adjourn any applicable meeting for a period of time of up to thirty (30) days in case of this clause (b)), (c) if as of the time for which the Company Shareholders Meeting is originally scheduled (as set forth in the Proxy Statement) there are insufficient shares of Company Common Stock represented (either in person or by proxy) and voting to constitute a quorum necessary to conduct the business of the Company Shareholders Meeting (it being understood the Company shall have both a right and obligation to post, recess or adjourn any applicable meeting for a period of time of up to thirty (30) days in case of this clause (c)) or (d) to allow reasonable additional time for the filing and dissemination of any supplemental or amended disclosure which the Company Board of Directors has determined in good faith after consultation with outside counsel is necessary under applicable Law or to prevent a breach of fiduciary duty and for such supplemental or amended disclosure to be disseminated and reviewed by the Company shareholders prior to the Company Shareholders Meeting. The Company, acting through its Company Board of Directors (or a committee thereof), shall subject to Section 6.1(d), (i) include in the Proxy Statement the Company Recommendation and, subject to the consent of the Company Financial Advisor, the written opinion of the Company Financial Advisor, dated as of the date of this Agreement, that, as of such date, the Per Share Merger Consideration is fair, from a financial point of view, to the holders of the Company Common Stock and (ii) use its reasonable best efforts to obtain the Company Requisite Vote. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be required to hold the Company Shareholders Meeting if this Agreement is terminated.

SECTION 6.4 Regulatory Approvals; Reasonable Best Efforts.

(a) During the Interim Period, each of Parent and the Company shall cooperate and promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions and filings, and shall use reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things in order to, (i) make and obtain the Consents and Filings listed in Section 3.5(b) of the Company Disclosure Schedule and Section 4.5(b) of the Parent Disclosure Schedule, (ii) make all registrations and

filings, and thereafter, make any other required registrations, filings or submissions, and pay any fees due in connection therewith, with any Governmental Entity necessary in connection with the consummation of the transactions contemplated by this Agreement, (iii) take, or cause to be taken, all reasonable and appropriate action and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the Merger and the other transactions contemplated by this Agreement (including satisfying any of the conditions set forth in Article VII as promptly as practicable other than by means of waiver), (iv) cooperate in good faith with the applicable Governmental Entities or other Persons and provide promptly such other information and communications to such Governmental Entities or other Persons as such Governmental Entities or other Persons may reasonably request in connection therewith, and (v) execute and deliver any additional agreements or instruments reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) During the Interim Period, the Parties will provide prompt notification to each other when any Consent or Filing referred to in Section 6.4(a) is obtained, taken, made, given or denied, as applicable, and will advise each other of any communications with any Governmental Entity or other Person regarding any of the transactions contemplated by this Agreement, including (i) giving the other Parties prompt notice of the making or commencement of any request, inquiry, investigation, action or legal proceeding by or before any Governmental Entity with respect to the Merger or any of the other transactions contemplated by this Agreement; and (ii) keeping the other Parties informed as to the status of any such request, inquiry, investigation, action or legal proceeding. Parent and the Company shall jointly (A) determine the overall strategy for obtaining all Required Regulatory Approvals and making all filings with respect thereto and (B) unless prohibited by Law or otherwise agreed to by Parent and the Company, schedule and conduct any meetings with any Governmental Entity or intervenor in any proceeding related to a Required Regulatory Approval. Subject to applicable Laws relating to the exchange of information, and unless prohibited by the reasonable request of any Governmental Entity, each of the Company and Parent shall have the right to review and approve (such approval not to be unreasonably withheld, delayed or conditioned) in advance, and, to the extent practicable, each will consult with the other on and consider in good faith the views of the other in connection with, any filing, analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal (including all of the information relating to Parent or the Company, as the case may be, and any of their respective subsidiaries, that appears in any filing) made with, or written materials submitted to any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement. In addition, except as may be prohibited by any Governmental Entity or by any Law, in connection with any such request, inquiry, investigation, action or legal proceeding, each Party will permit authorized representatives of the other Parties to be present at each meeting or conference relating to such request, inquiry, investigation, action or legal proceeding and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any Governmental Entity or intervenor in connection with such request, inquiry, investigation, action or legal proceeding; provided, however, Parent, after having consulted the Company in good faith, shall have sole control over the strategy for coordinating any filings, obtaining any necessary approvals, and resolving any investigation or other inquiry of any such agency or other Governmental Entity under the HSR Act. Notwithstanding the foregoing, commercially and/or competitively sensitive information and materials of a Party may be provided to the other Party on an outside counsel-only basis.

(c) In furtherance of the foregoing covenants:

(i) Parent, Merger Sub and the Company shall use their reasonable best efforts to make any premerger notification filing required under the HSR Act with respect to the transactions contemplated hereby within twenty-five (25) Business Days after a date to be mutually agreed to by the Parties (which date shall be no more than one (1) year before the reasonably anticipated Closing Date or later than six (6) months prior to the then-applicable End Date). Parent, Merger Sub and the Company shall supply as promptly as reasonably practicable reasonable responses to requests for additional information or documentary material that may be requested pursuant to the HSR Act and shall take all other actions, proper or advisable consistent with this Section 6.4, to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable. Parent, Merger Sub and the Company shall use reasonable best efforts to respond to any additional requests for information, including requests for production of documents and production of witnesses for interviews or depositions, made by the Antitrust Division of the United States Department of Justice, the United

States Federal Trade Commission or the antitrust or competition law authorities of any other jurisdiction (the “Antitrust Authorities”), so as to cause the expiration of any waiting periods or obtain any other clearances from the Antitrust Authorities as soon as practicable. Each of Parent and Merger Sub shall exercise its reasonable best efforts, and the Company shall cooperate with Parent and Merger Sub, to promptly prevent the entry in any claim brought by an Antitrust Authority of any order that would prohibit, make unlawful or delay the consummation of the transactions contemplated hereby in any material respect.

(ii) Other than with respect to filings under the HSR Act, the Parties will, as soon as reasonably practicable following the execution of this Agreement, prepare and file, and pay any fees due in connection therewith in accordance with Section 8.3, with each applicable Governmental Entity requests for such Consents as may be necessary for the consummation of the transactions contemplated hereby in accordance with the terms of this Agreement and as set forth on Section 3.5(b) of the Company Disclosure Schedule and Section 4.5(b) of the Parent Disclosure Schedule; provided, that any such filings shall not occur earlier than ninety (90) days following the date hereof. The Parties will diligently pursue and use their reasonable best efforts to obtain such Consents and will cooperate with each other in seeking such Consents; provided, that any such filings shall not occur earlier than ninety (90) days following the date hereof. To such end, the Parties agree to make reasonably available the personnel and other resources of their respective organizations in order to obtain all such Consents. Each Party will promptly inform the other Parties of any material communication received by such Party from, or given by such party to, any Governmental Entity from which any such Consent is required, unless prohibited by applicable Law, and of any material communication received or given in connection with any claim by a private party, in each case regarding any of the transactions contemplated hereby, and will permit the other party to review any communication given by it to, and consult with each other in advance of any meeting or conference with, any such Governmental Entity or, in connection with any claim by a private party, with such other Person, and to the extent permitted by applicable Law or otherwise as agreed to by Parent and the Company, give the other party the opportunity to attend and to participate in such meetings and conferences.

(d) Parent shall not, and shall cause its Affiliates not to, enter into any new commercial activities or businesses unrelated to the Merger or the other transactions contemplated by this Agreement or enter into any transaction to acquire any asset, property, business or Person (by way of merger, consolidation, share exchange, investment, other business combination, asset, stock or equity purchase, or otherwise), that would reasonably be expected to materially delay or prevent obtaining any Consent or Filing contemplated by this Section 6.4. In furtherance of and without limiting any of Parent’s covenants and agreements under this Section 6.4, Parent shall use its reasonable best efforts to avoid or eliminate each and every impediment that may be asserted by a Governmental Entity so as to enable the Closing to occur as soon as reasonably possible, which such reasonable best efforts shall include the following:

(i) defending through litigation on the merits, including appeals, any Proceeding asserted in any court or other proceeding or claim by any Person, including any Governmental Entity, that seeks to or could reasonably be expected to prevent or prohibit or impede, interfere with or delay the consummation of the Closing (including pursuing appeals following the failure to obtain any Required Regulatory Approval);

(ii) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, licensing or disposition of any assets or businesses of (A) Parent or (B) the Company, including, in each such case, entering into customary ancillary agreements on commercially reasonable terms relating to any such sale, divestiture, licensing or disposition;

(iii) agreeing to any limitation on the conduct of Parent or its Affiliates (including, after the Closing, the Surviving Corporation); and

(iv) agreeing to take any other action with respect to the Company or Parent as may be required by a Governmental Entity in order to effect each of the following: (A) obtaining each Consent or Filing contemplated by this Section 6.4 before the End Date, (B) avoiding the entry of, or having vacated, lifted, dissolved, reversed or overturned any Judgment, whether temporary, preliminary or permanent, that is in effect that prohibits, prevents or restricts consummation of, or materially impedes, interferes

with or delays, the Closing and (C) effecting the expiration or termination of any waiting period, which would otherwise have the effect of preventing, prohibiting or restricting consummation of the Closing or materially impeding, interfering with or delaying the Closing.

(e) Notwithstanding anything to the contrary in this Section 6.4, none of the provisions in this Section 6.4 shall be construed to permit the Company without the prior written consent of Parent to, in connection with any Required Regulatory Approvals, take any action, including proposing, negotiating, committing to, effecting, or accepting any undertakings, terms, conditions, liabilities, obligations, commitments, sanctions or other measures or provisions (including the sale, divestiture, licensing or disposition of assets or businesses of Parent or its subsidiaries or the Company, by consent decree, hold separate order or otherwise), if the taking of such action, individually or in the aggregate, would reasonably be expected to restrict the business or operations of any Company Party from and after the Closing Date.

(f) Notwithstanding anything to the contrary in this Agreement, so long as Parent continues, in good faith, to diligently seek the Required Regulatory Approvals prior to the End Date on terms reasonably acceptable to Parent (including, for the avoidance of doubt, any request for rehearing or similar if any Required Regulatory Approval is obtained on terms not reasonably acceptable to Parent), Parent shall be deemed to have complied with this Section 6.4 in all respects, shall be deemed not to be in breach of this Section 6.4 and the Company shall not have a right to terminate this Agreement (i) pursuant to Section 8.1(d)(i) for any non-compliance with or breach of this Section 6.4 or (ii) pursuant to Section 8.1(d)(iii) for Parent's or Merger Sub's failure to consummate the Closing due primarily to the imposition by a Governmental Entity of a burdensome condition (as reasonably determined by Parent) in connection with a Required Regulatory Approval; provided, however, that nothing in this Section 6.4(f) shall affect or waive the right of the Company to terminate this Agreement pursuant to the other provisions of Section 8.1 and be paid the Parent Termination Fee pursuant to Section 8.2.

SECTION 6.5 Notification of Certain Matters. During the Interim Period, the Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (a) any notice or other communication received by such Party from any Governmental Entity in connection with the Merger or the other transactions contemplated hereby or from any Person alleging that the Consent of such Person is or may be required in connection with the Merger, if the subject matter of such communication or the failure of such Party to obtain such Consent would reasonably be expected to be material to the Company, the Surviving Corporation or Parent, (b) any facts or circumstances, or the occurrence or non-occurrence of any event that, individually or in the aggregate, would reasonably be expected to cause any condition to the obligations of any Party hereto to effect the Merger or any of the transactions contemplated by this Agreement not to be satisfied, and (c) any actions, suits, claims or proceedings commenced or, to such Party's knowledge, threatened against, relating to or involving or otherwise affecting such Party or any of its subsidiaries which relate to the Merger or the other transactions contemplated hereby; provided, however, that neither the delivery of any notice pursuant to this Section 6.5 nor the access to any information pursuant to Section 6.6 shall (i) cure any breach of, or non-compliance with, any other provision of this Agreement or (ii) limit the rights or remedies available to the Party receiving such notice.

SECTION 6.6 Access to Information; Confidentiality.

(a) During the Interim Period, upon reasonable prior written notice from Parent, the Company shall, and shall cause its subsidiaries to, and shall use its reasonable best efforts to cause its Representatives to, (i) afford Parent and its Representatives reasonable access, consistent with applicable Law, during normal business hours to its and their respective officers, employees and Representatives and properties, offices, and other facilities and to all books and records, and shall furnish Parent and its Representatives promptly with all financial, operating and other data and information as Parent and its Representatives from time to time reasonably request in writing, (ii) to the extent permitted by Law, furnish promptly each material report, schedule and other document filed or received by the Company or any of the Company's subsidiaries pursuant to the requirements of federal or state securities or regulatory Laws or filed with or sent to the SEC, FERC, the Nuclear Regulatory Commission, the New Mexico Public Regulations Commission ("NMPRC"), the Public Utility Commission of Texas ("PUCT"), the U.S. Department of Justice, the Federal Trade Commission, the Federal Communications Commission or any other Governmental Entity, and (iii) upon written request, as soon as reasonably practicable provide Parent with information relating to any material developments in any audit or similar proceeding related to any material Tax matters of the

Company or any of its subsidiaries. Notwithstanding the foregoing, any such investigation or consultation shall be conducted in such a manner as not to interfere unreasonably with the business or operations of the Company or its subsidiaries and shall not include any environmental sampling or invasive environmental testing. Neither the Company nor any of its subsidiaries shall be required to provide access or to disclose information where such access or disclosure would violate or prejudice its rights or the rights of any of its officers, directors or employees, give rise to a material risk of waiving any attorney-client privilege of the Company or any of its subsidiaries, or contravene any Law, rule, regulation, Judgment or Contract; provided, however, that the Company shall use its reasonable best efforts to (A) allow for such access or disclosure in a manner that does not result in a loss of attorney-client privilege (including negotiating in good faith with Parent to seek alternative means to disclose such information as nearly as possible without affecting such attorney-client privilege, including entry into a joint defense agreement), (B) obtain the required consent of any third party to provide access to or disclosure of such information with respect to any confidential Contract to which the Company or its subsidiaries is party, or (C) develop an alternative to providing such information so as to address such matters that is reasonably acceptable to Parent and the Company; it being understood and agreed that (1) the Company shall advise Parent in such circumstances that it is unable to comply with Parent's reasonable requests for information as a result of attorney-client privilege, Contract obligation or applicable Law, and the Company shall use its reasonable best efforts to generally describe the types of information being withheld and (2) Parent shall reimburse the Company for its reasonable, documented, out-of-pocket expenses incurred in connection with the Company's actions described in Section 6.6(a)(iii)(A) - Section 6.6(a)(iii)(C). All requests for information made pursuant to this Section 6.6(a) shall be directed to the Company Contact and all access granted to Parent and its Representatives shall be under the supervision of the Company Contact or other Person as designated by the Company Contact, and Parent and its Representatives seeking access shall use their reasonable best efforts not to directly contact any other officer, director, employee, agent or representative of the Company without the prior approval of the Company Contact. No access, review or notice pursuant to this Section 6.6 shall have any effect for the purpose of determining the accuracy of any representation or warranty given by any of the Parties to any of the other Parties. Except for incidents caused by the Company's or its Affiliates' or Representatives' willful misconduct or gross negligence, Parent shall indemnify the Company and its Affiliates and Representatives from, and hold the Company and its Affiliates and Representatives harmless against, any and all claims, losses, liabilities, damages, judgments, inquiries, fines and reasonable fees, costs, expenses, including attorneys' fees and disbursements, and the cost of enforcing this indemnity arising out of or resulting from any access provided pursuant to this Section 6.6(a).

(b) Each Party will comply with terms and conditions of that certain Confidentiality Agreement, dated January 9, 2025, between the Company and Blackstone Infrastructure Advisors L.L.C., a Delaware limited liability company (the "Confidentiality Agreement"), and will hold and treat, and will cause their respective officers, employees, auditors and other Representatives to hold and treat, in confidence all documents and information concerning, on the one hand, the Company and its subsidiaries furnished to Parent or Merger Sub, and on the other hand, Parent or Merger Sub and their respective subsidiaries furnished to the Company, in each case in connection with the transactions contemplated by this Agreement in accordance with the Confidentiality Agreement, which Confidentiality Agreement shall remain in full force and effect in accordance with its terms; provided that whether or not the transactions contemplated hereby are consummated, the Parties shall, and shall cause each of their respective Affiliates and Representatives to, keep confidential all information and materials regarding any other Party reasonably designated by such Party as confidential at the time of disclosure thereof; provided, further, that Parent and its Affiliates shall be permitted to disclose the terms and provisions of this Agreement to their respective existing and prospective investors provided they instruct such Persons to observe the confidentiality provisions of this Section 6.6(b).

SECTION 6.7 Stock Exchange Delisting. Prior to the Closing Date, the Company shall cooperate with Parent and use commercially reasonable efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable Laws and rules and policies of the NYSE to enable the delisting by the Surviving Corporation of the Company Shares from the NYSE and the deregistration of the Company Shares under the Exchange Act as promptly as practicable after the Effective Time.

SECTION 6.8 Publicity. The initial press release regarding the Merger shall be a joint press release of the Parties and (except in connection with (a) actions taken pursuant to Section 6.1, including a Company Change of Recommendation or an Acquisition Proposal or (b) a press release or other public statement that is consistent in all material respects with previous press releases, public disclosures or public statements made by a Party in accordance with this Agreement, including in investor conference calls, the Proxy Statement, the Company SEC Reports, Parent's SEC filings, Q&As or other publicly disclosed documents, in each case, to the extent such disclosure is still accurate) thereafter the Company and Parent shall (i) consult with each other prior to issuing any press releases or otherwise making public announcements with respect to this Agreement, the Merger and the other transactions contemplated by this Agreement, (ii) provide to each other for review a copy of any such press release or public statement, (iii) not issue any such press release or public statement prior to providing each other with reasonable period of time to review and comment on such press release or public statement, and (iv) not issue any such press release or public statement or make any filings with any third party and/or any Governmental Entity (including any national securities exchange or interdealer quotation service) with respect thereto without the prior written consent of the other Parties (such consent not to be unreasonably withheld, conditioned or delayed), except as may be required, on the advice of counsel, by Law or by obligations pursuant to any listing agreement with or rules of any national securities exchange or interdealer quotation service or by the request of any Governmental Entity (or, in the case of the Company, in accordance with Section 6.1(b)(i)); provided, however, that in each such case, the Party required to make such disclosure will, to the extent practicable and not prohibited by applicable Law, promptly inform the other Parties in writing in advance of such compelled disclosure and provide such other Party with a copy of the proposed disclosure and consult with such other Party and consider such other Party's comments in good faith prior to making such disclosure.

SECTION 6.9 Employee Benefits.

(a) For a period of at least twenty-four (24) months following the Effective Time, Parent shall cause the Surviving Corporation or any applicable subsidiary thereof to provide, to each employee of the Company and any of its subsidiaries who continues to be employed by the Company or the Surviving Corporation or any subsidiary thereof (each, a "Continuing Employee" and collectively, the "Continuing Employees") (i) an annual base salary or hourly wage, as applicable, that is no less favorable than the annual base salary or hourly wage, as applicable, that was provided to such Continuing Employee immediately prior to the Effective Time, (ii) an annual cash bonus opportunity (at target and with the comparable opportunity for payouts above target, it being understood that actual payouts will be determined based on actual performance for the applicable performance period in accordance with the terms of the applicable incentive plan or arrangement) and annual long-term incentive opportunity (at target and with the comparable opportunity for payouts above target, it being understood that actual payouts will be determined based on actual performance for the applicable performance period in accordance with the terms of the applicable incentive plan or arrangement and that the annual long-term incentive opportunities provided by Parent to each Continuing Employee will take into account the value of and relative opportunity with respect to previous annual equity or equity-based grants and need not be provided in the form of equity or equity-based grants) that are no less favorable, in the aggregate than the target annual cash bonus opportunity and long-term incentive opportunity provided to such Continuing Employee immediately prior to the Effective Time, (iii) employee retirement benefits (including defined contribution retirement, pension and nonqualified deferred compensation) (including matching and other employer contributions), that are no less favorable in the aggregate than the employee retirement benefits (including defined contribution retirement, pension and nonqualified deferred compensation) (including matching and other employer contributions) that were provided to such Continuing Employee immediately prior to the Effective Time and (iv) welfare and other employee benefits (other than severance (which is addressed in the following sentence), equity or equity-based and long-term incentives (which are addressed in clause (ii) above), nonqualified deferred compensation (which is addressed in clause (iii) above), post-retirement welfare benefits (which are addressed in Section 6.9(b)), and retention (including the Retention Program), transaction, change in control, or any other one-time or special payments or benefits) that are substantially comparable in the aggregate to the welfare and other employee benefits that were provided to such Continuing Employee immediately prior to the Effective Time; provided, however, that the requirements of the foregoing clauses (i) and (iv) shall not apply to Continuing Employees who are covered by a Company Collective Bargaining Agreement to the extent inconsistent with the Company Collective Bargaining Agreement or otherwise required to be subject to bargaining. Notwithstanding the foregoing, for a period of

at least twenty-four (24) months following the Effective Time, Parent shall, and shall cause the Surviving Corporation to, provide each Continuing Employee who experiences a termination of employment with the Surviving Corporation severance benefits that are no less favorable than the severance benefits that would have been provided under the Company Plans as of immediately prior to the Effective Time (with credit for service earned after the Effective Time); provided, however, that the requirements of the foregoing clause shall not apply to Continuing Employees who are covered by a Company Collective Bargaining Agreement to the extent inconsistent with the Company Collective Bargaining Agreement or otherwise required to be subject to bargaining.

(b) Notwithstanding Section 6.9(a), Parent shall, and shall cause the Surviving Corporation to maintain post-retirement welfare arrangements that are no less favorable than those post-retirement welfare arrangements in place for the Company's current or former employees as of the Effective Time as set forth on Section 6.9(b) of the Company Disclosure Schedule until the later of (i) twenty-four (24) months following the Effective Time or (ii) with respect to any particular trust set forth on Section 6.9(b) of the Company Disclosure Schedule, the date the assets in such trust established by the Company meeting the requirements of Section 501(c)(9) of the Code have been exhausted.

(c) Subject to applicable Law and any obligations under any Company Collective Bargaining Agreement, Parent shall, or shall cause the Surviving Corporation to, honor, in accordance with their terms, the Company Plans set forth on Section 6.9(c) of the Company Disclosure Schedule, including any funding arrangements thereunder in effect as of the date of this Agreement, subject to the amendment and termination provisions thereof applied on a prospective basis. For purposes of any Company Plan containing a definition of "change in control," "change of control" or similar term that relates to a transaction at the level of the Company, the Closing shall be deemed to constitute a "change in control," "change of control" or such similar term. Notwithstanding any other provision of this Agreement, for a period of at least twenty-four (24) months following the Effective Time, in no event may Parent or any of its Affiliates (including the Surviving Corporation) terminate the Company Plans listed on Section 6.9(c) of the Company Disclosure Schedule to provide for payment of any obligations owed thereunder as of and after the Effective Time other than as scheduled as of the Effective Time under the terms of the applicable agreement, plan or arrangement. Additionally, Parent shall, or shall cause the Surviving Corporation to, fund (and continue to fund) any relevant rabbi trust to the extent such funding was required as of the Effective Time pursuant to the terms of the related Company Plans. The Company may establish a retention program to promote retention and to incentivize efforts to consummate the Closing (the "Retention Program") in accordance with the terms set forth in Section 6.9(c) of the Company Disclosure Schedule. Parent shall cause the Surviving Corporation to honor, in accordance with their terms, the Retention Program.

(d) Parent and the Surviving Corporation, as applicable, shall pay or cause the applicable subsidiary to pay to each eligible current or former employee of the Company or any of its subsidiaries, (i) any accrued but unpaid annual bonus (or other cash incentive award) relating to any completed year (or completed performance period) ending prior to the year (or performance period) in which the Effective Time occurs that has been accrued on the audited consolidated financial statements of the Company and its subsidiaries as of the Effective Time, in the ordinary course and consistent with past practice, including without limitation any applicable service-based vesting, acceleration and payment timing provisions, and (ii) an annual bonus (and other cash incentive award) relating to the year (or other applicable performance period) in which the Effective Time occurs based on the higher, determined as of the end of the year (or other applicable performance period), of (A) the Company's achievement of the applicable performance targets, based on the actual level of performance achieved, determined on a goal-by-goal basis, as of the end of the applicable year or other performance period, as determined by Parent in good faith and consistent with the Company's historical practices and in accordance with the terms and conditions of the applicable Company Plan, and (B) the target-level achievement, payable in the ordinary course, consistent with past practice and in accordance with the terms and conditions of the applicable Company Plan, including without limitation any applicable service-based vesting, acceleration and payment timing provisions.

(e) If Parent determines that an event would trigger obligations under the WARN Act within sixty (60) days following the Effective Time, the Company or the Company's subsidiaries shall, at Parent's

reasonable request, distribute WARN Act notices on Parent's behalf to such employees as directed by Parent in a form prepared by Parent in compliance with the WARN Act. The Company shall be responsible for any obligations under the WARN Act with respect to the consummation of the transaction that are the subject of this Agreement and any subsequent events.

(f) At the Effective Time, participants in the Company's cash or deferred savings plan or other Company deferred compensation plan who are invested in Company stock through the Company's cash or deferred savings plan or deferred compensation plans shall be treated in the same manner as other shareholders of the Company. Immediately prior to the Effective Time, each Notional Unit shall be liquidated based on the Per Share Merger Consideration and notionally reinvested in one or more other investment funds as determined by the Company prior to the Effective Time. After such date, participants in the Company's cash or deferred savings plan or deferred compensation plan may not direct any further investments or deemed investments into Company stock through the Company's cash or deferred savings plan or other deferred compensation plans. The Company, the Company Board of Directors, the compensation committee of the Company Board of Directors or other committee of the Company, as applicable, shall adopt any resolutions and take any actions which are reasonably necessary to effectuate the provisions of this Section 6.9(f).

(g) Nothing in this Agreement shall confer upon any Continuing Employee any right to continue in the employ or service of Parent, the Surviving Corporation or any Affiliate of Parent, or shall interfere with or restrict in any way the rights of Parent, the Surviving Corporation or any Affiliate of Parent, which rights are hereby expressly reserved, to discharge or terminate the services of any Continuing Employee at any time for any reason with or without cause. Additionally, the Company, Parent and the Surviving Corporation agree that the employment with the Company and its Affiliates of the individuals listed on Section 6.9(g) of the Company Disclosure Schedule shall end as of the Effective Time, and such individuals will be entitled to receive severance and other benefits as if their employment were terminated by the Company without cause as of the Effective Time in connection with a "change in control" of the Company, in accordance with the terms of the applicable Company Plans.

(h) Notwithstanding anything in this Agreement to the contrary, the terms and conditions of employment for any employees covered by a Company Collective Bargaining Agreement shall be governed by the applicable Company Collective Bargaining Agreement until the expiration, modification or termination of such Company Collective Bargaining Agreement in accordance with its terms or applicable Law. From and after the Closing, Parent shall cause the Surviving Corporation and its subsidiaries, as applicable, to honor the terms of each Company Collective Bargaining Agreement until such Company Collective Bargaining Agreement otherwise expires pursuant to its terms or is modified by the parties thereto.

(i) Notwithstanding any provision in this Agreement to the contrary, nothing in this Section 6.9 shall (i) be deemed or construed to be an amendment or other modification of any Company Plan, (ii) prevent Parent, the Surviving Corporation or any Affiliate of Parent from amending or terminating any Company Plans in accordance with their terms, or (iii) create any third-party rights in any current or former Company Employee or service provider of the Company or its Affiliates (or any beneficiaries or dependents thereof) or any collective bargaining representative of the Company or any Affiliate thereof.

SECTION 6.10 Directors' and Officers' Indemnification and Insurance. Parent shall, and shall cause the Surviving Corporation, and the Surviving Corporation hereby agrees, to do the following:

(a) From and after the Effective Time, Parent and the Surviving Corporation shall indemnify and hold harmless the present and former officers and directors of, and individuals performing equivalent functions for, the Company and its subsidiaries (each, an "Indemnified Party") in respect of acts or omissions occurring at or prior to the Effective Time or related to this Agreement to the fullest extent permitted by the NMBCA or any other applicable Law or provided under the Company Articles of Incorporation and the Company Bylaws as in effect on the date of this Agreement. From and after the date of this Agreement and prior to the Closing, no Company Party shall enter into or amend any indemnification or similar agreement with or for the benefit of any Indemnified Party without Parent's prior written consent. Subject to the prior sentences, in the event of any threatened or pending claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative and whether formal or informal (each, a "Proceeding") to

which an Indemnified Party is a party or with respect to which an Indemnified Party is otherwise involved (including as a witness), arising in whole or in part out of or pertaining in whole or in part to the fact that the Indemnified Party is or was an officer or director of, or an individual performing an equivalent function for, the Company or any of its subsidiaries (including any Proceeding arising out of or pertaining to matters occurring or existing or alleged to have occurred or existed, or acts or omissions occurring or alleged to have occurred, at or prior to the Effective Time, or arising out of or pertaining to this Agreement and the transactions and actions contemplated hereby), (i) Parent shall, or shall cause the Surviving Corporation to, advance fees, costs and expenses (including attorney's fees and disbursements) incurred by each Indemnified Party in connection with and prior to the final disposition of such Proceedings, such fees, costs and expenses (including attorneys' fees and disbursements) to be advanced within thirty (30) Business Days after receipt by Parent from the Indemnified Party of a written request therefor; provided, that any person to whom expenses are advanced provides an undertaking, if not prohibited by the NMBCA, to repay such advances if it is ultimately determined that such person is not entitled to indemnification, (ii) neither Parent nor the Surviving Corporation shall settle, compromise or consent to the entry of any judgment in any civil Proceeding in which indemnification could reasonably be sought by such Indemnified Party hereunder, unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all civil liability arising out of such Proceeding or such Indemnified Party otherwise consents (for the avoidance of doubt, this clause (ii) does not apply to criminal or quasi-criminal liabilities from or arising out of any Proceedings), and (iii) the Surviving Corporation shall reasonably cooperate in the defense of any such matter. In the event any claim for indemnification is asserted or made by any Indemnified Party pursuant to this Section 6.10, any determination required to be made with respect to whether such Indemnified Party's conduct complies with the standards under the NMBCA, the Surviving Corporation Charter or other applicable Law shall be made by independent legal counsel selected by the Surviving Corporation. In the event any Proceeding is brought against any Indemnified Party and in which indemnification could be sought by such Indemnified Party under this Section 6.10, (A) the Surviving Corporation shall have the right to control the defense thereof after the Effective Time (it being understood that, by electing to control the defense thereof, the Surviving Corporation will be deemed to have waived any right to object to the Indemnified Party's entitlement to indemnification hereunder with respect thereto), (B) each Indemnified Party shall be entitled to retain his or her own counsel, whether or not the Surviving Corporation shall elect to control the defense of any such Proceeding, and (C) no Indemnified Party shall be liable for any settlement that is effected without his or her prior express written consent (not to be unreasonably withheld, conditioned or delayed) other than settlements only for payment in cash in an amount not to exceed such Indemnified Party's right to indemnification under this Section 6.10.

(b) Any Indemnified Party wishing to claim indemnification under Section 6.10(a), upon learning of any such Proceeding, shall promptly notify Parent thereof, but the failure to so notify shall not relieve Parent or the Surviving Corporation of any liability it may have to such Indemnified Party except to the extent such failure materially prejudices the indemnifying Party.

(c) For six (6) years after the Effective Time, Parent shall cause to be maintained in effect provisions in the Surviving Corporation Charter and Surviving Corporation Bylaws (or in such documents of any successor to the business of the Surviving Corporation) regarding elimination of liability of directors, indemnification of Indemnified Parties and advancement of expenses, solely to the extent affecting the Indemnified Parties (in their capacity as such) that are no less advantageous to the Indemnified Parties than the corresponding provisions in the Company Articles of Incorporation and Company Bylaws in existence on the date of this Agreement.

(d) Prior to the Effective Time, the Company shall or, if the Company is unable to, Parent shall and shall cause the Surviving Corporation as of the Effective Time to, obtain and fully pay the premium for the non-cancellable "tail" insurance policies with respect to the Company's existing directors' and officers' insurance policies and the Company's existing fiduciary liability insurance policies (collectively, "D&O Insurance"), in each case for a claims reporting or discovery period of at least six (6) years from and after the Effective Time with respect to any claim related to any period of time at or prior to the Effective Time from an insurance carrier with the same or better credit rating as the Company's current insurance carrier with respect to D&O Insurance with benefits and levels of coverage that are no less favorable than the benefits and levels of coverage provided under the Company's existing policies with respect to any actual or alleged error, misstatement, misleading statement, act, omission, neglect, breach of

duty or any matter claimed against a director or officer of the Company or any of its subsidiaries by reason of him or her serving in such capacity that existed or occurred at or prior to the Effective Time (including in connection with this Agreement or the transactions or actions contemplated hereby). If the Company or the Surviving Corporation for any reason fails to obtain such “tail” insurance policies as of the Effective Time, the Surviving Corporation shall, and Parent shall cause the Surviving Corporation to, continue to maintain in effect, for a period of at least six (6) years from and after the Effective Time, the D&O Insurance in place as of the date hereof with the Company’s current insurance carrier or with an insurance carrier with the same or better credit rating as the Company’s current insurance carrier with respect to D&O Insurance with benefits and levels of coverage that are no less favorable than the benefits and levels of coverage provided under the Company’s existing policies as of the date hereof, or the Surviving Corporation shall purchase from the Company’s current insurance carrier, or from an insurance carrier with the same or better credit rating as the Company’s current insurance carrier with respect to D&O Insurance, comparable D&O Insurance for such six (6)-year period with benefits and levels of coverage that are no less favorable than as provided in the Company’s existing policies as of the date hereof; provided, however, that in no event shall Parent or the Surviving Corporation be required to expend for such policies pursuant to this sentence an annual premium amount in excess of three hundred percent (300%) of the amount per annum the Company paid in its last full fiscal year, which amount is set forth on Section 6.10(d) of the Company Disclosure Schedule; and provided, further, that if the aggregate premiums of such insurance coverage exceed such amount, the Surviving Corporation shall be obligated to obtain a policy with the greatest coverage available, with respect to matters occurring prior to the Effective Time, for a cost not exceeding such amount.

(e) Notwithstanding anything herein to the contrary, if an Indemnified Party is a party to or is otherwise involved (including as a witness) in any Proceeding with respect to which such Indemnified Party is entitled to indemnification under this Section 6.10 (whether arising before, at or after the Effective Time) on or prior to the sixth (6th) anniversary of the Effective Time, the provisions of this Section 6.10 shall continue in effect until the final disposition of such Proceeding.

(f) If Parent, the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 6.10.

(g) The rights of each Indemnified Party under this Section 6.10 shall be in addition to any rights such Person may have under the Company Articles of Incorporation or Company Bylaws or any the Organizational Documents of any subsidiary of the Company, under the NMBCA or any other applicable Law or under any agreement of any Indemnified Party with the Company or any of its subsidiaries. These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Party.

SECTION 6.11 Transaction Litigation. In the event that any shareholder litigation related to this Agreement, the Merger or the other transactions contemplated by this Agreement is brought, or to the Company’s knowledge, threatened in writing against the Company or any members of the Company Board of Directors after the date of this Agreement and prior to the Effective Time (the “Transaction Litigation”), the Company shall promptly notify Parent of any such Transaction Litigation and shall keep Parent reasonably informed with respect to the status thereof. The Company shall give Parent the opportunity to participate, at Parent’s expense, in the defense and settlement of any Transaction Litigation and give due consideration to Parent’s views with respect thereto, and the Company shall not settle or agree to settle any Transaction Litigation without Parent’s prior written consent (which consent shall not be unreasonably withheld, delayed or conditioned), except if such Transaction Litigation is settled solely for monetary damages entirely paid for with proceeds of insurance (other than the deductible under any insurance policy(ies) in effect as of the date of this Agreement).

SECTION 6.12 Parent and Merger Sub.

(a) Prior to the Effective Time, neither Parent nor Merger Sub shall engage in any activity of any nature except for activities related to or in furtherance of the transactions contemplated by this Agreement.

(b) Parent hereby (i) guarantees the due, prompt and faithful payment performance and discharge by Merger Sub of, and compliance by Merger Sub with, all of the covenants and agreements of Merger Sub under this Agreement and (ii) agrees to take all actions necessary, proper or advisable to ensure such payment, performance and discharge by Merger Sub and the Surviving Corporation hereunder.

SECTION 6.13 Rule 16b-3. Prior to the Effective Time, the Company shall use commercially reasonable efforts to take such steps as may be reasonably necessary or advisable hereto to cause any dispositions of Company equity securities (including derivative securities) pursuant to the transactions contemplated by this Agreement by each individual (including any Person who is deemed to be a “director by deputation” under applicable securities Laws) who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act.

SECTION 6.14 Dividend. If the Closing Date occurs after the record date for a regular quarterly cash dividend payable to holders of the Company Shares and prior to the payment date of such dividend (the “Final Quarterly Dividend”), then the Surviving Corporation will cause to be paid, out of the Exchange Fund, the Final Quarterly Dividend following the Closing on the scheduled payment date for such dividend.

SECTION 6.15 Further Assistance.

(a) During the Interim Period, subject to the conditions and limitations and upon the terms of this Agreement, each Party shall use commercially reasonable efforts (subject to, and in accordance with, applicable Law and the terms of this Agreement) to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, and to assist and cooperate with the other Parties in doing, all things reasonably necessary, proper or advisable under applicable Law to carry out the intent and purposes of this Agreement, to fulfill and satisfy each condition within the control of such Party and to consummate and make effective the transactions contemplated by this Agreement, including the Merger. Without limiting the generality of the foregoing, subject to the conditions and limitations and upon the terms of this Agreement, each Party shall reasonably cooperate with the other Parties, shall execute and deliver such further documents, certificates, agreements and instruments and shall take such other actions as may be reasonably requested by the other Parties to evidence or reflect the transactions contemplated by this Agreement (including the execution and delivery of all documents, certificates, agreements and instruments reasonably necessary for all filings hereunder).

(b) As promptly as practicable after the date of this Agreement and to the extent not prohibited by applicable Law, the Company and Parent shall establish a transition committee (the “Transition Committee”) consisting of two (2) representatives designated by each of the Company and Parent. The activities of the Transition Committee shall include, to the extent not prohibited by applicable Law, the development of regulatory plans and proposals, the facilitation of the transfer of information between the Parties and other matters as the Transition Committee deems appropriate. Parent shall designate one (1) of its two (2) representatives on the Transition Committee as the primary contact person for the Company at Parent (the “Parent Contact”). The Company shall designate one (1) of its two (2) representatives on the Transition Committee as the primary contact person for Parent at the Company (the “Company Contact”). In the event that the Company elects to request that Parent consent to any action or matter involving the Company or any of its subsidiaries as is contemplated by Section 5.1, as applicable, the Company Contact shall make all such requests to the Parent Contact, and Parent agrees that it will use its commercially reasonable efforts to cause the Parent Contact to respond as promptly as practicable to any such request, taking into account the nature of the request, the circumstances under which the request is made and the timing indicated in the request. The Parent Contact shall initially be the individual set forth on Section 6.15(b) of the Parent Disclosure Schedule (and may be changed by Parent from time to time by written notice from Parent to the Company) and the Company Contact shall initially be the individual set forth on Section 6.15(b) of the Company Disclosure Schedule (and may be changed by the Company from time to time by written notice from the Company to Parent after consultation between Parent and the Company).

SECTION 6.16 State Anti-Takeover Statutes. Without limiting anything contained in this Agreement, each of the Company and Parent shall (a) take all action within its power to ensure that no state anti-takeover statute or similar statute or regulation is or becomes applicable to this Agreement, the Merger or any of the other transactions contemplated by this Agreement, and (b) if any state anti-takeover statute or similar statute or

regulation becomes applicable to this Agreement, the Merger or any of the other transactions contemplated by this Agreement, take all action within its power to ensure that the Merger and the other transactions contemplated by this Agreement may be consummated as promptly as reasonably practicable on the terms contemplated by this Agreement and otherwise to minimize the effect of such statute or regulation on the Merger and the other transactions contemplated by this Agreement.

SECTION 6.17 Company Indebtedness.

(a) Promptly after the date hereof, the Company shall, and shall cause each of its subsidiaries to, execute and deliver to each of the lenders (either directly or through the applicable administrative or other agent for the lenders) with respect to the indebtedness of the Company and its subsidiaries set forth on Section 6.17 of the Company Disclosure Schedule (the “Existing Lenders”) one or more notices (each, an “Existing Loan Notice”) prepared by the Company, in form and substance reasonably acceptable to Parent, notifying each of the Existing Lenders of this Agreement and the contemplated Merger. The Existing Loan Notice with respect to one or more of the Existing Lenders shall include a request for a consent or waiver, in form and substance reasonably acceptable to Parent (an “Existing Loan Consent” and the indebtedness related to each such Existing Loan Consent, the “Existing Credit Facility”), to (i) in the case of the initial Existing Loan Notice to be provided to an Existing Lender immediately following the date hereof, the execution of this Agreement, and (ii) certain modifications of (or waivers under or other changes to) any agreement or documentation relating to the Company’s or its subsidiaries’, as applicable, relationship with such Existing Lender. Parent and Merger Sub acknowledge and agree that the obtaining of any Existing Loan Consent is not a condition to the Closing. Each party shall be responsible for its own fees and other liabilities (including any consent fees or any other fees, costs, expenses or other amounts payable to or on behalf of the Existing Lenders, which shall all be payable by the Company) incurred in connection with this Section 6.17 and the Existing Loan Consents. If any Existing Loan Consent with respect to the related Existing Credit Facility has not been received by the Company within fifteen (15) days from the date hereof, the Company shall, and shall cause the applicable subsidiary that is a borrower under such Existing Credit Facility to, terminate the commitments in respect of such Existing Credit Facility in full and repay all obligations owed thereunder (if any) by borrowing the full payoff amount under the TXNM Backstop Facility, and to the extent any such payoff amount is owed by a subsidiary, the Company shall promptly contribute the proceeds of its borrowing to such subsidiary. Notwithstanding anything set forth above to the contrary, if any Existing Credit Facility is a term loan facility and an Existing Loan Consent is received in respect of such Existing Credit Facility or if the TXNM Backstop Facility is drawn to refinance such Existing Credit Facility, the Company shall use its commercially reasonable efforts to repay or refinance such Existing Credit Facility or such portion of the TXNM Backstop Facility in full on or prior to the maturity thereof. The Company shall keep Parent reasonably informed about such transaction, including by furnishing Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to such equity offering promptly upon execution thereof.

(b) Immediately prior to or concurrently with the Effective Time, Parent and Merger Sub shall pay by wire transfer of immediately available funds into the accounts and in the amounts identified in those payoff letters delivered at the request of Parent pursuant to Section 6.19(a)(ix).

(c) With respect to the TNMP Bonds:

(i) If TNMP seeks to incur Permitted Permanent Bond Replacement Financing without any borrowing under the TNMP Backstop Facility, the Company shall (A) promptly notify Parent in writing of such election and provide Parent with reasonable details of such transaction prior to the consummation thereof and (B) furnish to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to the Permitted Permanent Bond Replacement Financing promptly upon execution thereof.

(ii) If all or any portion of the TNMP Backstop Facility is drawn pursuant to the terms thereof in connection with payments for the Offers to Purchase, the Company shall cause TNMP to use commercially reasonable efforts to incur Permitted Permanent Bond Replacement Financing and use the proceeds thereof to repay the TNMP Backstop Facility. The Company shall, and shall cause TNMP to

keep Parent reasonably informed about such transaction, including by furnishing to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to the Permitted Permanent Bond Replacement Financing promptly upon execution thereof.

(d) Promptly after the date hereof and in accordance with the TNMP Mortgage Indenture, the Company shall, and shall cause its controlled Affiliates and Representatives to use its and their respective reasonable best efforts to commence one or more offers to purchase all of the outstanding TNMP Bonds for cash (the “Offers to Purchase”). On or prior to the applicable repayment date set forth in the Offers to Purchase, the Company shall cause TNMP to borrow under the TNMP Backstop Facility all amounts necessary to complete such purchase on the applicable repayment date and use the proceeds of such borrowing to make such purchase on such repayment date. Not prior to completion of the Offers to Purchase (and, if prior to completion of the Permitted Permanent Bond Replacement Financing, so long as not disruptive to the completion of such Permitted Permanent Bond Replacement Financing, as determined in the reasonable judgment of the Company (after consultation with Parent) and its underwriters, initial purchasers or placement agents, as applicable), at the request of Parent, the Company shall conduct consent solicitations to obtain from the requisite holders thereof consent to certain amendments to the TNMP Mortgage Indenture as set forth on Section 6.17(d) of the Company Disclosure Schedule (the “Consent Solicitations”). Any such Offers to Purchase shall be funded using consideration provided by the Company, and the Company shall be responsible for all other liabilities, fees and expenses incurred in connection with the Offers to Purchase. Except as provided in Section 6.17(d) of the Company Disclosure Schedule, the Company shall be responsible for all liabilities, fees and expenses incurred in connection with the Consent Solicitations. Any Consent Solicitations shall be made on customary terms and conditions as are reasonably proposed by Parent, are reasonably acceptable to the Company and are permitted or required by the terms of the TNMP Mortgage Indenture and applicable Laws, including applicable rules and regulations of the SEC. Subject to the receipt of the requisite consents, in connection with any or all of the Consent Solicitations, the Company shall execute supplemental indentures to the TNMP Mortgage Indenture in accordance with the terms thereof amending the terms and provisions of such indenture in a form as reasonably requested by Parent and reasonably acceptable to the Company; provided that the Company may require any such amendment to become effective only upon consummation of the transactions contemplated by this Agreement. In connection with the Consent Solicitations, except as set forth on Section 6.17(d) of the Company Disclosure Schedule, at the Company’s sole cost and expense, the Company shall, and shall cause the subsidiaries of the Company to, and shall use reasonable best efforts to cause its and their respective controlled Affiliates and Representatives to, on a timely basis, (A) cause the Company’s Representatives to furnish any customary certificates or legal opinions, (B) provide reasonable cooperation to the solicitation agents or similar agents in any Consent Solicitations in connection with their related diligence activities, including providing access to documentation reasonably requested by such persons, and (C) provide reasonable assistance in the preparation of customary documentation, which may incorporate, by reference, periodic and current reports filed by the Company with the SEC. The solicitation agent, information agent, or other agent retained in connection with any Consent Solicitations will be selected by the Company and be reasonably acceptable to Parent and the fees and expenses of such agents will be paid directly by the Company.

(e) The Company shall, and shall cause TNMP to, use their respective reasonable best efforts to maintain in effect the Backstop Facilities and comply with all of their respective obligations thereunder. The Company shall, and shall cause TNMP to, satisfy on a timely basis all of the conditions to borrowings under the applicable Backstop Facility when and if any borrowing thereunder would be required hereunder. The Company shall give Parent prompt notice if the Company receives notice of any breach or default (or alleged or purported breach or default) by any party to the Backstop Facilities of which the Company has become aware or any termination or repudiation (or alleged or purported termination or repudiation) of any Backstop Facility.

(f) The Company shall not, and shall cause TNMP not to, without Parent’s prior written consent, permit any amendment, supplement, modification, assignment, termination, replacement or waiver to be made to, or consent to any waiver of, any provision of or remedy under the applicable Backstop Facility if such amendment, supplement, modification, termination, assignment, replacement or waiver would or would reasonably be expected to (i) except as expressly contemplated under the terms thereof, reduce the commitment amounts thereunder, (ii) impose new or additional conditions to the Backstop Facilities or

otherwise expand, amend or modify any of the existing conditions to the applicable Backstop Facilities, (iii) materially and adversely impact the ability of Parent or Merger Sub to enforce its rights against any other party to the applicable Backstop Facilities (iv) otherwise expand, amend, modify or waive any provision of the applicable Backstop Facilities in a manner that in any such case would or would reasonably be expected to prevent, materially delay or make materially less likely any funding under the Backstop Facilities when such funding is required hereunder or (v) include any provision that would require the Company or TNMP to pay any fee or premium conditioned upon the consummation of the transactions contemplated hereunder or include any modification that is adverse to the Company or Parent in any material respect.

(g) If (i) all or a portion of a Backstop Facility becomes unavailable prior to its termination in full in accordance with the terms thereof or (ii) there are any borrowings under any Backstop Facility, then in each such case, the Company shall, and shall cause TNMP to, as applicable, use their respective commercially reasonable efforts to incur one or more Permitted Replacement Backstop Facilities to replace or refinance such Backstop Facility in full (or to the extent there is any borrowing thereunder, in the amount of such borrowing), other than the portion of such Backstop Facility drawn to refinance a term loan facility (which will be repaid prior to the maturity thereof in accordance with Section 6.17(a)), (x) with respect to clause (i) above, promptly, and (y) with respect to clause (ii) above, at least 45 days before the scheduled maturity of such Backstop Facility. The Company shall keep Parent reasonably informed of its progress to obtain such Permitted Replacement Backstop Facilities. Upon obtaining any Permitted Replacement Backstop Facility pursuant to this Section 6.17(g), the terms set forth in this Agreement applicable any Backstop Facility shall apply equally to such Permitted Replacement Backstop Facility received in lieu thereof and each reference to a Backstop Facility shall be deemed to include a reference to such Permitted Replacement Backstop Facility.

(h) If the Company or any subsidiary of the Company seeks to incur any indebtedness pursuant to the items listed on Section 5.1(c)(x) of the Company Disclosure Schedule, the Company shall promptly notify Parent of its decision and provide Parent with reasonable details of such transaction prior to the consummation thereof and upon execution thereof, promptly furnish to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to such indebtedness.

(i) After the date hereof and prior to the Effective Time, the Company shall promptly provide Parent with notice of (i) its receipt of any Notice of Conversion (as defined in the Indenture governing the Convertible Notes, dated as of June 10, 2024, by and between PNM Resources, Inc. and Computershare Trust Company, N.A. (the “Convertible Notes Indenture”)), (ii) the principal amount of Convertible Notes to be converted pursuant to such Notice of Conversion and amount of the Company’s Conversion Obligation (as defined in the Convertible Notes Indenture), including the number of shares of Company Common Stock and principal amount of junior subordinated non-convertible notes to be issued in connection with such conversion and the amount of cash to be paid in lieu of any fractional shares of Company Common Stock, (iii) the Conversion Rate (as defined in the Convertible Notes Indenture) applicable to such conversion, and (iv) the proposed Conversion Date for such conversion (as defined in the Convertible Notes Indenture). As reasonably requested by Parent, the Company shall provide Parent with the position listing of the Convertible Notes, and notwithstanding anything to the contrary herein or in the Stock Purchase Agreement, Parent shall be permitted to engage or participate in, or otherwise facilitate through its Representatives, discussions with holders of Convertible Notes. The Company shall not make any change to the terms of the Convertible Notes Indenture or otherwise take any action (other than the payment of any dividend permitted under this Agreement) that would result in a change to the Conversion Rate (as defined in the Convertible Notes Indenture) without the prior written consent of Parent.

SECTION 6.18 Parent Financing.

(a) Parent will not permit any amendment or modification to be made to, or any waiver of any provision or remedy pursuant to, the Equity Commitment Letter. Any reference in this Agreement to (i) the “Equity Commitment Letter” will include such document as amended or modified in compliance with this Section 6.18(a) and (ii) the “Equity Financing” will include the financing contemplated by the Equity Commitment Letter, as amended or modified in compliance with this Section 6.18(a).

(b) Each of Parent and Merger Sub acknowledges and agrees that obtaining the Equity Financing and the Parent Debt Financing is not a condition to the Closing or the enforcement of the Guarantee. If the

Equity Financing or the Parent Debt Financing has not been funded, Parent and the Merger Sub will each continue to be obligated, subject to the satisfaction or waiver (to the extent waivable) of the conditions set forth in Article VII, to consummate the Merger, including by taking the actions required to be taken by Parent and Merger Sub pursuant to Section 6.18(c).

(c) Each of Parent and Merger Sub shall use its reasonable best efforts to, and shall use its reasonable best efforts to cause each of its respective Affiliates and Representatives to, (i) maintain in effect the Equity Commitment Letter in accordance with the terms and subject to the conditions thereof; (ii) comply with its obligations under the Equity Commitment Letter; and (iii) subject to the satisfaction or waiver (to the extent waivable) of the conditions set forth in Section 7.1 and Section 7.2, consummate the Equity Financing at or prior to the Closing.

(d) Each of Parent and Merger Sub shall use its reasonable best efforts to maintain in effect the Parent Debt Commitment Letters and comply with all of their respective obligations thereunder to the extent required as a condition to the Parent Debt Financing. Solely to the extent any amount remains outstanding under the TNMP Backstop Facility or under any Permitted Replacement Backstop Facility in respect the TNMP Backstop Facility after the Company has complied with its obligations under Section 6.17 applicable thereto, each of Parent and Merger Sub shall use its reasonable best efforts to consummate the portion of the Parent Debt Financing contemplated to refinance such facility on the terms and conditions thereof (as the same may be amended or otherwise modified in accordance with the terms of this Agreement and including any “market flex” provisions thereof) on or prior to the Closing Date, including (i) negotiating, entering into and delivering definitive agreements (the “Definitive Agreements”) with respect to such portion of the Parent Debt Financing reflecting the terms contained in the applicable Parent Debt Commitment Letters (including any “market flex” provisions thereof) (or with other terms agreed by Parent and the Parent Debt Financing Sources, subject to the restrictions on amendments and other modifications of the Parent Debt Commitment Letters set forth below), so that such agreements are in effect no later than the Closing and (ii) satisfying on a timely basis all the conditions to the Parent Debt Financing and the Definitive Agreements related thereto that are applicable to Parent and Merger Sub.

(e) Parent and Merger Sub shall keep the Company reasonably informed on a current and timely basis of the status of Parent’s and Merger Sub’s efforts to obtain the Parent Debt Financing and, if applicable, to satisfy the conditions thereof, including (i) to the extent applicable, advising and updating the Company in a reasonable level of detail, with respect to status, proposed closing date and material terms of the definitive documentation related to the Parent Debt Financing, (ii) to the extent applicable, providing copies of substantially final drafts of the credit agreement and other primary definitive documents, (iii) notifying the Company if for any reason at any time Parent believes that it may not be able to obtain all or any portion of the Parent Debt Financing on the terms, in the manner or from the sources contemplated by the Parent Debt Commitment Letters and (iv) giving the Company prompt notice if Parent receives notice of any breach or default (or alleged or purported breach or default) by any party to the Parent Debt Commitment Letters of which Parent has become aware or any termination or repudiation (or alleged or purported termination or repudiation) of the Parent Debt Commitment Letters.

(f) Neither Parent nor Merger Sub shall, without the Company’s prior written consent: permit any amendment, supplement, modification assignment termination replacement or waiver to be made to, or consent to any waiver of, any provision of or remedy under any of the Parent Debt Commitment Letters or, if applicable, Definitive Agreements if such amendment, supplement, modification, termination, assignment, replacement or waiver would or would reasonably be expected to (i) except as expressly contemplated under the Parent Debt Commitment Letters, reduce the aggregate amount of the Parent Debt Financing (including by increasing the amount of fees to be paid or original issue discount) below the Required Amount (when taken together with other sources of funds immediately available to Parent (including additional equity commitments that will be funded in lieu thereof)), (ii) impose new or additional conditions to the Parent Debt Financing or otherwise expand, amend or modify any of the existing conditions to the Parent Debt Financing, (iii) materially and adversely impact the ability of Parent or Merger Sub to enforce its rights against any other party to any of the Parent Debt Commitment Letters or, if applicable, Definitive Agreements or (iv) otherwise expand, amend, modify or waive any provision of any of the Parent Debt Commitment Letters or, if applicable, Definitive Agreements in a manner that in any such case would or would reasonably be expected to prevent, materially delay or make materially less likely (A) the funding of

the Parent Debt Financing in an amount no less than the Required Amount (or satisfaction of the conditions to the Parent Debt Financing) at the time such Parent Debt Financing is contemplated to be funded or (B) the timely consummation of the Merger and the other transactions contemplated hereby (the effects described in clauses (i) through (iv), the “Prohibited Modifications”); provided that for the avoidance of doubt, Parent and Merger Sub shall be permitted to amend the Parent Debt Commitment Letters to add additional commitment parties thereto. Parent and Merger Sub shall promptly deliver to the Company copies of any termination, amendment, supplement, modification, waiver or replacement of any Parent Debt Commitment Letter or, if applicable, Definitive Agreement and each other agreement entered into in connection therewith (provided that any fee letter may be redacted consistent with the fee letters delivered by Parent and Merger Sub on the date hereof) other than any amendment entered into to add additional commitment parties thereto. In the event that any termination, amendment, replacement, supplement, modification or waiver of any Parent Debt Commitment Letter or, if applicable, Definitive Agreement permitted pursuant to this Section 6.18, references to the “Parent Debt Financing,” “Parent Debt Financing Sources,” “Parent Debt Financing Entities”, “Definitive Agreements” and “Parent Debt Commitment Letters” (and other like terms in this Agreement) shall be deemed to refer to the Parent Debt Financing as so amended, replaced, supplemented, modified or waived.

(g) In the event any portion of the Parent Debt Financing becomes unavailable on the terms and conditions (including any “flex” provisions) contemplated in the Parent Debt Commitment Letters for any reason other than pursuant to its express terms (i) Parent shall promptly notify the Company in writing and (ii) Parent and Merger Sub shall use their reasonable best efforts to obtain alternative debt financing commitments from alternative debt financing sources (the “Parent Alternative Financing,” which shall also constitute a “Parent Debt Financing”) in an amount, sufficient to replace the amounts contemplated by the portion of the Parent Debt Financing that is unavailable as promptly as practicable following the occurrence of such event and, promptly after execution thereof, deliver to the Company true, complete and correct copies of the new commitment letter(s) and all related fee letter(s) (subject to redaction consistent with those fee letters delivered by the Parent as of the date hereof), which Parent Alternative Financing would not (A) include any terms and conditions that are materially less beneficial to Parent and Merger Sub taken as a whole than those that are set forth in the Parent Debt Commitment Letters as of the date hereof (including any “flex” provisions) (provided that such reasonable best efforts shall not include requiring Parent and Merger Sub to pay any additional fees or to increase any interest rates applicable to the Parent Debt Financing in excess of the amount set forth in the Parent Debt Commitment Letter (including any “flex” provisions) on the date hereof), (B) including any conditions to funding the Parent Debt Financing that are not contained in the Parent Debt Commitment Letters as of the date hereof and (C) be reasonably expected to prevent, impede or delay the consummation of the Parent Debt Financing or such Parent Alternative Financing or the transactions contemplated by this Agreement.

SECTION 6.19 Parent Debt Financing Cooperation.

(a) During the Interim Period, subject to the limitations set forth in this Section 6.19, and unless otherwise agreed by Parent, the Company will use its reasonable best efforts to, and will use its reasonable best efforts to cause its Representatives to, cooperate with Parent and Merger Sub as reasonably requested by Parent in connection with Parent’s arrangement and obtainment of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing). Such cooperation will include:

(i) using reasonable best efforts to cooperate with the marketing efforts of Parent for all or any part of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing), including making appropriate officers reasonably available, with appropriate advance notice, for participation in a reasonable number of lender or investor meetings, due diligence sessions, meetings with ratings agencies and road shows, and reasonable assistance in the preparation of confidential information memoranda, private placement memoranda, prospectuses, lender and investor presentations, and similar documents as may be reasonably requested by Parent with respect to information relating to the Company in connection with such marketing efforts;

(ii) furnishing Parent and the Parent Debt Financing Sources with the Required Financial Information and any other information with respect to the Company as is reasonably requested by

Parent or any Parent Debt Financing Source and is customarily (A) required for the marketing, arrangement and syndication of financings similar to the Parent Debt Financing or (B) used in the preparation of customary offering or information documents or rating agency, lender presentations or road shows relating to the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing);

(iii) using reasonable best efforts to cooperate with the due diligence of the Parent Debt Financing Sources and their Representatives, to the extent customary and reasonable including the provision of all such information reasonably requested with respect to the property and assets of the Company and by providing to counsel of Parent customary back-up certificates to support any customary legal opinions that such counsel may be required to deliver in connection with any Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing);

(iv) requesting the Company's independent registered accounting firm or other applicable third-party advisor to use reasonable best efforts (A) to provide customary comfort letters (including "negative assurance" comfort) in connection with any capital markets transaction comprising any permanent financing consummated in lieu of any portion of the Parent Debt Financing or any Parent Alternative Financing, in each case in form and substance customary for offerings of debt securities to the extent applicable, and (B) to provide any necessary consents (including, with respect to the Company's independent registered accounting firm, to the inclusion of its audit report in respect of any financial statements of the Company included or incorporated in any of the applicable financing materials referred to in Section 6.19(a)(i));

(v) (A) providing customary authorization and representation letters related to the Parent Debt Financing and backup certificates set forth in clause (iii) above and (B) obtaining or providing certificates as are customary in financings of such type and other customary documents (other than legal opinions) relating to the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing) as reasonably requested by Parent;

(vi) furnishing all documentation and other information required by a Governmental Entity or any Parent Debt Financing Source under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT ACT (Title III of Pub. L. 10756 (signed into law October 26, 2001)), and/or the requirements of 31 C.F.R. § 1010.230 at least three (3) Business Days prior to the anticipated Closing Date to the extent reasonably requested by Parent at least ten (10) Business Days prior to the anticipated Closing Date;

(vii) using reasonable best efforts to assist Parent in obtaining any credit ratings from rating agencies contemplated by any debt commitment letters with Parent Debt Financing Sources;

(viii) taking all reasonable and customary organizational action, subject to the occurrence of the Closing, reasonably requested by Parent and necessary to permit and/or authorize the consummation of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing); and

(ix) using reasonable best efforts to deliver payoff or similar notices with respect to any existing indebtedness of the Company or any subsidiary thereof identified on Section 4.12(a) of the Company Disclosure Schedule requested by Parent at least ten (10) Business Days prior to the Closing Date to the applicable agents, trustees or financing sources thereunder within the time frames required by the terms of such indebtedness.

(b) Notwithstanding anything to the contrary contained in this Agreement (including this Section 6.19) (i) nothing in this Agreement (including this Section 6.19) shall require any such cooperation to the extent that it would (A) require the Company or any subsidiary thereof to pay any commitment or other fees, reimburse any expenses not indemnified hereunder or otherwise incur any liabilities or give any indemnities prior to the Closing, (B) unreasonably interfere with the ongoing business or operations of the Company or any subsidiary thereof, (C) require the Company or any subsidiary thereof to enter into or approve any agreement or other documentation effective prior to the Closing Date except as set forth in Section 6.19(a)(v)(A) above, (D) result in any conflict with the Company Articles of Incorporation, the

Company Bylaws or the Organizational Documents of any of the Company's subsidiaries (or obligate the Company or any of Company's subsidiaries to amend the Company Articles of Incorporation, the Company Bylaws or the Organizational Documents of any of the Company's subsidiaries other than amendments that would not be effective prior to Closing), (E) reasonably be expected to result in a violation or breach of, or a default (with or without notice, lapse of time or both) under, any Company Material Contract to which the Company or any subsidiary thereof is a party including this Agreement, (F) reasonably be expected to result in a violation of applicable Law (including with respect to privacy of employees), (G) reasonably be expected to threaten the loss of any attorney-client privilege or other applicable legal privilege, or (H) obligate the Company or its subsidiaries to breach a contractual obligation of confidentiality or (I) obligate the Company or any of its subsidiaries to deliver (1) legal opinions or reliance letters or any certificate as to solvency or any other certificate necessary for the Parent Debt Financing, other than as contemplated by Section 6.19(a)(v)(A), (2) any pro forma financials or other financial information in a form not customarily prepared by the Company with respect to such period or (3) any financial statements or other financial information other than the Required Financial Information; and (ii) no action, liability or obligation (including any obligation to pay any commitment or other fees or reimburse any expenses) of the Company or any subsidiary thereof or Representatives under any certificate, agreement, arrangement, document or instrument relating to the Parent Debt Financing (other than as contemplated by Section 6.19(a)(v)(A)) shall be effective until the Closing. The Company hereby consents to the use of its logos in connection with the Parent Debt Financing in a form and manner mutually agreed with the Company; provided, however, that such logos are used solely in a manner that is not intended, or reasonably likely, to harm or disparage the Company or the reputation or goodwill of any of the foregoing.

(c) PARENT SHALL (I) PROMPTLY, UPON REQUEST BY THE COMPANY, REIMBURSE THE COMPANY AND ITS SUBSIDIARIES FOR ALL OF THEIR REASONABLE AND DOCUMENTED OUT-OF-POCKET FEES AND EXPENSES (INCLUDING FEES AND EXPENSES OF COUNSEL AND ACCOUNTANTS) INCURRED BY THE COMPANY, ITS SUBSIDIARIES OR ANY OF ITS OR THEIR REPRESENTATIVES IN CONNECTION WITH ANY COOPERATION CONTEMPLATED BY THIS SECTION 6.19 (OTHER THAN ANY SUCH EXPENSE THAT WILL BE INCURRED BY THE COMPANY OR ITS SUBSIDIARIES IN THE ORDINARY COURSE OF BUSINESS REGARDLESS OF WHETHER ANY ASSISTANCE IS REQUESTED UNDER THIS SECTION 6.19) AND (II) INDEMNIFY AND HOLD HARMLESS THE COMPANY, ITS SUBSIDIARIES AND ITS AND THEIR REPRESENTATIVES AGAINST ANY CLAIM, LOSS, DAMAGE, INJURY, LIABILITY, JUDGMENT, AWARD, PENALTY, FINE, COST (INCLUDING COST OF INVESTIGATION), REASONABLE AND DOCUMENTED OUT OF POCKET EXPENSE (INCLUDING FEES AND EXPENSES OF COUNSEL AND ACCOUNTANTS) OR SETTLEMENT PAYMENT INCURRED AS A RESULT OF, OR IN CONNECTION WITH, SUCH COOPERATION OR THE PARENT DEBT FINANCING AND ANY INFORMATION USED IN CONNECTION THEREWITH OTHER THAN THOSE CLAIMS, LOSSES, DAMAGES, INJURIES, LIABILITIES, JUDGMENTS, AWARDS, PENALTIES, FINES, COSTS, EXPENSES AND SETTLEMENT PAYMENT ARISING OUT OF OR RESULTING FROM THE GROSS NEGLIGENCE, FRAUD, BAD FAITH OR WILLFUL MISCONDUCT OF THE COMPANY OR ANY OF ITS SUBSIDIARIES OR ANY OF ITS AND THEIR REPRESENTATIVES.

ARTICLE VII

CONDITIONS OF MERGER

SECTION 7.1 Conditions to Obligation of Each Party to Effect the Merger. The respective obligations of each Party to effect the Merger shall be subject to the satisfaction or (to the extent permitted by applicable Law) waiver at or prior to the Effective Time of the following conditions:

(a) Company Shareholder Approval. This Agreement shall have been duly adopted and approved by holders of shares of Company Common Stock constituting the Company Requisite Vote;

(b) No Legal Restraint. No Law or Judgment (whether temporary, preliminary or permanent) shall be in effect that prohibits, restrains enjoins, or otherwise prevents the consummation of the Merger (any such Law or Judgment, a "Legal Restraint"), and any agreement between Parent or the Company with the Federal Trade Commission or Antitrust Division of the U.S. Department of Justice to not effect the Merger shall have expired or been terminated; and

(c) Required Regulatory Approvals. The Consents or Filings on Section 3.5(b)(i) of the Company Disclosure Schedule (the “Company Regulatory Approvals”) and Section 4.5(b)(i) of the Parent Disclosure Schedule (the “Parent Regulatory Approvals”) and together with the Company Regulatory Approvals, the “Required Regulatory Approvals”), shall have been duly obtained, made or given, and all terminations or expirations of applicable waiting periods imposed by any Governmental Entity with respect to the transactions contemplated thereby (including under the HSR Act) shall have occurred, and all such Required Regulatory Approvals (including under the HSR Act) shall have become Final Orders.

SECTION 7.2 Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Merger shall be further subject to the satisfaction (or waiver by Parent and Merger Sub) at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company set forth in this Agreement (other than the representations and warranties of the Company set forth in Section 3.1 (Organization and Qualification; Subsidiaries), Section 3.3 (Capitalization), Section 3.4 (Authority), Section 3.5(a)(i) (No Conflict with Organizational Documents), Section 3.9(b) (No Company Material Adverse Effect) and Section 3.20 (Brokers)) shall be true and correct in all respects (without giving effect to any “materiality,” “Company Material Adverse Effect” or similar qualifiers contained in any such representations and warranties) as of the Effective Time as though made on and as of the Effective Time (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; (ii) the representations and warranties of the Company set forth in (A) Section 3.1 (Organization and Qualification; Subsidiaries), Section 3.4 (Authority), Section 3.5(a)(i) (No Conflict with Organizational Documents) and Section 3.20 (Brokers) shall be true and correct in all material respects and (B) Section 3.3 (Capitalization) shall be true and correct in all but *de minimis* respects, in the case of each of Section 7.2(a)(ii)(A) and this Section 7.2(a)(ii)(B), as of the Effective Time as though made on and as of the Effective Time (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case as of such earlier date); and (iii) the representation and warranty of the Company set forth in Section 3.9(b) (No Material Adverse Effect) shall be true and correct in all respects as of the Effective Time as though made on and as of the Effective Time;

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects the obligations, and complied in all material respects with the agreements and covenants, required to be performed by, or complied with by, it under this Agreement at or prior to the Effective Time;

(c) No Company Material Adverse Effect. There shall not have occurred any event, development, change, circumstance, effect or occurrence that has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; and

(d) Certificate. Parent shall have received a certificate of an executive officer of the Company, certifying that the conditions set forth in Section 7.2(a) and Section 7.2(b) have been satisfied.

SECTION 7.3 Conditions to Obligations of the Company. The obligation of the Company to effect the Merger shall be further subject to the satisfaction (or waiver by the Company) at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent and Merger Sub set forth in this Agreement shall be true and correct in all respects (without giving effect to any “materiality,” “Parent Material Adverse Effect” or similar qualifiers contained in any such representations and warranties), in each such case, as of the Effective Time as though made on and as of the Effective Time (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect;

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed in all material respects the obligations, and complied in all material respects with the agreements and covenants, required to be performed by or complied with by it under this Agreement at or prior to the Effective Time; and

(c) Certificate. The Company shall have received a certificate of an executive officer of Parent, certifying that the conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.1 Termination. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after receipt of the Company Requisite Vote (other than as expressly indicated below):

(a) by mutual written consent of Parent and the Company;

(b) by Parent or the Company if the condition set forth in Section 7.1(b) (*No Legal Restraint*) is not satisfied and the Legal Restraint giving rise to such nonsatisfaction has become final and nonappealable; provided, however, that (i) the right to terminate this Agreement under this Section 8.1(b) shall not be available to any Party if the Legal Restraint was due to the breach of this Agreement by such Party (or, in the case of Parent, Merger Sub) seeking to terminate this Agreement (it being understood that deemed compliance with Section 6.4 pursuant to Section 6.4(f) shall not constitute a breach under this Section 8.1(b)), and (ii) the Party seeking to terminate this Agreement under this Section 8.1(b) shall have complied in all material respects with Section 6.4 (*Regulatory Approvals; Reasonable Best Efforts*) (it being understood that deemed compliance with Section 6.4 pursuant to Section 6.4(f) constitutes compliance under this Section 8.1(b)); or

(c) by Parent or the Company if the Effective Time shall not have occurred on or before 5:00 p.m. New York City time on August 18, 2026 (as may be extended pursuant to the following proviso, the “End Date”); provided, however, that if, prior to the End Date, all of the conditions to the Closing set forth in Article VII have been satisfied or waived, as applicable, or for conditions that by their nature are to be satisfied at the Closing, shall then be capable of being satisfied (except for any condition set forth in (i) Section 7.1(b) (*No Legal Restraint*) or (ii) Section 7.1(c) (*Required Regulatory Approvals*)), the End Date shall (A) automatically be extended to December 31, 2026 (the “Extended End Date” which shall constitute the End Date if such extension occurs) and (B) following the extension in the foregoing clause (A), be extended to a date that is three (3) months after the Extended End Date (and if so extended, such later date being the End Date) by mutual written agreement of Parent and the Company not less than three (3) Business Days prior to the Extended End Date, which agreement shall not be unreasonably withheld, conditioned or delayed by either Parent or the Company; provided, further, that the right to terminate this Agreement pursuant to this Section 8.1(c) shall not be available to a Party if the failure of the Effective Time to occur on or before the End Date was due to the breach of this Agreement by such Party (or, in the case of Parent, Merger Sub) seeking to terminate this Agreement (it being understood that deemed compliance with Section 6.4 pursuant to Section 6.4(f) shall not constitute a breach under this Section 8.1(c));

(d) by written notice from the Company if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Parent or Merger Sub set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.3(a) or Section 7.3(b) not to be satisfied and to be incapable of being satisfied by the End Date, except that, if such breach or failure to perform is curable by Parent or Merger Sub, then, until the earlier of (A) three (3) Business Days prior to the End Date and (B) thirty (30) days after receipt by Parent of written notice from the Company of such breach or failure to perform, but only as long as Parent or Merger Sub, as applicable, continues to use its reasonable best efforts to cure such breach or failure to perform (the “Parent Cure Period”), such termination shall become effective only if the breach or failure to perform is not cured within the Parent Cure Period; provided, however, that, the Parent Cure Period shall not be applicable to any breach or failure to perform by Parent or Merger Sub that gives rise to a termination right under Section 8.1(d)(iii) (*Parent*

Failure to Close); provided, further, that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.1(d)(i) if it is then in breach of any of its representations, warranties, covenants or other agreements contained in this Agreement and such breach would result in a failure of a condition set forth in Section 7.2(a) or Section 7.2(b);

(ii) prior to obtaining the Company Requisite Vote, in accordance with, and subject to, and in compliance with, all of the terms and conditions of, Section 6.1(d) in order to enter into a definitive agreement with respect to a Superior Proposal; provided, that the Company shall pay the Company Termination Fee pursuant to Section 8.2(b)(i) at such time as specified in Section 8.2(b)(i); or

(iii) (A) if all of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied or (to the extent permitted by applicable Law) waived in accordance with this Agreement, (B) the conditions set forth in Article VII that by their nature are to be satisfied at the Closing are capable of being satisfied at the Closing, (C) Parent and Merger Sub fail to consummate the Closing on the date that the Closing should have occurred pursuant to Section 1.3, (D) following such failure contemplated by the foregoing clause (C), the Company has given irrevocable written notice to Parent and Merger Sub that (1) all of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied or (to the extent permitted by applicable Law) waived in accordance with this Agreement, (2) the conditions set forth in Article VII that by their nature are to be satisfied at the Closing are capable of being satisfied at the Closing if the Closing were to occur at the time of delivery of such notice, and (3) it is prepared, willing and able to consummate the Closing, and if Parent and Merger Sub are prepared, willing and able to consummate the Closing, it will proceed with and immediately consummate the Closing as required pursuant to Section 1.3 (the “Satisfaction Notice”), and (E) Parent and Merger Sub fail to consummate the Closing by the close of business on the second (2nd) Business Day following receipt of the Satisfaction Notice.

(e) by written notice from Parent if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.2(a) or Section 7.2(b) not to be satisfied and to be incapable of being satisfied by the End Date, except that, if such breach or failure to perform is curable by the Company, then, until the earlier of (A) three (3) Business Days prior to the End Date and (B) thirty (30) days after receipt by the Company of written notice from Parent of such breach or failure to perform, but only as long as the Company continues to use its reasonable best efforts to cure such breach or failure to perform (the “Company Cure Period”), such termination shall become effective only if the breach or failure to perform is not cured within the Company Cure Period; provided, however, that Parent shall not have the right to terminate this Agreement pursuant to this Section 8.1(e)(i) if Parent or Merger Sub is then in breach of any of its representations, warranties, covenants or other agreements contained in this Agreement and such breach would result in a failure of a condition set forth in Section 7.3(a) or Section 7.3(b);

(ii) the Company Board of Directors shall have made, prior to obtaining the Company Requisite Vote and whether or not in compliance with Section 6.1, a Company Change of Recommendation;

(f) by either Parent or the Company if the Company Requisite Vote shall not have been obtained at the Company Shareholders Meeting duly convened therefor or at any adjournment or postponement thereof, at which a vote on the adoption and approval of this Agreement was taken; or

(g) by the Company if the Stock Purchase Agreement is terminated by the Company pursuant Article IX of the Stock Purchase Agreement.

SECTION 8.2 Effect of Termination.

(a) In the event of a termination of this Agreement by either Parent or the Company as provided in Section 8.1, this Agreement shall forthwith become void and have no force or effect, without any liability or obligation on the part of any Party, whether arising before or after such termination, based on, arising out of or relating to this Agreement or the negotiation, execution, performance or subject matter hereof (whether in contract or in tort or otherwise, or whether at law, including at common law or by statute, or in equity),

except for (i) Section 6.6(a)(iii)(C)(2) (Access to Information – Reimbursement), the last sentence of Section 6.6(a) (Access to Information – Indemnification), Section 6.6(b) (Confidentiality), Section 6.8 (Publicity), Section 6.19 (Parent Debt Financing Cooperation – Reimbursement), this Section 8.2 (Effect of Termination), Section 8.3 (Expenses) and Article IX (General Provisions), each of which provisions shall survive such termination; (ii) subject to Section 8.2(f), liability of Parent and Merger Sub for any Willful Breach of this Agreement prior to such termination; (iii) subject to Section 8.2(f), liability of the Company for any Willful Breach of this Agreement prior to such termination; or (iv) liability of any Party for damages to another Party for fraud. The liabilities described in the preceding sentence that shall survive any valid termination of this Agreement shall not be limited to reimbursement of expenses or out-of-pocket costs, and in the case of any damages sought by the Company from Parent or Merger Sub, including for any Willful Breach, such damages can be based on the damages incurred by the Company's shareholders in the event such shareholders would not receive the benefit of the bargain negotiated by the Company on their behalf as set forth in this Agreement; provided, however, that notwithstanding anything to the contrary in this Agreement, including this Section 8.2(a), the liability of Parent and Merger Sub in connection with this Agreement and any of the transactions contemplated herein shall not exceed the Liability Limitation; provided, further, that nothing herein shall limit the liability of (A) Guarantor (as defined in the Guarantee) under the Guarantee, (B) Purchaser under the Stock Purchase Agreement or (C) Guarantor (as defined in the SPA Guarantee). The Company acknowledges and agrees that nothing in this Section 8.2 shall be deemed to affect Parent's right to specific performance under Section 9.10. In addition to the foregoing, no termination of this Agreement will affect the rights or obligations of any Party (or Sponsor) pursuant to the Guarantee, which rights and obligations will survive the termination of this Agreement in accordance with the Guarantee's terms.

(b) In the event that:

(i) this Agreement is terminated (A) by the Company pursuant to Section 8.1(d)(ii) (Superior Proposal) or (B) by Parent pursuant to Section 8.1(e)(ii) (Company Change of Recommendation), then the Company shall pay \$210,000,000 (the "Company Termination Fee") to Parent, on or prior to the date of termination in the case of a termination pursuant to Section 8.1(d)(ii) (Superior Proposal) or as promptly as reasonably practicable in the case of a termination pursuant to Section 8.1(e)(ii) (Company Change of Recommendation) (and, in any event, within two (2) Business Days following such termination pursuant to Section 8.1(e)(ii) (Company Change of Recommendation)), payable by wire transfer of immediately available funds; or

(ii) (A) this Agreement is terminated by Parent or the Company pursuant to Section 8.1(f) (No Company Requisite Vote) or is terminated by Parent pursuant to Section 8.1(e)(i) (Company Terminable Breach), (B) at any time after the date of this Agreement and prior to such termination an Acquisition Proposal shall have been made to the Company, or the Company Board of Directors or shareholders, or an Acquisition Proposal shall have otherwise become publicly known, and (C) within twelve (12) months after such termination, the Company shall have entered into a definitive agreement with respect to, or consummated, an Acquisition Proposal, then, in the event that the actions described in clauses (A), (B) and (C) above shall have occurred, the Company shall pay to Parent the Company Termination Fee, such payment to be made within two (2) Business Days following the earlier to occur of (1) the date the Company enters into such a definitive agreement with respect to such Acquisition Proposal or (2) the date of the consummation of such Acquisition Proposal. Such payment shall be made by wire transfer of immediately available funds. For the purpose of this Section 8.2(b)(ii), all references in the definition of the term Acquisition Proposal to "twenty percent (20%) or more" will be deemed to be references to "more than fifty percent (50%)". Any expenses previously paid by the Company to Parent pursuant to Section 8.3 shall be credited toward, and offset against, the payment of the Company Termination Fee.

(c) In the event that this Agreement is terminated (i) (A) by Parent or the Company pursuant to Section 8.1(b) (No Legal Restraint) solely in connection with Required Regulatory Approvals, (B) by Parent or the Company pursuant to Section 8.1(c) (End Date) or (C) by the Company pursuant to Section 8.1(d)(i) (Parent Terminable Breach), and in each case of Section 8.2(c)(i)(A), Section 8.2(c)(i)(B) or Section 8.2(c)(i)(C) above, at the time of such termination, all other conditions to the Closing set forth in Section 7.1 and Section 7.2 (other than Section 7.1(c) (Required Regulatory Approvals) or, solely in

connection with Required Regulatory Approvals, Section 7.1(b) (No Legal Restraint)) shall have been satisfied or waived (except for (1) those conditions that by their nature are to be satisfied at the Closing, but which condition would be satisfied or would be capable of being satisfied if the Closing Date were the date of such termination and (2) those conditions that have not been satisfied as a result of a breach of this Agreement by Parent or Merger Sub) or (ii) by the Company pursuant to either (A) Section 8.1(d)(iii) (Parent Failure to Close) or (B) Section 8.1(g) (Stock Purchase Agreement Termination), then Parent shall pay to the Company \$350,000,000 (the “Parent Termination Fee”) by wire transfer of immediately available funds, such payment to be made within two (2) Business Days of the applicable termination.

(d) The Parties hereto acknowledge and hereby agree that in no event shall either the Company be required to pay the Company Termination Fee or Parent be required to pay the Parent Termination Fee, on more than one (1) occasion.

(e) Each of the Company, Parent and Merger Sub acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the Parties would not enter into this Agreement. If the Company fails to promptly pay an amount due pursuant to Section 8.2(b), or Parent fails to promptly pay an amount due pursuant to Section 8.2(c), and, in order to obtain such payment, Parent, on the one hand, or the Company, on the other hand, commences a suit that results in a judgment against the Company for the amount set forth in Section 8.2(b), or any portion thereof, or a judgment against Parent for the amount set forth in Section 8.2(c), or any portion thereof, the Company shall pay to Parent, on the one hand, or Parent shall pay to the Company, on the other hand, its reasonable actual out-of-pocket costs and expenses (including reasonable attorneys’ fees and the fees and expenses of any expert or consultant engaged by such party; provided, that no contingent, success, fixed or similar fee shall be payable pursuant to this Section 8.2(e)) in connection with such suit, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at the prime rate as published in *The Wall Street Journal*, Eastern Edition, in effect on the date of such payment. Any amount payable pursuant to Section 8.2(b) or Section 8.2(c) shall be paid by the applicable Party by wire transfer of same day funds prior to or on the date such payment is required to be made under Section 8.2(b) or Section 8.2(c).

(f) In any circumstance in which this Agreement is terminated and Parent is entitled to receive the Company Termination Fee from the Company and the Company actually pays the Company Termination Fee or the Company is entitled to receive the Parent Termination Fee from Parent and Parent actually pays the Parent Termination Fee, in each case pursuant to Section 8.2, then (i) the Company Termination Fee or Parent Termination Fee, as applicable, and the costs and expenses of Parent or the Company pursuant to Section 8.2(e) and Section 8.3, and the expense reimbursement and indemnification obligations pursuant to Section 6.6(a)(iii)(C)(2) (Access to Information – Reimbursement), the last sentence of Section 6.6(a) (Access to Information – Indemnification), Section 6.19 (Parent Debt Financing Cooperation – Reimbursement), Section 8.2(e) (Effect of Termination – Collection) and Section 8.3 (Expenses), as applicable, shall be (A) if Parent is entitled to the Company Termination Fee and actually receives the Company Termination Fee and is reimbursed its costs and expenses as described in this Section 8.2(f), the sole and exclusive remedy of Parent, Merger Sub, and their respective Affiliates against the Company, its subsidiaries and any of their respective former, current, or future general or limited partners, shareholders, directors, officers, managers, members, Affiliates, employees, representatives or agents, on the one hand, and, (B) if the Company is entitled to the Parent Termination Fee and actually receives the Parent Termination Fee and is reimbursed its costs and expenses as described in this Section 8.2(f), the sole and exclusive remedy of the Company and its Affiliates against Parent, Merger Sub, their respective subsidiaries and any of their respective former, current, or future general or limited partners, shareholders, directors, officers, managers, members, Affiliates, employees, representatives or agents, on the other hand, in each case of clause (A) or clause (B) of this Section 8.2(f), for any loss suffered as a result of any breach of any covenant or agreement in this Agreement giving rise to such termination, or in respect of any representation made or alleged to be have been made in connection with this Agreement, and (ii) upon timely payment of the applicable termination fee and other amounts referenced in this Section 8.2(f), such paying Party and its respective subsidiaries or and their respective former, current, or future general or limited partners, shareholders, directors, officers, managers, members, Affiliates, employees, representatives or agents shall have no further liability or obligation relating to or arising out of this Agreement, including the termination hereof or in respect of representations made or alleged to be made in connection herewith, whether in equity

or at law, in contract, in tort or otherwise. The Company acknowledges and agrees that the Parent's right to receive the Company Termination Fee under this Agreement shall not limit or otherwise affect Parent's right to specific performance as provided in Section 9.10, but for the avoidance of doubt, under no circumstances shall Parent, directly or indirectly, be permitted or entitled to receive both a grant of specific performance that results in the Closing, on the one hand, and the payment of the Company Termination Fee, or any other damages, on the other hand.

(g) Notwithstanding anything to the contrary in this Agreement, the maximum aggregate liability of Parent and Merger Sub together under this Agreement, including for any losses, damages, costs or expenses of the Company or its Affiliates related to the failure of the transactions contemplated by this Agreement, or a breach of this Agreement by Parent or Merger Sub or otherwise (including a Willful Breach), shall not exceed the Liability Limitation, and in no event shall the Company, its subsidiaries or its Affiliates seek any amount in excess of the Liability Limitation (including consequential, indirect or punitive damages) in connection with this Agreement or the transactions contemplated by this Agreement or in respect of any other documents (other than the Stock Purchase Agreement or the SPA Guarantee), whether in contract or in tort or otherwise, or whether at law, including at common law or by statute, or in equity; provided that, notwithstanding anything to the contrary, the Company, its subsidiaries and any of their respective former, current or future officers, directors, partners, stockholders, managers, members or Affiliates shall be deemed to irrevocably waive their right to any amounts due and owing under this Section 8.2 or otherwise (other than the Stock Purchase Agreement or the SPA Guarantee) in excess of the Liability Limitation, and none of Parent, Merger Sub or any of their respective former, current or future officers, directors, partners, stockholders, managers, members or Affiliates or Sponsor shall have any payment obligations in excess of the Liability Limitation in connection with this Agreement. In furtherance of the foregoing, notwithstanding anything to the contrary in this Agreement, in no event shall Parent, any of its Affiliates or Representatives or the Parent Debt Financing Sources be required to pay any amount of monetary losses under this Agreement if the Company has received the Parent Termination Fee and its reimbursable costs and expenses as contemplated by Section 8.2(f).

SECTION 8.3 Expenses. Except as otherwise specifically provided herein (including the last sentence of Section 8.2(b)(ii) and this Section 8.3) and the filing fees with respect to any Required Regulatory Approvals, which shall be borne solely by Parent (and Parent shall reimburse the Company to the extent the Company has, pursuant to Section 6.4, incurred any such fees) or as otherwise specifically provided herein, including Section 8.2, each Party shall bear its own expenses in connection with this Agreement and the transactions contemplated hereby. Expenses incurred in connection with the filing, printing and mailing of the Proxy Statement shall be shared equally by Parent and the Company.

SECTION 8.4 Procedures for Termination, Amendment, Extension or Waiver. Termination of this Agreement prior to the Effective Time shall not require the approval of the shareholders or other equityholders of any Party. The Party desiring to terminate this Agreement in accordance with Section 8.1 shall give written notice of such termination to the other Parties in accordance with Section 9.2, specifying the provision of this Agreement pursuant to which such termination is effected.

SECTION 8.5 Modification or Amendment. The Parties may modify or amend this Agreement by written agreement, executed and delivered by duly authorized officers of the respective Parties; provided, however, that after receipt of the Company Requisite Vote, there shall be made no amendment that by applicable Law requires further approval by the shareholders of the Company without the further approval of such shareholders.

SECTION 8.6 Waiver. At any time prior to the Effective Time, any Party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other Parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) subject to the requirements of applicable Law, waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the Party or Parties to be bound thereby and specifically referencing this Agreement. The failure of any Party to assert any rights or remedies shall not constitute a waiver of such rights or remedies. No waiver by any Party of any breach or anticipated breach of any provision hereof by any other Party shall be deemed a waiver of any other contemporaneous, preceding or succeeding breach or anticipated breach, whether similar or not. Except as

provided in this Agreement, no action taken pursuant to this Agreement, including investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance by any other Party with any representations, warranties, covenants or agreements contained in this Agreement. All consents given hereunder shall be in writing.

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.1 Non-Survival of Representations, Warranties, Covenants and Agreements; Contractual Nature of Representations and Warranties. None of the representations or warranties contained herein or in any instrument delivered pursuant to this Agreement shall survive, and all rights, claims and causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) with respect thereto shall terminate at the Effective Time. Except for any covenant or agreement that by its terms contemplates performance after the Effective Time and those covenants and agreements in this Article IX, none of the covenants or agreements of the Parties contained herein shall survive, and all rights, claims and causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) with respect to such covenants and agreements shall terminate at, the Effective Time. The Parties hereby acknowledge and agree that (a) all representations and warranties set forth in this Agreement are contractual in nature only and (b) if any such representation or warranty (as modified by the applicable Company Disclosure Schedule or Parent Disclosure Schedule) should prove untrue, the Parties' only rights, claims or causes of action (other than in the event of Willful Breach, which shall be subject to Section 8.2(a)) shall be to exercise the specific rights set forth in Section 7.2(a), Section 7.3(a), Section 8.1(d)(i) and Section 8.1(e)(i), as and if applicable, and (c) the Parties shall have no other rights, claims or causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) based on, arising out of or related to any such untruth of any such representation or warranty.

SECTION 9.2 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by e-mail or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified by like notice); provided, however, that delivery by e-mail shall be deemed to have been duly given upon receipt only if confirmed by e-mail or telephone:

- (a) if to Parent or Merger Sub:

345 Park Avenue New York, NY 10154
Attn: Sebastien Sherman; Heidi Boyd; Max A. Wade
Email: Sebastien.Sherman@Blackstone.com;
Heidi.Boyd@Blackstone.com;
Max.Wade@Blackstone.com;
BIP-LegalandCompliance@Blackstone.com

with an additional copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
609 Main Street
Houston, TX 77002
Attn: Rhett A. Van Syoc, P.C.; Robert P. Goodin, P.C.; Debbie P. Yee, P.C.
Email: rhett.vansyoc@kirkland.com;
robert.goodin@kirkland.com;
debbie.yee@kirkland.com

- (b) if to the Company:

TXNM Energy, Inc.
414 Silver Ave. SW
Albuquerque, NM 87102-3289
Attn: Brian G. Iverson, Esq. Senior Vice President, General Counsel & Secretary

Email: brian.iverson@txnmenergy.com

with an additional copy (which shall not constitute notice) to:

Troutman Pepper Locke LLP
1001 Haxall Point
15th Floor
Richmond, VA 23219
Attn: R. Mason Bayler, Jr.; Coburn R. Beck; Heather M. Ducat
Email: mason.bayler@troutman.com;
coby.beck@troutman.com;
heather.ducat@troutman.com

SECTION 9.3 Certain Definitions. For purposes of this Agreement, the term:

(a) “Acceptable Confidentiality Agreement” means a confidentiality agreement with counterparty(ies) containing customary provisions that require each counter-party(ies) thereto (and each of its (their) representatives named therein) that receive information of or with respect to the Company or its subsidiaries to keep such information confidential (i) in effect on the date hereof or (ii) entered into on or after the date hereof on terms (A) no less favorable in the aggregate to the Company and (B) no less restrictive in the aggregate to such counter-party(ies) (and each of its (their) representatives) than those contained in the Confidentiality Agreement (except for such changes specifically and expressly permitted pursuant to this Agreement), it being understood that such confidentiality agreement need not prohibit the making or amendment of an Acquisition Proposal.

(b) “Affiliate” means, with respect to any Person, any other Person directly or indirectly, controlling, controlled by, or under common control with, such Person; provided, that for purposes of Section 6.4, Blackstone Inc. and its Affiliates and its and their funds and investment vehicles, and managed accounts and their respective portfolio companies (other than Persons managed or advised by Blackstone Infrastructure Advisors L.L.C., but, for the avoidance of doubt, including the portfolio companies and other investments of Sponsor) shall not be considered an Affiliate of Parent, Merger Sub or any Company Party.

(c) “Anti-Corruption Laws” means the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, as amended, and all Laws of any jurisdiction applicable to the Company and its Affiliates concerning or relating to anti-bribery or anti-corruption (governmental or commercial).

(d) “Business Day” means any day other than a Saturday or Sunday or a day on which banks are required or authorized to close in the United States in New York, New York.

(e) “Code” means the Internal Revenue Code of 1986, as amended.

(f) “Company Material Adverse Effect” means any event, development, change, circumstance, effect or occurrence that, individually or in the aggregate with all other events, developments, changes, circumstances, effects or occurrences, (i) would prevent or materially impair or materially delay the consummation of the Merger or (ii) has a material adverse effect on or with respect to the business, properties, results of operations or condition of the Company Parties (financial or otherwise), taken as a whole; provided, that with respect to clause (ii) only, no events, developments, changes, circumstances, effects or occurrences relating to, arising out of or in connection with or resulting from any of the following shall be deemed, either alone or in combination, to constitute or contribute to a Company Material Adverse Effect and no event, development, change, circumstance, effect or occurrence relating to, arising out of or in connection with or resulting from any of the following shall be taken into account when determining whether a Company Material Adverse Effect has occurred or may, would or could occur: (A) general changes or developments in the legislative or political condition, or in the economy or the financial, debt, capital, credit, commodities or securities markets, in each such case, in the United States or elsewhere in the world, including as a result of changes in geopolitical conditions, tariff policies, interest rates or inflation, (B) any change affecting any industry in which the Company Parties operate, including electric and renewable power generating, transmission or distribution industries (including, in each case, any changes in operations thereof) or any change affecting retail markets for electric power, capacity or fuel or related products, (C) any changes in the national, regional, state, provincial or local electric generation, transmission

or distribution systems or increases or decreases in planned spending with respect thereto, (D) the entry into this Agreement or the public announcement of the Merger or other transactions contemplated hereby, including any impact thereof on relationships, contractual or otherwise, with customers, suppliers, regulators, lenders, partners or employees of the Company Parties, (E) the identity of Parent or any of its Affiliates as the acquiror of the Company, (F) any action taken or omitted to be taken by the Company at the express written request of or with the express written consent of Parent, (G) any actions required to be undertaken by the Company in accordance with, subject to and consistent with Section 6.4 of this Agreement to obtain any Consent or make any Filing required for the consummation of the Merger and the other transactions contemplated herein or, in connection therewith, any written proposal or commitment made by any Party or its Affiliates to any Governmental Entity in accordance with, subject to and consistent with Section 6.4 or imposed by any Governmental Entity, in each case, in order to obtain the Required Regulatory Approvals, (H) changes after the date hereof, in any applicable Laws or applicable binding accounting regulations or principles or interpretation or enforcement thereof by any Governmental Entity, (I) any hurricane, tornado, fire, wildfire, earthquake, flood, tsunami or other natural disaster or weather-related event, act of God, pandemic or epidemic, including the COVID-19 virus, outbreak or escalation of hostilities or war (whether or not declared), military actions or any act of sabotage, cyber attacks, ransomware attacks, terrorism, or national or international political or social conditions, (J) any change in the market price or trading volume of the shares of the Company or the credit rating of the Company Parties, (K) any failure by the Company to meet any published analyst estimates or expectations of the Company's revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by the Company to meet its internal or published projections, budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself, (L) any litigation or claim threatened or initiated by shareholders, ratepayers, customers or suppliers of the Company Parties (each in their capacity as such) against the Company Parties or any of their respective officers or directors (in each case, in their capacity as such), in each case, arising out of the execution of this Agreement or the transactions contemplated thereby and (M) any increase in interest rates payable arising from the refinancing of the TNMP Bonds, in each case, in accordance with the express terms of this Agreement (it being understood that in the cases of clause (J) and clause (K) of this Section 9.3(f), the facts, events or circumstances giving rise to or contributing to such change or failure may be deemed to constitute, and may be taken into account in determining whether there has been a Company Material Adverse Effect); except in the cases of clauses (A), (B), (C), (H) or (I) of this Section 9.3(f), to the extent that the Company Parties, taken as a whole, are disproportionately affected thereby as compared with other participants in the industry in which the Company operates in the United States (in which case solely the incremental disproportionate impact or impacts may be taken into account in determining whether there has been a Company Material Adverse Effect); provided, however, that, notwithstanding anything herein or otherwise to the contrary, the effect of the failure to obtain the consent of the Existing Lenders to the execution of this Agreement prior to the execution and delivery hereof (but not the effect of the failure to obtain consents from Existing Lenders to the Closing that may be required under the Contracts with the Existing Lenders) may be considered, and taken into account, in determining whether a "Company Material Adverse Effect" has occurred or may, would or could occur (without giving effect to, and disregarding, any of the exceptions set forth in each of the preceding clauses (A) through (M)).

(g) "Company Parties" means, collectively, the Company, its subsidiaries and its Joint Ventures, and each of them individually is a "Company Party".

(h) "Contract" means any legally binding written or oral agreement, contract, subcontract, lease, instrument, note, option, warranty, sales order, purchase order, license, sublicense, insurance policy, benefit plan or commitment or undertaking of any nature, excluding any License.

(i) "control" (including the terms "controlling", "controlled", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(j) "Credit Facilities" means the agreements (as in effect on the date of this Agreement) listed in Section 9.3(j) of the Company Disclosure Schedule, and any replacements or refinancings thereof entered into after the date hereof in compliance with Section 5.1.

(k) “Derivative Product” means any swap, cap, floor, collar, futures contract, forward contract, option or any other derivative financial instrument or Contract, based on any commodity, security, instrument, rate or index of any kind or nature whatsoever, whether tangible or intangible, including electricity, natural gas, fuel oil, coal, emissions allowances and offsets, and other commodities, currencies, interest rates and indices.

(l) “Designated Person” means any Person listed on a Sanctions List.

(m) “Equity Securities” of any Person means, as applicable (i) any and all of its shares of capital stock, limited liability company interests or other equity interests or share capital, (ii) any warrants, Contracts or other rights or options directly or indirectly to subscribe for or to purchase any capital stock, limited liability company interests or other equity interests or share capital of such Person, (iii) all securities or instruments, directly or indirectly, exchangeable for or convertible or exercisable into, any of the foregoing or with any profit participation features with respect to such Person, or (iv) any share appreciation rights, phantom share rights or other similar rights with respect to such Person or its business.

(n) “ERISA Affiliate” means each entity, trade or business (whether or not incorporated) that would be treated at any relevant time together with the Person or any of its subsidiaries as a “single employer” within the meaning of Section 414 of the Code or 4001(b) of ERISA.

(o) “ESP II” means the TXNM Energy, Inc. Executive Savings Plan II, effective January 1, 2015 and as amended on January 1, 2016, January 1, 2020, and August 2, 2024.

(p) “Ex-Im Laws” means all U.S. and non-U.S. Laws or orders relating to export, reexport, transfer, and import controls, including the Export Administration Regulations, the customs and import Laws and orders administered by U.S. Customs and Border Protection, and the EU Dual Use Regulation.

(q) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(r) “FERC” means the Federal Energy Regulatory Commission or any successor thereto.

(s) “Final Order” means, with respect to any Governmental Entity, action by such Governmental Entity that has not been reversed, stayed, enjoined, set aside, annulled or suspended and is legally binding and effective.

(t) “FPA” means the Federal Power Act of 1920, 16 U.S.C. §§ 791a, et seq., as amended, and its implementing regulations.

(u) “GAAP” means the generally accepted accounting principles for financial reporting in the United States consistently applied through the periods involved.

(v) “Government Official” means (i) any official, officer, employee or representative of, or any person acting in an official capacity for or on behalf of, any Governmental Entity, (ii) any political party or party official or candidate for political office, or (iii) any official, officer, employee, or any person acting in an official capacity for or on behalf of, any company, business, enterprise or other entity owned (in whole or in substantial part) controlled by or affiliated with a Governmental Entity.

(w) “Governmental Entity” means any governmental, tribal, quasi-governmental or regulatory (including stock exchange) authority (including the North American Electric Reliability Corporation and any regional reliability entity), agency, court, commission or other governmental body, whether foreign or domestic, of any country, nation, republic, federation, sovereign or similar entity or any state, county, parish or municipality, jurisdiction or other political subdivision thereof.

(x) “HSR Act” means Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(y) “Insolvent” means, with respect to any Person, (i) the present fair saleable value of such Person’s assets is less than the amount required to pay such Person’s total liabilities, including contingent liabilities, (ii) the present fair saleable value of such Person’s assets is less than the amount required to pay the probable liability (subordinated, contingent or otherwise) of such Person on its debts, as such debts and liabilities become absolute and matured, (iii) such Person intends to incur or believes that it will incur debts or liabilities that would be beyond its ability to pay such debts and liabilities as they mature, or (iv) such Person has unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted.

(z) “Intellectual Property” means all worldwide intellectual property, industrial property and proprietary rights and all rights therein, including all (i) patents, methods, technology, designs, processes, inventions, copyrights, works of authorship, software and systems, trademarks, service marks, trade names, corporate names, domain names, logos, trade dress and other source indicators and the goodwill of the business symbolized thereby, trade secrets, know-how and tangible and intangible proprietary or confidential information and materials, (ii) registrations, applications, provisionals, divisions, continuations, continuations-in-part, re-examinations, extensions, re-issues, renewals and foreign counterparts of or for any of the foregoing and (iii) the right to sue and collect damages for any past infringement of any of the foregoing.

(aa) “Intervening Event” means any event, development, change, effect or occurrence that affects or would reasonably be expected to affect (i) the business, financial condition or continuing results of operation of the Company and its subsidiaries, taken as a whole or (ii) the shareholders of the Company (including the benefits of the Merger to the shareholders of the Company) in either case that (A) is material, (B) was not known to the Company Board of Directors as of the date of this Agreement, (C) becomes known to the Company Board of Directors prior to obtaining the Company Requisite Vote, and (D) does not relate to or involve any Acquisition Proposal; provided, however, that an Intervening Event shall not include (1) any event, development, change, effect or occurrence (i) solely related to Parent or Merger Sub or any of their Affiliates unless such event, development, change, effect or occurrence has had or would reasonably be expected to have a Parent Material Adverse Effect, or (ii) any action taken by any Party hereto pursuant to and in compliance with the affirmative covenants set forth in Section 6.4, or the consequences of any such action, and (2) the receipt, existence or terms of an Acquisition Proposal, or the consequences thereof.

(bb) “Joint Venture” of a Person, means any Person that is not a subsidiary of such first Person, in which such first Person or one or more of its subsidiaries owns directly or indirectly any Equity Securities, other than Equity Securities held for passive investment purposes that are less than five percent (5%) of each class of the outstanding voting securities or voting capital stock of such second Person.

(cc) “Judgment” means any decision, verdict, judgment, order, decree, ruling, writ, subpoena, assessment or arbitration award of a Governmental Entity of competent jurisdiction.

(dd) “knowledge” (i) with respect to the Company means the actual knowledge of any of the individuals listed in Section 9.3(dd) of the Company Disclosure Schedule and (ii) with respect to Parent or Merger Sub means the actual knowledge of any of the individuals listed in Section 9.3(dd) of the Parent Disclosure Schedule.

(ee) “Law” means any federal, state, local, municipal, tribal, foreign or other law, statute, act, constitution, principle of common law, ordinance, code, injunction, rule, Judgment, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

(ff) “Liability Limitation” means, collectively, the amount of the Parent Termination Fee, plus the aggregate amount of any cost and expense reimbursement and indemnification obligations described in or pursuant to Section 6.6(a)(iii)(C)(2) (*Access to Information – Reimbursement*), the last sentence of Section 6.6(a) (*Access to Information – Indemnification*), Section 6.19 (*Parent Debt Financing Cooperation – Reimbursement*), Section 8.2(e) (*Effect of Termination – Collection*) and Section 8.3 (*Expenses*).

(gg) “NMBCA” means the Business Corporation Act of the State of New Mexico, as amended.

(hh) “Notional Units” means each notional unit, whether payable in shares of Company Common Stock or in cash, granted under the ESP II.

(ii) “NYSE” means the New York Stock Exchange.

(jj) “Organizational Documents” means any corporate, partnership or limited liability organizational documents, including certificates or articles of incorporation, bylaws, certificates of formation, operating agreements (including limited liability company agreement and agreements of limited partnership),

certificates of limited partnership, partnership agreements, shareholder agreements, certificates of existence and any each document setting forth the designation, amount and relative rights, limitations and preferences of any class or series of that entity's Equity Securities or of any rights in respect of that entity's Equity Securities, as applicable.

(kk) "Parent Debt Financing Entities" means the Parent Debt Financing Sources, together with their Affiliates, their Affiliates' current or future officers, directors, employees, agents, representatives, stockholders, limited partners, managers, members or partners and their successors and assigns.

(ll) "Parent Debt Financing Sources" means each entity (including the lenders and each agent and arranger or any underwriter, purchaser, investor or other entity) that commits to provide or otherwise provides or arranges or has entered into agreements in connection with all or any part of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing) in connection with the transactions contemplated hereby, including the parties to any joinder agreements, indentures, underwriting agreements, purchase agreements or credit agreements entered into pursuant thereto or relating thereto.

(mm) "Parent Material Adverse Effect" means, with respect to Parent or Merger Sub, any event, development, change, circumstances, effect or occurrence that, individually or in the aggregate with all other events, developments, changes, circumstances, effects or occurrences, would prevent or materially impair or materially delay the consummation of the Merger by Parent or Merger Sub.

(nn) "Permitted Permanent Bond Replacement Financing" means any debt financing satisfying the Required Debt Terms the proceeds of which will be used to replace or refinance the TNMP Bonds accepting the Offers to Purchase and/or borrowings under the TNMP Backstop Facility.

(oo) "Permitted Replacement Backstop Facility" means (i) any amendment to a Backstop Facility or any then-existing Permitted Replacement Backstop Facility to extend the maturity thereof and/or (ii) any new unsecured (or in the case of TNMP, as may be secured by the TNMP Mortgage Indenture) bridge facility provided by one or more commercial banks that have terms that are consistent with the terms of the applicable Backstop Facility or Permitted Replacement Backstop Facility being replaced and incurred to replace or extend the maturity of such Backstop Facility or Permitted Replacement Backstop Facility, and in each case above, with a maturity term that is no less than the lesser of (A) 364 days and (B) the remaining period through the then-effective End Date and on market economic terms and in consultation with the Parent.

(pp) "Person" means an individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, unincorporated organization, other entity or group (as defined in Section 13(d)(3) of the Exchange Act).

(qq) "Personal Information" means, in addition to any information defined or described by a Person or any of its subsidiaries as "personal information" in any privacy notice or other public-facing statement by or on behalf of such Person or its subsidiaries, all information identifying an individual or regarding an identified or identifiable individual (such as name, address, telephone number, email address, financial account number, government-issued identifier, and any other data used or intended to be used to identify, contact or precisely locate a person).

(rr) "Privacy Rules and Policies" means any privacy policies and any other terms applicable to the collection, retention, use, disclosure and distribution of Personal Information from individuals, and any laws related to the collection, use, access to, transmission, disclosure, alteration or handling of Personal Information.

(ss) "Regulatory Proceeding" means any action, lawsuit, complaint, claim, petition, suit, audit, examination, assessment, arbitration, mediation, or inquiry, or any proceeding or investigation (including any rate case), by or before any Governmental Entity.

(tt) "Required Debt Terms" means: (i) with respect to any indebtedness permitted to be incurred by the Company under Section 5.1(c)(x) to which this definition applies: such indebtedness shall (A) be in the form of senior unsecured term loans or other bank debt and (B) be permitted by the terms thereof to remain outstanding on and after the Closing Date and not contain any default, event of default, mandatory

prepayment, mandatory offer to pay or similar event or change in economic terms that would be triggered by the consummation of the transactions contemplated hereunder; (ii) with respect to any indebtedness permitted to be incurred by PNM under Section 5.1(c)(x) to which this definition applies: such indebtedness shall (A) be in the form of senior unsecured notes or similar debt securities issued in one or more series in a public or private offering and issued pursuant to one or more indentures or note purchase agreement, the covenants of which shall be consistent with the indenture or note purchase agreement for the most recently issued senior unsecured bonds by PNM or in the form of pollution control refunding bonds consistent with the terms of such existing bonds, as applicable, (B) be permitted by the terms thereof to remain outstanding on and after the Closing Date and not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event or change in economic terms that would be triggered by the consummation of the transactions contemplated hereunder and (C) not contain any provision that requires PNM to file periodic and other reports with the SEC; and (iii) with respect to any indebtedness permitted to be incurred by TNMP under Section 5.1(c)(x) to which this definition applies: such indebtedness shall (A) be in the form of first mortgage bonds, notes or similar debt securities issued in one or more series in a public or private offering and issued pursuant to one or more indentures, the covenants of which shall be consistent with the TNMP Mortgage Indenture (except as set forth on Section 9.3(oo) of the Company Disclosure Schedule), and (B) be permitted by the terms thereof to remain outstanding on and after the Closing Date and not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event or change in economic terms that would be triggered by the consummation of the transactions contemplated hereunder (other than any cross default provisions relating to the Existing Credit Facilities) and, in each case of clauses (i) through (iii) above, on market economic terms and in consultation with Parent.

(uu) “Required Financial Information” means the financial information of the Company and its subsidiaries of the type and form that are customarily provided in connection with a financing contemplated by the Parent Debt Financing or included in a prospectus or offering memorandum to consummate an offering of non-convertible, debt securities (including information that would be required under Regulation S-X and Regulation S-K).

(vv) “Sanctioned Country” means a country or territory which is at any time subject to Sanctions.

(ww) “Sanctions” means (i) economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government and administered by the Office of Foreign Assets Control, (ii) economic or financial sanctions imposed, administered or enforced from time to time by the U.S. State Department, the U.S. Department of Commerce or the U.S. Department of the Treasury, and (iii) economic or financial sanctions imposed, administered or enforced from time to time by the United Nations Security Council, the European Union, or His Majesty’s Treasury.

(xx) “Sanctions List” means any of the lists of specially designated nationals or designated persons or entities (or equivalent) held by the U.S. government and administered by the Office of Foreign Assets Control, the U.S. State Department, the U.S. Department of Commerce or the U.S. Department of the Treasury or any similar list maintained by any other U.S. government entity, the United Nations Security Council, the European Union, or His Majesty’s Treasury, in each case as the same may be amended, supplemented or substituted from time to time.

(yy) “Significant Subsidiary” means a subsidiary of any Person that would be a “significant subsidiary” within the meaning of Rule 1-02 of Regulation S-X of the SEC.

(zz) “SPA Guarantee” means that certain Limited Guarantee, dated the date hereof, in favor of the Company with respect to certain obligations of Purchaser under the Stock Purchase Agreement.

(aaa) “subsidiary” or “subsidiaries” means, with respect to any Person (i) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which fifty percent (50%) or more of the total voting power of shares of stock or other equity interests of such Person entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person or a combination thereof and (ii) any partnership, joint venture or limited liability company of which (A) fifty percent (50%) or more of the capital accounts, distribution rights, total equity or voting interests or general and limited partnership

interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one (1) or more of the other subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise and (B) such Person or any subsidiary of such Person is a controlling general partner or otherwise controls such entity.

(bbb) “Tax Return” means all returns and reports, including elections, disclosures, schedules, estimates and information returns, and including any amendment thereof and attachment and supplement thereto, required to be supplied to a Taxing Authority.

(ccc) “Taxes” means all federal, state, local and foreign taxes or charges, fees, levies, imposts, duties or other assessments of a similar nature, including income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severance, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise, license, production, value added, occupancy, escheat or unclaimed property and other taxes, or duties or assessments imposed by any Taxing Authority, together with all interest, penalties and additions imposed with respect to such amounts.

(ddd) “Taxing Authority” means any Governmental Entity exercising any authority to impose, regulate or administer the imposition of Taxes.

(eee) “TNMP Bonds” means the \$1,505,000,000 aggregate principal amount of first mortgage bonds issued by TNMP pursuant to the terms of the TNMP Mortgage Indenture.

(fff) “TNMP Mortgage Indenture” means that certain First Mortgage Indenture, dated as of March 23, 2009, as amended and supplemented by the supplemental indentures thereto, between TNMP and U.S. Bank Trust Company, National Association, as successor trustee.

(ggg) “Treasury Regulations” means the U.S. Department of Treasury regulations promulgated under the Code (as amended).

(hhh) “Willful Breach” means with respect to any Party, any breach of, or failure to perform, any covenant or other agreement contained in this Agreement that is a consequence of an act or failure to act undertaken by or on behalf of such Party with actual or constructive knowledge that such Party’s act or failure to act would, or would reasonably be expected to, result in or constitute a material breach of this Agreement; provided, however, that, without limiting the meaning of Willful Breach, the Parties acknowledge and agree that any failure by the Company to consummate the Merger and the other transactions contemplated hereby in accordance with Section 1.3 after the applicable conditions to the Closing set forth in Article VII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, which conditions would be capable of being satisfied at the time of such failure to consummate the Closing) shall constitute a Willful Breach of this Agreement.

SECTION 9.4 Severability. If any term or other provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, this Agreement shall be interpreted as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

SECTION 9.5 Entire Agreement; Assignment. This Agreement and the Stock Purchase Agreement are being entered into simultaneously but are separate transactions. Except as expressly set forth in this Agreement, the provisions of the Stock Purchase Agreement are not intended to, and in no way, modify or supplement the terms of this Agreement. This Agreement (including the Exhibits hereto and the Company Disclosure Schedule and the Parent Disclosure Schedule), the Guarantee, the SPA Guarantee, the Equity Commitment Letter, the Parent Debt Commitment Letters and the Confidentiality Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, among the Parties, or any of them, with respect to the subject matter hereof and thereof. This Agreement shall not be assigned by operation of law or otherwise without the prior written consent of each of the other Parties, and any assignment without such consent shall be null and void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

SECTION 9.6 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and their successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement, other than (a) with respect to the provisions of Section 6.10 which shall inure to the benefit of the Indemnified Parties benefiting therefrom who are intended to be third-party beneficiaries thereof, (b) at and after the Effective Time, the rights of the holders of Company Shares to receive the Per Share Merger Consideration in accordance with the terms and conditions of this Agreement, (c) at and after the Effective Time, the rights of the holders of Restricted Stock Rights and Performance Shares to receive the payments contemplated by the applicable provisions of Section 2.2 at the Effective Time in accordance with the terms and conditions of this Agreement, (d) prior to the Effective Time, the rights of the holders of Company Common Stock to pursue claims for damages and other relief, including equitable relief, for Parent's or Merger Sub's breach of this Agreement subject to Section 8.2(a), (e) with respect to the provisions of Section 9.15 which shall inure to the benefit of the Parent Debt Financing Entities benefiting therefrom who are intended to be third-party beneficiaries thereof and (f) the rights of the Non-Recourse Parties under Section 9.16; provided, however, that the rights granted to the holders of Company Common Stock pursuant to the foregoing clause (d) of this Section 9.6 shall only be enforceable on behalf of such holders by the Company in its sole and absolute discretion. The representations and warranties in this Agreement are the product of negotiations among the Parties hereto and are for the sole benefit of the Parties hereto. Any inaccuracies in such representations and warranties are subject to waiver by the Parties in accordance with Section 8.6 without notice or liability to any other Person. In some instances, the representations and warranties in this Agreement may represent an allocation among the Parties hereto of risks associated with particular matters regardless of the knowledge of any of the Parties hereto. Consequently, Persons other than the Parties hereto may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

SECTION 9.7 Governing Law. This Agreement, and all claims or causes of action (whether at Law, in contract or in tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware (without giving effect to choice of law principles thereof or of any other jurisdiction that would mandate or permit the application of the Laws of any jurisdiction other than the State of Delaware), except that any matter relating to the (a) fiduciary obligations of the Company Board of Directors shall be governed by the Laws of the State of New Mexico and (b) the mechanics of the Merger shall be governed by the NMBCA.

SECTION 9.8 Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 9.9 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission, ".pdf," or other electronic transmission) in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 9.10 Specific Performance.

(a) The Company agrees that irreparable damage for which monetary damages, even if available, may not be an adequate remedy, would occur in the event that the Company does not perform the provisions of this Agreement (including failing to take such actions as are required of it hereunder in order to consummate this Agreement) in accordance with its specified terms or otherwise breach such provisions. The Company acknowledges and agrees that Parent shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof (including the Company's obligation to consummate the Merger, subject to the terms and conditions of this Agreement), without any requirement for obtaining, furnishing or posting any bond or other security, this being in addition to any other remedy to which Parent is entitled at law or in equity. The Parties acknowledge and agree that the Company shall not be entitled to the equitable remedy of specific performance or other equitable relief to prevent or remedy a breach of this Agreement by Parent or Merger Sub and that the Company's sole and exclusive remedy relating to a breach of this Agreement by Parent, Merger Sub or otherwise shall be the termination of this Agreement in accordance with Section 8.1, if applicable, and the collection of the Parent Termination Fee (and other amounts contemplated by) in

accordance with Section 8.2(f), if applicable; provided, however, that the Company shall be entitled to specific performance to prevent any breach by Parent or Merger Sub of Section 6.6(b). For the avoidance of doubt, the foregoing shall not limit any right to seek specific performance under the Stock Purchase Agreement.

(b) The Company agrees that it will not raise any objections to the availability of the equitable remedy of specific performance or other equitable relief as provided herein, including objections on the basis that (i) Parent has an adequate remedy at law or equity or (ii) an award of specific performance is not an appropriate remedy for any reason at law or equity. Parent, if seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, shall not be required to provide any bond or other security in connection with any such order or injunction. The Company further agrees that nothing set forth in this Section 9.10 shall require Parent to institute any proceeding for specific performance under this Section 9.10 prior to or as a condition to exercising any termination right under Article VIII (and/or receipt of any amounts due pursuant to Section 8.2), nor shall the commencement of any legal action or legal proceeding pursuant to this Section 9.10 or anything set forth in this Section 9.10 restrict or limit Parent's right to terminate this Agreement in accordance with the terms of Article VIII.

(c) If Parent has the right to terminate this Agreement pursuant to Section 8.1 but instead elects to bring an action for specific performance pursuant to this Section 9.10, then if such action for specific performance is unsuccessful, Parent shall not be deemed to have waived its right to terminate this Agreement pursuant to Section 8.1 and may thereafter terminate this Agreement pursuant to Section 8.1 and the Company shall pay any applicable Company Termination Fee pursuant to Section 8.2.

(d) If, prior to the End Date, Parent brings an action to enforce specifically the performance of the terms and provisions of this Agreement by Company, the End Date shall automatically be extended by (i) the amount of time during which such action is pending, plus twenty (20) Business Days, or (ii) such other time period established by the court presiding over such action.

SECTION 9.11 Jurisdiction. Each of the Parties irrevocably (a) agrees that it shall bring any and all actions or proceedings in respect of any claim arising out of, related to, or in connection with, this Agreement, the Merger or the other transactions contemplated by this Agreement, whether in tort or contract or at law or in equity, exclusively in Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware or, if such court shall not have or declines to accept jurisdiction over a particular matter, then any federal court within the State of Delaware, (b) submits with regard to any such action or proceeding, generally and unconditionally, to the personal jurisdiction of such courts and agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the courts described above, and (d) consents to service being made through the notice procedures set forth in Section 9.2. Each of the Company, Parent and Merger Sub hereby agrees that service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 9.2 shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby. Each Party hereto hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to serve process in accordance with this Section 9.11, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable Law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement, or the subject matter hereof or thereof, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable Law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which the Party is entitled pursuant to the final judgment of any court having jurisdiction. Each Party expressly acknowledges that the foregoing waiver is intended to be irrevocable under the Laws of the State of Delaware and of the

United States of America; provided, that each such Party's consent to jurisdiction and service contained in this Section 9.11 is solely for the purpose referred to in this Section 9.11 and shall not be deemed to be a general submission to said courts or in the State of Delaware other than for such purpose.

SECTION 9.12 WAIVER OF JURY TRIAL. EACH OF PARENT, MERGER SUB AND THE COMPANY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF PARENT OR THE COMPANY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF OR THEREOF.

SECTION 9.13 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including penalties and interest) incurred in connection with the Merger shall be paid by Parent, Merger Sub or the Surviving Corporation when due.

SECTION 9.14 Interpretation. When reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference shall be to an Article, Section, Exhibit or Schedule of this Agreement, as applicable, unless otherwise indicated. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein," "hereby" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "or" shall not be exclusive and has the meaning represented by the phrase "and/or". References to "dollars" or "\$" are to United States of America dollars. When used herein, the word "extent" and the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such word or phrase shall not simply mean "if". Whenever the phrase "ordinary course" or "ordinary course of business" is used in this Agreement, it shall be deemed to be followed by the words "consistent with past practice" whether or not so specified. The interpretations contemplated by Section 9.14 of the Company Disclosure Schedule shall apply as contemplated therein. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted. Terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References herein to any gender include any other gender. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa. Any dollar or percentage thresholds set forth herein shall not be used as a benchmark for the determination of what is or is not "material", a "Company Material Adverse Effect" or a "Parent Material Adverse Effect" under this Agreement. Unless otherwise indicated, all references herein to the subsidiaries of a Person shall be deemed to include all direct and indirect subsidiaries of such Person unless otherwise indicated or the context otherwise requires. Each representation or warranty in Article III made by the Company relating to a Joint Venture of the Company or any subsidiary thereof that is neither operated nor managed solely by the Company or any subsidiary thereof, shall be deemed to be made only to the knowledge of the Company. When used in this Agreement, the phrase "made available" shall mean provided by the Company or Parent, as applicable, (i) via email to the other Party or its Representatives, (ii) in a virtual data room accessible by the other Party established in connection with the transactions contemplated by this Agreement, (iii) at the offices of a Party or its Affiliates or (iv) included in, as an exhibit or schedule, the Company SEC Reports, in each cases of clauses (i), (ii), (iii) or (iv) above, as of or prior to 5:00 p.m., Eastern Time, on May 18, 2025.

SECTION 9.15 Parent Debt Financing Sources. Notwithstanding anything in this Agreement to the contrary, the Company hereby (a) agrees that any action, whether in law or in equity, whether in contract or in tort or otherwise, involving the Parent Debt Financing Entities, arising out of or relating to, this Agreement, the Parent Debt Financing or any of the agreements entered into in connection with the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder shall be subject to the exclusive jurisdiction of any federal or state court in the Borough of Manhattan, New York, New York, and any appellate court thereof and each party hereto irrevocably submits itself and its property with respect to any such action to the exclusive jurisdiction of such court, (b) agrees that any such action shall be governed by, construed and enforced in accordance with the laws of the State of New York (without giving effect to any conflicts of law principles that would result in the application of the laws of another state), except as otherwise provided in a definitive document relating to the Parent Debt Financing, (c) agrees that service of process upon any such party in any such action or proceeding shall be effective if notice is given in accordance

with Section 9.2, (d) irrevocably waives, to the fullest extent that it may effectively do so, the defense of an inconvenient forum to the maintenance of such action in any such court, (e) waives to the fullest extent permitted by applicable law trial by jury in any action brought against the Parent Debt Financing Entity in any way arising out of or relating to this Agreement, the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, (f) agrees that none of the Parent Debt Financing Entities will have any liability to the Company relating to or arising out of this Agreement, the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, whether in law or in equity, whether in contract or in tort or otherwise, (g) agrees that no Parent Debt Financing Entity shall be subject to any special, consequential, punitive or indirect damages or damages of a tortious nature in connection with this Agreement, the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, (h) (i) waives any and all rights or claims against the Parent Debt Financing Entities in connection with this Agreement, the Parent Debt Financing or any of the agreements entered into in connection with the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, whether in law or equity, contract, tort or otherwise, and (ii) agrees not to commence (and if commenced agrees to dismiss or otherwise terminate) any proceeding or legal or equitable action against any Parent Debt Financing Source in connection with this Agreement, the Parent Debt Financing or any of the agreements entered into in connection with the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder and (provided that, for the avoidance of doubt, and notwithstanding the foregoing, nothing herein shall limit Parent's and its Affiliates' rights under any agreements relating to the Parent Debt Financing) and (i) agrees that the Parent Debt Financing Entities are express third-party beneficiaries of, and may enforce, Section 8.2, Section 9.6 and any of the provisions in this Agreement reflecting the foregoing agreements in this Section 9.15 and that Section 8.2, Section 9.6 and this Section 9.15 (or any other provision of this Agreement the amendment, modification or alteration of which has the effect of modifying such provisions) may not be amended in a manner adversely affecting any Parent Debt Financing Entity without the written consent of such adversely affected Parent Debt Financing Entity. Notwithstanding anything to the contrary herein, nothing in this Agreement shall impact the rights of Parent, Merger Sub and their Affiliates, or the obligations of the Parent Debt Financing Entities, under any definitive agreement relating to the Parent Debt Financing.

SECTION 9.16 No Recourse. Notwithstanding anything to the contrary in this Agreement or in any document, agreement or instrument delivered in connection herewith, (a) the Company covenants, agrees and acknowledges that no Person other than Parent and Merger Sub has any liability, obligation or commitment of any nature, known or unknown, whether due or to become due, absolute, contingent or otherwise, hereunder and that neither the Company nor any other Person has any right of recovery or recourse under this Agreement or under any document, agreement or instrument delivered in connection herewith, or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, this Agreement, such obligations or their creation, the transactions contemplated hereby or thereby or in respect of any oral representations made or alleged to be made in connection herewith or therewith, against, and no personal liability whatsoever shall attach to, be imposed upon or be incurred by, any former, current or future equity holders, controlling persons, incorporators, directors, officers, employees, advisors, agents, representatives, Affiliates, members, managers or general or limited partners of Parent or Merger Sub or any former, current or future equity holder, controlling person, incorporator, director, officer, employee, advisor, general or limited partner, member, manager, Affiliate, financing source, portfolio company, representative or agent of any of the foregoing and their successors or assigns (collectively, but not including Parent or Merger Sub, each, a "Non-Recourse Party"), whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil, by the enforcement of any assessment or by any Proceeding, by virtue of any statute, regulation or applicable Law, or otherwise, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Recourse Party, as such, for any obligations of Parent, Merger Sub or any of their successors or permitted assignees under this Agreement or any documents, agreements or instruments delivered in connection herewith or therewith or for any claim based on, in respect of, or by reason of such obligation or their creation and (b) the provisions of this Section 9.16 are intended to be for the benefit of, and enforceable by, the Non-Recourse Parties and each such Person shall be a third-party beneficiary of this Section 9.16; provided, that notwithstanding the generality of the foregoing, nothing in this Section 9.16 shall prevent the Company from enforcing (i) the Guarantee against the Guarantor (as defined in the Guarantee) in

accordance with the terms of the Guarantee, (ii) the Stock Purchase Agreement against Purchaser in accordance with the terms of the Stock Purchase Agreement or (iii) the SPA Guarantee against Guarantor (as defined in the SPA Guarantee) in accordance with the terms of the SPA Guarantee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

COMPANY:

TXNM ENERGY, INC.

By: /s/ Patricia K. Collawn

Name: Patricia K. Collawn

Title: Chief Executive Officer

PARENT:

TROY PARENTCO LLC

By: BIP Holdings Manager L.L.C.
Its: Manager

By: /s/ Sebastien Sherman
Name: Sebastien Sherman
Title: Senior Managing Director

MERGER SUB:

TROY MERGER SUB INC.

By: /s/ Sebastien Sherman
Name: Sebastien Sherman
Title: Chief Executive Officer



Wells Fargo Securities, LLC
30 Hudson Yards
New York, NY 10001

May 18, 2025

TXNM Energy, Inc.
414 Silver Ave. SW
Albuquerque, New Mexico 87102-3289
Attention: Board of Directors

Members of the Board of Directors

You have requested, in your capacity as the Board of Directors (the “Board”) of TXNM Energy, Inc., a New Mexico corporation (the “Company”), our opinion with respect to the fairness, from a financial point of view, to the holders of common stock, no par value per share (“Company Common Stock”), of the Company of the Consideration (as defined below) to be received by such holders in the proposed merger (the “Transaction”) of the Company with a wholly-owned subsidiary of Troy ParentCo LLC, a Delaware limited liability company (the “Acquiror”). We understand that, among other things, pursuant to an Agreement and Plan of Merger (the “Agreement”), to be entered into between the Acquiror, Troy Merger Sub Inc., a New Mexico corporation and a wholly owned subsidiary of the Acquiror (“Merger Sub”), and the Company, Merger Sub will merge with the Company, the Company will become a wholly owned subsidiary of the Acquiror and each outstanding share of Company Common Stock, other than (i) shares of Company Common Stock owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and (ii) shares of Company Common Stock owned by the Company or any of its wholly-owned subsidiaries as treasury stock or otherwise, and in each case, not held on behalf of third parties (the shares set forth in clauses (i) and (ii), “Cancelled Shares”), will be converted into the right to receive \$61.25 in cash (the “Consideration”).

In preparing our opinion, we have:

- reviewed an execution version, dated May 18, 2025, of the Agreement;
- reviewed certain publicly available business and financial information relating to the Company and the industries in which it operates;
- compared the financial and operating performance of the Company with publicly available information concerning certain other companies we deemed relevant, and compared current and historic market prices of the Company Common Stock with similar data for such other companies;
- compared the proposed financial terms of the Transaction with the publicly available financial terms of certain other business combinations that we deemed relevant;
- reviewed certain internal financial analyses and forecasts for the Company (the “Company Projections”) prepared by the management of the Company;
- discussed with the management of the Company regarding certain aspects of the Transaction, the business, financial condition and prospects of the Company, the effect of the Transaction on the business, financial condition and prospects of the Company, and certain other matters that we deemed relevant; and
- considered such other financial analyses and investigations and such other information that we deemed relevant.

In giving our opinion, we have assumed and relied upon the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company or otherwise reviewed by us. We have not independently verified any such information, and pursuant to the terms of our engagement by the Company, we did not assume any obligation to undertake any such independent verification. In relying on the Company Projections, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management as to the future performance and financial condition of the Company. We express no view or opinion with respect to the Company Projections or the assumptions upon which they are based. We have assumed that any representations and warranties made by the Company and the Acquiror in the Agreement or in other agreements relating to the Transaction will be true and accurate in all respects that are material to our analysis and that the Company will have no exposure for indemnification pursuant to the Agreement or such other agreements that would be material to our analysis.

For purposes of our analyses and this opinion we have assumed that the Transaction will have the tax consequences described in discussions with, and materials provided to us by, the Company and its representatives. We also have assumed that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the Transaction, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company or the contemplated benefits of the Transaction. We have also assumed that the Transaction will be consummated in compliance with all applicable laws and regulations and in accordance with the terms of the Agreement without waiver, modification or amendment of any term, condition or agreement thereof that is material to our analyses or this opinion. In addition, we have not made any independent evaluation, inspection or appraisal of the assets or liabilities (contingent or otherwise) of the Company, nor have we been furnished with any such evaluations or appraisals. We have not evaluated the solvency of the Company under any state or federal laws relating to bankruptcy, insolvency or similar matters. We have further assumed that the final form of the Agreement, when executed by the parties thereto, will conform to the execution copy reviewed by us in all respects material to our analyses and this opinion.

Our opinion only addresses the fairness, from a financial point of view, of the Consideration to be paid to the holders of the Company Common Stock (other than Cancelled Shares) in the proposed Transaction and we express no opinion as to the fairness of the consideration payable to the Company pursuant to the Stock Purchase Agreement (as defined in the Agreement), the consideration payable to the Company in any “at-the-market” offering to be conducted after the date of the Agreement or any consideration paid in connection with the Transaction to the holders of any other class of securities, creditors or other constituencies of the Company. Furthermore, we express no opinion as to any other aspect or implication (financial or otherwise) of the Transaction, or any other agreement, arrangement or understanding entered into in connection with the Transaction or otherwise, including, without limitation, the fairness of the amount or nature of, or any other aspect relating to, any compensation or consideration to be received by or otherwise payable to any officers, directors or employees of any party to the Transaction, or class of such persons, relative to the Consideration or otherwise. Furthermore, we are not expressing any advice or opinion regarding matters that require legal, regulatory, accounting, insurance, tax, environmental, executive compensation or other similar professional advice and have relied upon the assessments of the Company and its advisors with respect to such advice.

Our opinion is necessarily based upon information made available to us as of the date hereof and financial, economic, market and other conditions as they exist and can be evaluated on the date hereof. We have not undertaken, and are under no obligation, to update, revise, reaffirm or withdraw this opinion, or otherwise comment on or consider events occurring or coming to our attention after the date hereof, notwithstanding that any such subsequent developments may affect this opinion. Our opinion does not address the relative merits of the Transaction as compared to any alternative transactions or strategies that might be available to the Company, nor does it address the underlying business decision of the Board or the Company to proceed with or effect the Transaction. We are not expressing any opinion as to the price at which Company Common Stock may be traded at any time.

We have acted as financial advisor to the Company in connection with the Transaction and will receive a fee from the Company for such services, a substantial portion of which is contingent upon the consummation of the Transaction. We also became entitled to receive a fee upon the rendering of our opinion. In addition, the Company has agreed to reimburse us for certain expenses and to indemnify us and certain related parties for certain liabilities and other items arising out of our engagement.

During the two years preceding the date of this opinion, we and our affiliates have had investment or commercial banking relationships with the Company and portfolio companies of the Acquiror's parent company, Blackstone, Inc. ("Blackstone"), for which we and such affiliates have received customary compensation. Such relationships have included acting (i) as joint agent and manager on offerings of debt securities by the Company in April 2023, as sole lead arranger, administrative agent and sole bookrunner on an offering of debt securities by the Company in June 2023, as joint bookrunner on an offering of equity securities by the Company in September 2023, as joint lead arranger, administrative agent and bookrunner on offerings of debt securities by the Company in December 2023, as joint lead arranger, administrative agent and bookrunner on offerings of debt securities by the Company in April 2024, and as joint bookrunner on an offering of debt securities by the Company in June 2024; and (ii) on offerings of equities and debt securities, on debt underwritings, and as M&A financial advisor for such portfolio companies. We or our affiliates are also an agent and a lender to one or more of the credit facilities of the Company, Public Service Company of New Mexico, a New Mexico corporation and subsidiary of the Company ("PNM"), and Texas-New Mexico Power Company, a Texas corporation and subsidiary of the Company ("TNMP"). We or our affiliates are also acting as financial advisor to the Company in connection with the transactions contemplated by the Stock Purchase Agreement (as defined in the Agreement) and will receive a fee from the Company for such services. On the date of this opinion, we or our affiliates are additionally entering into the Backstop Facilities (as defined in the Agreement) with the Company and TNMP, and we or our affiliates will receive customary compensation in connection with such. Following the date of this opinion, we or our affiliates may provide financing or services in connection with the new issuance of debt securities by PNM and TNMP, refinancings of outstanding debt securities issued by PNM and TNMP as well as other indebtedness incurred by PNM and TNMP, and/or at-the-market offerings shares of Company Common Stock, for any of which we or our affiliates are expected to receive customary compensation. We and our affiliates hold, on a proprietary basis, less than 1% of the outstanding common stock of each of the Company and Blackstone. In the ordinary course of business, we and our affiliates may trade or otherwise effect transactions in the securities or other financial instruments (including bank loans or other obligations) of the Company, Blackstone and certain of their affiliates for our own account and for the accounts of our customers and, accordingly, may at any time hold a long or short position in such securities or financial instruments.

This letter is for the information and use of the Board (in its capacity as such) in connection with its evaluation of the Transaction. This opinion does not constitute advice or a recommendation to any stockholder of the Company or any other person as to how to vote or act on any matter relating to the proposed Transaction or any other matter. This opinion may not be used or relied upon for any other purpose without our prior written consent, nor shall this opinion be disclosed to any person or quoted or referred to, in whole or in part, without our prior written consent. This opinion may be reproduced in full in any proxy or information statement mailed to stockholders of the Company but may not otherwise be disclosed publicly in any manner without our prior written consent. The issuance of this opinion has been approved by a fairness committee of Wells Fargo Securities.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration to be paid to the holders of the Company Common Stock (other than the Cancelled Shares) in the proposed Transaction is fair, from a financial point of view, to such holders.

Very truly yours,

WELLS FARGO SECURITIES, LLC
/s/ Sesh Raghavan

NEW MEXICO BUSINESS CORPORATION ACT
CHAPTER 53, CORPORATIONS

§ 53-15-3. Right of shareholders to dissent and obtain payment for shares.

- A. Any shareholder of a corporation may dissent from, and obtain payment for the shareholder's shares in the event of, any of the following corporate actions:
- (1) any plan of merger or consolidation to which the corporation is a party, except as provided in Subsection C of this section;
 - (2) any sale or exchange of all or substantially all of the property and assets of the corporation not made in the usual and regular course of its business, including a sale in dissolution, but not including a sale pursuant to an order of a court having jurisdiction in the premises or a sale for cash on terms requiring that all or substantially all of the net proceeds of sale be distributed to the shareholders in accordance with their respective interests within one year after the date of sale;
 - (3) any plan of exchange to which the corporation is a party as the corporation the shares of which are to be acquired;
 - (4) any amendment of the articles of incorporation which materially and adversely affects the rights appurtenant to the shares of the dissenting shareholder in that it:
 - (a) alters or abolishes a preferential right of such shares;
 - (b) creates, alters or abolishes a right in respect of the redemption of such shares, including a provision respecting a sinking fund for the redemption or repurchase of such shares;
 - (c) alters or abolishes an existing preemptive right of the holder of such shares to acquire shares or other securities; or
 - (d) excludes or limits the right of the holder of such shares to vote on any matter, or to cumulate his votes, except as such right may be limited by dilution through the issuance of shares or other securities with similar voting rights; or
 - (5) any other corporate action taken pursuant to a shareholder vote with respect to which the articles of incorporation, the bylaws or a resolution of the board of directors directs that dissenting shareholders shall have a right to obtain payment for their shares.
- B. (1) A record holder of shares may assert dissenters' rights as to less than all of the shares registered in his name only if the holder dissents with respect to all the shares beneficially owned by any one person and discloses the name and address of the person or persons on whose behalf the holder dissents. In that event, his rights shall be determined as if the shares as to which he has dissented and his other shares were registered in the names of different shareholders.
- (2) A beneficial owner of shares who is not the record holder may assert dissenters' rights with respect to shares held on his behalf, and shall be treated as a dissenting shareholder under the terms of this section and Section 53-15-4 NMSA 1978 if he submits to the corporation at the time of or before the assertion of these rights a written consent of the record holder.
- C. The right to obtain payment under this section shall not apply to the shareholders of the surviving corporation in a merger if a vote of the shareholders of such corporation is not necessary to authorize such merger.
- D. A shareholder of a corporation who has a right under this section to obtain payment for his shares shall have no right at law or in equity to attack the validity of the corporate action that gives rise to his right to obtain payment, nor to have the action set aside or rescinded, except when the corporate action is unlawful or fraudulent with regard to the complaining shareholder or to the corporation.

History: 1953 Comp., § 51-28-3, enacted by Laws 1967, ch. 81, § 77; 1975, ch. 64, § 36; 1983, ch. 304, § 60.

§ 53-15-4. Rights of dissenting shareholders.

- A. Any shareholder electing to exercise his right of dissent shall file with the corporation, prior to or at the meeting of shareholders at which the proposed corporate action is submitted to a vote, a written objection to the proposed corporate action. If the proposed corporate action is approved by the required vote and the shareholder has not voted in favor thereof, the shareholder may, within ten days after the date on which the vote was taken or if a corporation is to be merged without a vote of its shareholders into another corporation any of its shareholders may, within twenty-five days after the plan of the merger has been mailed to the shareholders, make written demand on the corporation, or, in the case of a merger or consolidation, on the surviving or new corporation, domestic or foreign, for payment of the fair value of the shareholder's shares, and, if the proposed corporate action is effected, the corporation shall pay to the shareholder, upon the determination of the fair value, by agreement or judgment as provided herein, and, in the case of shares represented by certificates, the surrender of such certificates the fair value thereof as of the day prior to the date on which the vote was taken approving the proposed corporate action, excluding any appreciation or depreciation in anticipation of the corporate action. Any shareholder failing to make demand within the prescribed ten-day or twenty-five-day period shall be bound by the terms of the proposed corporate action. Any shareholder making such demand shall thereafter be entitled only to payment as in this section provided and shall not be entitled to vote or to exercise any other rights of a shareholder.
- B. No such demand may be withdrawn unless the corporation consents thereto. If, however, the demand is withdrawn upon consent, or if the proposed corporate action is abandoned or rescinded or the shareholders revoke the authority to effect the action, or if, in the case of a merger, on the date of the filing of the articles of merger the surviving corporation is the owner of all the outstanding shares of the other corporation, domestic and foreign, that are parties to the merger, or if no demand or petition for the determination of fair value by a court has been made or filed within the time provided in this section, or if a court of competent jurisdiction determines that the shareholder is not entitled to the relief provided by this section, then the right of the shareholder to be paid the fair value of his shares ceases and his status as a shareholder shall be restored, without prejudice, to any corporate proceedings which may have been taken during the interim.
- C. Within ten days after such corporate action is effected, the corporation, or, in the case of a merger or consolidation, the surviving or new corporation, domestic or foreign, shall give written notice thereof to each dissenting shareholder who has made demand as provided in this section and shall make a written offer to each such shareholder to pay for such shares at a specified price deemed by the corporation to be the fair value thereof. The notice and offer shall be accompanied by a balance sheet of the corporation, the shares of which the dissenting shareholder holds, as of the latest available date and not more than twelve months prior to the making of the offer, and a profit and loss statement of the corporation for the twelve-months' period ended on the date of the balance sheet.
- D. If within thirty days after the date on which the corporate action was effected the fair value of the shares is agreed upon between any dissenting shareholder and the corporation, payment therefor shall be made within ninety days after the date on which the corporate action was effected, and, in the case of shares represented by certificates, upon surrender of the certificates. Upon payment of the agreed value, the dissenting shareholder shall cease to have any interest in the shares.
- E. If, within the period of thirty days, a dissenting shareholder and the corporation do not so agree, then the corporation, within thirty days after receipt of written demand from any dissenting shareholder, given within sixty days after the date on which corporate action was effected, shall, or at its election at any time within the period of sixty days may, file a petition in any court of competent jurisdiction in the county in this state where the registered office of the corporation is located praying that the fair value of the shares be found and determined. If, in the case of a merger or consolidation, the surviving or new corporation is a foreign corporation without a registered office in this state, the petition shall be filed in the county where the registered office of the domestic corporation was last located. If the corporation fails to institute the proceeding as provided in this section, any dissenting shareholder may do so in the name of the corporation. All dissenting shareholders, wherever residing, shall be made parties to the proceeding as an action against their shares quasi in rem. A copy of the petition shall be served on each dissenting shareholder who is a resident of this state and shall be served by registered

or certified mail on each dissenting shareholder who is a nonresident. Service on nonresidents shall also be made by publication as provided by law. The jurisdiction of the court shall be plenary and exclusive. All shareholders who are parties to the proceeding shall be entitled to judgment against the corporation for the amount of the fair value of their shares. The court may, if it so elects, appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers shall have such power and authority as specified in the order of their appointment or on an amendment thereof. The judgment shall be payable to the holders of uncertificated shares immediately, but to the holders of shares represented by certificates only upon and concurrently with the surrender to the corporation of certificates. Upon payment of the judgment, the dissenting shareholder ceases to have any interest in the shares.

- F. The judgment shall include an allowance for interest at such rate as the court may find to be fair and equitable, in all the circumstances, from the date on which the vote was taken on the proposed corporate action to the date of payment.
- G. The costs and expenses of any such proceeding shall be determined by the court and shall be assessed against the corporation, but all or any part of the costs and expenses may be apportioned and assessed as the court deems equitable against any or all of the dissenting shareholders who are parties to the proceeding to whom the corporation made an offer to pay for the shares if the court finds that the action of the shareholders in failing to accept the offer was arbitrary or vexatious or not in good faith. Such expenses include reasonable compensation for and reasonable expenses of the appraisers, but exclude the fees and expenses of counsel for and experts employed by any party; but if the fair value of the shares as determined materially exceeds the amount which the corporation offered to pay therefor, or if no offer was made, the court in its discretion may award to any shareholder who is a party to the proceeding such sum as the court determines to be reasonable compensation to any expert employed by the shareholder in the proceeding, together with reasonable fees of legal counsel.
- H. Upon receiving a demand for payment from any dissenting shareholder, the corporation shall make an appropriate notation thereof in its shareholder records. Within twenty days after demanding payment for his shares, each holder of shares represented by certificates demanding payment shall submit the certificates to the corporation for notation thereon that such demand has been made. His failure to do so shall, at the option of the corporation, terminate his rights under this section unless a court of competent jurisdiction, for good and sufficient cause shown, otherwise directs. If uncertificated shares for which payment has been demanded or shares represented by a certificate on which notation has been so made are transferred, any new certificate issued therefor shall bear similar notation, together with the name of the original dissenting holder of the shares, and a transferee of the shares acquires by such transfer no rights in the corporation other than those which the original dissenting shareholder had after making demand for payment of the fair value thereof.
- I. Shares acquired by a corporation pursuant to payment of the agreed value therefor or to payment of the judgment entered therefor, as in this section provided, may be held and disposed of by the corporation as in the case of other treasury shares, except that, in the case of a merger or consolidation, they may be held and disposed of as the plan of merger or consolidation may otherwise provide.

History: 1953 Comp., § 51-28-4, enacted by Laws 1967, ch. 81, § 78; 1983, ch. 304, § 61.



TXNM ENERGY, INC.
414 SILVER AVENUE SW
ALBUQUERQUE, NM 87102
ATTN: LISA GOODMAN



SCAN TO
VIEW MATERIALS & VOTE

VOTE BY INTERNET - www.proxyvote.com or scan the QR Barcode above
Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on August 27, 2025 and by 11:59 P.M. ET on August 26, 2025 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on August 27, 2025 and by 11:59 P.M. ET on August 26, 2025 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

----- KEEP THIS PORTION FOR YOUR RECORDS
THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY

The Board of Directors recommends you vote FOR proposals 1, 2 and 3.

- | | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|
| 1. Approve the Agreement and Plan of Merger, dated as of May 18, 2025, (the merger agreement) by and among TXNM Energy, Inc. (TXNM), Troy ParentCo LLC, and Troy Merger Sub Inc. | ☐ | ☐ | ☐ |
| 2. Approve, by non-binding, advisory vote, certain compensation arrangements for TXNM's named executive officers in connection with the merger contemplated by the merger agreement. | ☐ | ☐ | ☐ |
| 3. Approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement. | ☐ | ☐ | ☐ |

NOTE: Consider any other business properly presented at the meeting.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date
------------------------------------	------

Signature (Joint Owners)	Date
--------------------------	------



Important Notice Regarding the Availability of Proxy Materials for the Special Meeting: The Proxy Statement is available at www.proxyvote.com

**TXNM ENERGY, INC.
Special Meeting of Shareholders
August 28, 2025 9:00 AM (MT)
Proxy is solicited by the Board of Directors**

The undersigned, having received the Notice of Special Meeting and Proxy Statement, hereby appoints P.K. Collawn and N.P. Becker as proxies, each with the power to appoint his/her substitute, and hereby authorizes them to represent and to vote, as designated on the reverse, all shares of Common Stock of TXNM Energy, Inc. held of record by the undersigned on July 17, 2025 at the Special Meeting of Shareholders to be held on August 28, 2025 and at any continuation of the meeting, if adjourned.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors recommendations to vote "FOR" Proposals 1, 2 and 3.

Continued and to be signed on reverse side



TXNM ENERGY, INC.
414 SILVER AVENUE SW
ALBUQUERQUE, NM 87102
ATTN: LISA GOODMAN



SCAN TO
VIEW MATERIALS & VOTE



VOTE BY INTERNET - www.proxyvote.com or scan the QR Barcode above
Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on August 27, 2025 and by 11:59 P.M. ET on August 26, 2025 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on August 27, 2025 and by 11:59 P.M. ET on August 26, 2025 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

The Board of Directors recommends you vote FOR
proposals 1, 2 and 3.

1. Approve the Agreement and Plan of Merger, dated as of May 18, 2025, (the merger agreement) by and among TXNM Energy, Inc. (TXNM), Troy ParentCo LLC, and Troy Merger Sub Inc.
2. Approve, by non-binding, advisory vote, certain compensation arrangements for TXNM's named executive officers in connection with the merger contemplated by the merger agreement.
3. Approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement.

For	Against	Abstain
☐	☐	☐
☐	☐	☐
☐	☐	☐

NOTE: Consider any other business properly presented at the meeting.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date



Important Notice Regarding the Availability of Proxy Materials for the Special Meeting: The Proxy Statement is available at www.proxyvote.com

**TXNM ENERGY, INC.
Special Meeting of Shareholders
August 28, 2025 9:00 AM (MT)
Proxy is solicited by the Board of Directors**

Voting Shares Allocated to Your Retirement Savings Plan (RSP) Account

Vote your RSP shares by internet, phone or mail before the earlier **RSP voting deadline of August 26, 2025 by 11:59 PM ET**. If you do not vote, the TXNM Energy, Inc. Corporate Investment Committee has instructed the RSP Trustee (record holder) to vote your RSP shares as follows ("implied directions"):

"FOR" Proposals 1, 2 and 3. Broadridge will tally your confidential vote and only communicate the cumulative RSP participant express timely voting results to the Trustee and the Committee so that the remaining shares may be voted in accordance with the above implied directions. The Committee will vote all RSP shares on any other matter properly raised at the Special Meeting in accordance with its judgment.

This form is only for voting your RSP shares.

Continued and to be signed on reverse side

The Merger Agreement

Application Exhibit E

Is contained in the following 85 pages.

AGREEMENT AND PLAN OF MERGER

among

TROY PARENTCO LLC,

TROY MERGER SUB INC.,

and

TXNM ENERGY, INC.

Dated as of May 18, 2025

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of May 18, 2025 (this “Agreement”), is entered into among Troy ParentCo LLC, a Delaware limited liability company (“Parent”), Troy Merger Sub Inc., a New Mexico corporation and a direct subsidiary of Parent (“Merger Sub”), and TXNM Energy, Inc., a New Mexico corporation (the “Company” and, together with Parent and Merger Sub, the “Parties” and each, a “Party”).

RECITALS

WHEREAS, the board of directors of the Company (the “Company Board of Directors”), at a meeting duly called and held, has unanimously (a) determined, in good faith, that this Agreement and the transactions contemplated by this Agreement, including the merger of Merger Sub with and into the Company (the “Merger”), are fair to, and in the best interests of, the Company and its shareholders, (b) approved and adopted this Agreement and the transactions contemplated by this Agreement, including the Merger, (c) declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable, consistent with and in furtherance of the Company’s business strategies and in the best interests of the Company and its shareholders, (d) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, by the shareholders of the Company, and (e) directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to the shareholders of the Company for their approval;

WHEREAS, the manager of Parent has (a) determined, in good faith, that this Agreement and the transactions contemplated by this Agreement, including the Merger, are advisable to and in the best interests of Parent and its sole member and (b) approved and declared advisable this Agreement and the transactions contemplated by this Agreement, including the Merger, in accordance with the Delaware Limited Liability Company Act;

WHEREAS, the board of directors of Merger Sub has (a) determined, in good faith, that this Agreement and the transactions contemplated by this Agreement, including the Merger, are fair to, and in the best interests of, Merger Sub and its sole shareholder, (b) approved and authorized this Agreement and the transactions contemplated by this Agreement, including the Merger and declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable and in the best interests of Merger Sub and its sole shareholder, and (c) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, to Parent, as the sole shareholder of Merger Sub, and directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to Parent, as the sole shareholder of Merger Sub, for approval in accordance with the NMBCA;

WHEREAS, Parent has approved this Agreement and the transactions contemplated hereby, including the Merger, by written consent in its capacity as the sole shareholder of Merger Sub;

WHEREAS, concurrently with the execution of this Agreement, and as a condition to the willingness of the Company to enter into this Agreement, Blackstone Infrastructure Partners L.P., a Delaware limited partnership and an Affiliate of Parent and Merger Sub (“Sponsor”), has entered into (a) that certain Equity Commitment Letter, dated as of the date hereof (the “Equity Commitment Letter”), pursuant to which Sponsor has agreed to provide funding to Parent in the amount and circumstances set forth therein (the “Equity Financing”) and (b) that certain Limited Guarantee in favor of the Company (the “Guarantee”) with respect to certain obligations of Parent and Merger Sub under this Agreement;

WHEREAS, the Company and Troy TopCo LP, a Delaware limited partnership (“Purchaser”) that, directly or indirectly, wholly owns Parent, simultaneously with the execution of this Agreement, are entering into a Stock Purchase Agreement (the “Stock Purchase Agreement”), pursuant to which the Company will issue and sell, and Purchaser will purchase, subject to the terms and conditions set forth therein, 8,000,000 shares of Company Common Stock (as hereinafter defined) for aggregate consideration to the Company of \$400,000,000; and

WHEREAS, the Company, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with this Agreement.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I
THE MERGER

SECTION 1.1 Definitions. The following terms have the meanings set forth in the following sections of this Agreement:

2014 PEP	Section 3.3(b)(iii)
2023 PEP	Section 3.3(b)(iii)
Acceptable Confidentiality Agreement	Section 9.3(a)
Acquisition Proposal	Section 6.1(e)(i)
Affiliate	Section 9.3(b)
Agreement	Preamble
Anti-Corruption Laws	Section 9.3(c)
Antitrust Authorities	Section 6.4(c)(i)
Applicable Date	Section 3.6
Articles of Merger	Section 1.4
Backstop Facilities	Section 3.24
Bankruptcy and Equity Exception	Section 3.4(a)
Book-Entry Share	Section 2.1(a)
Business Day	Section 9.3(d)
Cancelled Shares	Section 2.1(a)
Certificate	Section 2.1(a)
Closing	Section 1.3
Closing Date	Section 1.3
Code	Section 9.3(e)
Company	Preamble
Company Articles of Incorporation	Section 3.2
Company Board of Directors	Recitals
Company Bylaws	Section 3.2
Company Capitalization Date	Section 3.3(b)
Company Change of Recommendation	Section 6.1(c)
Company Collective Bargaining Agreements	Section 3.12(a)
Company Common Stock	Section 3.3(a)
Company Contact	Section 6.15(b)
Company Cure Period	Section 8.1(e)(i)
Company Disclosure Schedule	Article III
Company Employees	Section 3.11(a)
Company Financial Advisor	Section 3.18
Company Material Adverse Effect	Section 9.3(f)
Company Material Contract	Section 3.8(a)(viii)
Company Material Real Property	Section 3.14(a)
Company Notice	Section 6.1(d)
Company Parties	Section 9.3(g)
Company Plan	Section 3.11(a)
Company Preferred Stock	Section 3.3(a)
Company Recommendation	Section 3.4(b)
Company Regulatory Approvals	Section 7.1(c)
Company Requisite Vote	Section 3.4(a)
Company Risk Management Guidelines	Section 3.22
Company SEC Reports	Section 3.7(a)
Company Securities	Section 3.3(c)
Company Share	Section 2.1(a)

Company Shareholders Meeting	Section 6.3
Company Stock Plans	Section 3.3(b)(iii)
Company Termination Fee	Section 8.2(b)(i)
Confidentiality Agreement	Section 6.6(b)
Consent	Section 3.5(b)
Consent Solicitations	Section 6.17(d)
Continuing Employee(s)	Section 6.9(a)
Contract	Section 9.3(h)
Control	Section 9.3(i)
Controlled Group Liability	Section 3.11(d)
Convertible Notes	Section 3.3(b)(iii)
Convertible Notes Indenture	Section 6.17(i)
Credit Facilities	Section 9.3(j)
Definitive Agreement	Section 6.18(d)
Derivative Product	Section 9.3(k)
Designated Person	Section 9.3(l)
Direct Plan	Section 2.2(c)
Directors Deferred Plan	Section 2.2(d)
Dissenting Shares	Section 2.3
D&O Insurance	Section 6.10(d)
Earned Performance Shares	Section 2.2(b)
Easement	Section 3.14(c)
Effective Time	Section 1.4
End Date	Section 8.1(c)
Environmental Law	Section 3.17
Equity Commitment Letter	Recitals
Equity Financing	Recitals
Equity Securities	Section 9.3(m)
ERISA	Section 3.11(a)
ERISA Affiliate	Section 9.3(n)
ESP II	Section 9.3(o)
Ex-Im Laws	Section 9.3(p)
Exchange Act	Section 9.3(q)
Exchange Agent	Section 2.4(a)
Exchange Fund	Section 2.4(a)
Existing Credit Facility	Section 6.17(a)
Existing Lenders	Section 6.17(a)
Existing Loan Consent	Section 6.17(a)
Existing Loan Notice	Section 6.17(a)
Extended End Date	Section 8.1(c)
FERC	Section 9.3(r)
Filing	Section 3.5(b)
Final Order	Section 9.3(s)
Final Quarterly Dividend	Section 6.14
Financing Conditions	Section 4.12(b)
FPA	Section 9.3(t)
GAAP	Section 9.3(u)
Governmental Entity	Section 9.3(w)
Governmental Official	Section 9.3(v)
Guarantee	Recitals
Hazardous Substance	Section 3.17

HSR Act	Section 9.3(x)
Indemnified Party	Section 6.10(a)
Insolvent	Section 9.3(y)
Intellectual Property	Section 9.3(z)
Interim Period	Section 5.1
Intervening Event	Section 9.3(aa)
IRS	Section 3.11(b)
Joint Venture	Section 9.3(bb)
Judgment	Section 9.3(cc)
knowledge	Section 9.3(dd)
Law	Section 9.3(ee)
Legal Restraint	Section 7.1(b)
Liability Limitation	Section 9.3(ff)
Licenses	Section 3.6
Liens	Section 3.14(a)
Merger	Recitals
Merger Sub	Preamble
New Mexico Secretary of State	Section 1.4
NMBCA	Section 9.3(gg)
NMPRC	Section 6.6(a)
Notional Units	Section 9.3(hh)
Notice Period	Section 6.1(d)
NYSE	Section 9.3(ii)
Offers to Purchase	Section 6.17(d)
Organizational Documents	Section 9.3(jj)
Parent	Preamble
Parent Alternative Financing	Section 6.18(g)
Parent Contact	Section 6.15(b)
Parent Cure Period	Section 8.1(d)(i)
Parent Debt Commitment Letter	Section 4.12(d)
Parent Debt Financing	Section 4.12(d)
Parent Debt Financing Entities	Section 9.3(kk)
Parent Debt Financing Sources	Section 9.3(ll)
Parent Disclosure Schedule	Article IV
Parent Material Adverse Effect	Section 9.3(mm)
Parent Regulatory Approvals	Section 7.1(c)
Parent Termination Fee	Section 8.2(c)
Parties	Preamble
Party	Preamble
Per Share Merger Consideration	Section 2.1(a)
Performance Shares	Section 2.2(b)
Permitted Liens	Section 3.14(a)
Permitted Permanent Bond Replacement Financing	Section 9.3(nn)
Permitted Replacement Backstop Facility	Section 9.3(oo)
Person	Section 9.3(pp)
Personal Information	Section 9.3(qq)
PNM	Section 3.7(a)
Privacy Rules and Policies	Section 9.3(rr)
Proceeding	Section 6.10(a)
Prohibited Modifications	Section 6.18(f)
Proxy Statement	Section 6.2(a)

PUCT.....	Section 6.6(a)
PUHCA	Section 3.19(a)
Purchaser	Recitals
Regulated Operating Subsidiaries.....	Section 3.19(a)
Regulatory Proceeding	Section 9.3(ss)
Representatives	Section 6.1(a)
Required Amount	Section 4.12(a)
Required Financial Information	Section 9.3(uu)
Required Regulatory Approvals	Section 7.1(c)
Restricted Stock Rights.....	Section 2.2(a)
Retention Program	Section 6.9(c)
Sanctioned Country.....	Section 9.3(vv)
Sanctions	Section 9.3(ww)
Sanctions List	Section 9.3(xx)
Sarbanes-Oxley Act.....	Section 3.7(a)
Satisfaction Notice	Section 8.1(d)(iii)
SEC	Section 3.7(a)
Section 53-15-4.....	Section 2.3
Securities Act	Section 3.7(a)
Significant Subsidiary.....	Section 9.3(yy)
SPA Guarantee.....	Section 9.3(zz)
Sponsor	Recitals
Stock Purchase Agreement	Recitals
subsidiary.....	Section 9.3(aaa)
Superior Proposal	Section 6.1(e)(ii)
Surviving Corporation.....	Section 1.2
Surviving Corporation Bylaws	Section 1.5(c)
Surviving Corporation Charter	Section 1.5(b)
Tax Return.....	Section 9.3(bbb)
Taxes	Section 9.3(ccc)
Taxing Authority	Section 9.3(ddd)
TNMP	Section 3.7(a)
TNMP Backstop Facility	Section 3.24
TNMP Bonds.....	Section 9.3(eee)
TNMP Mortgage Indenture.....	Section 9.3(fff)
Transaction Litigation.....	Section 6.11
Transition Committee	Section 6.15(b)
Treasury Regulations.....	Section 9.3(ggg)
TXNM Backstop Facility	Section 3.24
WARN Act	Section 3.12(b)
Willful Breach.....	Section 9.3(hhh)

SECTION 1.2 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, Merger Sub shall be merged with and into the Company and the separate corporate existence of Merger Sub shall thereupon cease. The Company shall be the surviving entity in the Merger (sometimes hereinafter referred to as the “Surviving Corporation”) and a direct subsidiary of Parent, and the separate corporate existence of the Company, with all of its properties, rights, privileges, immunities, powers and franchises, shall continue unaffected by the Merger, subject to Article II. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all of the properties, rights, privileges, immunities, powers and franchises of the Company and Merger Sub shall vest in the Company as the Surviving Corporation and all claims, obligations, debts, liabilities and duties of the Company and Merger Sub shall become the claims, obligations, debts, liabilities and duties of the Company as the Surviving Corporation. The Merger shall have the effects set forth in this Agreement and specified in the NMBCA.

SECTION 1.3 Closing. The closing for the Merger (the “Closing”) shall take place at the offices of Troutman Pepper Locke LLP, 875 Third Avenue, New York, New York 10022, at 9:00 a.m., New York City time, on the tenth (10th) Business Day following the day on which the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or (to the extent permitted by applicable Law) waiver of those conditions at the Closing) have been satisfied or (to the extent permitted by applicable Law) waived in accordance with this Agreement or at such other time and place as the Company and Parent may agree in writing. The date on which the Closing occurs is referred to herein as the “Closing Date”.

SECTION 1.4 Effective Time. At the Closing, the Company and Merger Sub will cause the Merger to be consummated by filing with the Secretary of State of the State of New Mexico (the “New Mexico Secretary of State”) articles of merger (the “Articles of Merger”), to be executed, acknowledged and filed with the New Mexico Secretary of State as provided in Section 53-14-4 of the NMBCA. The Merger shall become effective at the time when the Articles of Merger have been duly filed with the New Mexico Secretary of State or at such later time as may be agreed by the Parties in writing and specified in the Articles of Merger (the “Effective Time”).

SECTION 1.5 Articles of Incorporation; Bylaws.

(a) The name of the Surviving Corporation shall be the name of the Company.

(b) The articles of incorporation of Merger Sub as in effect immediately prior to the Effective Time shall be the articles of incorporation of the Surviving Corporation (except that the name of the Surviving Corporation shall be the name of the Company) (the “Surviving Corporation Charter”), until thereafter amended as provided therein or by applicable Law, in each case, subject to the obligations set forth in Section 6.10.

(c) The bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation (except that the name of the Surviving Corporation shall be the name of the Company) (the “Surviving Corporation Bylaws”), until thereafter amended as provided therein or by applicable Law, in each case subject to the obligations set forth in Section 6.10.

SECTION 1.6 Directors and Officers.

(a) The directors of Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation Charter and the Surviving Corporation Bylaws.

(b) The officers of the Company at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation Charter and the Surviving Corporation Bylaws.

ARTICLE II

EFFECT OF THE MERGER ON THE CAPITAL STOCK OF THE CONSTITUENT CORPORATIONS

SECTION 2.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Sub or the holders of any shares of Company Common Stock or the capital stock of Merger Sub or limited liability company interests of Parent:

(a) Merger Consideration. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (each, a “Company Share”) (other than (i) Company Shares owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and (ii) Company Shares owned by the Company or any of its wholly-owned subsidiaries as treasury stock or otherwise, and in each case, not held on behalf of third parties (collectively, the “Cancelled Shares”), which shall be treated in accordance with Section 2.1(b), and the Dissenting Shares, which shall be treated in accordance with Section 2.3), shall be automatically converted, in accordance with the procedures set forth in this Agreement, into the right to receive an amount equal to \$61.25 per Company Share in cash, without interest

(the “Per Share Merger Consideration”). At the Effective Time, all of the Company Shares shall cease to be outstanding, shall be cancelled and shall cease to exist, and each certificate (a “Certificate”) formerly representing any of the Company Shares (other than Cancelled Shares and Dissenting Shares) and each non-certificated Company Share represented by book-entry (a “Book-Entry Share”) (other than Cancelled Shares and Dissenting Shares) shall, in each case, thereafter represent only the right to receive the Per Share Merger Consideration, in each case without interest and subject to compliance with the procedures for surrender as set forth in Section 2.4.

(b) Cancellation of Cancelled Shares. Each Cancelled Share shall automatically, and without any action on the part of the Company, Parent or Merger Sub, cease to be outstanding, shall be cancelled without payment of any consideration therefor and shall cease to exist.

(c) Surviving Corporation Shares. Each share of common stock, no par value per share, of Merger Sub, issued and outstanding immediately prior to the Effective Time, shall be converted into one (1) share of common stock, no par value per share, of the Surviving Corporation.

SECTION 2.2 Treatment of Restricted Stock Rights and Performance Shares.

(a) Treatment of Restricted Stock Rights. Immediately prior to the Effective Time, each outstanding award of restricted stock rights (“Restricted Stock Rights”) granted under any Company Stock Plan or otherwise, shall, automatically and without any required action on the part of the holder thereof, cease to relate to or represent any right to receive any Company Common Stock and shall be converted, immediately prior to the Effective Time, into the right of the holder of such Restricted Stock Right to receive, from the Surviving Corporation or Parent (on behalf of the Surviving Corporation), an amount in cash (rounded down to the nearest cent) equal to the product of (i) the total number of shares of Company Common Stock subject to such Restricted Stock Right immediately prior to the Effective Time multiplied by (ii) the Per Share Merger Consideration, plus interest at the rate of six percent (6%), compounded semi-annually, from the Effective Time until the date of payment less applicable Taxes required to be withheld with respect to such payment. Such cash amount shall be payable to the holder of such converted award on the same terms and conditions as were applicable to the corresponding converted Restricted Stock Rights, including any applicable vesting, acceleration and payment timing provisions and subject to any prior deferral election by the holder with respect to the corresponding converted Restricted Stock Rights, as adjusted hereby, but excluding any terms rendered inoperative by reason of the consummation of the Merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award, in each case through the Company’s regular payroll processes applicable to such holder. For the avoidance of doubt, such cash amount will be paid only if and to the extent (and at the same time as) the corresponding Restricted Stock Right would have vested and been paid in accordance with the terms thereof. The intent is for the Surviving Corporation or Parent (on behalf of the Surviving Corporation) to pay, or cause to be paid, such amount only at the earliest time permitted under the terms of the applicable agreement, plan or arrangement relating to the corresponding Restricted Stock Right such that no Tax or penalty under Section 409A of the Code will be triggered as a result of the conversion of the Restricted Stock Right.

(b) Treatment of Performance Shares. Immediately prior to the Effective Time, each outstanding award of performance shares (“Performance Shares”) granted under any Company Stock Plan or otherwise, shall, automatically and without any required action on the part of the holder thereof, be deemed to have been earned at the higher of (i) the target level of performance or (ii) the actual level of performance achieved, determined on a goal-by-goal basis, as of the last day of the last month ending at least thirty (30) days before the Effective Time, with such actual level of performance determined in the good faith judgment of the Company’s compensation committee as constituted immediately prior to the Effective Time in accordance with the applicable Company Stock Plan (the “Earned Performance Shares”). Immediately thereafter, each Earned Performance Share shall, automatically and without any required action on the part of the holder thereof, cease to relate to or represent any right to receive any Company Common Stock and shall be converted into the right of the holder of such Earned Performance Share to receive, from the Surviving Corporation or Parent (on behalf of the Surviving Corporation), an amount in cash equal to the product of (A) the number of shares of Company Common Stock subject to such Earned Performance Share immediately prior to the Effective Time multiplied by (B) the Per Share Merger Consideration, plus interest at the rate of six percent (6%), compounded semi-annually, from the Effective Time until the date of

payment less applicable Taxes required to be withheld with respect to such payment. Such cash amount shall be payable to the holder of such converted award on the same service-based vesting terms and conditions as were applicable to the corresponding converted Earned Performance Share, including any applicable service-based vesting, acceleration and payment timing provisions but excluding any terms rendered inoperative by reason of the consummation of the Merger and subject to such other administrative or ministerial changes as are reasonable and appropriate to conform the converted award, in each case through the Company's regular payroll processes applicable to such holder. For the avoidance of doubt, such cash amount will be paid only if and to the extent (and at the same time as) the corresponding cancelled Earned Performance Share would have vested and been paid in accordance with the service-based terms thereof. The intent is for the Surviving Corporation or Parent (on behalf of the Surviving Corporation) to pay, or cause to be paid, such amounts only at the earliest time permitted under the terms of the applicable agreement, plan or arrangement relating to the corresponding Earned Performance Share, so that no Tax or penalty under Section 409A of the Code will be triggered as a result of the conversion of the Performance Share.

(c) Direct Plan. In accordance with the terms of the Third Amended and Restated PNM Resources, Inc. Direct Plan (as amended, the "Direct Plan"), the Company shall take all actions reasonably necessary to ensure that the Direct Plan shall terminate immediately following the Effective Time; provided, that such termination shall be contingent upon the occurrence of the Effective Time. The Company shall provide timely notice to participants of the termination of the Direct Plan in accordance with the Direct Plan.

(d) Director Deferred Restricted Stock Rights Program. As of the Effective Time, in accordance with the terms of the Company's Director Deferred Restricted Stock Rights Program, effective as of December 1, 2017 and amended as of February 28, 2025 (the "Directors Deferred Plan"), the Company shall take all actions reasonably necessary and in accordance with the Directors Deferred Plan to ensure that (i) the Directors Deferred Plan is terminated as of the Effective Time, (ii) no Nonemployee Director (as defined in the Directors Deferred Plan) will be eligible to participate in the Directors Deferred Plan after the Effective Time, except with respect to any outstanding Restricted Stock Rights granted to a Nonemployee Director with respect to which the Nonemployee Director, prior to the Effective Time, has made a deferral election pursuant to the Directors Deferred Plan, which Restricted Stock Rights shall be deferred into the Directors Deferred Plan in accordance with the applicable deferral election, (iii) each share of Company Common Stock distributable under the Directors Deferred Plan shall be automatically converted, in accordance with the procedures set forth in this Agreement, into the right to receive the Per Share Merger Consideration, and (iv) the Company will distribute to each participant the amounts credited to his or her account in the Directors Deferred Plan as soon as administratively practicable (and no later than thirty (30) days) after the Effective Time to the extent permitted by Section 409A of the Code (any amounts credited to the director's account in the Directors Deferred Plan after the Effective Time shall be distributed to the participant as soon as administratively practicable (and no later than thirty (30) days) after the amounts are credited to the director's account in the Directors Deferred Plan and in no event later than one (1) year after the Effective Time); provided, however, that such termination and all of the related foregoing actions shall be contingent upon the occurrence of the Effective Time, and provided, further, that nothing herein shall preclude a Nonemployee Director whose account in the Directors Deferred Plan is not paid as soon as administratively practicable (and no later than thirty (30) days) after the Effective Time from directing the deemed investment in such account to investments other than Company Common Stock pursuant to the terms of the Directors Deferred Plan.

(e) Treatment of Company Stock Plans. As of the Effective Time, no further Restricted Stock Rights, Performance Shares, or other rights with respect to shares of Company Common Stock shall be granted under the Company Stock Plans or otherwise, and the Company Stock Plans, other than the ESP II and the TXNM Energy, Inc. Retirement Savings Plan, shall terminate automatically upon the occurrence of the Effective Time such that, following the Effective Time, there shall be no outstanding Restricted Stock Rights or Performance Shares (in each case, whether vested or unvested) or any Company Common Stock or stock-based awards of the Company, the Surviving Corporation or any of their respective subsidiaries, under the terminated Company Stock Plans; provided, however, that the converted Restricted Stock Rights and the converted Earned Performance Shares shall remain subject to the applicable terms and conditions of the Company Stock Plans and the treatment described in this Section 2.2.

(f) No Right to Acquire Shares. The Company shall take all actions reasonably necessary to ensure that, from and after the Effective Time, neither Parent nor the Surviving Corporation will be required to deliver shares of Company Common Stock or other capital stock of the Company to any Person pursuant to or in settlement of Restricted Stock Rights or Performance Shares that are subject to the provisions set forth in this Section 2.2 or any other rights with respect to shares of Company Common Stock granted under the Company Stock Plans.

(g) Corporate Actions. At or prior to the Effective Time, the Company, the Company Board of Directors or the compensation committee of the Company Board of Directors, as applicable, shall adopt any resolutions and take any actions which are reasonably necessary to effectuate the provisions of this Section 2.2 (including the satisfaction of the requirements of Rule 16b-3(e) promulgated under the Exchange Act); provided, that such actions shall expressly be conditioned upon the consummation of the Merger and shall be of no effect if this Agreement is terminated without consummation of the Merger. The Company and the Company Board of Directors shall not take any action to apply the provisions of Section 11.5 of the 2014 PEP or Section 10.5 of the 2023 PEP to the transactions contemplated by this Agreement.

SECTION 2.3 Dissenting Shares. Notwithstanding Section 2.1, Company Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing who is entitled to, and who has demanded, payment for fair value of such Company Shares (“Dissenting Shares”) in accordance with Section 53-15-4 of the NMBCA (“Section 53-15-4”) shall not be converted into the right to receive the Per Share Merger Consideration for each such Dissenting Share, unless and until such holder fails to perfect or effectively withdraws or otherwise loses the right to receive payment of fair value for such holder’s Dissenting Shares in accordance with Section 53-15-4. Any such holder shall instead be entitled only to receive payment of the fair value of such holder’s Dissenting Shares in accordance with the provisions of Section 53-15-4 less any applicable Taxes required to be withheld in accordance with Section 2.4(e) with respect to such payment. At the Effective Time, the Dissenting Shares shall no longer be outstanding, and each holder of a Certificate or Book-Entry Share that immediately prior to the Effective Time represented Dissenting Shares shall cease to have any rights with respect thereto, except the right to receive the fair value of such Dissenting Shares in accordance with the provisions of Section 53-15-4. If, after the Effective Time, such holder fails to perfect or effectively withdraws or otherwise loses the right to receive payment of the fair value of such holder’s Dissenting Shares in accordance with the provisions of Section 53-15-4 (or had not properly demanded payment under Section 53-15-4), then each such Dissenting Share shall be treated as if such Dissenting Share had been converted as of the Effective Time into the right to receive the Per Share Merger Consideration, without interest thereon. The Company will give Parent (a) prompt written notice of any demand for payment of fair value of any Company Shares in accordance with Section 53-15-4, any withdrawals of such demands, and any other communications received by the Company or any of its Representatives in respect of the demand, withdrawal, or perfection of any rights under Section 53-15-4 and (b) the opportunity to conduct jointly with the Company all negotiations and proceedings with respect to such demands related to any Company Shares under Section 53-15-4. The Company will not, except with the prior written consent of Parent, voluntarily make any payment with respect to any Dissenting Shares or settle or offer to settle any such demands.

SECTION 2.4 Surrender of Company Shares.

(a) Exchange Agent. Prior to the Effective Time, the Company and Parent shall enter into an agreement in form and substance reasonably acceptable to the Company and Parent with an exchange agent selected by Parent with the Company’s prior approval, which approval shall not be unreasonably conditioned, withheld or delayed (the “Exchange Agent”), for the purpose of delivering or causing to be delivered to each holder of Company Shares (other than Cancelled Shares or Dissenting Shares) the aggregate Per Share Merger Consideration to which the shareholders of the Company shall become entitled in respect of their Company Shares pursuant to this Article II. Parent shall deposit, or cause to be deposited, with the Exchange Agent, (i) at or prior to the Effective Time, a cash amount in immediately available funds sufficient in the aggregate to provide all funds necessary for the Exchange Agent to make payments of the Per Share Merger Consideration under Section 2.1, and (ii) from time to time, to the extent and when needed, additional cash sufficient to pay any dividends or other distributions pursuant to Section 6.14 (such cash deposited with the Exchange Agent being hereinafter referred to as the “Exchange Fund”) in trust for the benefit of the holders of the Company Shares. The Exchange Agent shall invest any cash in the Exchange Fund if so directed by Parent; provided, that any such investments shall be in short-term

(i.e., maturities of thirty (30) days or less) obligations of or guaranteed by the United States of America and backed by the full faith and credit of the United States of America, in commercial paper obligations rated A-1 or P-1 or better by Moody's Investors Services, Inc. or Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., respectively. To the extent that there are losses with respect to such investments, or any cash in the Exchange Fund diminishes for other reasons below the level required to make prompt cash payment of the aggregate Per Share Merger Consideration as contemplated by Section 2.1 and to pay any dividends or other distributions pursuant to Section 6.14, Parent shall promptly replace or restore the cash in the Exchange Fund lost through such investments or other events so as to ensure that the cash in the Exchange Fund is at all times maintained at a level sufficient to make such cash payments. Any interest and other income resulting from such investment shall become a part of the Exchange Fund, and any amounts in excess of the amounts payable under Section 2.1(a) and Section 6.14 shall be promptly returned to Parent or the Surviving Corporation, as requested by Parent. The funds deposited with the Exchange Agent pursuant to this Section 2.4(a) shall not be used for any purpose other than as contemplated by this Section 2.4(a).

(b) Exchange Procedures.

(i) Transmittal Materials. Promptly after the Effective Time (and in any event within three (3) Business Days thereafter), the Surviving Corporation shall cause the Exchange Agent to mail or otherwise provide to each holder of record of Company Shares (other than holders of Cancelled Shares and Dissenting Shares) (A) transmittal materials, including a letter of transmittal in customary form as Parent shall reasonably specify after consultation with the Company, specifying that delivery shall be effected, and risk of loss and title shall pass, with respect to Book-Entry Shares, only upon delivery of an "agent's message" regarding the book-entry transfer of Book-Entry Shares (or such other evidence, if any, of the transfer as the Exchange Agent may reasonably request), and with respect to Certificates, only upon delivery of the Certificates (or satisfaction of the replacement requirements in lieu of the Certificates as provided in Section 2.4(f)) and delivery of a duly completed and validly executed letter of transmittal to the Exchange Agent, such transmittal materials to be in such form and have such other provisions as Parent shall reasonably determine after consultation with the Company, and (B) instructions for use in effecting the surrender of the Book-Entry Shares or Certificates (or satisfaction of the replacement requirements in lieu of the Certificates as provided in Section 2.4(f)) to the Exchange Agent.

(ii) Certificates. Upon surrender of a Certificate (or satisfaction of the replacement requirements in lieu of the Certificate as provided in Section 2.4(f)) to the Exchange Agent in accordance with the terms of such transmittal materials and instructions and delivery with the letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, the holder of such Certificate shall be entitled to receive in exchange therefor a cash amount in immediately available funds (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) equal to (A) the product obtained by multiplying (1) the number of Company Shares represented by such Certificate (or affidavit of loss in lieu of the Certificate as provided in Section 2.4(f)) by (2) the Per Share Merger Consideration, plus (B) any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. No interest will be paid or accrued on any cash amount payable upon due surrender of the Certificates.

(iii) Book-Entry Shares. Notwithstanding anything to the contrary contained in this Agreement, any holder of Book-Entry Shares shall not be required to deliver a Certificate or an executed letter of transmittal to the Exchange Agent to receive the aggregate Per Share Merger Consideration that such holder is entitled to receive as a result of the Merger pursuant to Section 2.1(a) and any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. In lieu thereof, each holder of record of one or more Book-Entry Shares (other than Cancelled Shares and Dissenting Shares) shall upon receipt by the Exchange Agent of an "agent's message" in customary form and such other evidence of surrender, if any, as the Exchange Agent may reasonably request (it being understood that the holders of Book-Entry Shares shall be deemed to have surrendered such Company Shares upon receipt by the Exchange Agent of such "agent's message" or such other evidence of surrender, if any, as the Exchange Agent may reasonably request) be entitled to receive, and Parent shall cause the Exchange Agent to pay and deliver as promptly as reasonably practicable after the Effective Time, a cash amount in immediately available funds (after giving effect to any required Tax withholdings as

provided in Section 2.4(e)) equal to (A) the product obtained by multiplying (1) the number of Company Shares represented by such Book-Entry Shares by (2) the Per Share Merger Consideration, plus (B) any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. No interest will be paid or accrued on any cash amount payable upon due surrender of the Book-Entry Shares.

(iv) Unrecorded Transfers; Other Payments. In the event of a transfer of ownership of Company Shares that is not registered in the transfer records of the Company or if payment of the applicable Per Share Merger Consideration is to be made to a Person other than the Person in whose name the surrendered Certificate or Book-Entry Share is registered, a check for any cash to be exchanged upon due surrender of such Certificate or Book-Entry Share may be delivered to such transferee or other Person only if the Certificate or Book-Entry Share formerly representing such Company Shares is properly endorsed or shall be otherwise in proper form for transfer and is presented to the Exchange Agent accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable transfer or other similar Taxes have been paid or are not applicable.

(v) Related Charges and Expenses. Until surrendered as contemplated by this Section 2.4(b), each Certificate and each Book-Entry Share shall represent at any time from and after the Effective Time only the right to receive upon such surrender (together with a letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, or an “agent’s message,” and such other documents as may reasonably be required pursuant to such instructions or by the Exchange Agent (as applicable)) the applicable Per Share Merger Consideration and any dividends or other distributions with respect to Company Shares payable pursuant to Section 6.14. The Surviving Corporation shall pay all charges and expenses, including those of the Exchange Agent, in connection with the exchange of Company Shares for the Per Share Merger Consideration and any dividends or other distributions payable pursuant to Section 6.14.

(c) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof) that remains unclaimed by the former shareholders of the Company for twelve (12) months after the Effective Time shall, upon the written demand of the Surviving Corporation, be delivered to the Surviving Corporation. Any former holder of Company Shares (other than a holder of Cancelled Shares or Dissenting Shares) who has not theretofore complied with this Article II shall thereafter be entitled to solely look to Parent and the Surviving Corporation, as a general unsecured creditor thereof, for payment of the Per Share Merger Consideration (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) and any dividends or other distributions such holder has the right to receive pursuant to Section 6.14 upon due surrender of its Certificates (or affidavits of loss in lieu of the Certificates) or acceptable evidence of the surrender and cancellation of Book-Entry Shares, without any interest thereon in accordance with the provisions set forth in Section 2.4(b), and Parent shall remain liable for (subject to applicable abandoned property, escheat or other similar Laws) payment of their claim for the Per Share Merger Consideration and any dividends or other distributions such holder has the right to receive pursuant to Section 6.14 payable upon due surrender of their Certificates or Book-Entry Shares. Notwithstanding the foregoing, none of the Surviving Corporation, Parent, Merger Sub, the Company, the Exchange Agent or any other Person shall be liable to any former holder of Company Shares for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar Laws. Any portion of the Exchange Fund remaining unclaimed by Persons entitled to receive the Per Share Merger Consideration pursuant to this Article II as of a date that is immediately prior to such time as such unclaimed funds would otherwise escheat to or become property of any Governmental Entity will, to the extent permitted by applicable Law, become the property of the Surviving Corporation free and clear of any claims or interest of any Person entitled thereto.

(d) Transfers. From and after the Effective Time, there shall be no transfers on the stock transfer books of the Company of the Company Shares that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any Certificate or acceptable evidence of a Book-Entry Share is presented (together with the properly delivered and validly executed transmittal materials required by this Section 2.4) to the Surviving Corporation, Parent or the Exchange Agent for transfer, it shall be cancelled and exchanged for the consideration provided for in, and in accordance with the procedures set forth in, this Article II. The Per Share Merger Consideration paid upon the surrender of Certificates together with the letter of

transmittal, duly completed and validly executed in accordance with the instructions thereto (or upon receipt by the Exchange Agent of an “agent’s message,” in the case of Book-Entry Shares, or such other evidence, if any, as the Exchange Agent may reasonably request), in accordance with the terms of this Article II shall be deemed to have been paid in full satisfaction of all rights pertaining to the Company Shares formerly represented by such Certificates or such Book-Entry Shares.

(e) Withholding Rights. Notwithstanding anything in this Agreement to the contrary, each of Parent, Merger Sub, the Surviving Corporation and their respective agents (including the Exchange Agent) shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to this Agreement to any holder of Company Shares, Restricted Stock Rights, Performance Shares, or other rights with respect to shares of Company Common Stock (including any converted awards), or any other Person who is entitled to receive the Per Share Merger Consideration, any amounts as may be required to be deducted and withheld with respect to the making of such payment under the Code, or any other applicable state, local or non-U.S. tax Law. To the extent that amounts are so withheld by Parent, Merger Sub, the Surviving Corporation or any of their respective agents (including the Exchange Agent), such deducted and withheld amounts (i) shall be promptly remitted by Parent, Merger Sub, the Surviving Corporation or their respective agents, as applicable, to the applicable Governmental Entity, and (ii) to the extent so remitted to the applicable Governmental Entity, shall be treated for all purposes of this Agreement as having been paid to the Person(s) in respect of which such deduction and withholding was made. The Parties and their respective agents (including the Exchange Agent) shall reasonably cooperate in good faith (i) to establish or obtain any exemption from or reduction in the amount of any withholding that otherwise would be required and (ii) to coordinate the deduction and withholding of any Taxes required to be deducted and withheld under any applicable Tax Law.

(f) Lost Certificates. In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if reasonably required by Parent or the Exchange Agent, the posting by such Person of a bond in customary amount and upon such terms as may be required by Parent or the Exchange Agent as indemnity against any claim that may be made against it or the Surviving Corporation with respect to such Certificate, the Exchange Agent will issue a check in the amount (after giving effect to any required Tax withholdings as provided in Section 2.4(e)) equal to (i) the product obtained by multiplying (A) the number of Company Shares represented by such lost, stolen or destroyed Certificate by (B) the Per Share Merger Consideration, plus (ii) any dividends and other distributions such holder has the right to receive pursuant to Section 6.14. Delivery of such affidavit and the posting of such bond shall be deemed delivery of a Certificate with respect to the relevant Company Shares for purposes of this Article II.

SECTION 2.5 Adjustments. In the event that the number of Company Shares issued and outstanding after the date hereof and prior to the Effective Time or the number of securities convertible or exchangeable into or exercisable for Company Shares shall have been changed into a different number of Company Shares or securities convertible or exchangeable into or exercisable for Company Shares, as applicable, or securities of a different class as a result, in either case, of a reclassification, stock split (including a reverse stock split), stock dividend, recapitalization, merger, issuer tender or exchange offer, or other similar transaction, then, in each case, the Per Share Merger Consideration and any other number or amount contained herein which is based upon the number of Company Shares shall be equitably adjusted to provide to Parent and the holders of Company Shares the same economic effect as contemplated by this Agreement prior to such event; provided, however, that nothing in this Section 2.5 shall be construed to permit the Company, any subsidiary of the Company or any other Person to take any action that is otherwise prohibited by the terms of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Merger Sub that, except (i) as disclosed in the Company SEC Reports filed with, or furnished to, the SEC from and after January 1, 2021 and prior to the date of this Agreement (other than in any “risk factor” disclosure under the heading “Risk Factors” or any forward-looking statements contained therein) or (ii) as set forth on the corresponding sections or subsections of the disclosure schedules delivered to Parent and Merger Sub by the Company concurrently with entering into this Agreement (the “Company Disclosure Schedule”), it being agreed that disclosure of any item in any section or

subsection of the Company Disclosure Schedule shall also be deemed disclosure with respect to any other section or subsection of this Agreement to which the relevance of such item is reasonably apparent on the face of such disclosure:

SECTION 3.1 Organization and Qualification; Subsidiaries.

(a) Each Company Party is a legal entity duly organized, validly existing and, to the extent such concept is applicable, in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and, to the extent such concept is applicable, is in good standing as a foreign corporation or other legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or present conduct of its business requires such qualification, except in each case where the failure to be so organized, formed, existing, qualified or, to the extent such concept is applicable, in good standing or to have such power or authority as does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Section 3.1(b) of the Company Disclosure Schedule sets forth a list of all the Company's subsidiaries and Joint Ventures, including (i) the name of each such entity and its form and jurisdiction of incorporation, (ii) a brief description of the principal line or lines of business conducted by each such entity and (iii) all Equity Securities held by any Person (including the Company) in each such entity. Except (A) as set forth in Section 3.1(b) of the Company Disclosure Schedule or (B) for Equity Securities acquired after the date of this Agreement without violating any covenant or agreement set forth herein, none of the Company nor any of its subsidiaries directly or indirectly owns any Equity Securities in any subsidiaries or Joint Ventures.

SECTION 3.2 Articles of Incorporation and Bylaws. The Company has furnished or otherwise made available to Parent, prior to the date hereof, a correct and complete copy of the Articles of Incorporation, as amended to date (the "Company Articles of Incorporation"), and the Bylaws, as amended to date (the "Company Bylaws"), of the Company as in effect as of the date hereof, and the Organizational Documents of each of the Company's Significant Subsidiaries, each as in effect as of the date hereof. The Company Articles of Incorporation and the Company Bylaws are in full force and effect. The Company is not in material violation of any provision of the Company Articles of Incorporation or Company Bylaws. The Organizational Documents of the Company's Significant Subsidiaries are in full force and effect, and no Significant Subsidiary is in material violation of any provision of its Organizational Documents.

SECTION 3.3 Capitalization.

(a) The authorized capital stock of the Company consists of (i) 200,000,000 shares of common stock, no par value (the "Company Common Stock") and (ii) 10,000,000 shares of preferred stock, no par value (the "Company Preferred Stock"), of which 500,000 shares have been designated Convertible Preferred Shares, Series A.

(b) As of the close of business on May 16, 2025 (the "Company Capitalization Date"), the total issued and outstanding equity of the Company, and the total equity reserved for issuance by the Company, consisted of the following Equity Securities:

(i) 92,659,335 shares of Company Common Stock were issued and outstanding (which number does not include shares of Company Common Stock to which Restricted Stock Rights, Performance Shares or Notional Units relate);

(ii) no shares of Company Preferred Stock were issued or outstanding; and

(iii) (A) 269,963 shares of Company Common Stock subject to outstanding Restricted Stock Rights, (B) 301,977 shares and 603,971 shares of Company Common Stock subject to outstanding Performance Shares (calculated assuming target and maximum level performance achievement, respectively), in each such case, as granted or provided for under the (1) TXNM Energy, Inc. 2023 Performance Equity Plan, effective as of May 9, 2023 and as amended on August 2, 2024 (the "2023 PEP"), and (2) the TXNM Energy, Inc. 2014 Performance Equity Plan, effective as of May 15, 2014 and as amended on December 14, 2015 and January 1, 2017 (the "2014 PEP"), (and applicable award

agreements issued thereunder) (collectively with the ESP II and the TXNM Energy, Inc. Retirement Savings Plan, as amended on December 13, 2022 and August 2, 2024, the “Company Stock Plans”), (C) no shares of Company Common Stock were held by the Company in its treasury, (D) 3,232,991 shares of Company Common Stock were reserved for issuance under the Company Stock Plans, (E) 14,534,850 shares of Company Common Stock were reserved for issuance upon conversion of the Company’s 5.75% Junior Subordinated Convertible Notes due 2054 (the “Convertible Notes”), and (F) 1,104,641 shares of Company Common Stock were reserved for issuance pursuant to forward sales agreements entered into by the Company with third-party forward purchasers under an “at-the-market” offering.

(c) From the close of business on the Company Capitalization Date through the date of this Agreement, no (i) Restricted Stock Rights, (ii) Performance Shares (or awards in respect thereof), (iii) Notional Units or (iv) other rights to acquire Company Common Stock under any Company Stock Plan, have been granted or promised to be granted, and no shares of Company Common Stock have been issued or promised to be issued, except for shares of Company Common Stock issued pursuant to the vesting or settlement of Restricted Stock Rights or Performance Shares, in each case in accordance with the terms of the Company Stock Plans and the applicable award agreements, shares of Company Common Stock purchased and sold in the TXNM Energy, Inc. Retirement Savings Plan, and shares of Company Common Stock issued pursuant to the Stock Purchase Agreement. Except as set forth in Section 3.3(b), as of the Company Capitalization Date, (A) there are no outstanding or authorized (1) shares of capital stock or other voting securities of the Company, (2) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company or (3) options, warrants, calls, phantom stock, rights (including stock appreciation rights), preemptive rights, other Contracts, commitments, understandings or arrangements, including any right of conversion or exchange under any outstanding security, instrument or Contract or other rights to acquire from any Company Party, or obligations or agreements of any Company Party to issue, transfer or sell, or cause to be issued, transferred or sold, any capital stock, voting securities or securities convertible into, exercisable for, or exchangeable for, or giving any Person a right to subscribe for or acquire, any capital stock or voting securities of any Company Party (collectively, “Company Securities”), and (B) there are no outstanding contractual obligations of any Company Party (1) to repurchase, redeem or otherwise acquire or dispose of, or (2) that contain any right of first refusal with respect to, require the registration for sale of, apply voting restrictions to, grant any preemptive or antidilutive rights with respect to, or otherwise restrict any Person from purchasing, selling, pledging or otherwise disposing of, any Company Securities. All outstanding shares of Company Common Stock, and all shares of the Company reserved for issuance as noted in Section 3.3(b), when issued in accordance with the respective terms thereof, are or will be duly authorized, validly issued, fully paid and non-assessable and free of pre-emptive rights, purchase options, call, right of first refusal or any similar right. Each of the outstanding shares of capital stock of each of the Company’s subsidiaries and Joint Ventures is duly authorized, validly issued, fully paid and nonassessable and, with respect to the Company’s subsidiaries, all such shares are owned by the Company or another wholly-owned subsidiary of the Company and are owned free and clear of all Liens. Except as set forth in Section 3.3(b) and on Section 3.3(c) of the Company Disclosure Schedule, no Company Party has any outstanding bonds, debentures, notes or other indebtedness or obligations (or commitment, understanding or obligation to issue, sell or extend any such outstanding bond, debenture, note or other indebtedness or obligation) the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the shareholders of Company Common Stock on any matter.

(d) There are no voting trusts, proxies or other commitments, understandings, restrictions or arrangements to which the Company or any of its subsidiaries is a party in favor of any Person other than the Company or a subsidiary wholly-owned, directly or indirectly, by the Company with respect to the voting of or the right to participate in dividends or other earnings on any capital stock or other equity interests of the Company or any of its subsidiaries.

(e) No subsidiary or Joint Venture of the Company owns any stock in the Company.

(f) The Company has made available to Parent, as of the Company Capitalization Date, a complete and correct list of all outstanding (i) Restricted Stock Rights, (ii) Performance Shares and (iii) Notional Units, in each case, including the number of shares of Company Common Stock subject to such award (in

the case of Performance Shares, based on both the target level and maximum level of performance), the name or employee identification number of the holder thereof, the grant date, the number of shares underlying such award subject to a deferral election (if any), the vesting schedule, including the extent to which any vesting had occurred as of the Company Capitalization Date, whether such award is cash-settled or stock-settled and any performance targets or similar conditions to vesting or settlement thereof, and whether (and to what extent) the vesting of such award may be accelerated in any way by the consummation of the transactions contemplated by the Agreement (alone or in combination with any other event, including the termination of employment or engagement or change in position of any holder thereof following or in connection with the consummation of the transactions contemplated by the Agreement). The Company Stock Plans are the only plans or programs that the Company Parties maintain under which stock options, restricted stock, restricted stock units, stock appreciation rights, profits interests, phantom stock, stock purchase, or other compensatory equity and equity-based awards are outstanding, and no awards other than the Restricted Stock Rights and the Performance Shares have been granted under the Company Stock Plans.

SECTION 3.4 Authority.

(a) The Company has all requisite corporate power and authority, and has taken all corporate action necessary, to execute, deliver and perform this Agreement and to consummate the transactions contemplated by this Agreement, including the Merger, subject only to the affirmative vote (in person or by proxy) of the holders of a majority of all of the outstanding shares of Company Common Stock entitled to vote thereon at the Company Shareholders Meeting, or any adjournment or postponement thereof, to approve this Agreement (the “Company Requisite Vote”) and the filing of the Articles of Merger with the New Mexico Secretary of State. This Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery hereof by Parent and Merger Sub, constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the effects of applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors’ rights generally, and general equitable principles (whether considered in a proceeding in equity or at law) (the “Bankruptcy and Equity Exception”).

(b) The Company Board of Directors, at a meeting duly called and held, has unanimously (i) determined, in good faith, that this Agreement and the transactions contemplated hereby, including the Merger, are fair to and in the best interests of the Company and its shareholders, (ii) approved and adopted this Agreement and the transactions contemplated by this Agreement, including the Merger, (iii) declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable, consistent with and in furtherance of the Company’s business strategies and in the best interests of the Company and its shareholders, (iv) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, by the shareholders of the Company (the “Company Recommendation”), and (v) directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to the shareholders of the Company for their approval. The only vote of the shareholders of the Company required to approve this Agreement and the transactions contemplated hereby, including the Merger, is the Company Requisite Vote.

SECTION 3.5 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance of this Agreement by the Company do not, and the consummation of the Merger and the other transactions contemplated hereby does not and will not (i) subject to obtaining the Company Requisite Vote, breach or violate the Company Articles of Incorporation or the Company Bylaws or any Organizational Documents of any Company Party, (ii) subject to obtaining the Company Requisite Vote, assuming that all Consents and Filings set forth on Section 3.5(b)(i) and (ii) of the Company Disclosure Schedule have been obtained and made, respectively, and any waiting periods thereunder have terminated or expired, conflict with or violate any Law or Judgment applicable to any Company Party or by which any Company Party’s property is bound or (iii) subject to Section 3.5(a)(iii) of the Company Disclosure Schedule and obtaining the Existing Loan Consents, result in any breach or violation of or constitute a default or result in the loss of a benefit under, or give rise to any right of payment (other than payment of the Per Share Merger Consideration on each Company Share pursuant to the terms, and subject to the conditions of, this Agreement), reimbursement, termination, revocation,

cancellation, amendment, modification or acceleration of, or result in the creation of a Lien (except a Permitted Lien) on any of the assets or properties of any Company Party under, any of the terms, conditions or provisions of (A) subject to receipt of the Company Requisite Vote, any Law, rule, regulation, order, judgment or decree applicable to any Company Party or by which any of them or any of their respective properties are bound or (B) any Company Material Contract or License to which any Company Party is a party or by which any Company Party or any of their respective assets or properties is bound, except, in the case of clauses (ii) and (iii), for any such conflict, violation, breach, default, loss, right or other occurrence which does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Other than (i) the Required Regulatory Approvals and the other Consents and Filings that have been obtained or made by the Company and (ii) such other Consents and Filings, the failure of which to obtain or make does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, no Licenses, expirations or terminations of waiting periods, non-actions, waivers, qualifications, change of ownership approvals or other authorizations (each, a "Consent") of, or registration, notice, declaration or filing (each, a "Filing") with, any Governmental Entity or third party are required (with or without notice or lapse of time, or both) for or in connection with the execution, delivery and performance of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, including the Merger.

SECTION 3.6 Compliance. (a) No Company Party is, or since January 1, 2023 (the "Applicable Date") has been, in default under or in violation of any Law applicable to any Company Party or any order of any Governmental Entity (including Anti-Corruption Laws), except for any such default or violation, which has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, and (b) the Company Parties have all permits, licenses, authorizations, exemptions, orders, consents, approvals, grants, certificates, variances, exceptions, permissions, qualifications, registrations, clearances, notices and franchises from Governmental Entities required to conduct their respective businesses as being conducted as of the date hereof ("Licenses"), except for any such Licenses the absence of which has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company and each Company Party is, and since the Applicable Date has been, in compliance in all respects with the terms of the Licenses, except where the failure to be in compliance has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. No Company Party nor, to the knowledge of the Company, any directors, officers, employees, agents or representatives thereof: (i) is a Designated Person; (ii) is a Person that is owned or controlled by a Designated Person; (iii) is located, organized or resident in a Sanctioned Country; or (iv) has or is now, in connection with the business of any Company Party, engaged in, any dealings or transactions (A) with any Designated Person, (B) in any Sanctioned Country, or (C) otherwise in violation of Sanctions or Ex-Im Laws. Since the Applicable Date, the Company has maintained and implemented policies, procedures and controls designed to ensure compliance with all Anti-Corruption Laws and Sanctions applicable to any Company Party.

SECTION 3.7 SEC Filings; Financial Statements; Undisclosed Liabilities.

(a) Each of the Company, Public Service Company of New Mexico, a New Mexico corporation ("PNM"), Texas-New Mexico Power Company, a Texas corporation ("TNMP"), and each other Company Party (if any) required to make such filings has filed or otherwise transmitted or furnished, on a timely basis, all forms, reports, schedules, statements (including definitive proxy statements), certifications and other documents (including all exhibits and other information incorporated therein, amendments and supplements thereto) in each case required to be filed or furnished by it with the U.S. Securities and Exchange Commission (the "SEC") from the Applicable Date through the date hereof (all such forms, reports, schedules, statements, certificates and other documents filed or furnished with the SEC since the Applicable Date, including those filed or furnished after the date hereof and including all exhibits and other information incorporated therein, amendments and supplements thereto, collectively, the "Company SEC Reports"). As of their respective dates, or, if amended or superseded by a subsequent filing made prior to the date of this Agreement, as of the date of the last such amendment or superseding filing prior to the date of this Agreement, the Company SEC Reports complied as to form in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act and the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), as the case may be, and the applicable

rules and regulations promulgated thereunder, each as in effect on the date of any such filing. As of the time of filing with the SEC (or, if amended or superseded prior to the date of this Agreement, as of the date of such amendment or superseding filing), none of the Company SEC Reports so filed contained (taking into account all amendments and supplements thereto filed prior to the date hereof) any untrue statement of a material fact or omitted to state any material fact required to be stated or incorporated by reference therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that no representation is made as to the accuracy of any financial projections or forward-looking statement.

(b) Since the Applicable Date, each of the principal executive officer and principal financial officer of the Company (or each former principal executive officer and principal financial officer of the Company, as applicable) has made all certifications required by Rule 13a-14 and 15d-14 under the Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act and the rules and regulations of the SEC promulgated thereunder with respect to the Company SEC Reports. For purposes of the preceding sentence, “principal executive officer” and “principal financial officer” shall have the meanings given to such terms in the Sarbanes-Oxley Act. Since the Applicable Date, neither the Company nor any of its subsidiaries has arranged any outstanding “extensions of credit” to directors or executive officers within the meaning of Section 402 of the Sarbanes-Oxley Act.

(c) The audited consolidated financial statements of the Company and its subsidiaries (including any related notes thereto) included in the Company SEC Reports (i) complied as of their respective dates of filing, in each case in all material respects, with the then applicable accounting requirements and the published rules and regulations of the SEC with respect thereto; (ii) have been prepared in accordance with GAAP in all material respects applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto); and (iii) fairly present in all material respects the consolidated financial position of the Company and its subsidiaries at the respective dates thereof or the periods covered thereby (taking into account the notes thereto) and the consolidated results of operations, statements of earnings, cash flows and stockholders’ equity for the periods indicated. The unaudited consolidated interim financial statements of the Company and its subsidiaries (including any related notes thereto) included in the Company SEC Reports (A) complied as of their respective dates of filing, in each case in all material respects, with the then applicable accounting requirements and the published rules and regulations of the SEC with respect thereto; (B) have been prepared in accordance with GAAP in all material respects (except as may be indicated in the notes thereto and except for the absence of footnote disclosures and normal recurring year-end adjustments that were not and are not expected to be, individually or in the aggregate, material); and (C) fairly present in all material respects the consolidated financial position of the Company and its subsidiaries as of the respective dates thereof (taking into account the notes thereto) and the consolidated results of operations, statements of earnings and cash flows for the periods indicated (subject to normal year-end adjustments that were not and are not expected to be, individually or in the aggregate, material).

(d) The Company maintains a system of internal control over financial reporting as required by Rule 13a-15(f) and 15d-15(f) of the Exchange Act that is effective in providing reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in all material respects. The Company maintains disclosure controls and procedures as required by Rule 13a-15(f) and 15d-15(f) of the Exchange Act that are effective in all material respects to ensure that material information required to be disclosed by the Company in the reports it files or furnishes under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms and (ii) is accumulated and communicated to the Company’s management (including the Company’s principal executive and principal financial officers, or persons performing similar functions) as appropriate to allow timely decisions regarding required disclosure. Based on the Company’s most recent evaluation of internal control over financial reporting prior to the date hereof, the Company has disclosed to its outside auditors and the audit committee of the Company Board of Directors (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

(e) Except for matters resolved prior to the date hereof, since the Applicable Date through the date of this Agreement, (i) neither the Company nor any of its subsidiaries nor any of their respective Representatives has received or otherwise obtained knowledge of any material complaint, allegation or claim (whether written or oral) regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or its subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that the Company or any of its subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no attorney representing the Company or any of its subsidiaries, whether or not employed by any such entity, has reported evidence of a material violation of securities Laws, breach of fiduciary duty or similar violation by the Company, any of its subsidiaries or any of their respective directors, officers or employees to the general counsel or chief executive officer of the Company or the Company Board of Directors or any committee thereof.

(f) Except (i) as reflected, accrued or reserved against in the financial statements (including all notes thereto) of the Company and its subsidiaries included in the Company SEC Reports filed prior to the date hereof; (ii) for liabilities or obligations incurred in the ordinary course of business since December 31, 2024; and (iii) for liabilities or obligations incurred pursuant to the transactions contemplated by this Agreement, neither the Company nor any of its subsidiaries has or is subject to any liabilities or obligations of a nature required by GAAP to be reflected in a consolidated balance sheet, other than those which do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(g) Since the Applicable Date, the Company has complied in all material respects with the applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations thereunder, as amended from time to time. The shares of Company Common Stock are listed on the NYSE, and, since the Applicable Date, the Company has complied in all material respects with the applicable listing and corporate governance requirements of the NYSE.

SECTION 3.8 Contracts.

(a) Except (x) for this Agreement, (y) for the Contracts filed as exhibits to the Company SEC Reports prior to the date hereof or (z) for the Company Plans and Company Stock Plans (and any Restricted Stock Rights or Performance Shares granted under the Company Stock Plan), as of the date hereof, no Company Party is party to or bound by any Contract that:

(i) is a “material contract” (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC);

(ii) (A) purports to limit in any material respect either the type of business in which the Company or any of its subsidiaries or Joint Ventures (including those Contracts of the Company Parties that purport to so limit Parent or any of its Affiliates after the Effective Time) or any of their respective Affiliates may engage or the manner or geographic area in which any of them may so engage in any business, (B) would require the disposition of any material assets or line of business of the Company or its subsidiaries or Joint Ventures (including those Contracts of the Company Parties that so require Parent or any of its Affiliates after the Effective Time) or any of their respective Affiliates as a result of the consummation of the transactions contemplated by this Agreement, including the Merger, (C) is a material Contract that grants “most favored nation” status that, following the Effective Time, would impose obligations upon Parent or any of its Affiliates (including the Company Parties), (D) prohibits or limits, in any material respect, the right of the Company or any of its subsidiaries or Joint Ventures (including those Contracts of the Company Parties that so prohibit or limit Parent or any of its Affiliates after the Effective Time) to make, sell or distribute any products or services or use, transfer, license or enforce any of their respective Intellectual Property rights, (E) is with a Governmental Entity (other than ordinary course Contracts with Governmental Entities), (F) grants any right of first refusal or right of first offer or similar right or that limits or purports to limit the ability of the Company or any of its subsidiaries or Joint Ventures (or, after the Effective Time, Parent or any of its Affiliates) to own, operate, lease, provide or receive services, or sell, transfer, pledge, or otherwise dispose of any material amount of its assets or its business, or (G) is approved by FERC as a special or nonconforming Contract or service agreement that deviates from standard tariffs;

(iii) is a partnership, joint venture or similar Contract that, in each case, is material to the Company and its subsidiaries taken as a whole;

(iv) under which the Company or any of its subsidiaries (A) is liable for indebtedness in excess of \$50,000,000 or (B) guarantees any indebtedness of a third party that is not a Company Party;

(v) expressly limits or otherwise restricts the ability of the Company or any of its subsidiaries to pay dividends or make distributions to its shareholders;

(vi) by its terms calls for aggregate payments by or to the Company and its subsidiaries under such Contract of more than \$50,000,000 over the remaining term of such Contract (other than (A) this Agreement, (B) Contracts subject to clause (iv) above, (C) Contracts for the transportation, transmission, processing, storage, purchase, exchange or sale of gas, coal, oil, nuclear fuel or electric energy, the obligations under which are subject to review by Governmental Entities regulating utilities in the jurisdictions in which the Company or its subsidiaries operate and (D) immaterial financial derivative interest rate hedges);

(vii) relates to the pending acquisition or pending disposition of any asset (including any entity or business, whether by merger, sale of stock, sale of assets or otherwise), for consideration in excess of \$50,000,000; or

(viii) is a Company Collective Bargaining Agreement.

Each Contract (x) set forth (or required to be set forth) in Section 3.8 of the Company Disclosure Schedule, (y) filed as an exhibit to the Company SEC Reports as a “material contract” pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act, or (z) disclosed by the Company on a Current Report on Form 8-K as a “material contract” (excluding any Company Plan), is referred to herein as a “Company Material Contract”. Other than any Company Material Contract filed as an exhibit to the Company SEC Reports prior to the date of this Agreement and other than this Agreement, the Company has made available to Parent a true, complete and correct copy of each Company Material Contract.

(b) Each of the Company Material Contracts is a legal, valid and binding obligation of, and enforceable against, the Company Party that is a party thereto and, to the knowledge of the Company, each other party thereto, and is in full force and effect in accordance with its terms, subject to the Bankruptcy and Equity Exception, except (i) to the extent that any Company Material Contract expires or terminates in accordance with its terms in the ordinary course of business consistent with past practice, and (ii) for such failures to be legal, valid and binding or to be in full force and effect that do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) No event has occurred that, with notice or the passage of time, or both, would constitute a breach or default by the Company or any of its subsidiaries under any such Company Material Contract, and, to the knowledge of the Company, no other party to any Company Material Contract is in breach or default (nor has any event occurred which, with notice or the passage of time, or both, would constitute such a breach or default) under any Company Material Contract, except in each case where such violation, breach, default or event of default does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

SECTION 3.9 Absence of Certain Changes or Events.

(a) Since December 31, 2023 through the date of this Agreement, (i) except as expressly contemplated by this Agreement, the Company and its subsidiaries have conducted their business in the ordinary course of business in a manner consistent with past practice, in all material respects, and (ii) there has not occurred any event, development, change, effect or occurrence that, has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Since December 31, 2023 through and including the date of this Agreement, neither the Company nor any subsidiary of the Company has taken any action that, if taken during the period from the date of this Agreement through the Effective Time, would constitute a violation of Section 5.1(c)(i), Section 5.1(c)(ii), Section 5.1(c)(iii), Section 5.1(c)(iv), Section 5.1(c)(vii), Section 5.1(c)(viii) (excluding

the declaration and payment of regular quarterly cash dividends on Company Common Stock during such period of time in the ordinary course of business and disclosed in the Company SEC Reports), Section 5.1(c)(xi), Section 5.1(c)(xiv) or Section 5.1(c)(xvii).

SECTION 3.10 Absence of Litigation. There are no (a) civil, criminal, administrative or other suits, claims, actions, proceedings, or arbitrations, by or before any Governmental Entity relating to or affecting any Company Party or any of its or their respective assets or properties pending or, to the knowledge of the Company, threatened against any Company Party or (b) to the knowledge of the Company, Governmental Entity investigations, inquiries or audits pending or threatened against, relating to or affecting, any Company Party or any of its or their respective properties or assets, other than, with respect to clause (a) or clause (b) of this Section 3.10, as applicable, any such suit, claim, action, proceeding, arbitration, investigation, inquiry or audit that has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Neither the Company nor any of its subsidiaries nor any of their respective properties is or are subject to any Judgment, injunction or award except for those that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. This Section 3.10 does not relate to environmental matters, which are addressed in Section 3.17.

SECTION 3.11 Employee Benefit Plans.

(a) Section 3.11(a) of the Company Disclosure Schedule contains a true and complete list, as of the date of this Agreement, of each material Company Plan. “Company Plan” means each “employee benefit plan” (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), whether or not subject to ERISA), and each other benefit or compensation plan, program, policy, agreement or arrangement, including, but not limited to, vacation or sick pay policy, fringe benefit, stock purchase, phantom equity or other equity or equity-based compensation, retention, transaction or change in control, deferred compensation, incentive compensation, pension, retirement savings, bonus, profit sharing, health, medical or dental, disability, unemployment insurance, life insurance, severance, individual consulting or employment (including offer letter) or other plan, program, policy, agreement or arrangement contributed to, sponsored or maintained by the Company or any of its subsidiaries for the benefit of any current, former or retired employee, director or other individual consultant/service provider of the Company or any of its subsidiaries (collectively, the “Company Employees”) and any such plan, program, agreement or arrangement that is or was subject to Part 3 of Title I of ERISA, Section 412 of the Code or Title IV of ERISA, at any time during the six (6)-year period preceding the date of this Agreement, with respect to which the Company or any of its subsidiaries has or would reasonably be expected to have any present or future actual or contingent liabilities.

(b) With respect to each Company Plan set forth on Section 3.11(a) of the Company Disclosure Schedule, the Company has made available to Parent a true, correct, and complete copy thereof to the extent in writing and, to the extent applicable, all material supporting documents including, but not limited to (i) the plan document or agreement, including any material amendments thereto, and any related trust agreement or other funding instrument or insurance policy, (ii) the most recent determination letter, if any, received from, and all material correspondence with the Internal Revenue Service (the “IRS”) in the three (3)-year period preceding the date of this Agreement, (iii) the most recent summary plan description for each Company Plan for which such summary plan description is required, (iv) for the most recent three (3) years (A) the Form 5500 and attached schedules, (B) audited financial statements and (C) actuarial valuation reports, if any, and (v) all material correspondence with the IRS, Department of Labor and the Pension Benefit Guaranty Corporation in the three (3)-year period preceding the date of this Agreement. No Company Plan is maintained outside the jurisdiction of the United States or covers any Company Employees residing or working outside of the United States.

(c) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each Company Plan has been established, funded and administered in accordance with its terms and in compliance with the applicable provisions of ERISA, the Code, and other applicable Laws, (ii) with respect to each Company Plan, as of the date of this Agreement, no actions, suits, audits, proceedings, investigations or claims (other than routine claims for benefits in the ordinary course), or material administrative proceeding by the IRS, the Department of Labor, or any other Governmental Entity, are pending or, to the knowledge of the Company, threatened, (iii) all contributions, reimbursements, premium payments and other payments required to be made by the Company or any of its subsidiaries to or

on behalf of any Company Plan have been made on or before their applicable due dates, and (iv) there has been no prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code, other than a transaction that is exempt under a statutory or administrative exemption), with respect to any Company Plan. Each Company Plan which is intended to be qualified under Section 401(a) of the Code has received a determination letter to that effect from the IRS and, to the knowledge of the Company, no circumstances exist which would reasonably be expected to materially adversely affect such qualification.

(d) No Company Plan is a multiemployer plan as defined in Sections 3(37) or 4001(a)(3) of ERISA or a multiple employer welfare arrangement as defined in Section 3(40) of ERISA, and neither the Company nor any ERISA Affiliate has contributed to or been obligated to contribute to any such plan within the six (6) years preceding the date of this Agreement. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, neither the Company nor any of its subsidiaries has incurred any Controlled Group Liability (as defined below) that has not been satisfied in full nor, to the knowledge of the Company, do any circumstances exist that could reasonably be expected to give rise to any Controlled Group Liability to the Company or any of its subsidiaries (except for the payment of premiums to the Pension Benefit Guaranty Corporation not yet due). For the purposes of this Agreement, “Controlled Group Liability” means any and all liabilities (i) under Title IV of ERISA, (ii) under Section 302 of ERISA, (iii) under Sections 412, 430 and 4971 of the Code or (iv) resulting from the failure to comply with the continuation of coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code, in each case, arising as a result of an ERISA Affiliate other than the Company or any of its subsidiaries.

(e) None of the execution, delivery and performance of this Agreement, shareholder or other approval of this Agreement or the consummation of the transactions contemplated by this Agreement (whether alone or in combination with another event, including termination of employment or service) could (i) entitle any current or former Company Employee to severance pay or benefit (or an increase in severance pay or benefit), unemployment compensation or any other payment or benefit (whether in cash or property or the cancellation of indebtedness) or trigger the funding of such payment or benefit, except as contemplated by this Agreement, (ii) accelerate the time of payment or vesting of, lapse the restrictions or repurchase rights relating to, or increase the amount of compensation or benefits due to any current or former Company Employee, except as expressly contemplated by this Agreement, (iii) result in any payment or benefit (whether in cash or property or the vesting of property or the cancellation of indebtedness), individually or together with any other payment or benefit, which would not reasonably be expected to be deductible under Section 280G of the Code or (iv) limit or restrict the right to merge, amend, terminate or transfer the assets of any Company Plan on or following the Effective Time, except as expressly contemplated by this Agreement.

(f) Neither the Company nor any of its subsidiaries is obligated or otherwise required to indemnify, reimburse, make whole, or provide for the gross-up of any Taxes, including Taxes imposed under Section 409A or Section 4999 of the Code.

(g) No Company Plan that is a “welfare benefit plan” within the meaning of ERISA provides benefits in respect of Company Employees beyond their retirement or other termination of service, other than coverage mandated solely by applicable Law. Neither the Company nor any of its subsidiaries has incurred or reasonably expects to incur (whether or not assessed) any penalty or Tax under Sections 4980B, 4980D, 4980H, 6721 or 6722 of the Code that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(h) Each Company Plan that constitutes in any part a “nonqualified deferred compensation plan” (as defined in Section 409A(d)(1) of the Code) subject to Section 409A of the Code has been documented and operated in material compliance with Section 409A of the Code.

SECTION 3.12 Labor and Employment Matters.

(a) Section 3.12(a) of the Company Disclosure Schedule sets forth each collective bargaining agreement or other Contract with a labor union, employee representative or other labor organization to which the Company or any subsidiary thereof is a party or is bound or is presently negotiating, in each case, with respect to any Company Employees (the “Company Collective Bargaining Agreements”). To the knowledge of the Company, there is no unfair labor practice charge or comparable or analogous complaint

pending before the National Labor Relations Board (or equivalent regulatory body, tribunal or authority) against the Company which, if adversely decided, would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Since the Applicable Date, (i) there have been no actual or, to the knowledge of the Company, threatened material labor arbitrations, strikes, lockouts, work stoppages, slowdowns or other material labor disputes against or involving the Company or any subsidiary thereof, and (ii) to the knowledge of the Company, there have been no labor organizing activities with respect to the Company or any subsidiary thereof. None of the Company or any of its subsidiaries have any notice or consultation obligations to any labor union or labor organization in connection with the execution of this Agreement or consummation of the transactions contemplated by this Agreement.

(b) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, since the Applicable Date, the Company has not engaged in any “plant closing” or “mass layoff,” as defined in the Worker Adjustment Retraining and Notification Act and the regulations promulgated thereunder or any similar state or local Law (collectively, the “WARN Act”), without complying with the notice requirements of such Laws.

(c) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect: (i) as of the date of this Agreement, there are no litigations, lawsuits, claims, charges, complaints, arbitrations, actions, investigations or proceedings pending or, to the knowledge of the Company, threatened between or involving the Company and any Company Employees and (ii) the Company is, and since the Applicable Date has been, in compliance with all applicable Laws, Contracts and policies respecting labor, employment and employment practices, including all legal requirements respecting terms and conditions of employment, equal opportunity, workplace health and safety, wages and hours, child labor, immigration, discrimination, disability rights or benefits, facility closures and layoffs, workers’ compensation, labor relations, employee leaves and unemployment insurance.

SECTION 3.13 Insurance. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (a) each of the Company and its subsidiaries has been since the Applicable Date continuously insured with financially responsible insurers or has self-insured, in each case in such amounts and with respect to such risks and losses as are customary for companies in the United States conducting the business conducted by the Company and its subsidiaries, (b) neither the Company nor its subsidiaries has received since the Applicable Date any written notice of any pending or threatened (or is otherwise aware of any fact or occurrence that would trigger) cancellation, nonrenewal, termination or premium increase with respect to any insurance policy of the Company or any of its subsidiaries and all insurance policies of the Company and its subsidiaries are in full force and effect and (c) all premiums due with respect to such insurance policies have been paid in accordance with the terms thereof. Since the Applicable Date, neither the Company nor any of its subsidiaries has been refused any insurance with respect to its respective businesses or assets.

SECTION 3.14 Properties.

(a) Except as does not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each Company Party has (i) good and valid title to all real property that is material to the business of the Company Parties, taken as a whole, and that is owned in fee by such Company Party, (ii) valid rights to lease all real property and interests in real property, in each case, that is material to the business of the Company Parties, taken as a whole, and that is leased or subleased by such Company Party as lessee or sublessee and (iii) valid title to any real property easements that are material to the business of the Company Parties, taken as a whole, and that are owned by such Company Party (together, the “Company Material Real Property”), in each case free and clear of all liens, encumbrances, pledges, hypothecations, charges, mortgages, security interests, options, rights of first offer or last offer, preemptive rights, or other restrictions of similar nature (including any restriction on the transfer of any security or other asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset), claims and defects, and imperfections of title (“Liens”) (except in all cases for (A) Liens permissible under any applicable lines of credit or other credit facilities or arrangements, loan agreements and indentures in effect on the date of this Agreement (or any replacement or additional facilities thereto permitted pursuant to this Agreement), (B) statutory liens securing payments not yet due, (C) (1) zoning, building codes and other state and federal land use Laws regulating the use or occupancy of such Company Material Real Property or the activities conducted thereon which are imposed by any

Governmental Entity having jurisdiction over such Company Material Real Property and (2) such imperfections or irregularities of title, Liens, easements, covenants and other restrictions or encumbrances (including easements, rights of way, options, reservations or other similar matters or restrictions or exclusions which would be shown by a current title report or other similar report; and any condition or other matter, if any, that may be shown or disclosed by a current and accurate survey or physical inspection), as do not materially and adversely affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties, (D) Liens for current Taxes or other governmental charges not yet due and payable or for Taxes that are being contested in good faith by appropriate proceeding and for which adequate reserves have been established in accordance with GAAP, (E) pledges or deposits made in the ordinary course of business to secure obligations under workers' compensation, unemployment insurance, social security, retirement and similar Laws or similar legislation or to secure public or statutory obligations, (F) mechanics', carriers', workmen's, repairmen's or other like encumbrances arising or incurred in the ordinary course of business relating to obligations which are not overdue or that are being contested in good faith, and (G) mortgages, or deeds of trust, security interests or other encumbrances on title related to (x) indebtedness reflected on the most recent balance sheet included in the Company SEC Reports filed prior to the date hereof or (y) indebtedness incurred after the date hereof, in compliance with Section 5.1(c)(x) (items in clauses (A) through (G) are referred to herein as "Permitted Liens"). This Section 3.14 does not relate to Intellectual Property, which is addressed in Section 3.16 or environmental matters, which are addressed in Section 3.17.

(b) Neither the Company nor any of its subsidiaries is obligated under, or a party to, any option, right of first refusal or other contractual right or obligation to sell, assign or dispose of any Company Material Real Property (or any portion thereof) that, if such sale, assignment or disposition is consummated, would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Except in any such case as is not, individually or in the aggregate, reasonably expected to have a Company Material Adverse Effect, (i) each easement or subeasement for Company Material Real Property (each, an "Easement") is in full force and effect and is the valid and binding obligation of the Company or its applicable subsidiary, as applicable, enforceable against the Company or its applicable subsidiary, as applicable, in accordance with its terms, and to the knowledge of the Company, the other party or parties thereto, subject to the effects of the Bankruptcy and Equity Exception, (ii) no written notices of default under any Easement have been received by the Company or its subsidiaries that have not been resolved and (iii) to the knowledge of the Company, no event has occurred which, with notice, lapse of time or both, would constitute a breach or default under any Easement by the Company or its subsidiaries.

(d) With respect to the Company Material Real Property, neither the Company nor any of its subsidiaries has received any written notice of, nor to the knowledge of the Company, does there exist as of the date of this Agreement, any pending, threatened or contemplated condemnation (other than condemnations in connection with municipal road improvement projects, state highway improvement projects or other public transportation projects) or similar proceedings, or any sale or other disposition of any Company Material Real Property or any part thereof in lieu of condemnation that, individually or in the aggregate, has had and would reasonably be expected to have a Company Material Adverse Effect. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company and its subsidiaries have lawful rights of use to all land and other real property rights, subject to Permitted Liens, necessary to conduct their business as presently conducted.

SECTION 3.15 Tax Matters. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) The Company and each of its subsidiaries have timely filed (taking into account extensions of time to file) all Tax Returns required to be filed and all such Tax Returns are true, complete and accurate. The Company and each of its subsidiaries has timely paid (or has had timely paid on its behalf) in full all Taxes due and payable except with respect to matters contested in good faith and for which adequate reserves have been established in accordance with GAAP. There are no Liens with respect to Taxes upon any of the assets or properties of the Company or any of its subsidiaries, other than with respect to Taxes not yet due and payable.

(b) The most recent financial statement contained in the Company SEC Reports filed prior to the date of this Agreement reflects, in accordance with GAAP, an adequate reserve for all Taxes payable by the Company and its subsidiaries for all taxable periods through the date of such financial statements.

(c) No Tax Return filed of the Company or any of its subsidiaries is under any ongoing or pending audit or examination by any Taxing Authority or is the subject of any ongoing or pending administrative or judicial proceeding, and no written notice of assessment, proposed assessment or unpaid tax deficiency has been received by or asserted against the Company or any of its subsidiaries by any Taxing Authority that has not been fully satisfied by payment, finally settled or otherwise finally resolved. During the last three (3) years, no claim has been made in writing by any Taxing Authority in a jurisdiction where any of the Company or its subsidiaries does not file Tax Returns that such entity is or may be subject to taxation by that jurisdiction that has not been finally settled or otherwise resolved. Neither the Company nor any of its subsidiaries has waived or extended in writing any statute of limitations with respect to Taxes that remains in effect.

(d) Neither the Company nor any of its subsidiaries (i) has been a member of a group (other than a group the common parent of which is the Company) filing a consolidated, combined, affiliated, unitary or similar income Tax Return or (ii) has any liability for Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any corresponding provision of state, local or foreign Tax Law), other than the Company and any of its subsidiaries, by reason of filing or being required to file a consolidated, combined, affiliated, unitary or similar income Tax Return, or as a transferee or successor, by contract, or otherwise.

(e) None of the Company or any of its subsidiaries is a party to, is bound by or has any obligation under any Tax sharing, Tax allocation or Tax indemnity agreement or similar contract or arrangement, other than (i) agreements, contracts or arrangements solely between or among the Company and/or any of its subsidiaries or (ii) agreements, contracts or arrangements entered into in the ordinary course that do not relate primarily to Taxes.

(f) None of the Company or any of its subsidiaries has been either a “distributing corporation” or a “controlled corporation” in a distribution occurring during the last two (2) years in which the parties to such distribution treated the distribution as one to which Section 355 of the Code was applicable.

(g) All Taxes required to be deducted, withheld, collected or deposited by or with respect to the Company and each of its subsidiaries have been timely deducted, withheld, collected or deposited as the case may be, and to the extent required by applicable Tax Law, have been timely paid to the relevant Taxing Authority.

(h) Neither the Company nor any of its subsidiaries has participated in any “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4(b) (or any similar provision of state, local or foreign Law).

(i) Neither the Company nor any of its subsidiaries (i) has requested or received any ruling related to Taxes from any Taxing Authority, or signed (or been a party to or bound by) any binding agreement relating to Taxes with any Taxing Authority that reasonably could be expected to have an impact on the Tax liability of the Company or any of its subsidiaries in a taxable period (or portion thereof) ending after the Closing Date, or (ii) is currently the beneficiary of any Tax holiday or other Tax reduction or incentive arrangement with any Taxing Authority.

(j) Neither the Company nor any of its subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) adjustment under Section 481 of the Code (or any similar provision of state, local or non-U.S. tax Law) or any other change in method of accounting occurring prior to Closing, (ii) closing agreement described in Section 7121 of the Code (or any similar provision of state, local or non-U.S. tax Law) entered into prior to Closing, (iii) installment sale or open transaction disposition occurring prior to Closing, (iv) use of an improper method of accounting prior to Closing or (v) prepaid amount received, or deferred revenue accrued, prior to Closing.

Except to the extent that Section 3.11 relates to Taxes, the representations and warranties set forth in this Section 3.15 shall constitute the only representations and warranties by the Company with respect to Tax matters.

SECTION 3.16 Intellectual Property.

(a) Except as has not had since the Applicable Date and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect: (i) the Company and its subsidiaries either own, free and clear of all Liens except Permitted Liens, or have sufficient rights to use, all Intellectual Property used in their business as currently conducted; (ii) to the knowledge of the Company, the conduct of the Company's business does not, and, has not since the Applicable Date (or earlier if not currently resolved), infringed, misappropriated, or violated the Intellectual Property rights of any Person, and the Company and its subsidiaries have not received any written claim or allegation of same within the past year; (iii) to the knowledge of the Company, no Person is infringing, misappropriating or violating the Intellectual Property rights held exclusively by the Company or its subsidiaries; and (iv) the Company and its subsidiaries take commercially reasonable actions to protect the secrecy of their material trade secrets and confidential information and the security and operation of their material software and systems.

(b) Except as to matters that, individually or in the aggregate, have not had and would not reasonably be expected to result in a Company Material Adverse Effect, to the knowledge of the Company: (i) the Company and its subsidiaries have implemented and maintain reasonable backup, security and disaster recovery and business continuity technology, policies and plans that are consistent with industry practices; (ii) the Company and its subsidiaries take such industry standard measures and other measures as are required by applicable Law and the policies of the Company and its subsidiaries to ensure the confidentiality of customer financial and other confidential information and to protect against the loss, theft and unauthorized access or disclosure of such information; (iii) the Company and its subsidiaries are in compliance with the Company's and its subsidiaries' Privacy Rules and Policies; (iv) none of the Company or any of its subsidiaries has received any written claims, notices or complaints regarding the Company's or its subsidiaries' information handling or security practices or the disclosure, retention, misuse or security of any Personal Information, or alleging a violation of any Person's privacy, personal or confidentiality rights under any Person's Privacy Rules and Policies, or otherwise by any Person, including the U.S. Federal Trade Commission, any similar foreign bodies, or any other Governmental Entity; and (v) the Company's and its subsidiaries' computers, computer software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology systems operate and perform in all material respects in accordance with their documentation and functional specifications and otherwise as required by the Company or its subsidiaries in connection with its business as presently conducted, and have not materially malfunctioned or failed since the Applicable Date, and there have been no unauthorized intrusions or breaches of security with respect to the such information technology systems.

SECTION 3.17 Environmental Matters. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) the Company and its subsidiaries are, and have been since the Applicable Date, operating in compliance with all applicable Environmental Laws;

(b) the Company and its subsidiaries have obtained all Licenses required under any applicable Environmental Law for the operation of the business as currently conducted, and all such Licenses are validly issued, in full force and effect, and the Company and its subsidiaries are, and have been since the Applicable Date, in compliance with all terms and conditions of such Licenses;

(c) there has been no spill, release, disposal or discharge of any Hazardous Substances on, at, under, in, or from any Company Material Real Property currently or, to the knowledge of the Company, formerly owned, leased or operated by the Company or its subsidiaries or, to the knowledge of the Company, at any other location that is (i) currently subject to any investigation, remediation, funding, contribution or monitoring obligation of the Company or its subsidiaries or (ii) reasonably likely to result in an investigation, remediation, funding, contribution or monitoring obligation or other liability of the Company or any subsidiary, in either case of the foregoing clause (i) or (ii), under any applicable Environmental Laws;

(d) neither the Company nor any of its subsidiaries is a party to, or has received written notice of, any pending or, to the knowledge of the Company, threatened claim, complaint, suit, or demand alleging that it or any subsidiary is in violation of or has liability under any Environmental Laws;

(e) neither the Company nor any of its subsidiaries is a party or subject to any Judgment, settlement agreement, or similar arrangement imposing on it any obligation under any applicable Environmental Laws that remains unfulfilled; and

(f) neither the Company nor any of its subsidiaries has assumed or retained any liabilities under any applicable Environmental Laws of any other Person by Contract or operation of law, including in any acquisition or divestiture of any property or business.

For purposes of this Agreement, the following terms shall have the meanings assigned below:

“Environmental Law” shall mean any federal, state, local, foreign or international laws (including common law), rules, regulations, statutes, ordinances, codes or Judgments that concern (i) pollution, (ii) protection, preservation or clean-up of the environment, (iii) protection or preservation of human health and safety (to the extent relating to exposure to Hazardous Substances) or (iv) the generation, use, treatment, transportation, storage, disposal, handling or release of Hazardous Substances.

“Hazardous Substance” shall mean (i) any chemical, waste, material or substance defined or designated as toxic, hazardous, or radioactive or regulated as a waste, a pollutant or a contaminant by any applicable Environmental Law and (ii) petroleum and petroleum products, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, perfluorooctanoic acid, perfluorooctane sulfonate and other per- or polyfluoroalkyl substances, and polychlorinated biphenyls.

SECTION 3.18 Opinion of Financial Advisor. Wells Fargo Securities, LLC (the “Company Financial Advisor”) has delivered to the Company Board of Directors its written opinion (or oral opinion that will be confirmed in writing and delivered to the Company Board of Directors promptly, and in no event later than one (1) Business Day, after the date of this Agreement), dated as of the date of this Agreement, that, as of such date and subject to the factors, qualifications and assumptions set forth therein, the Per Share Merger Consideration is fair, from a financial point of view, to the holders of Company Common Stock (other than the Cancelled Shares). Copies of such opinion (including such written confirmation) have been made available to Parent or will be made available to Parent promptly after the date of this Agreement and prior to the Closing Date for informational purposes only.

SECTION 3.19 Regulatory Matters.

(a) The Company is a “holding company,” as such term is defined in the Public Utility Holding Company Act of 2005 and the implementing regulations of FERC in 18 C.F.R. Part 366 (“PUHCA”). Certain subsidiaries of the Company qualify as an “electric utility company” within the meaning of PUHCA, as a “public utility” under the FPA subject to regulation by FERC, as a “public utility” or “utility” subject to the Public Utility Regulatory Act of Texas, or as a “public utility” or “utility” subject to the Public Utility Act of New Mexico (hereinafter the “Regulated Operating Subsidiaries”).

(b) All filings required by all applicable statutes and the rules and regulations thereunder to be made by the Company or any of the Regulated Operating Subsidiaries since January 1, 2018, with FERC, the Department of Energy and any applicable state utility commissions, as the case may be, have been made, as applicable, including all forms, statements, reports, agreements and all documents, exhibits, amendments and supplements pertaining thereto, including all rates, tariffs and related documents, and all such filings complied, as of their respective dates, with all applicable requirements of applicable statutes and the rules and regulations thereunder, except for filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of applicable statutes and the rules and regulations thereunder do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Each of the Regulated Operating Subsidiaries is legally entitled to provide services in all areas (i) where it currently provides service to its customers, and (ii) as identified in their respective tariffs, franchise agreements, service agreements and other Contracts with its customers, except for failures to be so entitled that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(d) Section 3.19(d) of the Company Disclosure Schedule sets forth, as of the date of this Agreement, (i) all rate filings pending as of the date of this Agreement related to the Company or any Regulated Operating Subsidiary before the FERC and any state energy regulatory body and each other material

proceeding pending as of the date of this Agreement before the FERC or any state energy regulatory body relating to the Company or any Regulated Operating Subsidiary (other than those rate filings or other material proceedings of a general or industry-wide nature that also affect other entities engaged in a business similar to that of the Company or any Regulated Operating Subsidiary) and (ii) all tariffs (other than tariffs applicable to utilities generally in any jurisdiction in which the Company or any of the Regulated Operating Subsidiaries operates) filed with respect to, or applicable to, the services provided by the Company or any of the Regulated Operating Subsidiaries, and all agreements to provide service on non-tariff terms (and complete and correct copies of all such tariffs and agreements have been provided to Parent). All charges have been made for service and all related fees have been charged in accordance with the terms and conditions of valid and effective tariffs or valid and enforceable agreements for non-tariff charges and are not subject to refund, except for failures to have made such charges or charged such fees that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.20 Brokers. No broker, finder or investment banker (other than the Company Financial Advisor and each advisor set forth on Section 3.20 of the Company Disclosure Schedule) is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of the Company or any of its subsidiaries. The Company has heretofore made available to Parent a correct and complete copy of the Company's engagement letters with the Company Financial Advisor and each advisor set forth on Section 3.20 of the Company Disclosure Schedule, which letters describe all brokerage, finders' and advisory commissions or fees payable to the Company Financial Advisor and each advisor set forth on Section 3.20 of the Company Disclosure Schedule, in connection with the transactions contemplated hereby.

SECTION 3.21 Takeover Statutes. Assuming the accuracy of the representations and warranties set forth in Section 4.9, no "fair price", "moratorium", "control share acquisition", "affiliate transactions", "business combination" or other similar antitakeover statute or regulation enacted under state or federal Laws in the United States applies to this Agreement or the transactions contemplated hereby, including the Merger.

SECTION 3.22 Energy Price Risk Management. The Company has established risk parameters, limits and guidelines in compliance with the risk management policy (including commodity risk policies) approved by the Company Board of Directors (the "Company Risk Management Guidelines") and monitors compliance by the Company and its subsidiaries with such energy price risk parameters, limits and guidelines. The Company has made available the Company Risk Management Guidelines prior to the date of this Agreement. As of the date of this Agreement, except for exceptions approved in accordance with the Company Risk Management Guidelines and other than as would not reasonably be expected to have a Company Material Adverse Effect, the Company and its subsidiaries are operating in compliance with the Company Risk Management Guidelines and all Derivative Products of the Company and any of its subsidiaries were entered into in accordance with the Company Risk Management Guidelines.

SECTION 3.23 Anti-Corruption; Anti-Money Laundering. None of the Company or any of its subsidiaries or Joint Ventures, or any of their respective Representatives, has since January 1, 2020, directly or indirectly, made, offered, promised, authorized, accepted or agreed to accept, directly or indirectly, any gift, payment, or transfer of any money or anything else of value, including any bribe, rebate, kickback, payoff or other similar unlawful payment, or provided any benefit, to or from anyone, intending that, in consequence, a relevant function or activity should be performed improperly or to reward such improper performance, to any Government Official, (a) for the purpose of (i) influencing any act or decision of that Government Official, (ii) inducing that Government Official to do or omit to do any act in violation of his lawful duty, (iii) securing any improper advantage, or (iv) inducing that Government Official to use his or her influence with a Governmental Entity, (A) to affect or influence any act or decision of any Governmental Entity, or (B) to assist the Company or any of its subsidiaries or Joint Ventures in obtaining or retaining business with, or directing business to, any Person, or (b) which would otherwise constitute or have the purpose or effect of public or commercial bribery, acceptance of or acquiescence in extortion, kickbacks or other unlawful or improper means of obtaining business or any improper advantage. The Company and its subsidiaries and Joint Ventures have maintained complete and accurate books and records with respect to payments to any Government Official and any payment to or other expenses involving agents, consultants, representatives, customers, employees and any other third parties acting on behalf of any Company Party, in each case, in accordance with Anti-Corruption Laws and GAAP. None of the

Company or any of its subsidiaries or Joint Ventures has either (x)(1) conducted or initiated any review, audit, or internal investigation, or (y) made a voluntary, directed, or involuntary disclosure to any Governmental Entity responsible for enforcing Anti-Corruption Laws, in each case with respect to any alleged act or omission arising under or relating to noncompliance with any Anti-Corruption Laws, or (2) received any inquiry, notice, request or citation from any Person alleging noncompliance with any Anti-Corruption Laws. Each of the Company and its subsidiaries and Joint Ventures is, and has been since January 1, 2020, in compliance with all applicable anti-money laundering legislation, regulations, rules or orders relating thereto for all other applicable jurisdictions, and maintains adequate internal controls to ensure such compliance.

SECTION 3.24 Company Financing. As of the date hereof, the Company has delivered to Parent true, complete and correct copies of (a) that certain Credit Agreement, dated as of the date hereof, by and among the Company, the lenders party thereto from time to time and Wells Fargo Bank, National Association (including all exhibits, schedules, and annexes thereto, and any fee letter associated therewith and referenced therein (except that the fee letter is subject to redactions further set forth below), as may be amended or modified in accordance with the terms hereof, the “TXNM Backstop Facility”) and (b) that certain Term Loan Agreement, dated as of the date hereof, by and among TNMP, the lenders party thereto from time to time and Wells Fargo Bank, National Association (including all exhibits, schedules, and annexes thereto, and any fee letter associated therewith and referenced therein (except that the fee letter is subject to redactions further set forth below), as may be amended or modified in accordance with the terms hereof, the “TNMP Backstop Facility”, and together with the TXNM Backstop Facility, the “Backstop Facilities”). As of the date of this Agreement, (i) neither Backstop Facility has been amended, restated or otherwise modified or waived in any respect, (ii) no such amendment, restatement, modification or waiver is currently contemplated (other than, for the avoidance of doubt, amendment to the Backstop Facilities solely to add additional lenders as parties thereto), (iii) the commitments contained in the Backstop Facilities have not been terminated, withdrawn, rescinded, reduced or otherwise modified in any respect, and no such termination, withdrawal, rescission, reduction or modification is contemplated except as set forth in the Backstop Facilities and (iv) the conditions to the closing and effectiveness of the Backstop Facilities have all been satisfied. Except for fees set forth in the Backstop Facilities and fee letters (complete copies of which have been provided to Parent, with only fee amounts redacted) and customary engagement letters in respect of permanent financing to be incurred to refinance the TNMP Backstop Facility (none of which adversely affect the amount, conditionality, enforceability, termination or availability of the Backstop Facilities), as of the date hereof, there are no side letters or other Contracts or arrangements (oral or written) related to the Backstop Facilities that could affect the conditionality, enforceability, amount, availability, timing or termination of the Backstop Facilities or modifies, amends or expands the conditions to the funding of the Backstop Facilities or the transaction contemplated thereby other than as expressly set forth in the Backstop Facilities. The Company and TNMP, as applicable, has fully paid (or cause to be paid) any and all commitment fees or other fees in connection with the Backstop Facilities that are payable on or prior to the date hereof and the Company and TNMP, as applicable, will continue to pay in full any such amounts required to be paid as and when they become due and payable on or prior to the Closing Date. As of the date hereof, the Backstop Facilities are in full force and effect with respect to, and are the legal, valid, binding and enforceable obligations of the Company and/or TNMP, as applicable, and, to the knowledge of the Company and/or TNMP, as applicable, each of the other parties thereto. There are no conditions precedent or other contingencies relating to the funding of the amounts contemplated under the Backstop Facilities other than as expressly set forth in the Backstop Facilities. As of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would reasonably be expected to (A) constitute a default or breach under the Backstop Facilities on the part of the Company and/or TNMP, as applicable or, to the knowledge of the Company and/or TNMP, as applicable, any other party to the Backstop Facilities, (B) constitute a failure to satisfy a condition precedent under the Backstop Facilities on the part of the Company and/or TNMP, as applicable or, to the knowledge of the Company and/or TNMP as applicable, any other party to the applicable Backstop Facilities or (C) to the knowledge of the Company and/or TNMP, as applicable, result in any portion of the Backstop Facilities being unavailable when such facilities are contemplated to be funded. As of the date hereof, the Company and/or TNMP, as applicable, has no reason to believe that any of the conditions to the funding of the Backstop Facilities will not be satisfied at the time such portion of the facilities are contemplated to be funded.

SECTION 3.25 No Other Representations or Warranties. Except for the representations and warranties contained in Article IV (as modified by the Parent Disclosure Schedule), the Company acknowledges that none of Parent, Merger Sub or any other Person on behalf of Parent or Merger Sub makes, or has made, any other

express or implied representation or warranty with respect to Parent or Merger Sub or their respective subsidiaries and businesses or with respect to the transactions contemplated by this Agreement or with respect to any other information provided to the Company. The Company hereby disclaims, and specifically acknowledges and agrees to the disclaimer of, any such other representations or warranties, whether made by Parent, Merger Sub or any of their Affiliates, or any of their respective shareholders, officers, directors, employees, agents or Representatives, and of all liability and responsibility for any such other representation, warranty, projection, forecast, statement, or information made, communicated or furnished (orally or in writing) to the Company or its Affiliates or Representatives (including any opinion, information, projection or advice that may have been or may be provided to any of them). None of Parent, Merger Sub nor any other Person will have or be subject to any liability or indemnification obligation to the Company or any other Person resulting from the distribution to the Company, or the Company's use of, any such information, including any information, documents, projections, forecasts or other material made available to the Company in certain "data rooms" or management presentations in expectation of the transactions contemplated by this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES REGARDING PARENT AND MERGER SUB

Parent and Merger Sub hereby represent and warrant to the Company that, except as set forth on the corresponding sections or subsections of the disclosure schedules delivered to the Company by Parent concurrently with entering into this Agreement (the "Parent Disclosure Schedule"), it being agreed that disclosure of any item in any section or subsection of the Parent Disclosure Schedule shall also be deemed disclosure with respect to any other section or subsection of this Agreement to which the relevance of such item is reasonably apparent on the face of such disclosure:

SECTION 4.1 Organization and Qualification. Each of Parent and Merger Sub is a legal entity duly organized, validly existing and, to the extent such concept is applicable, in good standing under the Laws of its respective jurisdiction of organization and has the requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and, to the extent such concept is applicable, is in good standing as a foreign corporation or other legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, qualified or, to the extent such concept is applicable, in such good standing, or to have such power or authority has not had and would not reasonably be expected to have not, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.2 Organizational Documents of Parent and Merger Sub. Parent has furnished or otherwise made available to the Company, prior to the date hereof, correct and complete copies of the Organizational Documents of each of Parent and Merger Sub, each as amended to date, and each as so delivered in full force and effect. Neither of Parent nor Merger Sub is in material violation of any provision of its Organizational Documents.

SECTION 4.3 Operations and Ownership of Merger Sub. As of the date hereof, the authorized capital stock of Merger Sub consists solely of 100 shares of common stock no par value, 100 of which shares are validly issued and outstanding as of the date hereof. All of the issued and outstanding shares of capital stock of Merger Sub are, and at and immediately prior to the Effective Time will be, owned by Parent. Merger Sub has been formed solely for the purpose of engaging in the transactions contemplated hereby and, prior to the Effective Time, will have engaged in no other business activities and will have no assets, liabilities or obligations of any nature other than as expressly contemplated herein or in furtherance of the transactions contemplated hereby.

SECTION 4.4 Authority.

(a) Each of Parent and Merger Sub has all requisite corporate or similar power and authority, and has taken all corporate or similar action necessary, in order to execute, deliver and perform its obligations under this Agreement and to consummate the Merger and the other transactions contemplated hereby, subject only to filing of the Articles of Merger with the New Mexico Secretary of State. This Agreement has been duly

and validly executed and delivered by each of Parent and Merger Sub and, assuming the due authorization, execution and delivery hereof by the Company, constitutes a legal, valid and binding obligation of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(b) The manager of Parent has (i) determined that this Agreement and the transactions contemplated by this Agreement, including the Merger, are advisable to and in the best interests of Parent and its sole member and (ii) approved and declared advisable this Agreement and the transactions contemplated by this Agreement, including the Merger, in accordance with the Delaware Limited Liability Company Act.

(c) The board of directors of Merger Sub has (i) determined that this Agreement and the transactions contemplated by this Agreement, including the Merger, are fair to, and in the best interests of, Merger Sub and its sole shareholder, (ii) approved and authorized this Agreement and the transactions contemplated by this Agreement, including the Merger, and declared this Agreement and the transactions contemplated by this Agreement, including the Merger, advisable and in the best interests of Merger Sub and its sole shareholder, and (iii) resolved to recommend the approval of this Agreement and the transactions contemplated hereby, including the Merger, to Parent, as the sole shareholder of Merger Sub, and directed that this Agreement and the transactions contemplated hereby, including the Merger, be submitted to Parent, as the sole shareholder of Merger Sub, for approval in accordance with the NMBCA.

(d) Parent has approved and adopted this Agreement and the transactions contemplated hereby, including the Merger, in its capacity as sole shareholder of Merger Sub.

SECTION 4.5 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance of this Agreement by Parent and Merger Sub do not, and the consummation of the Merger and the other transactions contemplated hereby, including the ownership and operation of the Company and its subsidiaries following the Effective Time, will not (with or without notice or lapse of time or both) (i) breach or violate the Organizational Documents of Parent or Merger Sub, (ii) assuming that all Consents and Filings set forth on Section 4.5(b)(i) and (ii) of the Parent Disclosure Schedule have been made and any waiting periods thereunder have terminated or expired, conflict with or violate any Law or Judgment applicable to Parent or Merger Sub or by which either of them or any of their respective properties are bound or (iii) result in any breach or violation of or constitute a default (or an event which with notice or lapse of time or both would become a default) or result in the loss of a benefit under, or give rise to any right of termination, cancellation, amendment or acceleration of, or result in the creation of a Lien (except a Permitted Lien) on any of the assets of Parent or Merger Sub pursuant to, any Contract to which Parent or Merger Sub is a party or by which Parent or Merger Sub or any of their respective properties are bound, except in the case of clauses (ii) and (iii), for any such conflict, violation, breach, default, loss, right or other occurrence which does not have and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Other than (i) the Required Regulatory Approvals and the other Consents and Filings that have been obtained or made by Parent and (ii) such other Consents and Filings, the failure of which to obtain or make does not have and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, no Consent or Filing with, any Governmental Entity or third party is required for or in connection with the execution, delivery and performance of this Agreement by Parent or Merger Sub or the consummation by Parent or Merger Sub of the transactions contemplated hereby, including the Merger.

SECTION 4.6 Compliance. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (a) Parent and Merger Sub are in compliance with all applicable Laws and all Licenses applicable to the business and operations of Parent and Merger Sub, and (b) Parent and Merger Sub hold, and are in compliance with, all Licenses required by applicable Laws for the conduct of their business as now being conducted. Neither Parent nor Merger Sub, and, to the knowledge of Parent, none of its or their respective directors, officers, employees, agents or representatives: (i) is a Designated Person; (ii) is a Person that is owned or controlled by a Designated Person; (iii) is located, organized or resident in a Sanctioned Country; or (iv) has or is now, in connection with the business of Parent or Merger Sub, engaged in, any dealings or transactions (A) with any Designated Person, (B) in any Sanctioned Country, or (C) otherwise in violation of Sanctions.

SECTION 4.7 Absence of Litigation. There are no civil, criminal, administrative or other suits, claims, actions, proceedings or arbitrations pending or, to the knowledge of Parent, threatened against Parent or Merger Sub, other than any such suit, claim, action, proceeding or arbitration that would not or would not reasonably be expected to have, individually or in the aggregate a Parent Material Adverse Effect. Neither Parent nor any of its subsidiaries nor any of their respective material properties is or are subject to any Judgment except for any Judgment that has not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

SECTION 4.8 Brokers. No broker, finder or investment banker (other than RBC Capital Markets, LLC, whose fees shall be paid by Parent) is entitled to any brokerage, finder's, advisory or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of Parent or Merger Sub or any of their respective Affiliates for which the Company could have liability.

SECTION 4.9 Ownership of Shares of Company Common Stock. Other than the shares of Company Common Stock to be acquired by Purchaser as contemplated by the Stock Purchase Agreement, neither Purchaser or any of Parent's Affiliates beneficially owns (as defined in Rule 13d-3 under the Exchange Act) any shares of Company Common Stock or any securities that are convertible into or exchangeable or exercisable for shares of Company Common Stock, or holds any rights to acquire or vote any Company Shares, or any option, warrant, convertible security, stock appreciation right, swap agreement or other security, contract right or derivative position, whether or not presently exercisable, that provides Parent, Merger Sub, or any of their respective subsidiaries with an exercise or conversion privilege or a settlement payment or mechanism at a price related to the value of the shares of Company Common Stock or a value determined in whole or part with reference to, or derived in whole or part from, the value of the shares of Company Common Stock, in any case without regard to whether (a) such derivative conveys any voting rights in such securities to such Person or such Person's subsidiaries, (b) such derivative is required to be, or capable of being, settled through delivery of securities or (c) such Person or such Person's subsidiaries may have entered into other transactions that hedge the economic effect of such derivative.

SECTION 4.10 Vote/Approval Required. No vote or consent of the holders of any class or series of capital stock of Parent or any of its Affiliates is necessary to approve this Agreement or the transactions contemplated hereby, including the Merger.

SECTION 4.11 Solvency. Assuming that the representations and warranties set forth in Section 3.3 are accurate, Parent and Merger Sub, individually and on a consolidated basis, are not as of the date hereof, and after giving effect to the Merger and the other transactions contemplated hereby to occur at the Closing, including the Merger, the funding of the Parent Debt Financing and the Equity Financing, and the payment of the Required Amount, will not be, Insolvent.

SECTION 4.12 Parent Financing.

(a) Assuming that (i) the Equity Financing is funded in accordance with the Equity Commitment Letter, (ii) the Parent Debt Financing is funded in accordance with the Parent Debt Commitment Letter and (iii) the representations and warranties set forth in Section 3.3 are accurate, (A) Parent and Merger Sub will have available at the Closing sufficient funds to consummate the transactions contemplated hereby, including the Merger, and to enable Parent and Merger Sub to pay all of their respective obligations under this Agreement on the Closing Date, including in respect of the (1) payment of the aggregate Per Share Merger Consideration and all other amounts payable pursuant to Article II, (2) repayment, prepayment or discharge of the obligations of the Company and its subsidiaries identified in Section 4.12(a)(A) of the Company Disclosure Schedule that would become due (after giving effect to the Merger) and are intended to be repaid at Closing and (3) payment of all fees and expenses expected to be incurred on the Closing Date in connection therewith and (B) Parent and the Company will have available after the Closing sufficient funds to repay, prepay or discharge the obligations of the Company and its subsidiaries identified in Section 4.12(a)(B) of the Company Disclosure Schedule that would become due at the relevant time after the Closing (such amounts described in clauses (1) and (2), collectively, the "Required Amount"). Each of Parent and Merger Sub acknowledges that its obligations to consummate the transactions contemplated by this Agreement, including the Merger, are not contingent or conditioned in any manner on obtaining the Equity Financing, the Parent Debt Financing or any other financing.

(b) Concurrently with the execution of this Agreement, Sponsor has executed the Equity Commitment Letter. As of the date of this Agreement, the Equity Commitment Letter is in full force and effect and constitutes the legal, valid and binding obligation of each of Parent and Sponsor, subject only to the Bankruptcy and Equity Exception. The Equity Commitment Letter is not subject to any conditions or other contractual contingencies other than the conditions precedent set forth therein (the “Financing Conditions”). Parent has delivered to the Company a true and complete copy of the executed Equity Commitment Letter pursuant to which Sponsor has committed, subject only to the terms and conditions set forth therein, to provide the Equity Financing to Parent.

(c) As of the date of this Agreement, the Equity Commitment Letter has not been amended, restated or otherwise modified or waived in any respect, and no such amendment, restatement, modification or waiver is contemplated. As of the date of this Agreement, the commitments contained in the Equity Commitment Letter have not been terminated, withdrawn, rescinded, reduced or otherwise modified in any respect, and to the knowledge of Parent and Merger Sub, no such termination, withdrawal, rescission, reduction or modification is contemplated. As of the date of this Agreement, none of Parent, Merger Sub or Sponsor, as applicable, is in breach or default under the terms and conditions of the Equity Commitment Letter, and no event has occurred that (with or without notice or lapse of time, or both) would constitute a breach or default under the Equity Commitment Letter. As of the date of this Agreement and assuming the accuracy of the representations and warranties of the Company herein and the satisfaction or waiver of the conditions set forth in Section 7.1 and Section 7.2, neither Parent nor Merger Sub has any actual knowledge of any facts or circumstances that would reasonably be expected to result in any of the Financing Conditions failing to be satisfied on a timely basis or the Equity Financing contemplated by the Equity Commitment Letter not being made available on the Closing Date in accordance with the terms of the Equity Commitment Letter. Parent or Merger Sub has fully paid any and all commitment fees or other fees required by the terms of the Equity Commitment Letter to be paid on or before the date of this Agreement.

(d) As of the date hereof, Parent has delivered to the Company (i) true, complete and correct copies of two executed commitment letters, each dated as of the date hereof, between Merger Sub and the financial institutions and investors party thereto (including all exhibits, schedules, and annexes thereto, and the executed fee letters associated therewith and referenced therein (except that the fee letters are subject to redactions further described below), as may be amended or modified in accordance with the terms hereof, collectively, the “Parent Debt Commitment Letters”), pursuant to which the lenders thereto have committed, subject to the terms and conditions set forth therein, to lend the amounts set forth therein (the “Parent Debt Financing”) for the purposes of funding the transactions contemplated therein, and related fees and expenses. As of the date of this Agreement, the Parent Debt Commitment Letters have not been amended, restated or otherwise modified or waived in any respect, (A) no such amendment, restatement, modification or waiver is contemplated (other than, for the avoidance of doubt, amendment to the Parent Debt Commitment Letters solely to add lenders, lead arrangers, bookrunners, syndication agents or similar entities as parties thereto who had not executed the Parent Debt Commitment Letters as of the date hereof to the extent permitted under the terms of the Parent Debt Commitment Letters as of the date hereof) and (B) the respective commitments contained in the Parent Debt Commitment Letters have not been terminated, withdrawn, rescinded, reduced or otherwise modified in any respect, and no such termination, withdrawal, rescission, reduction or modification is contemplated. Except for fee letters (complete copies of which have been provided to Parent, with only fee amounts, market flex provisions and other customary threshold amounts and “securities demand” related provisions redacted) and customary engagement letters in respect of permanent financing in lieu of all or part of the Parent Debt Financing permitted hereby (none of which adversely affect the amount, conditionality, enforceability, termination or availability of the Parent Debt Financing), as of the date hereof there are no side letters or other Contracts or arrangements (oral or written) related to the Parent Debt Financing that could affect the conditionality, enforceability, amount, availability, timing or termination of the Parent Debt Financing or modifies, amends or expands the conditions to the funding of the Parent Debt Financing or the transactions contemplated thereby other than as expressly set forth in the Parent Debt Commitment Letters. Parent or Merger Sub, as applicable, has fully paid (or caused to be paid) any and all commitment fees or other fees in connection with the Parent Debt Commitment Letters that are payable on or prior to the date hereof and Parent or Merger Sub, as applicable, will, directly or indirectly, continue to pay in full any such amounts required to be paid as and when they become due and payable on or prior to the Closing Date; provided, that any payment due and payable on the Closing

Date shall be funded contemporaneously with the Closing and subject to the satisfaction of the other funding conditions in respect of the Parent Debt Financing on the Closing Date. As of the date hereof, the Parent Debt Commitment Letters are in full force and effect with respect to, and are the legal, valid, binding and enforceable obligations of, Parent and Merger Sub and, to the knowledge of Parent and Merger Sub, each of the other parties thereto. There are no conditions precedent or other contingencies related to the funding of the full amount of the Parent Debt Financing, other than as expressly set forth in the Parent Debt Commitment Letters. As of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would reasonably be expected to (1) constitute a default or breach on the part of Parent or Merger Sub or, to the knowledge of Parent and Merger Sub, any other party to the Parent Debt Commitment Letters, (2) constitute a failure to satisfy a condition precedent on the part of Parent or Merger Sub or, to the knowledge of Parent and Merger Sub, any other party to the Parent Debt Commitment Letters or (3) to the knowledge of Parent or Merger Sub, result in any portion of the Parent Debt Financing being unavailable on the Closing Date or at the relevant time when such commitments are expected to be funded. As of the date hereof, assuming the conditions in Article VII are satisfied, Parent and Merger Sub have no reason to believe that any of the conditions to the Parent Debt Financing contemplated by the Parent Debt Commitment Letters will not be satisfied on the Closing Date or at the relevant time when such commitments are expected to be funded.

SECTION 4.13 Guarantee. Concurrently with the execution and delivery of this Agreement, Sponsor has delivered to the Company a true, correct and complete copy of a duly executed Guarantee, and assuming the due authorization, execution and delivery by the Company of the Guarantee, the Guarantee constitutes a valid and binding obligation of Sponsor, enforceable against Sponsor in accordance with its terms, subject to the Bankruptcy and Equity Exception. No event has occurred that, with notice or lapse of time or both, would, or would reasonably be expected to, constitute a default on the part of Sponsor pursuant to the Guarantee.

SECTION 4.14 CFIUS Foreign Person Status. Each of Parent and Merger Sub is a United States person (as defined by Section 7701(a)(30) of the Code) and is not a “foreign person” or a “foreign entity,” or controlled by a “foreign person,” (each as defined in Section 721 of the Defense Production Act of 1950, as amended).

SECTION 4.15 No Other Representations or Warranties. Except for the representations and warranties contained in Article III (as modified by the Company Disclosure Schedule), each of Parent and Merger Sub acknowledges that neither the Company nor any other Person on behalf of the Company makes, or has made, any other express or implied representation or warranty with respect to the Company or its subsidiaries and businesses or with respect to the transactions contemplated by this Agreement or with respect to any other information provided to Parent or Merger Sub. Each of Parent and Merger Sub hereby disclaims, and specifically acknowledges and agrees to the disclaimer of, any such other representations or warranties, whether made by the Company or any of its Affiliates, or any of their respective shareholders, officers, directors, employees, agents or Representatives, and of all liability and responsibility for any such other representation, warranty, projection, forecast, statement, or information made, communicated or furnished (orally or in writing) to Parent or Merger Sub or their Affiliates or Representatives (including any opinion, information, projection or advice that may have been or may be provided to any of them). Neither the Company nor any other Person will have or be subject to any liability or indemnification obligation to Parent, Merger Sub or any other Person resulting from the distribution to Parent or Merger Sub, or Parent’s or Merger Sub’s use of, any such information, including any information, documents, projections, forecasts or other material made available to Parent or Merger Sub in certain “data rooms” or management presentations in expectation of the transactions contemplated by this Agreement.

SECTION 4.16 Access to Information; Disclaimer. Parent and Merger Sub each acknowledges and agrees that it has conducted its own independent investigation and analysis of the Company and its subsidiaries, their respective businesses and the transactions contemplated hereby, and has not relied on any representation, warranty or other statement by any Person on behalf of the Company or any of its subsidiaries, other than the representations and warranties of the Company expressly contained in Article III of this Agreement (including the Company Disclosure Schedule), and that all other representations and warranties are specifically disclaimed. Without limiting the foregoing, each of Parent and Merger Sub further acknowledges and agrees that, none of the Company or any of its shareholders, directors, officers, employees, Affiliates, advisors, agents or other

Representatives has made any representation or warranty (express or implied) concerning any estimates, projections, forecasts, business plans or other forward-looking information regarding the Company, its subsidiaries or their respective businesses and operations.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE MERGER

SECTION 5.1 Conduct of Business of the Company Pending the Merger. From the date of this Agreement until the earlier of the Effective Time and the valid termination of this Agreement in accordance with Article VIII (the “Interim Period”), except (v) as otherwise expressly permitted or required by this Agreement, (w) as set forth in Section 5.1 of the Company Disclosure Schedule, (x) as required by applicable Laws or by a Governmental Entity, (y) to address any exigent emergencies that present, or would be reasonably likely to present, an immediate and material threat to the Company or the environment or the health and safety of natural Persons if not addressed by the Company taking immediate action and acting as a reasonable and prudent operator of electric utilities in New Mexico and Texas or (z) as Parent shall otherwise consent in writing (which consent shall not be unreasonably withheld, conditioned or delayed):

(a) the Company shall, and shall cause each of its subsidiaries to, and the Company shall exercise (and cause its subsidiaries to exercise) any available rights with respect to its (and their respective) Joint Ventures to cause each such Joint Venture to (i) conduct their respective businesses in the ordinary course of business consistent with past practice and in substantially the same manner as heretofore conducted and (ii)(A) preserve substantially intact, in all material respects, the business organization of the Company Parties and (B) use their respective commercially reasonable efforts to maintain their respective relationships with Governmental Entities, customers, suppliers, contractors, distributors, creditors, lessors and other third parties that have material business dealings with the Company Parties and keep available the services of its officers and key employees and consultants, in each case, as is reasonably necessary to preserve substantially intact their respective business organization;

(b) the Company shall not, and it shall cause each of its subsidiaries not to, directly or indirectly, take any action (including any action with respect to a third-party) that would, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the Merger or the other transactions contemplated by this Agreement or their respective ability to satisfy their obligations hereunder; and

(c) without limiting the generality of the foregoing, the Company shall not, and shall cause each subsidiary of the Company not to, do any of the following and shall exercise (and shall cause its subsidiaries to exercise) any available rights with respect to its Joint Ventures to cause each such Joint Venture not to do any of the following:

(i) amend or otherwise change the Company Articles of Incorporation or the Company Bylaws or the equivalent Organizational Documents of any Company Party;

(ii) make any acquisition of (whether by merger, consolidation or acquisition of stock or substantially all of the assets), or make any investment in any interest in, any Person, corporation, partnership or other business organization or division thereof or any assets, in each case, except for (A) purchases of equipment, inventory and other assets or pursuant to construction, operation and/or maintenance contracts, in each case, in the ordinary course of business or pursuant to Contracts existing on the date of this Agreement or entered into after the date of this Agreement consistent with the terms hereof or (B) acquisitions or investments that do not exceed \$20,000,000 individually or \$60,000,000 in the aggregate;

(iii) issue or authorize the issuance, pledge, transfer, subject to any Lien, sell, or dispose of or commit to the issuance, authorization, pledge, transfer, subjecting to any Lien, or disposition of (in each case, whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise), any Equity Securities (including stock appreciation rights, phantom stock or similar instruments), of any Company Party (except (A) for issuance of up to 1,104,641 shares of Company Common Stock pursuant to forward sales agreements previously entered into by the Company with third-party forward purchasers under an “at-the-market” offering, (B) for issuance of up to 14,534,850 shares of Company Common Stock upon conversion of the Convertible Notes, (C) for

issuance of shares of Company Common Stock with proceeds to the Company of up to \$400,000,000, including pursuant to an “at-the-market” offering, block sale or other offering to be conducted after the date hereof on the terms set forth on Section 5.1(c)(iii)-Part A of the Company Disclosure Schedule, (D) for shares of Company Common Stock issued pursuant to the Stock Purchase Agreement, (E) for the issuance of shares of Company Common Stock upon the settlement of Restricted Stock Rights or Performance Shares outstanding as of the Company Capitalization Date in accordance with the terms thereof, (F) for any issuance, sale or disposition to the Company or a wholly-owned subsidiary of the Company by any subsidiary of the Company, (G) for the grant of Restricted Stock Rights and/or Performance Shares as permitted by Section 5.1(c)(iii)-Part B of the Company Disclosure Schedule or (H) for pledges or Liens relating to any indebtedness incurred in compliance with Section 5.1(c)(x);

(iv) reclassify, combine, split, subdivide or amend the terms of, redeem, purchase or otherwise acquire, directly or indirectly, any Equity Securities (except (A) for the acquisition of shares of Company Common Stock tendered by directors or employees or in order to pay Taxes in connection with the exercise, vesting or settlement of Restricted Stock Rights or Performance Shares outstanding as of the Company Capitalization Date in accordance with the terms thereof or (B) in connection with the purchase of Company Common Stock by the Company in the market in connection with the settlement of shares under the Restricted Stock Rights or Performance Shares);

(v) other than Permitted Liens or Liens relating to any indebtedness incurred in compliance with Section 5.1(c)(x), create or incur any material Lien on any material assets of the Company or its subsidiaries (other than subsidiaries acquired following the date hereof);

(vi) make any loans or advances to any Person (other than the Company or any of its wholly-owned subsidiaries) other than in the ordinary course of business or not in excess of \$10,000,000 in the aggregate;

(vii) sell or otherwise dispose of (whether by merger, consolidation or disposition of stock or assets or otherwise) any corporation, partnership or other business organization or division thereof or otherwise sell, assign, exclusively license, abandon, allow to expire or lapse, or dispose of any assets, rights or properties, which are material to the Company Parties, taken as a whole (other than sales, dispositions or licensing of equipment or inventory and other assets in the ordinary course of business consistent with past practice or pursuant to Contracts existing on the date of this Agreement or entered into after the date of this Agreement consistent with the terms hereof as expressly permitted hereunder) as expressly permitted hereunder;

(viii) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its Equity Securities, or make any other actual, constructive or deemed dividend or distribution in respect of any of its Equity Securities (except (A) the Company may continue the declaration and payment of regular quarterly cash dividends on Company Common Stock for each quarterly period ended after the date of this Agreement, not to exceed the amount set forth on Section 5.1(c)(viii) of the Company Disclosure Schedule, with usual record and payment dates for such quarterly dividends in accordance with past dividend practice, (B) for any cash dividend or cash distribution by a wholly-owned subsidiary of the Company to the Company or another wholly-owned subsidiary of the Company and (C) a “stub period” dividend to holders of record of Company Shares as of immediately prior to the Effective Time equal to the product of (1) the number of days from the record date for payment of the last quarterly dividend paid by the Company prior to the Effective Time, multiplied by (2) a daily dividend rate determined by dividing the amount of the last quarterly dividend paid prior to the Effective Time by ninety-one (91));

(ix) other than (A) in the ordinary course of business, (B) as required by Law or any Governmental Entity, or (C) to implement the outcome of any regulatory proceeding, enter into, terminate or modify or amend in any material respect any Company Material Contract;

(x) except (i) with respect to any Permitted Permanent Bond Replacement Financing in compliance with Section 6.17, (ii) with respect to entering into, amending and borrowing under the Backstop Facilities or any debt facility required to prepay or refinance any Existing Credit Facility, in each case, in compliance with Section 6.17, (iii) for obtaining any Permitted Replacement Backstop Facility in compliance with Section 6.17, (iv) for borrowings in the ordinary course of business under

the Company's and its subsidiaries' Credit Facilities, (v) for extensions of the maturity dates of the Credit Facilities (other than the Backstop Facilities, which are provided for in clause (ii) above) in the ordinary course of business on customary market terms, (vi) for the issuance of an equal aggregate principal amount of the Company's 5.75% Junior Subordinated Notes due 2054 upon any conversion of the Convertible Notes in compliance with the terms thereof, and (vii) for intercompany loans between the Company and any of its wholly-owned subsidiaries or between any wholly-owned subsidiaries of the Company, (A) incur or assume indebtedness for borrowed money or issue any debt securities, other than (1) indebtedness incurred in the ordinary course of business not to exceed \$25,000,000 in the aggregate, (2) pursuant to letters of credit in the ordinary course of business, and (3) any refinancing of short-term debt of the Company or any of its subsidiaries existing as of the date of this Agreement; provided, however, that if such refinancing is completed prior to maturity, it shall be (x) on substantially similar terms or terms that are more favorable to the Company or such subsidiaries in the aggregate, (y) for the same or lesser principal amount and (z) voluntarily prepayable by the Company or such subsidiaries without premium or penalty; provided, further, that any such indebtedness incurred shall not have any default, event of default, mandatory prepayment, mandatory offer to pay or similar event that would be triggered by the consummation of the transactions contemplated hereunder, (B) modify in any material respect in a manner adverse to the Company or Parent the terms of any such indebtedness for borrowed money; (C) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any Person (other than a wholly-owned subsidiary of the Company); (D) make any loans, advances or capital contributions to or investments in any other Person (other than the Company or any of its subsidiaries), except for business expense advancements in the ordinary course of business consistent with past practice to employees of the Company or its subsidiaries; (E) mortgage or pledge any of its or its subsidiaries' assets (tangible or intangible); or (F) enter into any commodity, currency, sale or other hedging agreements other than such hedging agreements (i) entered into in the ordinary course of business consistent with past practice or (ii) entered into in connection with the Permitted Permanent Bond Replacement Financing, in each case which can be terminated on ninety (90) days or less notice and which do not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event that would be triggered by the consummation of the transactions contemplated hereunder other than cross defaults to the Existing Credit Facilities, the Backstop Facilities or any Permitted Replacement Backstop Facility;

(xi) except as required by applicable Law or the terms of any Company Plan or Company Collective Bargaining Agreement made available to Parent and in effect on the date hereof, or as contemplated under this Agreement, (A) make any increase or decrease in, or accelerate the funding, payment, or vesting of, the compensation or benefits payable or to become payable to, or grant or announce any new bonus (including any retention, transaction or change in control bonus), equity or equity-based award, severance or termination pay (or rights thereto) to, any current or former Company Employees, (B) establish, adopt, enter into, amend, terminate, or take any action to accelerate rights under any Company Plan or any new plan, agreement, program, policy or other arrangement that would be a Company Plan if in effect on the date hereof, (C) hire or promote any Company officer, or (D) make or forgive any loan to any current or former Company Employees (other than reasonable and normal advances to Company Employees for *bona fide* expenses that are incurred in the ordinary course of business consistent with past practice);

(xii) make any material change in any accounting principles, policies, procedures or practices, except as may be required as a result of a change to conform to statutory or regulatory accounting rules, Regulation S-X promulgated under the Exchange Act, GAAP or, in each case, other regulatory requirements with respect thereto;

(xiii) other than as and to the extent required by applicable Law or GAAP, (A) make, revoke, rescind or change any material Tax election, (B) adopt or change an annual Tax accounting period, (C) adopt or change a material Tax accounting method, (D) surrender any material claim for a refund of Taxes, (E) settle or compromise any material liability or refund for Taxes or any Tax audit, claim or

other proceeding relating to a material amount of Taxes or otherwise enter into any closing agreement within the meaning of Section 7121 of the Code (or any similar provision of state, local or non-U.S. Tax Law) affecting any material Tax liability or refund, or (F) amend in a material respect any material Tax Return;

(xiv) other than in the ordinary course of business or as required by applicable Law, enter into any collective bargaining agreement with any labor organization representing any Company Employees or extend or amend in any material respect any Company Collective Bargaining Agreement;

(xv) waive, release, discharge, settle, satisfy or compromise any Proceeding, other than the waiver, release, assignment, discharge, settlement, satisfaction or compromises of a Proceeding where the amount paid does not exceed \$5,000,000 individually or \$15,000,000 in the aggregate, except that (A) the foregoing shall not restrict the Company's ability to enter into settlements or compromises in the ordinary course of business consistent with past practice (other than in respect of any Regulatory Proceedings (including appeals), which shall be addressed exclusively in Section 5.2 and shall not be subject to this Section 5.1(c)(xv)), and (B) any amount that is reflected or reserved against in the Company's audited consolidated financial statements included in the Company SEC Reports in respect of such legal proceeding, or that is offset by insurance proceeds received (or reimbursed) in respect of such legal proceeding, shall in each case not be counted towards the \$5,000,000 or \$15,000,000 limitations set forth above;

(xvi) merge or consolidate with any Person or adopt a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restricting, recapitalization or other reorganization;

(xvii) authorize or make any capital expenditures that are, in the aggregate, greater than one hundred and twenty-five percent (125%) of the aggregate amount of capital expenditures scheduled to be made in the Company's capital expenditure budget as disclosed in Section 5.1(c)(xvii) of the Company Disclosure Schedule for the relevant periods indicated therein; provided, however, that notwithstanding the foregoing, the Company and its subsidiaries shall be permitted to make emergency capital expenditures in any amount (A) as required by a Governmental Entity or (B) that the Company determines is incurred in connection with the repair or replacement of facilities or equipment destroyed or damaged due to casualty or accident or natural disaster or other force majeure event necessary or advisable to maintain or restore safe, adequate and reliable electric transmission service or to prevent any threat to health and safety of natural Persons; provided, further, that the Company shall use commercially reasonable efforts to consult with Parent prior to making or agreeing to make any such expenditure described in clauses (A) or (B) above;

(xviii) enter into any agreement with respect to the voting of its capital stock;

(xix) other than in the ordinary course of business consistent with past practice, (A) enter into any Contract for the lease or purchase of real property if, as a result thereof, such real property would be considered Company Material Real Property or (B) modify the material terms of any lease for any Company Material Real Property;

(xx) fail to use its commercially reasonable efforts to maintain, in full force without interruption, its present insurance policies or comparable insurance coverage;

(xxi) enter into, amend, waive or modify any engagement letter or similar arrangement (including those set forth in Section 3.20 of the Company Disclosure Schedule) between any Company Party and any professional advisor thereof (including the Company Financial Advisor and outside legal counsel) relating to the transactions contemplated by this Agreement, in each case, where a Company Party would reasonably be expected to pay \$1,000,000 or more to such advisor in connection therewith (together with any other engagement letters or similar arrangements entered into between any Company Party and such advisor), other than any customary engagement letters or similar arrangements entered into in respect of the issuance of any indebtedness or debt securities permitted in Section 5.1(c)(x) or the issuance of Company Common Stock permitted in Section 5.1(c)(iii); or

(xxii) agree, authorize or commit to do any of the foregoing actions described in Section 5.1(c)(i) through Section 5.1(c)(xx).

(d) The Company shall give (or shall cause its subsidiaries to give) any notices to third parties, and the Company and Parent shall each use, and cause their respective subsidiaries to use, their reasonable best efforts to obtain any third party consents, in each case (i) necessary, proper or advisable to consummate the Merger and the other transactions contemplated by this Agreement or (ii) disclosed in the Company Disclosure Schedule; provided, however, that the Company and Parent shall coordinate and cooperate in determining whether any actions, consents, approvals or waivers are required to be obtained from parties to any Company Material Contracts in connection with consummation of the Merger; provided, further, in seeking any such actions, consents, approvals or waivers, the Company shall not be required to pay any consent or similar fee to obtain such consents other than de minimis amounts or amounts that are advanced or reimbursed by Parent.

SECTION 5.2 Regulatory Proceedings. During the Interim Period, the Company and any subsidiary thereof may (a) initiate or settle, in the ordinary course of business, any Regulatory Proceeding that is not material in nature and not related to the transactions contemplated by this Agreement, or (b) enter into any settlement or stipulation in respect of any Regulatory Proceeding, in any case, (i) in the ordinary course and not related to the transactions contemplated by this Agreement; provided, that such Regulatory Proceeding is not material in nature, (ii) as set forth on Section 5.2 of the Company Disclosure Schedule or (iii) otherwise with prior consultation with Parent; provided, however, that with respect to any Regulatory Proceeding for which Parent's consultation is required under this Section 5.2, no later than five (5) Business Days prior to the Company's initiation and settlement of any such Regulatory Proceeding, the Company shall (i) deliver to Parent any documents or filings in connection therewith, (ii) make reasonably available one or more authorized persons of the Company, which may be an officer of the Company or the Company Contact, to discuss any such documents or filings with one or more authorized persons of Parent, which may be the Parent Contact, (iii) consider in good faith any comments made by Parent or any one or more authorized persons thereof with respect to such documents or filings, and (iv) to the extent the Company reasonably agrees to any such comments, incorporate the same into such documents or filings; provided, further, that any Regulatory Proceeding that constitutes ordinary course compliance reporting shall not require notice to, or consultation with, Parent. Notwithstanding anything in this Agreement to the contrary, the terms of Section 6.4 shall control with respect to any Regulatory Proceeding under Section 6.4, including any Filing made in connection therewith. In the event that the Company or any subsidiary thereof would be prohibited from taking any action by reason of this Section 5.2 without prior consultation with Parent, such action may nevertheless be taken without such consultation if the Company requests Parent's consultation (provided that such request is made via email and delivered to each of the Parent Contacts) and Parent fails to respond in writing (including response made via email) to such request within ten (10) Business Days after the date such request is delivered. Notwithstanding anything to the contrary in this Section 5.2, the prior written consent of Parent (such consent not to be unreasonably withheld, delayed or conditioned) shall be required to initiate or enter into any settlement or stipulation with respect to any Regulatory Proceeding related to any rate case of the Company or any of its subsidiaries.

SECTION 5.3 No Control of the Company's Business. Nothing contained in this Agreement shall give Parent or Merger Sub, directly or indirectly, the right to control or direct the Company's or its subsidiaries' operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its subsidiaries' operations.

ARTICLE VI

ADDITIONAL AGREEMENTS

SECTION 6.1 Company No Solicitation.

(a) During the Interim Period, the Company shall not, and shall cause its subsidiaries and its and their respective directors, officers, and employees not to, and shall use its reasonable best efforts to cause its and their respective consultants, attorneys, accountants, financial advisors, agents, investment bankers or other representatives (collectively, "Representatives") not to (and shall not authorize or permit their respective Representatives to), (i) initiate, solicit, knowingly encourage or knowingly facilitate any inquiries with respect to or that could reasonably be expected to lead to, or the making, submission or announcement of, any Acquisition Proposal, (ii) participate or engage in any negotiations or discussions concerning, or furnish

or provide access to the Company's or any of its subsidiaries' properties, books and records or any confidential information or data to any Person relating to or in connection with, an Acquisition Proposal, or any inquiry or proposal that could reasonably be expected to lead to any Acquisition Proposal, (iii) approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any Acquisition Proposal or (iv) execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar agreement for any Acquisition Proposal; provided, that (x) it is understood and agreed that any determination or action by the Company Board of Directors permitted under Section 6.1(b) or Section 6.1(d) shall not be deemed to be a breach or violation of this Section 6.1(a) or, in the case of Section 6.1(b)(i) — (iii), give Parent a right to terminate this Agreement pursuant to Section 8.1(e)(ii), and (y) the Company shall be permitted to enter into an Acceptable Confidentiality Agreement as contemplated by and in accordance with Section 6.1(b). The Company shall, and shall cause its subsidiaries and its and their respective directors, officers and employees to, and shall use its reasonable best efforts to cause their respective other Representatives to, immediately cease and cause to be terminated any solicitations, discussions or negotiations with any Person (other than Parent and its Affiliates) relating to or in connection with an Acquisition Proposal that exist as of the date hereof. The Company shall promptly, and in no event later than twenty-four (24) hours after its or any of its subsidiaries receipt (including receipt by any of their respective directors, officers or Representatives) of any Acquisition Proposal, or any request for nonpublic information relating to the Company or any of its subsidiaries in connection with or relating to an Acquisition Proposal, advise Parent orally and in writing of such Acquisition Proposal or request (including providing the identity of the Person making or submitting such Acquisition Proposal or request), and (A) if it is in writing, provide Parent a copy of such Acquisition Proposal and any related draft agreements or other documentation or materials delivered in connection therewith, or (B) if it is oral, provide Parent a reasonably detailed summary, including all material terms, thereof. The Company shall keep Parent informed in all material respects on a reasonably prompt basis of the current status and material terms of any such Acquisition Proposal including any material changes in respect of any such Acquisition Proposal and shall promptly (and in no event later than twenty-four (24) hours following any such change) deliver to Parent a summary of any material changes to any such Acquisition Proposal. Notwithstanding anything to the contrary herein, the Company may grant a waiver, amendment or release under any confidentiality or standstill agreement to the extent necessary to allow for a confidential Acquisition Proposal to be made to the Company or the Company Board of Directors or to allow for the engagement in discussions regarding an Acquisition Proposal or a proposal that would reasonably be expected to lead to an Acquisition Proposal so long as, in each case, such Acquisition Proposal or proposal that would reasonably be expected to lead to an Acquisition Proposal was not obtained or made as a result of a violation of the terms of this Agreement, if (y) the Company Board of Directors determines in good faith, after consultation with its financial advisors and outside legal counsel, that the failure to take such action could be reasonably likely to result in a breach of its fiduciary duties under applicable Law and so long as (z) the Company notifies Parent thereof (including the identity of such counterparty) at least twenty-four (24) hours prior to granting any such waiver, amendment or release and, if requested by Parent, grants Parent a waiver, amendment or release of any similar provision under the Confidentiality Agreement. Any breach of this Section 6.1 by any subsidiary of the Company or any officer, director, employee or other Representative of the Company or any subsidiary of the Company shall be deemed to be a breach by the Company for all purposes of this Agreement.

(b) Notwithstanding anything to the contrary in Section 6.1(a) or Section 6.3, nothing contained in this Agreement shall prevent the Company or the Company Board of Directors from:

(i) (x) taking and disclosing to its shareholders a position in accordance with Rule 14d-9 or Rule 14e-2(a) promulgated under the Exchange Act, (y) making any "stop-look-and-listen" communication to the shareholders of the Company pursuant to Rule 14d-9(f) under the Exchange Act or (z) making any disclosure to shareholders of the Company with regard to the transactions contemplated by this Agreement or an Acquisition Proposal made after the date hereof, in each case, if, in the good faith judgment of the Company Board of Directors, after consultation with its outside legal counsel, it determines that it is legally required to do so or failing to do so could be reasonably expected to result in a breach of its fiduciary duties under applicable Law; provided, that neither the Company nor its Company Board of Directors may take an action that would constitute a Company Change of Recommendation in respect of an Acquisition Proposal unless expressly permitted by Section 6.1(d) (it being understood and agreed that any disclosure of a position in connection with a

tender offer or exchange offer, other than a “stop, look and listen” or similar communication of the type contemplated by Rule 14d-9(f) promulgated under the Exchange Act or a recommendation on Schedule 14D-9 against such tender offer or exchange offer, made within ten (10) Business Days after the commencement thereof and in any event at least two (2) Business Days prior to the Company Shareholder Meeting, shall be deemed a Company Change of Recommendation, unless the Company Board of Directors expressly and concurrently reaffirms the Company Recommendation);

(ii) prior to obtaining the Company Requisite Vote, providing access to its properties, books and records and providing information or data in response to a request therefor by a Person or group who has made a bona fide written Acquisition Proposal after the date hereof if the Company Board of Directors (A) shall have determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal could reasonably be expected to constitute, result in or lead to a Superior Proposal, (B) after consultation with its outside legal counsel, shall have determined in good faith that failing to do so could be reasonably expected to result in a breach of the fiduciary duties of the Company Board of Directors under applicable Law and (C) prior to provision of any material or information, and engagement in any discussions, has received from the Person so requesting such information an executed Acceptable Confidentiality Agreement; or

(iii) prior to obtaining the Company Requisite Vote, participating and engaging in any negotiations or discussions with any Person or group and their respective Representatives who has made a bona fide written Acquisition Proposal after the date hereof if the Company Board of Directors shall have determined in good faith, (A) after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal could reasonably be expected to constitute, result in or lead to a Superior Proposal and (B) after consultation with its outside legal counsel, that failing to do so could be reasonably expected to result in a breach of its fiduciary duties under applicable Law; provided, that (1) in the case of Section 6.1(b)(ii) and (iii), (x) such Acquisition Proposal was not initiated, solicited, obtained or encouraged in breach of, or otherwise is not the result of any breach of, Section 6.1(a) and (y) the Company gives Parent the notice required by Section 6.1(a), and (2) in the case of Section 6.1(b)(ii), the Company furnishes any information provided to the maker of the Acquisition Proposal only pursuant to an executed Acceptable Confidentiality Agreement and such furnished information is delivered to Parent at substantially the same time (to the extent such information has not been previously furnished or made available by the Company to Parent).

(c) Except as contemplated by Section 6.1(d), neither the Company Board of Directors nor any committee thereof shall (i) (A) withhold, withdraw, qualify or modify, or resolve to or propose to withhold, withdraw, qualify or modify, the Company Recommendation in a manner adverse to Parent, (B) make any public statement inconsistent with the Company Recommendation, (C) approve, adopt or recommend any Acquisition Proposal, or any inquiry or proposal that could reasonably be expected to lead to any Acquisition Proposal, (D) fail to reaffirm or re-publish the Company Recommendation within ten (10) Business Days of being requested by Parent to do so (provided, however, that Parent shall not be entitled to request such a reaffirmation or re-publishing more than one (1) time with respect to any single Acquisition Proposal other than in connection with an amendment to any financial terms of such Acquisition Proposal or any other material amendment to such Acquisition Proposal), (E) fail to include the Company Recommendation in the Proxy Statement, (F) fail to announce publicly, within five (5) Business Days after a tender offer or exchange offer relating to any securities of the Company has been commenced that would constitute an Acquisition Proposal, that the Company Board of Directors recommends rejection of such tender or exchange offer or (G) resolve, publicly propose or agree to do any of the foregoing (each such action set forth in clauses (A) through (G) above being a “Company Change of Recommendation”), (ii) authorize, cause or permit the Company or any of its subsidiaries to enter into a merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar contract (other than the Acceptable Confidentiality Agreement) or recommend any tender offer providing for, with respect to, or in connection with any Acquisition Proposal or requiring the Company to abandon, terminate, delay or fail to consummate the Merger or any other transaction contemplated by this Agreement, or (iii) take any action pursuant to which any Person (other than Parent, Merger Sub or their respective Affiliates) or Acquisition Proposal would become exempt from or not otherwise subject to any take-over statute or articles of incorporation provision relating to an Acquisition Proposal.

(d) Notwithstanding anything in this Section 6.1 to the contrary, at any time prior to obtaining the Company Requisite Vote, (i) the Company Board of Directors may effect a Company Change of Recommendation in response to an Intervening Event or (ii) if the Company Board of Directors determines in good faith, after consultation with its financial advisor and outside legal counsel, in response to an Acquisition Proposal from a third party that did not otherwise result from a breach of Section 6.1(a), that such proposal constitutes a Superior Proposal, and such Acquisition Proposal is not withdrawn, the Company or the Company Board of Directors may (A) make a Company Change of Recommendation and/or (B) terminate this Agreement pursuant to Section 8.1(d)(ii) to enter into a definitive agreement with respect to such Superior Proposal, in each case, if (and only if) (1) in the event the Agreement is terminated pursuant to Section 8.1(d)(ii), the Company pays to Parent any Company Termination Fee required to be paid pursuant to Section 8.2(b)(i) at such time as set forth in Section 8.2(b)(i) and (2) after consultation with its financial advisor and outside legal counsel, the Company Board of Directors determines that the failure to make a Company Change of Recommendation, or to terminate this Agreement pursuant to Section 8.1(d)(ii), would be reasonably expected to result in a breach of its fiduciary duties under applicable Laws; provided, however, that the Company or the Company Board of Directors, as applicable, may only take the actions described in clauses (i) and (ii) if prior to taking any such action (x) the Company delivers to Parent written notice (a “Company Notice”), at least five (5) Business Days’ in advance (the “Notice Period”), advising Parent that the Company Board of Directors proposes to take such action and containing (1) the material details of such Intervening Event or the material terms and conditions of the Superior Proposal that is the basis of the proposed action by the Company Board of Directors and (2) a copy of the most current draft of any written communication (including any agreement) relating to the Superior Proposal and (y) during the Notice Period (as extended pursuant to the following sentence of this Section 6.1(d)), (i) the Company complies with the following sentence of this Section 6.1(d) and (ii) if Parent shall have delivered to the Company a written, binding, irrevocable offer, capable of being accepted by the Company, to alter the terms of this Agreement, the Company Board of Directors thereafter reaffirms in good faith (after consultation with its outside counsel and financial advisor) that the Acquisition Proposal giving rise to the Company Notice continues to constitute a Superior Proposal. If requested by Parent, the Company will, and will cause its Representatives to, during the Notice Period, engage in good faith negotiations with Parent and its Representatives (including by making the Company’s officers and Representatives reasonably available to negotiate) to make such adjustments in the terms and conditions of this Agreement so that (i) in the case of an Acquisition Proposal, such Acquisition Proposal would cease to constitute a Superior Proposal (it being understood and agreed that if Parent has committed to any changes to the terms of this Agreement, each time thereafter that there has been any subsequent amendment to any material term of such Superior Proposal, the Company Board of Directors shall provide a new Company Notice and an additional two (2) Business Day period from the date of such notice and the obligations of the Company during the Notice Period shall continue in effect during such additional period) or (ii) in the case of an Intervening Event, the failure of the Company Board of Directors to make a Company Change of Recommendation could not be reasonably expected to result in a breach of its fiduciary duties under applicable Laws. Any such Company Change of Recommendation shall not change the approval of this Agreement or any other approval of the Company Board of Directors in any respect that would have the effect of causing any corporate takeover statute or other similar statute or any provision of the Company Articles of Incorporation to be applicable to the transactions contemplated hereby, including the Merger.

(e) For purposes of this Agreement, the following terms shall have the meanings assigned below:

(i) “Acquisition Proposal” means any *bona fide* proposal, inquiry, indication of interest or offer from any Person or group of Persons (other than Parent, Merger Sub or their respective Affiliates) relating to any transaction or series of transactions, involving (A) any direct or indirect acquisition or purchase of (1) a business or assets that constitute twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis, or (2) twenty percent (20%) or more of any class of equity or voting securities of the Company (or any subsidiary or subsidiaries of the Company whose business constitutes (together) twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis), (B) any tender offer, exchange offer or similar transaction that if consummated would result in any Person or group of Persons beneficially owning twenty percent (20%) or more of any class of the equity or voting securities of the Company (or any subsidiary or subsidiaries of the Company whose business

constitutes (together) twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis), (C) any merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company (or any subsidiary or subsidiaries of the Company whose business constitutes (together) twenty percent (20%) or more of the revenues, net income or assets of the Company and its subsidiaries, on a consolidated basis), or (D) any combination of the foregoing.

(ii) “Superior Proposal” means a written Acquisition Proposal (with all references to “twenty percent (20%) or more” included in the definition of Acquisition Proposal changed to “more than fifty percent (50%)”) that was not obtained, solicited or received in, or otherwise resulted from, violation of this Section 6.1, in each case, that the Company Board of Directors in good faith determines, after consultation with its outside legal counsel and financial advisors, would, if consummated, result in a transaction that is more favorable to the shareholders of the Company from a financial point of view than the transactions contemplated hereby after taking into account all such factors and matters considered appropriate in good faith by the Company Board of Directors (including, to the extent considered appropriate by the Company Board of Directors, (A) the identity of the Person(s) making such Acquisition Proposal, (B) financial provisions and the payment of the Company Termination Fee, (C) legal and regulatory conditions and other undertakings relating to the Company’s and its subsidiaries’ regulators, lenders or partners, (D) probable timing, (E) conditionality and likelihood of consummation and (F) with respect to which the cash consideration and other amounts (including costs associated with the Acquisition Proposal) payable at Closing are subject to fully committed financing from recognized financial institutions), and after taking into account any changes to the terms of this Agreement committed to in writing by Parent in response to such Superior Proposal pursuant to, and in accordance with, Section 6.1(d) or otherwise.

SECTION 6.2 Proxy Statement.

(a) As promptly as practicable after the date of this Agreement and in any event within forty-five (45) days after the date of this Agreement, the Company shall prepare and provide to Parent and its advisors the proxy statement to be sent to the shareholders of the Company in connection with the Company Shareholders Meeting (such proxy statement, as amended or supplemented, the “Proxy Statement”) in preliminary form, and within sixty (60) days after the date of this Agreement, shall file with the SEC, the Proxy Statement in preliminary form. Parent shall promptly supply to the Company in writing, for inclusion in the Proxy Statement, all information concerning Parent required under the Securities Act and the Exchange Act, and the rules and regulations thereunder, to be included in the Proxy Statement; provided, that the Company shall not use any such information for any other purpose if doing so would violate or cause the violation of applicable securities Laws. Each of Parent and the Company shall notify the other promptly of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff for amendments or supplements to the Proxy Statement or for additional information related to the Proxy Statement and will promptly supply the other Party with copies of all correspondence between it and its Affiliates or their respective officers, employees, legal advisors or agents, on the one hand, and the SEC or its staff, on the other hand, with respect to the Proxy Statement or the Merger. Prior to filing or mailing the Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, each of Parent and the Company shall liaise and cooperate with the other Party and provide it with a reasonable opportunity to review and comment on such document or proposed response or compliance with any such request. If at any time prior to the Company Shareholders Meeting, any information relating to Parent or the Company or any of its respective Affiliates, directors or officers, should be discovered by such Party which should be set forth in an amendment or supplement to the Proxy Statement, so that such document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, the Party that discovers such information shall promptly notify the other Party and an appropriate amendment or supplement describing such information shall be prepared, filed with the SEC and disseminated to the shareholders of the Company to the extent required by Law. After all the comments received from the SEC have been cleared by the SEC staff and all information required to be contained in the Proxy Statement has been included therein by the Company, the Company shall promptly file the

definitive Proxy Statement with the SEC and cause the Proxy Statement to be mailed (including by electronic delivery if permitted), as promptly as practicable, to its shareholders of record, as of the record date established by the Company Board of Directors and set forth in the Proxy Statement.

(b) The Company covenants that none of the information supplied or to be supplied by or on behalf of the Company for inclusion or incorporation by reference in the Proxy Statement will, at the time such document is first filed with the SEC, at any time such document is amended or supplemented, at the time such document is declared effective by the SEC or at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will, at the time of the Company Shareholders Meeting, comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder.

(c) Parent covenants that none of the information supplied by or on behalf of Parent or Merger Sub for inclusion in the Proxy Statement will, at the time such document is filed with the SEC, at any time such document is amended or supplemented, at the time such document is declared effective by the SEC or at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, Parent makes no representation or warranty with respect to any information supplied in writing for inclusion in the Proxy Statement by or on behalf of the Company which is contained or incorporated by reference in the Proxy Statement.

SECTION 6.3 Company Shareholders Meeting. Notwithstanding any Company Change of Recommendation, the Company, acting through the Company Board of Directors (or a committee thereof), shall promptly following receipt of confirmation from the SEC that the SEC has no further comments on, or will not review, the Proxy Statement, take all reasonable action necessary to duly call, give notice of, convene and hold a meeting of its shareholders for the purpose of approving and adopting this Agreement (including any adjournment or postponement thereof, the “Company Shareholders Meeting”); provided, that the Company may postpone, recess or adjourn such meeting for up to thirty (30) days in the aggregate (excluding any adjournment or postponements required by applicable Law) (a) to the extent required by Law or to prevent a breach of fiduciary duty, (b) to allow reasonable additional time to solicit additional proxies to the extent the Company reasonably believes necessary in order to obtain the Company Requisite Vote (it being understood the Company shall have both a right and obligation to post, recess or adjourn any applicable meeting for a period of time of up to thirty (30) days in case of this clause (b)), (c) if as of the time for which the Company Shareholders Meeting is originally scheduled (as set forth in the Proxy Statement) there are insufficient shares of Company Common Stock represented (either in person or by proxy) and voting to constitute a quorum necessary to conduct the business of the Company Shareholders Meeting (it being understood the Company shall have both a right and obligation to post, recess or adjourn any applicable meeting for a period of time of up to thirty (30) days in case of this clause (c)) or (d) to allow reasonable additional time for the filing and dissemination of any supplemental or amended disclosure which the Company Board of Directors has determined in good faith after consultation with outside counsel is necessary under applicable Law or to prevent a breach of fiduciary duty and for such supplemental or amended disclosure to be disseminated and reviewed by the Company shareholders prior to the Company Shareholders Meeting. The Company, acting through its Company Board of Directors (or a committee thereof), shall subject to Section 6.1(d), (i) include in the Proxy Statement the Company Recommendation and, subject to the consent of the Company Financial Advisor, the written opinion of the Company Financial Advisor, dated as of the date of this Agreement, that, as of such date, the Per Share Merger Consideration is fair, from a financial point of view, to the holders of the Company Common Stock and (ii) use its reasonable best efforts to obtain the Company Requisite Vote. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be required to hold the Company Shareholders Meeting if this Agreement is terminated.

SECTION 6.4 Regulatory Approvals; Reasonable Best Efforts.

(a) During the Interim Period, each of Parent and the Company shall cooperate and promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions and filings, and shall use reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things in order to, (i) make and obtain the Consents and Filings listed in Section 3.5(b) of the Company Disclosure Schedule and Section 4.5(b) of the Parent Disclosure Schedule, (ii) make all registrations and

filings, and thereafter, make any other required registrations, filings or submissions, and pay any fees due in connection therewith, with any Governmental Entity necessary in connection with the consummation of the transactions contemplated by this Agreement, (iii) take, or cause to be taken, all reasonable and appropriate action and do, or cause to be done, all reasonable things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the Merger and the other transactions contemplated by this Agreement (including satisfying any of the conditions set forth in Article VII as promptly as practicable other than by means of waiver), (iv) cooperate in good faith with the applicable Governmental Entities or other Persons and provide promptly such other information and communications to such Governmental Entities or other Persons as such Governmental Entities or other Persons may reasonably request in connection therewith, and (v) execute and deliver any additional agreements or instruments reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) During the Interim Period, the Parties will provide prompt notification to each other when any Consent or Filing referred to in Section 6.4(a) is obtained, taken, made, given or denied, as applicable, and will advise each other of any communications with any Governmental Entity or other Person regarding any of the transactions contemplated by this Agreement, including (i) giving the other Parties prompt notice of the making or commencement of any request, inquiry, investigation, action or legal proceeding by or before any Governmental Entity with respect to the Merger or any of the other transactions contemplated by this Agreement; and (ii) keeping the other Parties informed as to the status of any such request, inquiry, investigation, action or legal proceeding. Parent and the Company shall jointly (A) determine the overall strategy for obtaining all Required Regulatory Approvals and making all filings with respect thereto and (B) unless prohibited by Law or otherwise agreed to by Parent and the Company, schedule and conduct any meetings with any Governmental Entity or intervenor in any proceeding related to a Required Regulatory Approval. Subject to applicable Laws relating to the exchange of information, and unless prohibited by the reasonable request of any Governmental Entity, each of the Company and Parent shall have the right to review and approve (such approval not to be unreasonably withheld, delayed or conditioned) in advance, and, to the extent practicable, each will consult with the other on and consider in good faith the views of the other in connection with, any filing, analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal (including all of the information relating to Parent or the Company, as the case may be, and any of their respective subsidiaries, that appears in any filing) made with, or written materials submitted to any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement. In addition, except as may be prohibited by any Governmental Entity or by any Law, in connection with any such request, inquiry, investigation, action or legal proceeding, each Party will permit authorized representatives of the other Parties to be present at each meeting or conference relating to such request, inquiry, investigation, action or legal proceeding and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any Governmental Entity or intervenor in connection with such request, inquiry, investigation, action or legal proceeding; provided, however, Parent, after having consulted the Company in good faith, shall have sole control over the strategy for coordinating any filings, obtaining any necessary approvals, and resolving any investigation or other inquiry of any such agency or other Governmental Entity under the HSR Act. Notwithstanding the foregoing, commercially and/or competitively sensitive information and materials of a Party may be provided to the other Party on an outside counsel-only basis.

(c) In furtherance of the foregoing covenants:

(i) Parent, Merger Sub and the Company shall use their reasonable best efforts to make any premerger notification filing required under the HSR Act with respect to the transactions contemplated hereby within twenty-five (25) Business Days after a date to be mutually agreed to by the Parties (which date shall be no more than one (1) year before the reasonably anticipated Closing Date or later than six (6) months prior to the then-applicable End Date). Parent, Merger Sub and the Company shall supply as promptly as reasonably practicable reasonable responses to requests for additional information or documentary material that may be requested pursuant to the HSR Act and shall take all other actions, proper or advisable consistent with this Section 6.4, to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable. Parent, Merger Sub and the Company shall use reasonable best efforts to respond to any additional requests for information, including requests for production of documents and production of witnesses for interviews or depositions, made by the Antitrust Division of the United States Department of Justice, the United

States Federal Trade Commission or the antitrust or competition law authorities of any other jurisdiction (the “Antitrust Authorities”), so as to cause the expiration of any waiting periods or obtain any other clearances from the Antitrust Authorities as soon as practicable. Each of Parent and Merger Sub shall exercise its reasonable best efforts, and the Company shall cooperate with Parent and Merger Sub, to promptly prevent the entry in any claim brought by an Antitrust Authority of any order that would prohibit, make unlawful or delay the consummation of the transactions contemplated hereby in any material respect.

(ii) Other than with respect to filings under the HSR Act, the Parties will, as soon as reasonably practicable following the execution of this Agreement, prepare and file, and pay any fees due in connection therewith in accordance with Section 8.3, with each applicable Governmental Entity requests for such Consents as may be necessary for the consummation of the transactions contemplated hereby in accordance with the terms of this Agreement and as set forth on Section 3.5(b) of the Company Disclosure Schedule and Section 4.5(b) of the Parent Disclosure Schedule; provided, that any such filings shall not occur earlier than ninety (90) days following the date hereof. The Parties will diligently pursue and use their reasonable best efforts to obtain such Consents and will cooperate with each other in seeking such Consents; provided, that any such filings shall not occur earlier than ninety (90) days following the date hereof. To such end, the Parties agree to make reasonably available the personnel and other resources of their respective organizations in order to obtain all such Consents. Each Party will promptly inform the other Parties of any material communication received by such Party from, or given by such party to, any Governmental Entity from which any such Consent is required, unless prohibited by applicable Law, and of any material communication received or given in connection with any claim by a private party, in each case regarding any of the transactions contemplated hereby, and will permit the other party to review any communication given by it to, and consult with each other in advance of any meeting or conference with, any such Governmental Entity or, in connection with any claim by a private party, with such other Person, and to the extent permitted by applicable Law or otherwise as agreed to by Parent and the Company, give the other party the opportunity to attend and to participate in such meetings and conferences.

(d) Parent shall not, and shall cause its Affiliates not to, enter into any new commercial activities or businesses unrelated to the Merger or the other transactions contemplated by this Agreement or enter into any transaction to acquire any asset, property, business or Person (by way of merger, consolidation, share exchange, investment, other business combination, asset, stock or equity purchase, or otherwise), that would reasonably be expected to materially delay or prevent obtaining any Consent or Filing contemplated by this Section 6.4. In furtherance of and without limiting any of Parent’s covenants and agreements under this Section 6.4, Parent shall use its reasonable best efforts to avoid or eliminate each and every impediment that may be asserted by a Governmental Entity so as to enable the Closing to occur as soon as reasonably possible, which such reasonable best efforts shall include the following:

(i) defending through litigation on the merits, including appeals, any Proceeding asserted in any court or other proceeding or claim by any Person, including any Governmental Entity, that seeks to or could reasonably be expected to prevent or prohibit or impede, interfere with or delay the consummation of the Closing (including pursuing appeals following the failure to obtain any Required Regulatory Approval);

(ii) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, licensing or disposition of any assets or businesses of (A) Parent or (B) the Company, including, in each such case, entering into customary ancillary agreements on commercially reasonable terms relating to any such sale, divestiture, licensing or disposition;

(iii) agreeing to any limitation on the conduct of Parent or its Affiliates (including, after the Closing, the Surviving Corporation); and

(iv) agreeing to take any other action with respect to the Company or Parent as may be required by a Governmental Entity in order to effect each of the following: (A) obtaining each Consent or Filing contemplated by this Section 6.4 before the End Date, (B) avoiding the entry of, or having vacated, lifted, dissolved, reversed or overturned any Judgment, whether temporary, preliminary or permanent, that is in effect that prohibits, prevents or restricts consummation of, or materially impedes, interferes

with or delays, the Closing and (C) effecting the expiration or termination of any waiting period, which would otherwise have the effect of preventing, prohibiting or restricting consummation of the Closing or materially impeding, interfering with or delaying the Closing.

(e) Notwithstanding anything to the contrary in this Section 6.4, none of the provisions in this Section 6.4 shall be construed to permit the Company without the prior written consent of Parent to, in connection with any Required Regulatory Approvals, take any action, including proposing, negotiating, committing to, effecting, or accepting any undertakings, terms, conditions, liabilities, obligations, commitments, sanctions or other measures or provisions (including the sale, divestiture, licensing or disposition of assets or businesses of Parent or its subsidiaries or the Company, by consent decree, hold separate order or otherwise), if the taking of such action, individually or in the aggregate, would reasonably be expected to restrict the business or operations of any Company Party from and after the Closing Date.

(f) Notwithstanding anything to the contrary in this Agreement, so long as Parent continues, in good faith, to diligently seek the Required Regulatory Approvals prior to the End Date on terms reasonably acceptable to Parent (including, for the avoidance of doubt, any request for rehearing or similar if any Required Regulatory Approval is obtained on terms not reasonably acceptable to Parent), Parent shall be deemed to have complied with this Section 6.4 in all respects, shall be deemed not to be in breach of this Section 6.4 and the Company shall not have a right to terminate this Agreement (i) pursuant to Section 8.1(d)(i) for any non-compliance with or breach of this Section 6.4 or (ii) pursuant to Section 8.1(d)(iii) for Parent's or Merger Sub's failure to consummate the Closing due primarily to the imposition by a Governmental Entity of a burdensome condition (as reasonably determined by Parent) in connection with a Required Regulatory Approval; provided, however, that nothing in this Section 6.4(f) shall affect or waive the right of the Company to terminate this Agreement pursuant to the other provisions of Section 8.1 and be paid the Parent Termination Fee pursuant to Section 8.2.

SECTION 6.5 Notification of Certain Matters. During the Interim Period, the Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (a) any notice or other communication received by such Party from any Governmental Entity in connection with the Merger or the other transactions contemplated hereby or from any Person alleging that the Consent of such Person is or may be required in connection with the Merger, if the subject matter of such communication or the failure of such Party to obtain such Consent would reasonably be expected to be material to the Company, the Surviving Corporation or Parent, (b) any facts or circumstances, or the occurrence or non-occurrence of any event that, individually or in the aggregate, would reasonably be expected to cause any condition to the obligations of any Party hereto to effect the Merger or any of the transactions contemplated by this Agreement not to be satisfied, and (c) any actions, suits, claims or proceedings commenced or, to such Party's knowledge, threatened against, relating to or involving or otherwise affecting such Party or any of its subsidiaries which relate to the Merger or the other transactions contemplated hereby; provided, however, that neither the delivery of any notice pursuant to this Section 6.5 nor the access to any information pursuant to Section 6.6 shall (i) cure any breach of, or non-compliance with, any other provision of this Agreement or (ii) limit the rights or remedies available to the Party receiving such notice.

SECTION 6.6 Access to Information; Confidentiality.

(a) During the Interim Period, upon reasonable prior written notice from Parent, the Company shall, and shall cause its subsidiaries to, and shall use its reasonable best efforts to cause its Representatives to, (i) afford Parent and its Representatives reasonable access, consistent with applicable Law, during normal business hours to its and their respective officers, employees and Representatives and properties, offices, and other facilities and to all books and records, and shall furnish Parent and its Representatives promptly with all financial, operating and other data and information as Parent and its Representatives from time to time reasonably request in writing, (ii) to the extent permitted by Law, furnish promptly each material report, schedule and other document filed or received by the Company or any of the Company's subsidiaries pursuant to the requirements of federal or state securities or regulatory Laws or filed with or sent to the SEC, FERC, the Nuclear Regulatory Commission, the New Mexico Public Regulations Commission ("NMPRC"), the Public Utility Commission of Texas ("PUCT"), the U.S. Department of Justice, the Federal Trade Commission, the Federal Communications Commission or any other Governmental Entity, and (iii) upon written request, as soon as reasonably practicable provide Parent with information relating to any material developments in any audit or similar proceeding related to any material Tax matters of the

Company or any of its subsidiaries. Notwithstanding the foregoing, any such investigation or consultation shall be conducted in such a manner as not to interfere unreasonably with the business or operations of the Company or its subsidiaries and shall not include any environmental sampling or invasive environmental testing. Neither the Company nor any of its subsidiaries shall be required to provide access or to disclose information where such access or disclosure would violate or prejudice its rights or the rights of any of its officers, directors or employees, give rise to a material risk of waiving any attorney-client privilege of the Company or any of its subsidiaries, or contravene any Law, rule, regulation, Judgment or Contract; provided, however, that the Company shall use its reasonable best efforts to (A) allow for such access or disclosure in a manner that does not result in a loss of attorney-client privilege (including negotiating in good faith with Parent to seek alternative means to disclose such information as nearly as possible without affecting such attorney-client privilege, including entry into a joint defense agreement), (B) obtain the required consent of any third party to provide access to or disclosure of such information with respect to any confidential Contract to which the Company or its subsidiaries is party, or (C) develop an alternative to providing such information so as to address such matters that is reasonably acceptable to Parent and the Company; it being understood and agreed that (1) the Company shall advise Parent in such circumstances that it is unable to comply with Parent's reasonable requests for information as a result of attorney-client privilege, Contract obligation or applicable Law, and the Company shall use its reasonable best efforts to generally describe the types of information being withheld and (2) Parent shall reimburse the Company for its reasonable, documented, out-of-pocket expenses incurred in connection with the Company's actions described in Section 6.6(a)(iii)(A) - Section 6.6(a)(iii)(C). All requests for information made pursuant to this Section 6.6(a) shall be directed to the Company Contact and all access granted to Parent and its Representatives shall be under the supervision of the Company Contact or other Person as designated by the Company Contact, and Parent and its Representatives seeking access shall use their reasonable best efforts not to directly contact any other officer, director, employee, agent or representative of the Company without the prior approval of the Company Contact. No access, review or notice pursuant to this Section 6.6 shall have any effect for the purpose of determining the accuracy of any representation or warranty given by any of the Parties to any of the other Parties. Except for incidents caused by the Company's or its Affiliates' or Representatives' willful misconduct or gross negligence, Parent shall indemnify the Company and its Affiliates and Representatives from, and hold the Company and its Affiliates and Representatives harmless against, any and all claims, losses, liabilities, damages, judgments, inquiries, fines and reasonable fees, costs, expenses, including attorneys' fees and disbursements, and the cost of enforcing this indemnity arising out of or resulting from any access provided pursuant to this Section 6.6(a).

(b) Each Party will comply with terms and conditions of that certain Confidentiality Agreement, dated January 9, 2025, between the Company and Blackstone Infrastructure Advisors L.L.C., a Delaware limited liability company (the "Confidentiality Agreement"), and will hold and treat, and will cause their respective officers, employees, auditors and other Representatives to hold and treat, in confidence all documents and information concerning, on the one hand, the Company and its subsidiaries furnished to Parent or Merger Sub, and on the other hand, Parent or Merger Sub and their respective subsidiaries furnished to the Company, in each case in connection with the transactions contemplated by this Agreement in accordance with the Confidentiality Agreement, which Confidentiality Agreement shall remain in full force and effect in accordance with its terms; provided that whether or not the transactions contemplated hereby are consummated, the Parties shall, and shall cause each of their respective Affiliates and Representatives to, keep confidential all information and materials regarding any other Party reasonably designated by such Party as confidential at the time of disclosure thereof; provided, further, that Parent and its Affiliates shall be permitted to disclose the terms and provisions of this Agreement to their respective existing and prospective investors provided they instruct such Persons to observe the confidentiality provisions of this Section 6.6(b).

SECTION 6.7 Stock Exchange Delisting. Prior to the Closing Date, the Company shall cooperate with Parent and use commercially reasonable efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable Laws and rules and policies of the NYSE to enable the delisting by the Surviving Corporation of the Company Shares from the NYSE and the deregistration of the Company Shares under the Exchange Act as promptly as practicable after the Effective Time.

SECTION 6.8 Publicity. The initial press release regarding the Merger shall be a joint press release of the Parties and (except in connection with (a) actions taken pursuant to Section 6.1, including a Company Change of Recommendation or an Acquisition Proposal or (b) a press release or other public statement that is consistent in all material respects with previous press releases, public disclosures or public statements made by a Party in accordance with this Agreement, including in investor conference calls, the Proxy Statement, the Company SEC Reports, Parent's SEC filings, Q&As or other publicly disclosed documents, in each case, to the extent such disclosure is still accurate) thereafter the Company and Parent shall (i) consult with each other prior to issuing any press releases or otherwise making public announcements with respect to this Agreement, the Merger and the other transactions contemplated by this Agreement, (ii) provide to each other for review a copy of any such press release or public statement, (iii) not issue any such press release or public statement prior to providing each other with reasonable period of time to review and comment on such press release or public statement, and (iv) not issue any such press release or public statement or make any filings with any third party and/or any Governmental Entity (including any national securities exchange or interdealer quotation service) with respect thereto without the prior written consent of the other Parties (such consent not to be unreasonably withheld, conditioned or delayed), except as may be required, on the advice of counsel, by Law or by obligations pursuant to any listing agreement with or rules of any national securities exchange or interdealer quotation service or by the request of any Governmental Entity (or, in the case of the Company, in accordance with Section 6.1(b)(i)); provided, however, that in each such case, the Party required to make such disclosure will, to the extent practicable and not prohibited by applicable Law, promptly inform the other Parties in writing in advance of such compelled disclosure and provide such other Party with a copy of the proposed disclosure and consult with such other Party and consider such other Party's comments in good faith prior to making such disclosure.

SECTION 6.9 Employee Benefits.

(a) For a period of at least twenty-four (24) months following the Effective Time, Parent shall cause the Surviving Corporation or any applicable subsidiary thereof to provide, to each employee of the Company and any of its subsidiaries who continues to be employed by the Company or the Surviving Corporation or any subsidiary thereof (each, a "Continuing Employee" and collectively, the "Continuing Employees") (i) an annual base salary or hourly wage, as applicable, that is no less favorable than the annual base salary or hourly wage, as applicable, that was provided to such Continuing Employee immediately prior to the Effective Time, (ii) an annual cash bonus opportunity (at target and with the comparable opportunity for payouts above target, it being understood that actual payouts will be determined based on actual performance for the applicable performance period in accordance with the terms of the applicable incentive plan or arrangement) and annual long-term incentive opportunity (at target and with the comparable opportunity for payouts above target, it being understood that actual payouts will be determined based on actual performance for the applicable performance period in accordance with the terms of the applicable incentive plan or arrangement and that the annual long-term incentive opportunities provided by Parent to each Continuing Employee will take into account the value of and relative opportunity with respect to previous annual equity or equity-based grants and need not be provided in the form of equity or equity-based grants) that are no less favorable, in the aggregate than the target annual cash bonus opportunity and long-term incentive opportunity provided to such Continuing Employee immediately prior to the Effective Time, (iii) employee retirement benefits (including defined contribution retirement, pension and nonqualified deferred compensation) (including matching and other employer contributions), that are no less favorable in the aggregate than the employee retirement benefits (including defined contribution retirement, pension and nonqualified deferred compensation) (including matching and other employer contributions) that were provided to such Continuing Employee immediately prior to the Effective Time and (iv) welfare and other employee benefits (other than severance (which is addressed in the following sentence), equity or equity-based and long-term incentives (which are addressed in clause (ii) above), nonqualified deferred compensation (which is addressed in clause (iii) above), post-retirement welfare benefits (which are addressed in Section 6.9(b)), and retention (including the Retention Program), transaction, change in control, or any other one-time or special payments or benefits) that are substantially comparable in the aggregate to the welfare and other employee benefits that were provided to such Continuing Employee immediately prior to the Effective Time; provided, however, that the requirements of the foregoing clauses (i) and (iv) shall not apply to Continuing Employees who are covered by a Company Collective Bargaining Agreement to the extent inconsistent with the Company Collective Bargaining Agreement or otherwise required to be subject to bargaining. Notwithstanding the foregoing, for a period of

at least twenty-four (24) months following the Effective Time, Parent shall, and shall cause the Surviving Corporation to, provide each Continuing Employee who experiences a termination of employment with the Surviving Corporation severance benefits that are no less favorable than the severance benefits that would have been provided under the Company Plans as of immediately prior to the Effective Time (with credit for service earned after the Effective Time); provided, however, that the requirements of the foregoing clause shall not apply to Continuing Employees who are covered by a Company Collective Bargaining Agreement to the extent inconsistent with the Company Collective Bargaining Agreement or otherwise required to be subject to bargaining.

(b) Notwithstanding Section 6.9(a), Parent shall, and shall cause the Surviving Corporation to maintain post-retirement welfare arrangements that are no less favorable than those post-retirement welfare arrangements in place for the Company's current or former employees as of the Effective Time as set forth on Section 6.9(b) of the Company Disclosure Schedule until the later of (i) twenty-four (24) months following the Effective Time or (ii) with respect to any particular trust set forth on Section 6.9(b) of the Company Disclosure Schedule, the date the assets in such trust established by the Company meeting the requirements of Section 501(c)(9) of the Code have been exhausted.

(c) Subject to applicable Law and any obligations under any Company Collective Bargaining Agreement, Parent shall, or shall cause the Surviving Corporation to, honor, in accordance with their terms, the Company Plans set forth on Section 6.9(c) of the Company Disclosure Schedule, including any funding arrangements thereunder in effect as of the date of this Agreement, subject to the amendment and termination provisions thereof applied on a prospective basis. For purposes of any Company Plan containing a definition of "change in control," "change of control" or similar term that relates to a transaction at the level of the Company, the Closing shall be deemed to constitute a "change in control," "change of control" or such similar term. Notwithstanding any other provision of this Agreement, for a period of at least twenty-four (24) months following the Effective Time, in no event may Parent or any of its Affiliates (including the Surviving Corporation) terminate the Company Plans listed on Section 6.9(c) of the Company Disclosure Schedule to provide for payment of any obligations owed thereunder as of and after the Effective Time other than as scheduled as of the Effective Time under the terms of the applicable agreement, plan or arrangement. Additionally, Parent shall, or shall cause the Surviving Corporation to, fund (and continue to fund) any relevant rabbi trust to the extent such funding was required as of the Effective Time pursuant to the terms of the related Company Plans. The Company may establish a retention program to promote retention and to incentivize efforts to consummate the Closing (the "Retention Program") in accordance with the terms set forth in Section 6.9(c) of the Company Disclosure Schedule. Parent shall cause the Surviving Corporation to honor, in accordance with their terms, the Retention Program.

(d) Parent and the Surviving Corporation, as applicable, shall pay or cause the applicable subsidiary to pay to each eligible current or former employee of the Company or any of its subsidiaries, (i) any accrued but unpaid annual bonus (or other cash incentive award) relating to any completed year (or completed performance period) ending prior to the year (or performance period) in which the Effective Time occurs that has been accrued on the audited consolidated financial statements of the Company and its subsidiaries as of the Effective Time, in the ordinary course and consistent with past practice, including without limitation any applicable service-based vesting, acceleration and payment timing provisions, and (ii) an annual bonus (and other cash incentive award) relating to the year (or other applicable performance period) in which the Effective Time occurs based on the higher, determined as of the end of the year (or other applicable performance period), of (A) the Company's achievement of the applicable performance targets, based on the actual level of performance achieved, determined on a goal-by-goal basis, as of the end of the applicable year or other performance period, as determined by Parent in good faith and consistent with the Company's historical practices and in accordance with the terms and conditions of the applicable Company Plan, and (B) the target-level achievement, payable in the ordinary course, consistent with past practice and in accordance with the terms and conditions of the applicable Company Plan, including without limitation any applicable service-based vesting, acceleration and payment timing provisions.

(e) If Parent determines that an event would trigger obligations under the WARN Act within sixty (60) days following the Effective Time, the Company or the Company's subsidiaries shall, at Parent's

reasonable request, distribute WARN Act notices on Parent's behalf to such employees as directed by Parent in a form prepared by Parent in compliance with the WARN Act. The Company shall be responsible for any obligations under the WARN Act with respect to the consummation of the transaction that are the subject of this Agreement and any subsequent events.

(f) At the Effective Time, participants in the Company's cash or deferred savings plan or other Company deferred compensation plan who are invested in Company stock through the Company's cash or deferred savings plan or deferred compensation plans shall be treated in the same manner as other shareholders of the Company. Immediately prior to the Effective Time, each Notional Unit shall be liquidated based on the Per Share Merger Consideration and notionally reinvested in one or more other investment funds as determined by the Company prior to the Effective Time. After such date, participants in the Company's cash or deferred savings plan or deferred compensation plan may not direct any further investments or deemed investments into Company stock through the Company's cash or deferred savings plan or other deferred compensation plans. The Company, the Company Board of Directors, the compensation committee of the Company Board of Directors or other committee of the Company, as applicable, shall adopt any resolutions and take any actions which are reasonably necessary to effectuate the provisions of this Section 6.9(f).

(g) Nothing in this Agreement shall confer upon any Continuing Employee any right to continue in the employ or service of Parent, the Surviving Corporation or any Affiliate of Parent, or shall interfere with or restrict in any way the rights of Parent, the Surviving Corporation or any Affiliate of Parent, which rights are hereby expressly reserved, to discharge or terminate the services of any Continuing Employee at any time for any reason with or without cause. Additionally, the Company, Parent and the Surviving Corporation agree that the employment with the Company and its Affiliates of the individuals listed on Section 6.9(g) of the Company Disclosure Schedule shall end as of the Effective Time, and such individuals will be entitled to receive severance and other benefits as if their employment were terminated by the Company without cause as of the Effective Time in connection with a "change in control" of the Company, in accordance with the terms of the applicable Company Plans.

(h) Notwithstanding anything in this Agreement to the contrary, the terms and conditions of employment for any employees covered by a Company Collective Bargaining Agreement shall be governed by the applicable Company Collective Bargaining Agreement until the expiration, modification or termination of such Company Collective Bargaining Agreement in accordance with its terms or applicable Law. From and after the Closing, Parent shall cause the Surviving Corporation and its subsidiaries, as applicable, to honor the terms of each Company Collective Bargaining Agreement until such Company Collective Bargaining Agreement otherwise expires pursuant to its terms or is modified by the parties thereto.

(i) Notwithstanding any provision in this Agreement to the contrary, nothing in this Section 6.9 shall (i) be deemed or construed to be an amendment or other modification of any Company Plan, (ii) prevent Parent, the Surviving Corporation or any Affiliate of Parent from amending or terminating any Company Plans in accordance with their terms, or (iii) create any third-party rights in any current or former Company Employee or service provider of the Company or its Affiliates (or any beneficiaries or dependents thereof) or any collective bargaining representative of the Company or any Affiliate thereof.

SECTION 6.10 Directors' and Officers' Indemnification and Insurance. Parent shall, and shall cause the Surviving Corporation, and the Surviving Corporation hereby agrees, to do the following:

(a) From and after the Effective Time, Parent and the Surviving Corporation shall indemnify and hold harmless the present and former officers and directors of, and individuals performing equivalent functions for, the Company and its subsidiaries (each, an "Indemnified Party") in respect of acts or omissions occurring at or prior to the Effective Time or related to this Agreement to the fullest extent permitted by the NMBCA or any other applicable Law or provided under the Company Articles of Incorporation and the Company Bylaws as in effect on the date of this Agreement. From and after the date of this Agreement and prior to the Closing, no Company Party shall enter into or amend any indemnification or similar agreement with or for the benefit of any Indemnified Party without Parent's prior written consent. Subject to the prior sentences, in the event of any threatened or pending claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative and whether formal or informal (each, a "Proceeding") to

which an Indemnified Party is a party or with respect to which an Indemnified Party is otherwise involved (including as a witness), arising in whole or in part out of or pertaining in whole or in part to the fact that the Indemnified Party is or was an officer or director of, or an individual performing an equivalent function for, the Company or any of its subsidiaries (including any Proceeding arising out of or pertaining to matters occurring or existing or alleged to have occurred or existed, or acts or omissions occurring or alleged to have occurred, at or prior to the Effective Time, or arising out of or pertaining to this Agreement and the transactions and actions contemplated hereby), (i) Parent shall, or shall cause the Surviving Corporation to, advance fees, costs and expenses (including attorney's fees and disbursements) incurred by each Indemnified Party in connection with and prior to the final disposition of such Proceedings, such fees, costs and expenses (including attorneys' fees and disbursements) to be advanced within thirty (30) Business Days after receipt by Parent from the Indemnified Party of a written request therefor; provided, that any person to whom expenses are advanced provides an undertaking, if not prohibited by the NMBCA, to repay such advances if it is ultimately determined that such person is not entitled to indemnification, (ii) neither Parent nor the Surviving Corporation shall settle, compromise or consent to the entry of any judgment in any civil Proceeding in which indemnification could reasonably be sought by such Indemnified Party hereunder, unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all civil liability arising out of such Proceeding or such Indemnified Party otherwise consents (for the avoidance of doubt, this clause (ii) does not apply to criminal or quasi-criminal liabilities from or arising out of any Proceedings), and (iii) the Surviving Corporation shall reasonably cooperate in the defense of any such matter. In the event any claim for indemnification is asserted or made by any Indemnified Party pursuant to this Section 6.10, any determination required to be made with respect to whether such Indemnified Party's conduct complies with the standards under the NMBCA, the Surviving Corporation Charter or other applicable Law shall be made by independent legal counsel selected by the Surviving Corporation. In the event any Proceeding is brought against any Indemnified Party and in which indemnification could be sought by such Indemnified Party under this Section 6.10, (A) the Surviving Corporation shall have the right to control the defense thereof after the Effective Time (it being understood that, by electing to control the defense thereof, the Surviving Corporation will be deemed to have waived any right to object to the Indemnified Party's entitlement to indemnification hereunder with respect thereto), (B) each Indemnified Party shall be entitled to retain his or her own counsel, whether or not the Surviving Corporation shall elect to control the defense of any such Proceeding, and (C) no Indemnified Party shall be liable for any settlement that is effected without his or her prior express written consent (not to be unreasonably withheld, conditioned or delayed) other than settlements only for payment in cash in an amount not to exceed such Indemnified Party's right to indemnification under this Section 6.10.

(b) Any Indemnified Party wishing to claim indemnification under Section 6.10(a), upon learning of any such Proceeding, shall promptly notify Parent thereof, but the failure to so notify shall not relieve Parent or the Surviving Corporation of any liability it may have to such Indemnified Party except to the extent such failure materially prejudices the indemnifying Party.

(c) For six (6) years after the Effective Time, Parent shall cause to be maintained in effect provisions in the Surviving Corporation Charter and Surviving Corporation Bylaws (or in such documents of any successor to the business of the Surviving Corporation) regarding elimination of liability of directors, indemnification of Indemnified Parties and advancement of expenses, solely to the extent affecting the Indemnified Parties (in their capacity as such) that are no less advantageous to the Indemnified Parties than the corresponding provisions in the Company Articles of Incorporation and Company Bylaws in existence on the date of this Agreement.

(d) Prior to the Effective Time, the Company shall or, if the Company is unable to, Parent shall and shall cause the Surviving Corporation as of the Effective Time to, obtain and fully pay the premium for the non-cancellable "tail" insurance policies with respect to the Company's existing directors' and officers' insurance policies and the Company's existing fiduciary liability insurance policies (collectively, "D&O Insurance"), in each case for a claims reporting or discovery period of at least six (6) years from and after the Effective Time with respect to any claim related to any period of time at or prior to the Effective Time from an insurance carrier with the same or better credit rating as the Company's current insurance carrier with respect to D&O Insurance with benefits and levels of coverage that are no less favorable than the benefits and levels of coverage provided under the Company's existing policies with respect to any actual or alleged error, misstatement, misleading statement, act, omission, neglect, breach of

duty or any matter claimed against a director or officer of the Company or any of its subsidiaries by reason of him or her serving in such capacity that existed or occurred at or prior to the Effective Time (including in connection with this Agreement or the transactions or actions contemplated hereby). If the Company or the Surviving Corporation for any reason fails to obtain such “tail” insurance policies as of the Effective Time, the Surviving Corporation shall, and Parent shall cause the Surviving Corporation to, continue to maintain in effect, for a period of at least six (6) years from and after the Effective Time, the D&O Insurance in place as of the date hereof with the Company’s current insurance carrier or with an insurance carrier with the same or better credit rating as the Company’s current insurance carrier with respect to D&O Insurance with benefits and levels of coverage that are no less favorable than the benefits and levels of coverage provided under the Company’s existing policies as of the date hereof, or the Surviving Corporation shall purchase from the Company’s current insurance carrier, or from an insurance carrier with the same or better credit rating as the Company’s current insurance carrier with respect to D&O Insurance, comparable D&O Insurance for such six (6)-year period with benefits and levels of coverage that are no less favorable than as provided in the Company’s existing policies as of the date hereof; provided, however, that in no event shall Parent or the Surviving Corporation be required to expend for such policies pursuant to this sentence an annual premium amount in excess of three hundred percent (300%) of the amount per annum the Company paid in its last full fiscal year, which amount is set forth on Section 6.10(d) of the Company Disclosure Schedule; and provided, further, that if the aggregate premiums of such insurance coverage exceed such amount, the Surviving Corporation shall be obligated to obtain a policy with the greatest coverage available, with respect to matters occurring prior to the Effective Time, for a cost not exceeding such amount.

(e) Notwithstanding anything herein to the contrary, if an Indemnified Party is a party to or is otherwise involved (including as a witness) in any Proceeding with respect to which such Indemnified Party is entitled to indemnification under this Section 6.10 (whether arising before, at or after the Effective Time) on or prior to the sixth (6th) anniversary of the Effective Time, the provisions of this Section 6.10 shall continue in effect until the final disposition of such Proceeding.

(f) If Parent, the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 6.10.

(g) The rights of each Indemnified Party under this Section 6.10 shall be in addition to any rights such Person may have under the Company Articles of Incorporation or Company Bylaws or any the Organizational Documents of any subsidiary of the Company, under the NMBCA or any other applicable Law or under any agreement of any Indemnified Party with the Company or any of its subsidiaries. These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Party.

SECTION 6.11 Transaction Litigation. In the event that any shareholder litigation related to this Agreement, the Merger or the other transactions contemplated by this Agreement is brought, or to the Company’s knowledge, threatened in writing against the Company or any members of the Company Board of Directors after the date of this Agreement and prior to the Effective Time (the “Transaction Litigation”), the Company shall promptly notify Parent of any such Transaction Litigation and shall keep Parent reasonably informed with respect to the status thereof. The Company shall give Parent the opportunity to participate, at Parent’s expense, in the defense and settlement of any Transaction Litigation and give due consideration to Parent’s views with respect thereto, and the Company shall not settle or agree to settle any Transaction Litigation without Parent’s prior written consent (which consent shall not be unreasonably withheld, delayed or conditioned), except if such Transaction Litigation is settled solely for monetary damages entirely paid for with proceeds of insurance (other than the deductible under any insurance policy(ies) in effect as of the date of this Agreement).

SECTION 6.12 Parent and Merger Sub.

(a) Prior to the Effective Time, neither Parent nor Merger Sub shall engage in any activity of any nature except for activities related to or in furtherance of the transactions contemplated by this Agreement.

(b) Parent hereby (i) guarantees the due, prompt and faithful payment performance and discharge by Merger Sub of, and compliance by Merger Sub with, all of the covenants and agreements of Merger Sub under this Agreement and (ii) agrees to take all actions necessary, proper or advisable to ensure such payment, performance and discharge by Merger Sub and the Surviving Corporation hereunder.

SECTION 6.13 Rule 16b-3. Prior to the Effective Time, the Company shall use commercially reasonable efforts to take such steps as may be reasonably necessary or advisable hereto to cause any dispositions of Company equity securities (including derivative securities) pursuant to the transactions contemplated by this Agreement by each individual (including any Person who is deemed to be a “director by deputization” under applicable securities Laws) who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act.

SECTION 6.14 Dividend. If the Closing Date occurs after the record date for a regular quarterly cash dividend payable to holders of the Company Shares and prior to the payment date of such dividend (the “Final Quarterly Dividend”), then the Surviving Corporation will cause to be paid, out of the Exchange Fund, the Final Quarterly Dividend following the Closing on the scheduled payment date for such dividend.

SECTION 6.15 Further Assistance.

(a) During the Interim Period, subject to the conditions and limitations and upon the terms of this Agreement, each Party shall use commercially reasonable efforts (subject to, and in accordance with, applicable Law and the terms of this Agreement) to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, and to assist and cooperate with the other Parties in doing, all things reasonably necessary, proper or advisable under applicable Law to carry out the intent and purposes of this Agreement, to fulfill and satisfy each condition within the control of such Party and to consummate and make effective the transactions contemplated by this Agreement, including the Merger. Without limiting the generality of the foregoing, subject to the conditions and limitations and upon the terms of this Agreement, each Party shall reasonably cooperate with the other Parties, shall execute and deliver such further documents, certificates, agreements and instruments and shall take such other actions as may be reasonably requested by the other Parties to evidence or reflect the transactions contemplated by this Agreement (including the execution and delivery of all documents, certificates, agreements and instruments reasonably necessary for all filings hereunder).

(b) As promptly as practicable after the date of this Agreement and to the extent not prohibited by applicable Law, the Company and Parent shall establish a transition committee (the “Transition Committee”) consisting of two (2) representatives designated by each of the Company and Parent. The activities of the Transition Committee shall include, to the extent not prohibited by applicable Law, the development of regulatory plans and proposals, the facilitation of the transfer of information between the Parties and other matters as the Transition Committee deems appropriate. Parent shall designate one (1) of its two (2) representatives on the Transition Committee as the primary contact person for the Company at Parent (the “Parent Contact”). The Company shall designate one (1) of its two (2) representatives on the Transition Committee as the primary contact person for Parent at the Company (the “Company Contact”). In the event that the Company elects to request that Parent consent to any action or matter involving the Company or any of its subsidiaries as is contemplated by Section 5.1, as applicable, the Company Contact shall make all such requests to the Parent Contact, and Parent agrees that it will use its commercially reasonable efforts to cause the Parent Contact to respond as promptly as practicable to any such request, taking into account the nature of the request, the circumstances under which the request is made and the timing indicated in the request. The Parent Contact shall initially be the individual set forth on Section 6.15(b) of the Parent Disclosure Schedule (and may be changed by Parent from time to time by written notice from Parent to the Company) and the Company Contact shall initially be the individual set forth on Section 6.15(b) of the Company Disclosure Schedule (and may be changed by the Company from time to time by written notice from the Company to Parent after consultation between Parent and the Company).

SECTION 6.16 State Anti-Takeover Statutes. Without limiting anything contained in this Agreement, each of the Company and Parent shall (a) take all action within its power to ensure that no state anti-takeover statute or similar statute or regulation is or becomes applicable to this Agreement, the Merger or any of the other transactions contemplated by this Agreement, and (b) if any state anti-takeover statute or similar statute or

regulation becomes applicable to this Agreement, the Merger or any of the other transactions contemplated by this Agreement, take all action within its power to ensure that the Merger and the other transactions contemplated by this Agreement may be consummated as promptly as reasonably practicable on the terms contemplated by this Agreement and otherwise to minimize the effect of such statute or regulation on the Merger and the other transactions contemplated by this Agreement.

SECTION 6.17 Company Indebtedness.

(a) Promptly after the date hereof, the Company shall, and shall cause each of its subsidiaries to, execute and deliver to each of the lenders (either directly or through the applicable administrative or other agent for the lenders) with respect to the indebtedness of the Company and its subsidiaries set forth on Section 6.17 of the Company Disclosure Schedule (the “Existing Lenders”) one or more notices (each, an “Existing Loan Notice”) prepared by the Company, in form and substance reasonably acceptable to Parent, notifying each of the Existing Lenders of this Agreement and the contemplated Merger. The Existing Loan Notice with respect to one or more of the Existing Lenders shall include a request for a consent or waiver, in form and substance reasonably acceptable to Parent (an “Existing Loan Consent” and the indebtedness related to each such Existing Loan Consent, the “Existing Credit Facility”), to (i) in the case of the initial Existing Loan Notice to be provided to an Existing Lender immediately following the date hereof, the execution of this Agreement, and (ii) certain modifications of (or waivers under or other changes to) any agreement or documentation relating to the Company’s or its subsidiaries’, as applicable, relationship with such Existing Lender. Parent and Merger Sub acknowledge and agree that the obtaining of any Existing Loan Consent is not a condition to the Closing. Each party shall be responsible for its own fees and other liabilities (including any consent fees or any other fees, costs, expenses or other amounts payable to or on behalf of the Existing Lenders, which shall all be payable by the Company) incurred in connection with this Section 6.17 and the Existing Loan Consents. If any Existing Loan Consent with respect to the related Existing Credit Facility has not been received by the Company within fifteen (15) days from the date hereof, the Company shall, and shall cause the applicable subsidiary that is a borrower under such Existing Credit Facility to, terminate the commitments in respect of such Existing Credit Facility in full and repay all obligations owed thereunder (if any) by borrowing the full payoff amount under the TXNM Backstop Facility, and to the extent any such payoff amount is owed by a subsidiary, the Company shall promptly contribute the proceeds of its borrowing to such subsidiary. Notwithstanding anything set forth above to the contrary, if any Existing Credit Facility is a term loan facility and an Existing Loan Consent is received in respect of such Existing Credit Facility or if the TXNM Backstop Facility is drawn to refinance such Existing Credit Facility, the Company shall use its commercially reasonable efforts to repay or refinance such Existing Credit Facility or such portion of the TXNM Backstop Facility in full on or prior to the maturity thereof. The Company shall keep Parent reasonably informed about such transaction, including by furnishing Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to such equity offering promptly upon execution thereof.

(b) Immediately prior to or concurrently with the Effective Time, Parent and Merger Sub shall pay by wire transfer of immediately available funds into the accounts and in the amounts identified in those payoff letters delivered at the request of Parent pursuant to Section 6.19(a)(ix).

(c) With respect to the TNMP Bonds:

(i) If TNMP seeks to incur Permitted Permanent Bond Replacement Financing without any borrowing under the TNMP Backstop Facility, the Company shall (A) promptly notify Parent in writing of such election and provide Parent with reasonable details of such transaction prior to the consummation thereof and (B) furnish to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to the Permitted Permanent Bond Replacement Financing promptly upon execution thereof.

(ii) If all or any portion of the TNMP Backstop Facility is drawn pursuant to the terms thereof in connection with payments for the Offers to Purchase, the Company shall cause TNMP to use commercially reasonable efforts to incur Permitted Permanent Bond Replacement Financing and use the proceeds thereof to repay the TNMP Backstop Facility. The Company shall, and shall cause TNMP to

keep Parent reasonably informed about such transaction, including by furnishing to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to the Permitted Permanent Bond Replacement Financing promptly upon execution thereof.

(d) Promptly after the date hereof and in accordance with the TNMP Mortgage Indenture, the Company shall, and shall cause its controlled Affiliates and Representatives to use its and their respective reasonable best efforts to commence one or more offers to purchase all of the outstanding TNMP Bonds for cash (the “Offers to Purchase”). On or prior to the applicable repayment date set forth in the Offers to Purchase, the Company shall cause TNMP to borrow under the TNMP Backstop Facility all amounts necessary to complete such purchase on the applicable repayment date and use the proceeds of such borrowing to make such purchase on such repayment date. Not prior to completion of the Offers to Purchase (and, if prior to completion of the Permitted Permanent Bond Replacement Financing, so long as not disruptive to the completion of such Permitted Permanent Bond Replacement Financing, as determined in the reasonable judgment of the Company (after consultation with Parent) and its underwriters, initial purchasers or placement agents, as applicable), at the request of Parent, the Company shall conduct consent solicitations to obtain from the requisite holders thereof consent to certain amendments to the TNMP Mortgage Indenture as set forth on Section 6.17(d) of the Company Disclosure Schedule (the “Consent Solicitations”). Any such Offers to Purchase shall be funded using consideration provided by the Company, and the Company shall be responsible for all other liabilities, fees and expenses incurred in connection with the Offers to Purchase. Except as provided in Section 6.17(d) of the Company Disclosure Schedule, the Company shall be responsible for all liabilities, fees and expenses incurred in connection with the Consent Solicitations. Any Consent Solicitations shall be made on customary terms and conditions as are reasonably proposed by Parent, are reasonably acceptable to the Company and are permitted or required by the terms of the TNMP Mortgage Indenture and applicable Laws, including applicable rules and regulations of the SEC. Subject to the receipt of the requisite consents, in connection with any or all of the Consent Solicitations, the Company shall execute supplemental indentures to the TNMP Mortgage Indenture in accordance with the terms thereof amending the terms and provisions of such indenture in a form as reasonably requested by Parent and reasonably acceptable to the Company; provided that the Company may require any such amendment to become effective only upon consummation of the transactions contemplated by this Agreement. In connection with the Consent Solicitations, except as set forth on Section 6.17(d) of the Company Disclosure Schedule, at the Company’s sole cost and expense, the Company shall, and shall cause the subsidiaries of the Company to, and shall use reasonable best efforts to cause its and their respective controlled Affiliates and Representatives to, on a timely basis, (A) cause the Company’s Representatives to furnish any customary certificates or legal opinions, (B) provide reasonable cooperation to the solicitation agents or similar agents in any Consent Solicitations in connection with their related diligence activities, including providing access to documentation reasonably requested by such persons, and (C) provide reasonable assistance in the preparation of customary documentation, which may incorporate, by reference, periodic and current reports filed by the Company with the SEC. The solicitation agent, information agent, or other agent retained in connection with any Consent Solicitations will be selected by the Company and be reasonably acceptable to Parent and the fees and expenses of such agents will be paid directly by the Company.

(e) The Company shall, and shall cause TNMP to, use their respective reasonable best efforts to maintain in effect the Backstop Facilities and comply with all of their respective obligations thereunder. The Company shall, and shall cause TNMP to, satisfy on a timely basis all of the conditions to borrowings under the applicable Backstop Facility when and if any borrowing thereunder would be required hereunder. The Company shall give Parent prompt notice if the Company receives notice of any breach or default (or alleged or purported breach or default) by any party to the Backstop Facilities of which the Company has become aware or any termination or repudiation (or alleged or purported termination or repudiation) of any Backstop Facility.

(f) The Company shall not, and shall cause TNMP not to, without Parent’s prior written consent, permit any amendment, supplement, modification, assignment, termination, replacement or waiver to be made to, or consent to any waiver of, any provision of or remedy under the applicable Backstop Facility if such amendment, supplement, modification, termination, assignment, replacement or waiver would or would reasonably be expected to (i) except as expressly contemplated under the terms thereof, reduce the commitment amounts thereunder, (ii) impose new or additional conditions to the Backstop Facilities or

otherwise expand, amend or modify any of the existing conditions to the applicable Backstop Facilities, (iii) materially and adversely impact the ability of Parent or Merger Sub to enforce its rights against any other party to the applicable Backstop Facilities (iv) otherwise expand, amend, modify or waive any provision of the applicable Backstop Facilities in a manner that in any such case would or would reasonably be expected to prevent, materially delay or make materially less likely any funding under the Backstop Facilities when such funding is required hereunder or (v) include any provision that would require the Company or TNMP to pay any fee or premium conditioned upon the consummation of the transactions contemplated hereunder or include any modification that is adverse to the Company or Parent in any material respect.

(g) If (i) all or a portion of a Backstop Facility becomes unavailable prior to its termination in full in accordance with the terms thereof or (ii) there are any borrowings under any Backstop Facility, then in each such case, the Company shall, and shall cause TNMP to, as applicable, use their respective commercially reasonable efforts to incur one or more Permitted Replacement Backstop Facilities to replace or refinance such Backstop Facility in full (or to the extent there is any borrowing thereunder, in the amount of such borrowing), other than the portion of such Backstop Facility drawn to refinance a term loan facility (which will be repaid prior to the maturity thereof in accordance with Section 6.17(a)), (x) with respect to clause (i) above, promptly, and (y) with respect to clause (ii) above, at least 45 days before the scheduled maturity of such Backstop Facility. The Company shall keep Parent reasonably informed of its progress to obtain such Permitted Replacement Backstop Facilities. Upon obtaining any Permitted Replacement Backstop Facility pursuant to this Section 6.17(g), the terms set forth in this Agreement applicable any Backstop Facility shall apply equally to such Permitted Replacement Backstop Facility received in lieu thereof and each reference to a Backstop Facility shall be deemed to include a reference to such Permitted Replacement Backstop Facility.

(h) If the Company or any subsidiary of the Company seeks to incur any indebtedness pursuant to the items listed on Section 5.1(c)(x) of the Company Disclosure Schedule, the Company shall promptly notify Parent of its decision and provide Parent with reasonable details of such transaction prior to the consummation thereof and upon execution thereof, promptly furnish to Parent a copy of any agreement, term sheet, engagement letter or other documentation relating to such indebtedness.

(i) After the date hereof and prior to the Effective Time, the Company shall promptly provide Parent with notice of (i) its receipt of any Notice of Conversion (as defined in the Indenture governing the Convertible Notes, dated as of June 10, 2024, by and between PNM Resources, Inc. and Computershare Trust Company, N.A. (the “Convertible Notes Indenture”)), (ii) the principal amount of Convertible Notes to be converted pursuant to such Notice of Conversion and amount of the Company’s Conversion Obligation (as defined in the Convertible Notes Indenture), including the number of shares of Company Common Stock and principal amount of junior subordinated non-convertible notes to be issued in connection with such conversion and the amount of cash to be paid in lieu of any fractional shares of Company Common Stock, (iii) the Conversion Rate (as defined in the Convertible Notes Indenture) applicable to such conversion, and (iv) the proposed Conversion Date for such conversion (as defined in the Convertible Notes Indenture). As reasonably requested by Parent, the Company shall provide Parent with the position listing of the Convertible Notes, and notwithstanding anything to the contrary herein or in the Stock Purchase Agreement, Parent shall be permitted to engage or participate in, or otherwise facilitate through its Representatives, discussions with holders of Convertible Notes. The Company shall not make any change to the terms of the Convertible Notes Indenture or otherwise take any action (other than the payment of any dividend permitted under this Agreement) that would result in a change to the Conversion Rate (as defined in the Convertible Notes Indenture) without the prior written consent of Parent.

SECTION 6.18 Parent Financing.

(a) Parent will not permit any amendment or modification to be made to, or any waiver of any provision or remedy pursuant to, the Equity Commitment Letter. Any reference in this Agreement to (i) the “Equity Commitment Letter” will include such document as amended or modified in compliance with this Section 6.18(a) and (ii) the “Equity Financing” will include the financing contemplated by the Equity Commitment Letter, as amended or modified in compliance with this Section 6.18(a).

(b) Each of Parent and Merger Sub acknowledges and agrees that obtaining the Equity Financing and the Parent Debt Financing is not a condition to the Closing or the enforcement of the Guarantee. If the

Equity Financing or the Parent Debt Financing has not been funded, Parent and the Merger Sub will each continue to be obligated, subject to the satisfaction or waiver (to the extent waivable) of the conditions set forth in Article VII, to consummate the Merger, including by taking the actions required to be taken by Parent and Merger Sub pursuant to Section 6.18(c).

(c) Each of Parent and Merger Sub shall use its reasonable best efforts to, and shall use its reasonable best efforts to cause each of its respective Affiliates and Representatives to, (i) maintain in effect the Equity Commitment Letter in accordance with the terms and subject to the conditions thereof; (ii) comply with its obligations under the Equity Commitment Letter; and (iii) subject to the satisfaction or waiver (to the extent waivable) of the conditions set forth in Section 7.1 and Section 7.2, consummate the Equity Financing at or prior to the Closing.

(d) Each of Parent and Merger Sub shall use its reasonable best efforts to maintain in effect the Parent Debt Commitment Letters and comply with all of their respective obligations thereunder to the extent required as a condition to the Parent Debt Financing. Solely to the extent any amount remains outstanding under the TNMP Backstop Facility or under any Permitted Replacement Backstop Facility in respect the TNMP Backstop Facility after the Company has complied with its obligations under Section 6.17 applicable thereto, each of Parent and Merger Sub shall use its reasonable best efforts to consummate the portion of the Parent Debt Financing contemplated to refinance such facility on the terms and conditions thereof (as the same may be amended or otherwise modified in accordance with the terms of this Agreement and including any “market flex” provisions thereof) on or prior to the Closing Date, including (i) negotiating, entering into and delivering definitive agreements (the “Definitive Agreements”) with respect to such portion of the Parent Debt Financing reflecting the terms contained in the applicable Parent Debt Commitment Letters (including any “market flex” provisions thereof) (or with other terms agreed by Parent and the Parent Debt Financing Sources, subject to the restrictions on amendments and other modifications of the Parent Debt Commitment Letters set forth below), so that such agreements are in effect no later than the Closing and (ii) satisfying on a timely basis all the conditions to the Parent Debt Financing and the Definitive Agreements related thereto that are applicable to Parent and Merger Sub.

(e) Parent and Merger Sub shall keep the Company reasonably informed on a current and timely basis of the status of Parent’s and Merger Sub’s efforts to obtain the Parent Debt Financing and, if applicable, to satisfy the conditions thereof, including (i) to the extent applicable, advising and updating the Company in a reasonable level of detail, with respect to status, proposed closing date and material terms of the definitive documentation related to the Parent Debt Financing, (ii) to the extent applicable, providing copies of substantially final drafts of the credit agreement and other primary definitive documents, (iii) notifying the Company if for any reason at any time Parent believes that it may not be able to obtain all or any portion of the Parent Debt Financing on the terms, in the manner or from the sources contemplated by the Parent Debt Commitment Letters and (iv) giving the Company prompt notice if Parent receives notice of any breach or default (or alleged or purported breach or default) by any party to the Parent Debt Commitment Letters of which Parent has become aware or any termination or repudiation (or alleged or purported termination or repudiation) of the Parent Debt Commitment Letters.

(f) Neither Parent nor Merger Sub shall, without the Company’s prior written consent: permit any amendment, supplement, modification assignment termination replacement or waiver to be made to, or consent to any waiver of, any provision of or remedy under any of the Parent Debt Commitment Letters or, if applicable, Definitive Agreements if such amendment, supplement, modification, termination, assignment, replacement or waiver would or would reasonably be expected to (i) except as expressly contemplated under the Parent Debt Commitment Letters, reduce the aggregate amount of the Parent Debt Financing (including by increasing the amount of fees to be paid or original issue discount) below the Required Amount (when taken together with other sources of funds immediately available to Parent (including additional equity commitments that will be funded in lieu thereof)), (ii) impose new or additional conditions to the Parent Debt Financing or otherwise expand, amend or modify any of the existing conditions to the Parent Debt Financing, (iii) materially and adversely impact the ability of Parent or Merger Sub to enforce its rights against any other party to any of the Parent Debt Commitment Letters or, if applicable, Definitive Agreements or (iv) otherwise expand, amend, modify or waive any provision of any of the Parent Debt Commitment Letters or, if applicable, Definitive Agreements in a manner that in any such case would or would reasonably be expected to prevent, materially delay or make materially less likely (A) the funding of

the Parent Debt Financing in an amount no less than the Required Amount (or satisfaction of the conditions to the Parent Debt Financing) at the time such Parent Debt Financing is contemplated to be funded or (B) the timely consummation of the Merger and the other transactions contemplated hereby (the effects described in clauses (i) through (iv), the “Prohibited Modifications”); provided that for the avoidance of doubt, Parent and Merger Sub shall be permitted to amend the Parent Debt Commitment Letters to add additional commitment parties thereto. Parent and Merger Sub shall promptly deliver to the Company copies of any termination, amendment, supplement, modification, waiver or replacement of any Parent Debt Commitment Letter or, if applicable, Definitive Agreement and each other agreement entered into in connection therewith (provided that any fee letter may be redacted consistent with the fee letters delivered by Parent and Merger Sub on the date hereof) other than any amendment entered into to add additional commitment parties thereto. In the event that any termination, amendment, replacement, supplement, modification or waiver of any Parent Debt Commitment Letter or, if applicable, Definitive Agreement permitted pursuant to this Section 6.18, references to the “Parent Debt Financing,” “Parent Debt Financing Sources,” “Parent Debt Financing Entities”, “Definitive Agreements” and “Parent Debt Commitment Letters” (and other like terms in this Agreement) shall be deemed to refer to the Parent Debt Financing as so amended, replaced, supplemented, modified or waived.

(g) In the event any portion of the Parent Debt Financing becomes unavailable on the terms and conditions (including any “flex” provisions) contemplated in the Parent Debt Commitment Letters for any reason other than pursuant to its express terms (i) Parent shall promptly notify the Company in writing and (ii) Parent and Merger Sub shall use their reasonable best efforts to obtain alternative debt financing commitments from alternative debt financing sources (the “Parent Alternative Financing,” which shall also constitute a “Parent Debt Financing”) in an amount, sufficient to replace the amounts contemplated by the portion of the Parent Debt Financing that is unavailable as promptly as practicable following the occurrence of such event and, promptly after execution thereof, deliver to the Company true, complete and correct copies of the new commitment letter(s) and all related fee letter(s) (subject to redaction consistent with those fee letters delivered by the Parent as of the date hereof), which Parent Alternative Financing would not (A) include any terms and conditions that are materially less beneficial to Parent and Merger Sub taken as a whole than those that are set forth in the Parent Debt Commitment Letters as of the date hereof (including any “flex” provisions) (provided that such reasonable best efforts shall not include requiring Parent and Merger Sub to pay any additional fees or to increase any interest rates applicable to the Parent Debt Financing in excess of the amount set forth in the Parent Debt Commitment Letter (including any “flex” provisions) on the date hereof), (B) including any conditions to funding the Parent Debt Financing that are not contained in the Parent Debt Commitment Letters as of the date hereof and (C) be reasonably expected to prevent, impede or delay the consummation of the Parent Debt Financing or such Parent Alternative Financing or the transactions contemplated by this Agreement.

SECTION 6.19 Parent Debt Financing Cooperation.

(a) During the Interim Period, subject to the limitations set forth in this Section 6.19, and unless otherwise agreed by Parent, the Company will use its reasonable best efforts to, and will use its reasonable best efforts to cause its Representatives to, cooperate with Parent and Merger Sub as reasonably requested by Parent in connection with Parent’s arrangement and obtainment of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing). Such cooperation will include:

(i) using reasonable best efforts to cooperate with the marketing efforts of Parent for all or any part of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing), including making appropriate officers reasonably available, with appropriate advance notice, for participation in a reasonable number of lender or investor meetings, due diligence sessions, meetings with ratings agencies and road shows, and reasonable assistance in the preparation of confidential information memoranda, private placement memoranda, prospectuses, lender and investor presentations, and similar documents as may be reasonably requested by Parent with respect to information relating to the Company in connection with such marketing efforts;

(ii) furnishing Parent and the Parent Debt Financing Sources with the Required Financial Information and any other information with respect to the Company as is reasonably requested by

Parent or any Parent Debt Financing Source and is customarily (A) required for the marketing, arrangement and syndication of financings similar to the Parent Debt Financing or (B) used in the preparation of customary offering or information documents or rating agency, lender presentations or road shows relating to the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing);

(iii) using reasonable best efforts to cooperate with the due diligence of the Parent Debt Financing Sources and their Representatives, to the extent customary and reasonable including the provision of all such information reasonably requested with respect to the property and assets of the Company and by providing to counsel of Parent customary back-up certificates to support any customary legal opinions that such counsel may be required to deliver in connection with any Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing);

(iv) requesting the Company's independent registered accounting firm or other applicable third-party advisor to use reasonable best efforts (A) to provide customary comfort letters (including "negative assurance" comfort) in connection with any capital markets transaction comprising any permanent financing consummated in lieu of any portion of the Parent Debt Financing or any Parent Alternative Financing, in each case in form and substance customary for offerings of debt securities to the extent applicable, and (B) to provide any necessary consents (including, with respect to the Company's independent registered accounting firm, to the inclusion of its audit report in respect of any financial statements of the Company included or incorporated in any of the applicable financing materials referred to in Section 6.19(a)(i));

(v) (A) providing customary authorization and representation letters related to the Parent Debt Financing and backup certificates set forth in clause (iii) above and (B) obtaining or providing certificates as are customary in financings of such type and other customary documents (other than legal opinions) relating to the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing) as reasonably requested by Parent;

(vi) furnishing all documentation and other information required by a Governmental Entity or any Parent Debt Financing Source under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT ACT (Title III of Pub. L. 10756 (signed into law October 26, 2001)), and/or the requirements of 31 C.F.R. § 1010.230 at least three (3) Business Days prior to the anticipated Closing Date to the extent reasonably requested by Parent at least ten (10) Business Days prior to the anticipated Closing Date;

(vii) using reasonable best efforts to assist Parent in obtaining any credit ratings from rating agencies contemplated by any debt commitment letters with Parent Debt Financing Sources;

(viii) taking all reasonable and customary organizational action, subject to the occurrence of the Closing, reasonably requested by Parent and necessary to permit and/or authorize the consummation of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing); and

(ix) using reasonable best efforts to deliver payoff or similar notices with respect to any existing indebtedness of the Company or any subsidiary thereof identified on Section 4.12(a) of the Company Disclosure Schedule requested by Parent at least ten (10) Business Days prior to the Closing Date to the applicable agents, trustees or financing sources thereunder within the time frames required by the terms of such indebtedness.

(b) Notwithstanding anything to the contrary contained in this Agreement (including this Section 6.19) (i) nothing in this Agreement (including this Section 6.19) shall require any such cooperation to the extent that it would (A) require the Company or any subsidiary thereof to pay any commitment or other fees, reimburse any expenses not indemnified hereunder or otherwise incur any liabilities or give any indemnities prior to the Closing, (B) unreasonably interfere with the ongoing business or operations of the Company or any subsidiary thereof, (C) require the Company or any subsidiary thereof to enter into or approve any agreement or other documentation effective prior to the Closing Date except as set forth in Section 6.19(a)(v)(A) above, (D) result in any conflict with the Company Articles of Incorporation, the

Company Bylaws or the Organizational Documents of any of the Company's subsidiaries (or obligate the Company or any of Company's subsidiaries to amend the Company Articles of Incorporation, the Company Bylaws or the Organizational Documents of any of the Company's subsidiaries other than amendments that would not be effective prior to Closing), (E) reasonably be expected to result in a violation or breach of, or a default (with or without notice, lapse of time or both) under, any Company Material Contract to which the Company or any subsidiary thereof is a party including this Agreement, (F) reasonably be expected to result in a violation of applicable Law (including with respect to privacy of employees), (G) reasonably be expected to threaten the loss of any attorney-client privilege or other applicable legal privilege, or (H) obligate the Company or its subsidiaries to breach a contractual obligation of confidentiality or (I) obligate the Company or any of its subsidiaries to deliver (1) legal opinions or reliance letters or any certificate as to solvency or any other certificate necessary for the Parent Debt Financing, other than as contemplated by Section 6.19(a)(v)(A), (2) any pro forma financials or other financial information in a form not customarily prepared by the Company with respect to such period or (3) any financial statements or other financial information other than the Required Financial Information; and (ii) no action, liability or obligation (including any obligation to pay any commitment or other fees or reimburse any expenses) of the Company or any subsidiary thereof or Representatives under any certificate, agreement, arrangement, document or instrument relating to the Parent Debt Financing (other than as contemplated by Section 6.19(a)(v)(A)) shall be effective until the Closing. The Company hereby consents to the use of its logos in connection with the Parent Debt Financing in a form and manner mutually agreed with the Company; provided, however, that such logos are used solely in a manner that is not intended, or reasonably likely, to harm or disparage the Company or the reputation or goodwill of any of the foregoing.

(c) PARENT SHALL (I) PROMPTLY, UPON REQUEST BY THE COMPANY, REIMBURSE THE COMPANY AND ITS SUBSIDIARIES FOR ALL OF THEIR REASONABLE AND DOCUMENTED OUT-OF-POCKET FEES AND EXPENSES (INCLUDING FEES AND EXPENSES OF COUNSEL AND ACCOUNTANTS) INCURRED BY THE COMPANY, ITS SUBSIDIARIES OR ANY OF ITS OR THEIR REPRESENTATIVES IN CONNECTION WITH ANY COOPERATION CONTEMPLATED BY THIS SECTION 6.19 (OTHER THAN ANY SUCH EXPENSE THAT WILL BE INCURRED BY THE COMPANY OR ITS SUBSIDIARIES IN THE ORDINARY COURSE OF BUSINESS REGARDLESS OF WHETHER ANY ASSISTANCE IS REQUESTED UNDER THIS SECTION 6.19) AND (II) INDEMNIFY AND HOLD HARMLESS THE COMPANY, ITS SUBSIDIARIES AND ITS AND THEIR REPRESENTATIVES AGAINST ANY CLAIM, LOSS, DAMAGE, INJURY, LIABILITY, JUDGMENT, AWARD, PENALTY, FINE, COST (INCLUDING COST OF INVESTIGATION), REASONABLE AND DOCUMENTED OUT OF POCKET EXPENSE (INCLUDING FEES AND EXPENSES OF COUNSEL AND ACCOUNTANTS) OR SETTLEMENT PAYMENT INCURRED AS A RESULT OF, OR IN CONNECTION WITH, SUCH COOPERATION OR THE PARENT DEBT FINANCING AND ANY INFORMATION USED IN CONNECTION THEREWITH OTHER THAN THOSE CLAIMS, LOSSES, DAMAGES, INJURIES, LIABILITIES, JUDGMENTS, AWARDS, PENALTIES, FINES, COSTS, EXPENSES AND SETTLEMENT PAYMENT ARISING OUT OF OR RESULTING FROM THE GROSS NEGLIGENCE, FRAUD, BAD FAITH OR WILLFUL MISCONDUCT OF THE COMPANY OR ANY OF ITS SUBSIDIARIES OR ANY OF ITS AND THEIR REPRESENTATIVES.

ARTICLE VII

CONDITIONS OF MERGER

SECTION 7.1 Conditions to Obligation of Each Party to Effect the Merger. The respective obligations of each Party to effect the Merger shall be subject to the satisfaction or (to the extent permitted by applicable Law) waiver at or prior to the Effective Time of the following conditions:

(a) Company Shareholder Approval. This Agreement shall have been duly adopted and approved by holders of shares of Company Common Stock constituting the Company Requisite Vote;

(b) No Legal Restraint. No Law or Judgment (whether temporary, preliminary or permanent) shall be in effect that prohibits, restrains enjoins, or otherwise prevents the consummation of the Merger (any such Law or Judgment, a "Legal Restraint"), and any agreement between Parent or the Company with the Federal Trade Commission or Antitrust Division of the U.S. Department of Justice to not effect the Merger shall have expired or been terminated; and

(c) Required Regulatory Approvals. The Consents or Filings on Section 3.5(b)(i) of the Company Disclosure Schedule (the “Company Regulatory Approvals”) and Section 4.5(b)(i) of the Parent Disclosure Schedule (the “Parent Regulatory Approvals” and together with the Company Regulatory Approvals, the “Required Regulatory Approvals”), shall have been duly obtained, made or given, and all terminations or expirations of applicable waiting periods imposed by any Governmental Entity with respect to the transactions contemplated thereby (including under the HSR Act) shall have occurred, and all such Required Regulatory Approvals (including under the HSR Act) shall have become Final Orders.

SECTION 7.2 Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Merger shall be further subject to the satisfaction (or waiver by Parent and Merger Sub) at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company set forth in this Agreement (other than the representations and warranties of the Company set forth in Section 3.1 (*Organization and Qualification; Subsidiaries*), Section 3.3 (*Capitalization*), Section 3.4 (*Authority*), Section 3.5(a)(i) (*No Conflict with Organizational Documents*) Section 3.9(b) (*No Company Material Adverse Effect*) and Section 3.20 (*Brokers*)) shall be true and correct in all respects (without giving effect to any “materiality,” “Company Material Adverse Effect” or similar qualifiers contained in any such representations and warranties) as of the Effective Time as though made on and as of the Effective Time (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; (ii) the representations and warranties of the Company set forth in (A) Section 3.1 (*Organization and Qualification; Subsidiaries*), Section 3.4 (*Authority*), Section 3.5(a)(i) (*No Conflict with Organizational Documents*) and Section 3.20 (*Brokers*) shall be true and correct in all material respects and (B) Section 3.3 (*Capitalization*) shall be true and correct in all but *de minimis* respects, in the case of each of Section 7.2(a)(ii)(A) and this Section 7.2(a)(ii)(B), as of the Effective Time as though made on and as of the Effective Time (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case as of such earlier date); and (iii) the representation and warranty of the Company set forth in Section 3.9(b) (*No Material Adverse Effect*) shall be true and correct in all respects as of the Effective Time as though made on and as of the Effective Time;

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects the obligations, and complied in all material respects with the agreements and covenants, required to be performed by, or complied with by, it under this Agreement at or prior to the Effective Time;

(c) No Company Material Adverse Effect. There shall not have occurred any event, development, change, circumstance, effect or occurrence that has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; and

(d) Certificate. Parent shall have received a certificate of an executive officer of the Company, certifying that the conditions set forth in Section 7.2(a) and Section 7.2(b) have been satisfied.

SECTION 7.3 Conditions to Obligations of the Company. The obligation of the Company to effect the Merger shall be further subject to the satisfaction (or waiver by the Company) at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent and Merger Sub set forth in this Agreement shall be true and correct in all respects (without giving effect to any “materiality,” “Parent Material Adverse Effect” or similar qualifiers contained in any such representations and warranties), in each such case, as of the Effective Time as though made on and as of the Effective Time (except to the extent that any such representation or warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failures of any such representations and warranties to be so true and correct, in the aggregate, do not have would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect;

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed in all material respects the obligations, and complied in all material respects with the agreements and covenants, required to be performed by or complied with by it under this Agreement at or prior to the Effective Time; and

(c) Certificate. The Company shall have received a certificate of an executive officer of Parent, certifying that the conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.1 Termination. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after receipt of the Company Requisite Vote (other than as expressly indicated below):

(a) by mutual written consent of Parent and the Company;

(b) by Parent or the Company if the condition set forth in Section 7.1(b) (No Legal Restraint) is not satisfied and the Legal Restraint giving rise to such nonsatisfaction has become final and nonappealable; provided, however, that (i) the right to terminate this Agreement under this Section 8.1(b) shall not be available to any Party if the Legal Restraint was due to the breach of this Agreement by such Party (or, in the case of Parent, Merger Sub) seeking to terminate this Agreement (it being understood that deemed compliance with Section 6.4 pursuant to Section 6.4(f) shall not constitute a breach under this Section 8.1(b)), and (ii) the Party seeking to terminate this Agreement under this Section 8.1(b) shall have complied in all material respects with Section 6.4 (Regulatory Approvals; Reasonable Best Efforts) (it being understood that deemed compliance with Section 6.4 pursuant to Section 6.4(f) constitutes compliance under this Section 8.1(b)); or

(c) by Parent or the Company if the Effective Time shall not have occurred on or before 5:00 p.m. New York City time on August 18, 2026 (as may be extended pursuant to the following proviso, the “End Date”); provided, however, that if, prior to the End Date, all of the conditions to the Closing set forth in Article VII have been satisfied or waived, as applicable, or for conditions that by their nature are to be satisfied at the Closing, shall then be capable of being satisfied (except for any condition set forth in (i) Section 7.1(b) (No Legal Restraint) or (ii) Section 7.1(c) (Required Regulatory Approvals)), the End Date shall (A) automatically be extended to December 31, 2026 (the “Extended End Date” which shall constitute the End Date if such extension occurs) and (B) following the extension in the foregoing clause (A), be extended to a date that is three (3) months after the Extended End Date (and if so extended, such later date being the End Date) by mutual written agreement of Parent and the Company not less than three (3) Business Days prior to the Extended End Date, which agreement shall not be unreasonably withheld, conditioned or delayed by either Parent or the Company; provided, further, that the right to terminate this Agreement pursuant to this Section 8.1(c) shall not be available to a Party if the failure of the Effective Time to occur on or before the End Date was due to the breach of this Agreement by such Party (or, in the case of Parent, Merger Sub) seeking to terminate this Agreement (it being understood that deemed compliance with Section 6.4 pursuant to Section 6.4(f) shall not constitute a breach under this Section 8.1(c));

(d) by written notice from the Company if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Parent or Merger Sub set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.3(a) or Section 7.3(b) not to be satisfied and to be incapable of being satisfied by the End Date, except that, if such breach or failure to perform is curable by Parent or Merger Sub, then, until the earlier of (A) three (3) Business Days prior to the End Date and (B) thirty (30) days after receipt by Parent of written notice from the Company of such breach or failure to perform, but only as long as Parent or Merger Sub, as applicable, continues to use its reasonable best efforts to cure such breach or failure to perform (the “Parent Cure Period”), such termination shall become effective only if the breach or failure to perform is not cured within the Parent Cure Period; provided, however, that, the Parent Cure Period shall not be applicable to any breach or failure to perform by Parent or Merger Sub that gives rise to a termination right under Section 8.1(d)(iii) (Parent

Failure to Close); provided, further, that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.1(d)(i) if it is then in breach of any of its representations, warranties, covenants or other agreements contained in this Agreement and such breach would result in a failure of a condition set forth in Section 7.2(a) or Section 7.2(b);

(ii) prior to obtaining the Company Requisite Vote, in accordance with, and subject to, and in compliance with, all of the terms and conditions of, Section 6.1(d) in order to enter into a definitive agreement with respect to a Superior Proposal; provided, that the Company shall pay the Company Termination Fee pursuant to Section 8.2(b)(i) at such time as specified in Section 8.2(b)(i); or

(iii) (A) if all of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied or (to the extent permitted by applicable Law) waived in accordance with this Agreement, (B) the conditions set forth in Article VII that by their nature are to be satisfied at the Closing are capable of being satisfied at the Closing, (C) Parent and Merger Sub fail to consummate the Closing on the date that the Closing should have occurred pursuant to Section 1.3, (D) following such failure contemplated by the foregoing clause (C), the Company has given irrevocable written notice to Parent and Merger Sub that (1) all of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied or (to the extent permitted by applicable Law) waived in accordance with this Agreement, (2) the conditions set forth in Article VII that by their nature are to be satisfied at the Closing are capable of being satisfied at the Closing if the Closing were to occur at the time of delivery of such notice, and (3) it is prepared, willing and able to consummate the Closing, and if Parent and Merger Sub are prepared, willing and able to consummate the Closing, it will proceed with and immediately consummate the Closing as required pursuant to Section 1.3 (the “Satisfaction Notice”), and (E) Parent and Merger Sub fail to consummate the Closing by the close of business on the second (2nd) Business Day following receipt of the Satisfaction Notice.

(e) by written notice from Parent if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.2(a) or Section 7.2(b) not to be satisfied and to be incapable of being satisfied by the End Date, except that, if such breach or failure to perform is curable by the Company, then, until the earlier of (A) three (3) Business Days prior to the End Date and (B) thirty (30) days after receipt by the Company of written notice from Parent of such breach or failure to perform, but only as long as the Company continues to use its reasonable best efforts to cure such breach or failure to perform (the “Company Cure Period”), such termination shall become effective only if the breach or failure to perform is not cured within the Company Cure Period; provided, however, that Parent shall not have the right to terminate this Agreement pursuant to this Section 8.1(e)(i) if Parent or Merger Sub is then in breach of any of its representations, warranties, covenants or other agreements contained in this Agreement and such breach would result in a failure of a condition set forth in Section 7.3(a) or Section 7.3(b);

(ii) the Company Board of Directors shall have made, prior to obtaining the Company Requisite Vote and whether or not in compliance with Section 6.1, a Company Change of Recommendation;

(f) by either Parent or the Company if the Company Requisite Vote shall not have been obtained at the Company Shareholders Meeting duly convened therefor or at any adjournment or postponement thereof, at which a vote on the adoption and approval of this Agreement was taken; or

(g) by the Company if the Stock Purchase Agreement is terminated by the Company pursuant Article IX of the Stock Purchase Agreement.

SECTION 8.2 Effect of Termination.

(a) In the event of a termination of this Agreement by either Parent or the Company as provided in Section 8.1, this Agreement shall forthwith become void and have no force or effect, without any liability or obligation on the part of any Party, whether arising before or after such termination, based on, arising out of or relating to this Agreement or the negotiation, execution, performance or subject matter hereof (whether in contract or in tort or otherwise, or whether at law, including at common law or by statute, or in equity),

except for (i) Section 6.6(a)(iii)(C)(2) (*Access to Information – Reimbursement*), the last sentence of Section 6.6(a) (*Access to Information – Indemnification*), Section 6.6(b) (*Confidentiality*), Section 6.8 (*Publicity*), Section 6.19 (*Parent Debt Financing Cooperation – Reimbursement*), this Section 8.2 (*Effect of Termination*), Section 8.3 (*Expenses*) and Article IX (*General Provisions*), each of which provisions shall survive such termination; (ii) subject to Section 8.2(f), liability of Parent and Merger Sub for any Willful Breach of this Agreement prior to such termination; (iii) subject to Section 8.2(f), liability of the Company for any Willful Breach of this Agreement prior to such termination; or (iv) liability of any Party for damages to another Party for fraud. The liabilities described in the preceding sentence that shall survive any valid termination of this Agreement shall not be limited to reimbursement of expenses or out-of-pocket costs, and in the case of any damages sought by the Company from Parent or Merger Sub, including for any Willful Breach, such damages can be based on the damages incurred by the Company's shareholders in the event such shareholders would not receive the benefit of the bargain negotiated by the Company on their behalf as set forth in this Agreement; provided, however, that notwithstanding anything to the contrary in this Agreement, including this Section 8.2(a), the liability of Parent and Merger Sub in connection with this Agreement and any of the transactions contemplated herein shall not exceed the Liability Limitation; provided, further, that nothing herein shall limit the liability of (A) Guarantor (as defined in the Guarantee) under the Guarantee, (B) Purchaser under the Stock Purchase Agreement or (C) Guarantor (as defined in the SPA Guarantee). The Company acknowledges and agrees that nothing in this Section 8.2 shall be deemed to affect Parent's right to specific performance under Section 9.10. In addition to the foregoing, no termination of this Agreement will affect the rights or obligations of any Party (or Sponsor) pursuant to the Guarantee, which rights and obligations will survive the termination of this Agreement in accordance with the Guarantee's terms.

(b) In the event that:

(i) this Agreement is terminated (A) by the Company pursuant to Section 8.1(d)(ii) (*Superior Proposal*) or (B) by Parent pursuant to Section 8.1(e)(ii) (*Company Change of Recommendation*), then the Company shall pay \$210,000,000 (the "Company Termination Fee") to Parent, on or prior to the date of termination in the case of a termination pursuant to Section 8.1(d)(ii) (*Superior Proposal*) or as promptly as reasonably practicable in the case of a termination pursuant to Section 8.1(e)(ii) (*Company Change of Recommendation*) (and, in any event, within two (2) Business Days following such termination pursuant to Section 8.1(e)(ii) (*Company Change of Recommendation*)), payable by wire transfer of immediately available funds; or

(ii) (A) this Agreement is terminated by Parent or the Company pursuant to Section 8.1(f) (*No Company Requisite Vote*) or is terminated by Parent pursuant to Section 8.1(e)(i) (*Company Terminable Breach*), (B) at any time after the date of this Agreement and prior to such termination an Acquisition Proposal shall have been made to the Company, or the Company Board of Directors or shareholders, or an Acquisition Proposal shall have otherwise become publicly known, and (C) within twelve (12) months after such termination, the Company shall have entered into a definitive agreement with respect to, or consummated, an Acquisition Proposal, then, in the event that the actions described in clauses (A), (B) and (C) above shall have occurred, the Company shall pay to Parent the Company Termination Fee, such payment to be made within two (2) Business Days following the earlier to occur of (1) the date the Company enters into such a definitive agreement with respect to such Acquisition Proposal or (2) the date of the consummation of such Acquisition Proposal. Such payment shall be made by wire transfer of immediately available funds. For the purpose of this Section 8.2(b)(ii), all references in the definition of the term Acquisition Proposal to "twenty percent (20%) or more" will be deemed to be references to "more than fifty percent (50%)". Any expenses previously paid by the Company to Parent pursuant to Section 8.3 shall be credited toward, and offset against, the payment of the Company Termination Fee.

(c) In the event that this Agreement is terminated (i) (A) by Parent or the Company pursuant to Section 8.1(b) (*No Legal Restraint*) solely in connection with Required Regulatory Approvals, (B) by Parent or the Company pursuant to Section 8.1(c) (*End Date*) or (C) by the Company pursuant to Section 8.1(d)(i) (*Parent Terminable Breach*), and in each case of Section 8.2(c)(i)(A), Section 8.2(c)(i)(B) or Section 8.2(c)(i)(C) above, at the time of such termination, all other conditions to the Closing set forth in Section 7.1 and Section 7.2 (other than Section 7.1(c) (*Required Regulatory Approvals*)) or, solely in

connection with Required Regulatory Approvals, Section 7.1(b) (*No Legal Restraint*)) shall have been satisfied or waived (except for (1) those conditions that by their nature are to be satisfied at the Closing, but which condition would be satisfied or would be capable of being satisfied if the Closing Date were the date of such termination and (2) those conditions that have not been satisfied as a result of a breach of this Agreement by Parent or Merger Sub) or (ii) by the Company pursuant to either (A) Section 8.1(d)(iii) (*Parent Failure to Close*) or (B) Section 8.1(g) (*Stock Purchase Agreement Termination*), then Parent shall pay to the Company \$350,000,000 (the “Parent Termination Fee”) by wire transfer of immediately available funds, such payment to be made within two (2) Business Days of the applicable termination.

(d) The Parties hereto acknowledge and hereby agree that in no event shall either the Company be required to pay the Company Termination Fee or Parent be required to pay the Parent Termination Fee, on more than one (1) occasion.

(e) Each of the Company, Parent and Merger Sub acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the Parties would not enter into this Agreement. If the Company fails to promptly pay an amount due pursuant to Section 8.2(b), or Parent fails to promptly pay an amount due pursuant to Section 8.2(c), and, in order to obtain such payment, Parent, on the one hand, or the Company, on the other hand, commences a suit that results in a judgment against the Company for the amount set forth in Section 8.2(b), or any portion thereof, or a judgment against Parent for the amount set forth in Section 8.2(c), or any portion thereof, the Company shall pay to Parent, on the one hand, or Parent shall pay to the Company, on the other hand, its reasonable actual out-of-pocket costs and expenses (including reasonable attorneys’ fees and the fees and expenses of any expert or consultant engaged by such party; provided, that no contingent, success, fixed or similar fee shall be payable pursuant to this Section 8.2(e)) in connection with such suit, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at the prime rate as published in *The Wall Street Journal*, Eastern Edition, in effect on the date of such payment. Any amount payable pursuant to Section 8.2(b) or Section 8.2(c) shall be paid by the applicable Party by wire transfer of same day funds prior to or on the date such payment is required to be made under Section 8.2(b) or Section 8.2(c).

(f) In any circumstance in which this Agreement is terminated and Parent is entitled to receive the Company Termination Fee from the Company and the Company actually pays the Company Termination Fee or the Company is entitled to receive the Parent Termination Fee from Parent and Parent actually pays the Parent Termination Fee, in each case pursuant to Section 8.2, then (i) the Company Termination Fee or Parent Termination Fee, as applicable, and the costs and expenses of Parent or the Company pursuant to Section 8.2(e) and Section 8.3, and the expense reimbursement and indemnification obligations pursuant to Section 6.6(a)(iii)(C)(2) (*Access to Information – Reimbursement*), the last sentence of Section 6.6(a) (*Access to Information – Indemnification*), Section 6.19 (*Parent Debt Financing Cooperation – Reimbursement*), Section 8.2(e) (*Effect of Termination – Collection*) and Section 8.3 (*Expenses*), as applicable, shall be (A) if Parent is entitled to the Company Termination Fee and actually receives the Company Termination Fee and is reimbursed its costs and expenses as described in this Section 8.2(f), the sole and exclusive remedy of Parent, Merger Sub, and their respective Affiliates against the Company, its subsidiaries and any of their respective former, current, or future general or limited partners, shareholders, directors, officers, managers, members, Affiliates, employees, representatives or agents, on the one hand, and, (B) if the Company is entitled to the Parent Termination Fee and actually receives the Parent Termination Fee and is reimbursed its costs and expenses as described in this Section 8.2(f), the sole and exclusive remedy of the Company and its Affiliates against Parent, Merger Sub, their respective subsidiaries and any of their respective former, current, or future general or limited partners, shareholders, directors, officers, managers, members, Affiliates, employees, representatives or agents, on the other hand, in each case of clause (A) or clause (B) of this Section 8.2(f), for any loss suffered as a result of any breach of any covenant or agreement in this Agreement giving rise to such termination, or in respect of any representation made or alleged to be have been made in connection with this Agreement, and (ii) upon timely payment of the applicable termination fee and other amounts referenced in this Section 8.2(f), such paying Party and its respective subsidiaries or and their respective former, current, or future general or limited partners, shareholders, directors, officers, managers, members, Affiliates, employees, representatives or agents shall have no further liability or obligation relating to or arising out of this Agreement, including the termination hereof or in respect of representations made or alleged to be made in connection herewith, whether in equity

or at law, in contract, in tort or otherwise. The Company acknowledges and agrees that the Parent's right to receive the Company Termination Fee under this Agreement shall not limit or otherwise affect Parent's right to specific performance as provided in Section 9.10, but for the avoidance of doubt, under no circumstances shall Parent, directly or indirectly, be permitted or entitled to receive both a grant of specific performance that results in the Closing, on the one hand, and the payment of the Company Termination Fee, or any other damages, on the other hand.

(g) Notwithstanding anything to the contrary in this Agreement, the maximum aggregate liability of Parent and Merger Sub together under this Agreement, including for any losses, damages, costs or expenses of the Company or its Affiliates related to the failure of the transactions contemplated by this Agreement, or a breach of this Agreement by Parent or Merger Sub or otherwise (including a Willful Breach), shall not exceed the Liability Limitation, and in no event shall the Company, its subsidiaries or its Affiliates seek any amount in excess of the Liability Limitation (including consequential, indirect or punitive damages) in connection with this Agreement or the transactions contemplated by this Agreement or in respect of any other documents (other than the Stock Purchase Agreement or the SPA Guarantee), whether in contract or in tort or otherwise, or whether at law, including at common law or by statute, or in equity; provided that, notwithstanding anything to the contrary, the Company, its subsidiaries and any of their respective former, current or future officers, directors, partners, stockholders, managers, members or Affiliates shall be deemed to irrevocably waive their right to any amounts due and owing under this Section 8.2 or otherwise (other than the Stock Purchase Agreement or the SPA Guarantee) in excess of the Liability Limitation, and none of Parent, Merger Sub or any of their respective former, current or future officers, directors, partners, stockholders, managers, members or Affiliates or Sponsor shall have any payment obligations in excess of the Liability Limitation in connection with this Agreement. In furtherance of the foregoing, notwithstanding anything to the contrary in this Agreement, in no event shall Parent, any of its Affiliates or Representatives or the Parent Debt Financing Sources be required to pay any amount of monetary losses under this Agreement if the Company has received the Parent Termination Fee and its reimbursable costs and expenses as contemplated by Section 8.2(f).

SECTION 8.3 Expenses. Except as otherwise specifically provided herein (including the last sentence of Section 8.2(b)(ii) and this Section 8.3) and the filing fees with respect to any Required Regulatory Approvals, which shall be borne solely by Parent (and Parent shall reimburse the Company to the extent the Company has, pursuant to Section 6.4, incurred any such fees) or as otherwise specifically provided herein, including Section 8.2, each Party shall bear its own expenses in connection with this Agreement and the transactions contemplated hereby. Expenses incurred in connection with the filing, printing and mailing of the Proxy Statement shall be shared equally by Parent and the Company.

SECTION 8.4 Procedures for Termination, Amendment, Extension or Waiver. Termination of this Agreement prior to the Effective Time shall not require the approval of the shareholders or other equityholders of any Party. The Party desiring to terminate this Agreement in accordance with Section 8.1 shall give written notice of such termination to the other Parties in accordance with Section 9.2, specifying the provision of this Agreement pursuant to which such termination is effected.

SECTION 8.5 Modification or Amendment. The Parties may modify or amend this Agreement by written agreement, executed and delivered by duly authorized officers of the respective Parties; provided, however, that after receipt of the Company Requisite Vote, there shall be made no amendment that by applicable Law requires further approval by the shareholders of the Company without the further approval of such shareholders.

SECTION 8.6 Waiver. At any time prior to the Effective Time, any Party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other Parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) subject to the requirements of applicable Law, waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the Party or Parties to be bound thereby and specifically referencing this Agreement. The failure of any Party to assert any rights or remedies shall not constitute a waiver of such rights or remedies. No waiver by any Party of any breach or anticipated breach of any provision hereof by any other Party shall be deemed a waiver of any other contemporaneous, preceding or succeeding breach or anticipated breach, whether similar or not. Except as

provided in this Agreement, no action taken pursuant to this Agreement, including investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance by any other Party with any representations, warranties, covenants or agreements contained in this Agreement. All consents given hereunder shall be in writing.

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.1 Non-Survival of Representations, Warranties, Covenants and Agreements; Contractual Nature of Representations and Warranties. None of the representations or warranties contained herein or in any instrument delivered pursuant to this Agreement shall survive, and all rights, claims and causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) with respect thereto shall terminate at the Effective Time. Except for any covenant or agreement that by its terms contemplates performance after the Effective Time and those covenants and agreements in this Article IX, none of the covenants or agreements of the Parties contained herein shall survive, and all rights, claims and causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) with respect to such covenants and agreements shall terminate at, the Effective Time. The Parties hereby acknowledge and agree that (a) all representations and warranties set forth in this Agreement are contractual in nature only and (b) if any such representation or warranty (as modified by the applicable Company Disclosure Schedule or Parent Disclosure Schedule) should prove untrue, the Parties' only rights, claims or causes of action (other than in the event of Willful Breach, which shall be subject to Section 8.2(a)) shall be to exercise the specific rights set forth in Section 7.2(a), Section 7.3(a), Section 8.1(d)(i) and Section 8.1(e)(i), as and if applicable, and (c) the Parties shall have no other rights, claims or causes of action (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity) based on, arising out of or related to any such untruth of any such representation or warranty.

SECTION 9.2 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by e-mail or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified by like notice); provided, however, that delivery by e-mail shall be deemed to have been duly given upon receipt only if confirmed by e-mail or telephone:

- (a) if to Parent or Merger Sub:

345 Park Avenue New York, NY 10154
Attn: Sebastien Sherman; Heidi Boyd; Max A. Wade
Email: Sebastien.Sherman@Blackstone.com;
Heidi.Boyd@Blackstone.com;
Max.Wade@Blackstone.com;
BIP-LegalandCompliance@Blackstone.com

with an additional copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
609 Main Street
Houston, TX 77002
Attn: Rhett A. Van Syoc, P.C.; Robert P. Goodin, P.C.; Debbie P. Yee, P.C.
Email: rhett.vansyoc@kirkland.com;
robert.goodin@kirkland.com;
debbie.yee@kirkland.com

- (b) if to the Company:

TXNM Energy, Inc.
414 Silver Ave. SW
Albuquerque, NM 87102-3289
Attn: Brian G. Iverson, Esq. Senior Vice President, General Counsel & Secretary

Email: brian.iverson@txnmenenergy.com

with an additional copy (which shall not constitute notice) to:

Troutman Pepper Locke LLP

1001 Haxall Point

15th Floor

Richmond, VA 23219

Attn: R. Mason Bayler, Jr.; Coburn R. Beck; Heather M. Ducat

Email: mason.bayler@troutman.com;

coby.beck@troutman.com;

heather.ducat@troutman.com

SECTION 9.3 Certain Definitions. For purposes of this Agreement, the term:

(a) “Acceptable Confidentiality Agreement” means a confidentiality agreement with counterparty(ies) containing customary provisions that require each counter-party(ies) thereto (and each of its (their) representatives named therein) that receive information of or with respect to the Company or its subsidiaries to keep such information confidential (i) in effect on the date hereof or (ii) entered into on or after the date hereof on terms (A) no less favorable in the aggregate to the Company and (B) no less restrictive in the aggregate to such counter-party(ies) (and each of its (their) representatives) than those contained in the Confidentiality Agreement (except for such changes specifically and expressly permitted pursuant to this Agreement), it being understood that such confidentiality agreement need not prohibit the making or amendment of an Acquisition Proposal.

(b) “Affiliate” means, with respect to any Person, any other Person directly or indirectly, controlling, controlled by, or under common control with, such Person; provided, that for purposes of Section 6.4, Blackstone Inc. and its Affiliates and its and their funds and investment vehicles, and managed accounts and their respective portfolio companies (other than Persons managed or advised by Blackstone Infrastructure Advisors L.L.C., but, for the avoidance of doubt, including the portfolio companies and other investments of Sponsor) shall not be considered an Affiliate of Parent, Merger Sub or any Company Party.

(c) “Anti-Corruption Laws” means the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, as amended, and all Laws of any jurisdiction applicable to the Company and its Affiliates concerning or relating to anti-bribery or anti-corruption (governmental or commercial).

(d) “Business Day” means any day other than a Saturday or Sunday or a day on which banks are required or authorized to close in the United States in New York, New York.

(e) “Code” means the Internal Revenue Code of 1986, as amended.

(f) “Company Material Adverse Effect” means any event, development, change, circumstance, effect or occurrence that, individually or in the aggregate with all other events, developments, changes, circumstances, effects or occurrences, (i) would prevent or materially impair or materially delay the consummation of the Merger or (ii) has a material adverse effect on or with respect to the business, properties, results of operations or condition of the Company Parties (financial or otherwise), taken as a whole; provided, that with respect to clause (ii) only, no events, developments, changes, circumstances, effects or occurrences relating to, arising out of or in connection with or resulting from any of the following shall be deemed, either alone or in combination, to constitute or contribute to a Company Material Adverse Effect and no event, development, change, circumstance, effect or occurrence relating to, arising out of or in connection with or resulting from any of the following shall be taken into account when determining whether a Company Material Adverse Effect has occurred or may, would or could occur: (A) general changes or developments in the legislative or political condition, or in the economy or the financial, debt, capital, credit, commodities or securities markets, in each such case, in the United States or elsewhere in the world, including as a result of changes in geopolitical conditions, tariff policies, interest rates or inflation, (B) any change affecting any industry in which the Company Parties operate, including electric and renewable power generating, transmission or distribution industries (including, in each case, any changes in operations thereof) or any change affecting retail markets for electric power, capacity or fuel or related products, (C) any changes in the national, regional, state, provincial or local electric generation, transmission

or distribution systems or increases or decreases in planned spending with respect thereto, (D) the entry into this Agreement or the public announcement of the Merger or other transactions contemplated hereby, including any impact thereof on relationships, contractual or otherwise, with customers, suppliers, regulators, lenders, partners or employees of the Company Parties, (E) the identity of Parent or any of its Affiliates as the acquiror of the Company, (F) any action taken or omitted to be taken by the Company at the express written request of or with the express written consent of Parent, (G) any actions required to be undertaken by the Company in accordance with, subject to and consistent with Section 6.4 of this Agreement to obtain any Consent or make any Filing required for the consummation of the Merger and the other transactions contemplated herein or, in connection therewith, any written proposal or commitment made by any Party or its Affiliates to any Governmental Entity in accordance with, subject to and consistent with Section 6.4 or imposed by any Governmental Entity, in each case, in order to obtain the Required Regulatory Approvals, (H) changes after the date hereof, in any applicable Laws or applicable binding accounting regulations or principles or interpretation or enforcement thereof by any Governmental Entity, (I) any hurricane, tornado, fire, wildfire, earthquake, flood, tsunami or other natural disaster or weather-related event, act of God, pandemic or epidemic, including the COVID-19 virus, outbreak or escalation of hostilities or war (whether or not declared), military actions or any act of sabotage, cyber attacks, ransomware attacks, terrorism, or national or international political or social conditions, (J) any change in the market price or trading volume of the shares of the Company or the credit rating of the Company Parties, (K) any failure by the Company to meet any published analyst estimates or expectations of the Company's revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by the Company to meet its internal or published projections, budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself, (L) any litigation or claim threatened or initiated by shareholders, ratepayers, customers or suppliers of the Company Parties (each in their capacity as such) against the Company Parties or any of their respective officers or directors (in each case, in their capacity as such), in each case, arising out of the execution of this Agreement or the transactions contemplated thereby and (M) any increase in interest rates payable arising from the refinancing of the TNMP Bonds, in each case, in accordance with the express terms of this Agreement (it being understood that in the cases of clause (J) and clause (K) of this Section 9.3(f), the facts, events or circumstances giving rise to or contributing to such change or failure may be deemed to constitute, and may be taken into account in determining whether there has been a Company Material Adverse Effect); except in the cases of clauses (A), (B), (C), (H) or (I) of this Section 9.3(f), to the extent that the Company Parties, taken as a whole, are disproportionately affected thereby as compared with other participants in the industry in which the Company operates in the United States (in which case solely the incremental disproportionate impact or impacts may be taken into account in determining whether there has been a Company Material Adverse Effect); provided, however, that, notwithstanding anything herein or otherwise to the contrary, the effect of the failure to obtain the consent of the Existing Lenders to the execution of this Agreement prior to the execution and delivery hereof (but not the effect of the failure to obtain consents from Existing Lenders to the Closing that may be required under the Contracts with the Existing Lenders) may be considered, and taken into account, in determining whether a "Company Material Adverse Effect" has occurred or may, would or could occur (without giving effect to, and disregarding, any of the exceptions set forth in each of the preceding clauses (A) through (M)).

(g) "Company Parties" means, collectively, the Company, its subsidiaries and its Joint Ventures, and each of them individually is a "Company Party".

(h) "Contract" means any legally binding written or oral agreement, contract, subcontract, lease, instrument, note, option, warranty, sales order, purchase order, license, sublicense, insurance policy, benefit plan or commitment or undertaking of any nature, excluding any License.

(i) "control" (including the terms "controlling", "controlled", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(j) "Credit Facilities" means the agreements (as in effect on the date of this Agreement) listed in Section 9.3(j) of the Company Disclosure Schedule, and any replacements or refinancings thereof entered into after the date hereof in compliance with Section 5.1.

(k) “Derivative Product” means any swap, cap, floor, collar, futures contract, forward contract, option or any other derivative financial instrument or Contract, based on any commodity, security, instrument, rate or index of any kind or nature whatsoever, whether tangible or intangible, including electricity, natural gas, fuel oil, coal, emissions allowances and offsets, and other commodities, currencies, interest rates and indices.

(l) “Designated Person” means any Person listed on a Sanctions List.

(m) “Equity Securities” of any Person means, as applicable (i) any and all of its shares of capital stock, limited liability company interests or other equity interests or share capital, (ii) any warrants, Contracts or other rights or options directly or indirectly to subscribe for or to purchase any capital stock, limited liability company interests or other equity interests or share capital of such Person, (iii) all securities or instruments, directly or indirectly, exchangeable for or convertible or exercisable into, any of the foregoing or with any profit participation features with respect to such Person, or (iv) any share appreciation rights, phantom share rights or other similar rights with respect to such Person or its business.

(n) “ERISA Affiliate” means each entity, trade or business (whether or not incorporated) that would be treated at any relevant time together with the Person or any of its subsidiaries as a “single employer” within the meaning of Section 414 of the Code or 4001(b) of ERISA.

(o) “ESP II” means the TXNM Energy, Inc. Executive Savings Plan II, effective January 1, 2015 and as amended on January 1, 2016, January 1, 2020, and August 2, 2024.

(p) “Ex-Im Laws” means all U.S. and non-U.S. Laws or orders relating to export, reexport, transfer, and import controls, including the Export Administration Regulations, the customs and import Laws and orders administered by U.S. Customs and Border Protection, and the EU Dual Use Regulation.

(q) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(r) “FERC” means the Federal Energy Regulatory Commission or any successor thereto.

(s) “Final Order” means, with respect to any Governmental Entity, action by such Governmental Entity that has not been reversed, stayed, enjoined, set aside, annulled or suspended and is legally binding and effective.

(t) “FPA” means the Federal Power Act of 1920, 16 U.S.C. §§ 791a, et seq., as amended, and its implementing regulations.

(u) “GAAP” means the generally accepted accounting principles for financial reporting in the United States consistently applied through the periods involved.

(v) “Government Official” means (i) any official, officer, employee or representative of, or any person acting in an official capacity for or on behalf of, any Governmental Entity, (ii) any political party or party official or candidate for political office, or (iii) any official, officer, employee, or any person acting in an official capacity for or on behalf of, any company, business, enterprise or other entity owned (in whole or in substantial part) controlled by or affiliated with a Governmental Entity.

(w) “Governmental Entity” means any governmental, tribal, quasi-governmental or regulatory (including stock exchange) authority (including the North American Electric Reliability Corporation and any regional reliability entity), agency, court, commission or other governmental body, whether foreign or domestic, of any country, nation, republic, federation, sovereign or similar entity or any state, county, parish or municipality, jurisdiction or other political subdivision thereof.

(x) “HSR Act” means Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(y) “Insolvent” means, with respect to any Person, (i) the present fair saleable value of such Person’s assets is less than the amount required to pay such Person’s total liabilities, including contingent liabilities, (ii) the present fair saleable value of such Person’s assets is less than the amount required to pay the probable liability (subordinated, contingent or otherwise) of such Person on its debts, as such debts and liabilities become absolute and matured, (iii) such Person intends to incur or believes that it will incur debts or liabilities that would be beyond its ability to pay such debts and liabilities as they mature, or (iv) such Person has unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted.

(z) “Intellectual Property” means all worldwide intellectual property, industrial property and proprietary rights and all rights therein, including all (i) patents, methods, technology, designs, processes, inventions, copyrights, works of authorship, software and systems, trademarks, service marks, trade names, corporate names, domain names, logos, trade dress and other source indicators and the goodwill of the business symbolized thereby, trade secrets, know-how and tangible and intangible proprietary or confidential information and materials, (ii) registrations, applications, provisionals, divisions, continuations, continuations-in-part, re-examinations, extensions, re-issues, renewals and foreign counterparts of or for any of the foregoing and (iii) the right to sue and collect damages for any past infringement of any of the foregoing.

(aa) “Intervening Event” means any event, development, change, effect or occurrence that affects or would reasonably be expected to affect (i) the business, financial condition or continuing results of operation of the Company and its subsidiaries, taken as a whole or (ii) the shareholders of the Company (including the benefits of the Merger to the shareholders of the Company) in either case that (A) is material, (B) was not known to the Company Board of Directors as of the date of this Agreement, (C) becomes known to the Company Board of Directors prior to obtaining the Company Requisite Vote, and (D) does not relate to or involve any Acquisition Proposal; provided, however, that an Intervening Event shall not include (1) any event, development, change, effect or occurrence (i) solely related to Parent or Merger Sub or any of their Affiliates unless such event, development, change, effect or occurrence has had or would reasonably be expected to have a Parent Material Adverse Effect, or (ii) any action taken by any Party hereto pursuant to and in compliance with the affirmative covenants set forth in Section 6.4, or the consequences of any such action, and (2) the receipt, existence or terms of an Acquisition Proposal, or the consequences thereof.

(bb) “Joint Venture” of a Person, means any Person that is not a subsidiary of such first Person, in which such first Person or one or more of its subsidiaries owns directly or indirectly any Equity Securities, other than Equity Securities held for passive investment purposes that are less than five percent (5%) of each class of the outstanding voting securities or voting capital stock of such second Person.

(cc) “Judgment” means any decision, verdict, judgment, order, decree, ruling, writ, subpoena, assessment or arbitration award of a Governmental Entity of competent jurisdiction.

(dd) “knowledge” (i) with respect to the Company means the actual knowledge of any of the individuals listed in Section 9.3(dd) of the Company Disclosure Schedule and (ii) with respect to Parent or Merger Sub means the actual knowledge of any of the individuals listed in Section 9.3(dd) of the Parent Disclosure Schedule.

(ee) “Law” means any federal, state, local, municipal, tribal, foreign or other law, statute, act, constitution, principle of common law, ordinance, code, injunction, rule, Judgment, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

(ff) “Liability Limitation” means, collectively, the amount of the Parent Termination Fee, plus the aggregate amount of any cost and expense reimbursement and indemnification obligations described in or pursuant to Section 6.6(a)(iii)(C)(2) (*Access to Information – Reimbursement*), the last sentence of Section 6.6(a) (*Access to Information – Indemnification*), Section 6.19 (*Parent Debt Financing Cooperation – Reimbursement*), Section 8.2(e) (*Effect of Termination – Collection*) and Section 8.3 (*Expenses*).

(gg) “NMBCA” means the Business Corporation Act of the State of New Mexico, as amended.

(hh) “Notional Units” means each notional unit, whether payable in shares of Company Common Stock or in cash, granted under the ESP II.

(ii) “NYSE” means the New York Stock Exchange.

(jj) “Organizational Documents” means any corporate, partnership or limited liability organizational documents, including certificates or articles of incorporation, bylaws, certificates of formation, operating agreements (including limited liability company agreement and agreements of limited partnership),

certificates of limited partnership, partnership agreements, shareholder agreements, certificates of existence and any each document setting forth the designation, amount and relative rights, limitations and preferences of any class or series of that entity's Equity Securities or of any rights in respect of that entity's Equity Securities, as applicable.

(kk) “Parent Debt Financing Entities” means the Parent Debt Financing Sources, together with their Affiliates, their Affiliates' current or future officers, directors, employees, agents, representatives, stockholders, limited partners, managers, members or partners and their successors and assigns.

(ll) “Parent Debt Financing Sources” means each entity (including the lenders and each agent and arranger or any underwriter, purchaser, investor or other entity) that commits to provide or otherwise provides or arranges or has entered into agreements in connection with all or any part of the Parent Debt Financing (or any permanent financing consummated in lieu of any portion thereof or Parent Alternative Financing) in connection with the transactions contemplated hereby, including the parties to any joinder agreements, indentures, underwriting agreements, purchase agreements or credit agreements entered into pursuant thereto or relating thereto.

(mm) “Parent Material Adverse Effect” means, with respect to Parent or Merger Sub, any event, development, change, circumstances, effect or occurrence that, individually or in the aggregate with all other events, developments, changes, circumstances, effects or occurrences, would prevent or materially impair or materially delay the consummation of the Merger by Parent or Merger Sub.

(nn) “Permitted Permanent Bond Replacement Financing” means any debt financing satisfying the Required Debt Terms the proceeds of which will be used to replace or refinance the TNMP Bonds accepting the Offers to Purchase and/or borrowings under the TNMP Backstop Facility.

(oo) “Permitted Replacement Backstop Facility” means (i) any amendment to a Backstop Facility or any then-existing Permitted Replacement Backstop Facility to extend the maturity thereof and/or (ii) any new unsecured (or in the case of TNMP, as may be secured by the TNMP Mortgage Indenture) bridge facility provided by one or more commercial banks that have terms that are consistent with the terms of the applicable Backstop Facility or Permitted Replacement Backstop Facility being replaced and incurred to replace or extend the maturity of such Backstop Facility or Permitted Replacement Backstop Facility, and in each case above, with a maturity term that is no less than the lesser of (A) 364 days and (B) the remaining period through the then-effective End Date and on market economic terms and in consultation with the Parent.

(pp) “Person” means an individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, unincorporated organization, other entity or group (as defined in Section 13(d)(3) of the Exchange Act).

(qq) “Personal Information” means, in addition to any information defined or described by a Person or any of its subsidiaries as “personal information” in any privacy notice or other public-facing statement by or on behalf of such Person or its subsidiaries, all information identifying an individual or regarding an identified or identifiable individual (such as name, address, telephone number, email address, financial account number, government-issued identifier, and any other data used or intended to be used to identify, contact or precisely locate a person).

(rr) “Privacy Rules and Policies” means any privacy policies and any other terms applicable to the collection, retention, use, disclosure and distribution of Personal Information from individuals, and any laws related to the collection, use, access to, transmission, disclosure, alteration or handling of Personal Information.

(ss) “Regulatory Proceeding” means any action, lawsuit, complaint, claim, petition, suit, audit, examination, assessment, arbitration, mediation, or inquiry, or any proceeding or investigation (including any rate case), by or before any Governmental Entity.

(tt) “Required Debt Terms” means: (i) with respect to any indebtedness permitted to be incurred by the Company under Section 5.1(c)(x) to which this definition applies: such indebtedness shall (A) be in the form of senior unsecured term loans or other bank debt and (B) be permitted by the terms thereof to remain outstanding on and after the Closing Date and not contain any default, event of default, mandatory

prepayment, mandatory offer to pay or similar event or change in economic terms that would be triggered by the consummation of the transactions contemplated hereunder; (ii) with respect to any indebtedness permitted to be incurred by PNM under Section 5.1(c)(x) to which this definition applies: such indebtedness shall (A) be in the form of senior unsecured notes or similar debt securities issued in one or more series in a public or private offering and issued pursuant to one or more indentures or note purchase agreement, the covenants of which shall be consistent with the indenture or note purchase agreement for the most recently issued senior unsecured bonds by PNM or in the form of pollution control refunding bonds consistent with the terms of such existing bonds, as applicable, (B) be permitted by the terms thereof to remain outstanding on and after the Closing Date and not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event or change in economic terms that would be triggered by the consummation of the transactions contemplated hereunder and (C) not contain any provision that requires PNM to file periodic and other reports with the SEC; and (iii) with respect to any indebtedness permitted to be incurred by TNMP under Section 5.1(c)(x) to which this definition applies: such indebtedness shall (A) be in the form of first mortgage bonds, notes or similar debt securities issued in one or more series in a public or private offering and issued pursuant to one or more indentures, the covenants of which shall be consistent with the TNMP Mortgage Indenture (except as set forth on Section 9.3(oo) of the Company Disclosure Schedule), and (B) be permitted by the terms thereof to remain outstanding on and after the Closing Date and not contain any default, event of default, mandatory prepayment, mandatory offer to pay or similar event or change in economic terms that would be triggered by the consummation of the transactions contemplated hereunder (other than any cross default provisions relating to the Existing Credit Facilities) and, in each case of clauses (i) through (iii) above, on market economic terms and in consultation with Parent.

(uu) “Required Financial Information” means the financial information of the Company and its subsidiaries of the type and form that are customarily provided in connection with a financing contemplated by the Parent Debt Financing or included in a prospectus or offering memorandum to consummate an offering of non-convertible, debt securities (including information that would be required under Regulation S-X and Regulation S-K).

(vv) “Sanctioned Country” means a country or territory which is at any time subject to Sanctions.

(ww) “Sanctions” means (i) economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government and administered by the Office of Foreign Assets Control, (ii) economic or financial sanctions imposed, administered or enforced from time to time by the U.S. State Department, the U.S. Department of Commerce or the U.S. Department of the Treasury, and (iii) economic or financial sanctions imposed, administered or enforced from time to time by the United Nations Security Council, the European Union, or His Majesty’s Treasury.

(xx) “Sanctions List” means any of the lists of specially designated nationals or designated persons or entities (or equivalent) held by the U.S. government and administered by the Office of Foreign Assets Control, the U.S. State Department, the U.S. Department of Commerce or the U.S. Department of the Treasury or any similar list maintained by any other U.S. government entity, the United Nations Security Council, the European Union, or His Majesty’s Treasury, in each case as the same may be amended, supplemented or substituted from time to time.

(yy) “Significant Subsidiary” means a subsidiary of any Person that would be a “significant subsidiary” within the meaning of Rule 1-02 of Regulation S-X of the SEC.

(zz) “SPA Guarantee” means that certain Limited Guarantee, dated the date hereof, in favor of the Company with respect to certain obligations of Purchaser under the Stock Purchase Agreement.

(aaa) “subsidiary” or “subsidiaries” means, with respect to any Person (i) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which fifty percent (50%) or more of the total voting power of shares of stock or other equity interests of such Person entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person or a combination thereof and (ii) any partnership, joint venture or limited liability company of which (A) fifty percent (50%) or more of the capital accounts, distribution rights, total equity or voting interests or general and limited partnership

interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one (1) or more of the other subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise and (B) such Person or any subsidiary of such Person is a controlling general partner or otherwise controls such entity.

(bbb) “Tax Return” means all returns and reports, including elections, disclosures, schedules, estimates and information returns, and including any amendment thereof and attachment and supplement thereto, required to be supplied to a Taxing Authority.

(ccc) “Taxes” means all federal, state, local and foreign taxes or charges, fees, levies, imposts, duties or other assessments of a similar nature, including income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severance, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise, license, production, value added, occupancy, escheat or unclaimed property and other taxes, or duties or assessments imposed by any Taxing Authority, together with all interest, penalties and additions imposed with respect to such amounts.

(ddd) “Taxing Authority” means any Governmental Entity exercising any authority to impose, regulate or administer the imposition of Taxes.

(eee) “TNMP Bonds” means the \$1,505,000,000 aggregate principal amount of first mortgage bonds issued by TNMP pursuant to the terms of the TNMP Mortgage Indenture.

(fff) “TNMP Mortgage Indenture” means that certain First Mortgage Indenture, dated as of March 23, 2009, as amended and supplemented by the supplemental indentures thereto, between TNMP and U.S. Bank Trust Company, National Association, as successor trustee.

(ggg) “Treasury Regulations” means the U.S. Department of Treasury regulations promulgated under the Code (as amended).

(hhh) “Willful Breach” means with respect to any Party, any breach of, or failure to perform, any covenant or other agreement contained in this Agreement that is a consequence of an act or failure to act undertaken by or on behalf of such Party with actual or constructive knowledge that such Party’s act or failure to act would, or would reasonably be expected to, result in or constitute a material breach of this Agreement; provided, however, that, without limiting the meaning of Willful Breach, the Parties acknowledge and agree that any failure by the Company to consummate the Merger and the other transactions contemplated hereby in accordance with Section 1.3 after the applicable conditions to the Closing set forth in Article VII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, which conditions would be capable of being satisfied at the time of such failure to consummate the Closing) shall constitute a Willful Breach of this Agreement.

SECTION 9.4 Severability. If any term or other provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, this Agreement shall be interpreted as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

SECTION 9.5 Entire Agreement; Assignment. This Agreement and the Stock Purchase Agreement are being entered into simultaneously but are separate transactions. Except as expressly set forth in this Agreement, the provisions of the Stock Purchase Agreement are not intended to, and in no way, modify or supplement the terms of this Agreement. This Agreement (including the Exhibits hereto and the Company Disclosure Schedule and the Parent Disclosure Schedule), the Guarantee, the SPA Guarantee, the Equity Commitment Letter, the Parent Debt Commitment Letters and the Confidentiality Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, among the Parties, or any of them, with respect to the subject matter hereof and thereof. This Agreement shall not be assigned by operation of law or otherwise without the prior written consent of each of the other Parties, and any assignment without such consent shall be null and void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

SECTION 9.6 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and their successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement, other than (a) with respect to the provisions of Section 6.10 which shall inure to the benefit of the Indemnified Parties benefiting therefrom who are intended to be third-party beneficiaries thereof, (b) at and after the Effective Time, the rights of the holders of Company Shares to receive the Per Share Merger Consideration in accordance with the terms and conditions of this Agreement, (c) at and after the Effective Time, the rights of the holders of Restricted Stock Rights and Performance Shares to receive the payments contemplated by the applicable provisions of Section 2.2 at the Effective Time in accordance with the terms and conditions of this Agreement, (d) prior to the Effective Time, the rights of the holders of Company Common Stock to pursue claims for damages and other relief, including equitable relief, for Parent's or Merger Sub's breach of this Agreement subject to Section 8.2(a), (e) with respect to the provisions of Section 9.15 which shall inure to the benefit of the Parent Debt Financing Entities benefiting therefrom who are intended to be third-party beneficiaries thereof and (f) the rights of the Non-Recourse Parties under Section 9.16; provided, however, that the rights granted to the holders of Company Common Stock pursuant to the foregoing clause (d) of this Section 9.6 shall only be enforceable on behalf of such holders by the Company in its sole and absolute discretion. The representations and warranties in this Agreement are the product of negotiations among the Parties hereto and are for the sole benefit of the Parties hereto. Any inaccuracies in such representations and warranties are subject to waiver by the Parties in accordance with Section 8.6 without notice or liability to any other Person. In some instances, the representations and warranties in this Agreement may represent an allocation among the Parties hereto of risks associated with particular matters regardless of the knowledge of any of the Parties hereto. Consequently, Persons other than the Parties hereto may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

SECTION 9.7 Governing Law. This Agreement, and all claims or causes of action (whether at Law, in contract or in tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware (without giving effect to choice of law principles thereof or of any other jurisdiction that would mandate or permit the application of the Laws of any jurisdiction other than the State of Delaware), except that any matter relating to the (a) fiduciary obligations of the Company Board of Directors shall be governed by the Laws of the State of New Mexico and (b) the mechanics of the Merger shall be governed by the NMBCA.

SECTION 9.8 Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 9.9 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission, ".pdf," or other electronic transmission) in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 9.10 Specific Performance.

(a) The Company agrees that irreparable damage for which monetary damages, even if available, may not be an adequate remedy, would occur in the event that the Company does not perform the provisions of this Agreement (including failing to take such actions as are required of it hereunder in order to consummate this Agreement) in accordance with its specified terms or otherwise breach such provisions. The Company acknowledges and agrees that Parent shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof (including the Company's obligation to consummate the Merger, subject to the terms and conditions of this Agreement), without any requirement for obtaining, furnishing or posting any bond or other security, this being in addition to any other remedy to which Parent is entitled at law or in equity. The Parties acknowledge and agree that the Company shall not be entitled to the equitable remedy of specific performance or other equitable relief to prevent or remedy a breach of this Agreement by Parent or Merger Sub and that the Company's sole and exclusive remedy relating to a breach of this Agreement by Parent, Merger Sub or otherwise shall be the termination of this Agreement in accordance with Section 8.1, if applicable, and the collection of the Parent Termination Fee (and other amounts contemplated by) in

accordance with Section 8.2(f), if applicable; provided, however, that the Company shall be entitled to specific performance to prevent any breach by Parent or Merger Sub of Section 6.6(b). For the avoidance of doubt, the foregoing shall not limit any right to seek specific performance under the Stock Purchase Agreement.

(b) The Company agrees that it will not raise any objections to the availability of the equitable remedy of specific performance or other equitable relief as provided herein, including objections on the basis that (i) Parent has an adequate remedy at law or equity or (ii) an award of specific performance is not an appropriate remedy for any reason at law or equity. Parent, if seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, shall not be required to provide any bond or other security in connection with any such order or injunction. The Company further agrees that nothing set forth in this Section 9.10 shall require Parent to institute any proceeding for specific performance under this Section 9.10 prior to or as a condition to exercising any termination right under Article VIII (and/or receipt of any amounts due pursuant to Section 8.2), nor shall the commencement of any legal action or legal proceeding pursuant to this Section 9.10 or anything set forth in this Section 9.10 restrict or limit Parent's right to terminate this Agreement in accordance with the terms of Article VIII.

(c) If Parent has the right to terminate this Agreement pursuant to Section 8.1 but instead elects to bring an action for specific performance pursuant to this Section 9.10, then if such action for specific performance is unsuccessful, Parent shall not be deemed to have waived its right to terminate this Agreement pursuant to Section 8.1 and may thereafter terminate this Agreement pursuant to Section 8.1 and the Company shall pay any applicable Company Termination Fee pursuant to Section 8.2.

(d) If, prior to the End Date, Parent brings an action to enforce specifically the performance of the terms and provisions of this Agreement by Company, the End Date shall automatically be extended by (i) the amount of time during which such action is pending, plus twenty (20) Business Days, or (ii) such other time period established by the court presiding over such action.

SECTION 9.11 Jurisdiction. Each of the Parties irrevocably (a) agrees that it shall bring any and all actions or proceedings in respect of any claim arising out of, related to, or in connection with, this Agreement, the Merger or the other transactions contemplated by this Agreement, whether in tort or contract or at law or in equity, exclusively in Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware or, if such court shall not have or declines to accept jurisdiction over a particular matter, then any federal court within the State of Delaware, (b) submits with regard to any such action or proceeding, generally and unconditionally, to the personal jurisdiction of such courts and agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the courts described above, and (d) consents to service being made through the notice procedures set forth in Section 9.2. Each of the Company, Parent and Merger Sub hereby agrees that service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 9.2 shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby. Each Party hereto hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to serve process in accordance with this Section 9.11, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable Law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement, or the subject matter hereof or thereof, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable Law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which the Party is entitled pursuant to the final judgment of any court having jurisdiction. Each Party expressly acknowledges that the foregoing waiver is intended to be irrevocable under the Laws of the State of Delaware and of the

United States of America; provided, that each such Party's consent to jurisdiction and service contained in this Section 9.11 is solely for the purpose referred to in this Section 9.11 and shall not be deemed to be a general submission to said courts or in the State of Delaware other than for such purpose.

SECTION 9.12 WAIVER OF JURY TRIAL. EACH OF PARENT, MERGER SUB AND THE COMPANY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF PARENT OR THE COMPANY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF OR THEREOF.

SECTION 9.13 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including penalties and interest) incurred in connection with the Merger shall be paid by Parent, Merger Sub or the Surviving Corporation when due.

SECTION 9.14 Interpretation. When reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference shall be to an Article, Section, Exhibit or Schedule of this Agreement, as applicable, unless otherwise indicated. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein," "hereby" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "or" shall not be exclusive and has the meaning represented by the phrase "and/or". References to "dollars" or "\$" are to United States of America dollars. When used herein, the word "extent" and the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such word or phrase shall not simply mean "if". Whenever the phrase "ordinary course" or "ordinary course of business" is used in this Agreement, it shall be deemed to be followed by the words "consistent with past practice" whether or not so specified. The interpretations contemplated by Section 9.14 of the Company Disclosure Schedule shall apply as contemplated therein. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted. Terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References herein to any gender include any other gender. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa. Any dollar or percentage thresholds set forth herein shall not be used as a benchmark for the determination of what is or is not "material", a "Company Material Adverse Effect" or a "Parent Material Adverse Effect" under this Agreement. Unless otherwise indicated, all references herein to the subsidiaries of a Person shall be deemed to include all direct and indirect subsidiaries of such Person unless otherwise indicated or the context otherwise requires. Each representation or warranty in Article III made by the Company relating to a Joint Venture of the Company or any subsidiary thereof that is neither operated nor managed solely by the Company or any subsidiary thereof, shall be deemed to be made only to the knowledge of the Company. When used in this Agreement, the phrase "made available" shall mean provided by the Company or Parent, as applicable, (i) via email to the other Party or its Representatives, (ii) in a virtual data room accessible by the other Party established in connection with the transactions contemplated by this Agreement, (iii) at the offices of a Party or its Affiliates or (iv) included in, as an exhibit or schedule, the Company SEC Reports, in each cases of clauses (i), (ii), (iii) or (iv) above, as of or prior to 5:00 p.m., Eastern Time, on May 18, 2025.

SECTION 9.15 Parent Debt Financing Sources. Notwithstanding anything in this Agreement to the contrary, the Company hereby (a) agrees that any action, whether in law or in equity, whether in contract or in tort or otherwise, involving the Parent Debt Financing Entities, arising out of or relating to, this Agreement, the Parent Debt Financing or any of the agreements entered into in connection with the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder shall be subject to the exclusive jurisdiction of any federal or state court in the Borough of Manhattan, New York, New York, and any appellate court thereof and each party hereto irrevocably submits itself and its property with respect to any such action to the exclusive jurisdiction of such court, (b) agrees that any such action shall be governed by, construed and enforced in accordance with the laws of the State of New York (without giving effect to any conflicts of law principles that would result in the application of the laws of another state), except as otherwise provided in a definitive document relating to the Parent Debt Financing, (c) agrees that service of process upon any such party in any such action or proceeding shall be effective if notice is given in accordance

with Section 9.2, (d) irrevocably waives, to the fullest extent that it may effectively do so, the defense of an inconvenient forum to the maintenance of such action in any such court, (e) waives to the fullest extent permitted by applicable law trial by jury in any action brought against the Parent Debt Financing Entity in any way arising out of or relating to this Agreement, the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, (f) agrees that none of the Parent Debt Financing Entities will have any liability to the Company relating to or arising out of this Agreement, the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, whether in law or in equity, whether in contract or in tort or otherwise, (g) agrees that no Parent Debt Financing Entity shall be subject to any special, consequential, punitive or indirect damages or damages of a tortious nature in connection with this Agreement, the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, (h) (i) waives any and all rights or claims against the Parent Debt Financing Entities in connection with this Agreement, the Parent Debt Financing or any of the agreements entered into in connection with the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, whether in law or equity, contract, tort or otherwise, and (ii) agrees not to commence (and if commenced agrees to dismiss or otherwise terminate) any proceeding or legal or equitable action against any Parent Debt Financing Source in connection with this Agreement, the Parent Debt Financing or any of the agreements entered into in connection with the Parent Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder and (provided that, for the avoidance of doubt, and notwithstanding the foregoing, nothing herein shall limit Parent's and its Affiliates' rights under any agreements relating to the Parent Debt Financing) and (i) agrees that the Parent Debt Financing Entities are express third-party beneficiaries of, and may enforce, Section 8.2, Section 9.6 and any of the provisions in this Agreement reflecting the foregoing agreements in this Section 9.15 and that Section 8.2, Section 9.6 and this Section 9.15 (or any other provision of this Agreement the amendment, modification or alteration of which has the effect of modifying such provisions) may not be amended in a manner adversely affecting any Parent Debt Financing Entity without the written consent of such adversely affected Parent Debt Financing Entity. Notwithstanding anything to the contrary herein, nothing in this Agreement shall impact the rights of Parent, Merger Sub and their Affiliates, or the obligations of the Parent Debt Financing Entities, under any definitive agreement relating to the Parent Debt Financing.

SECTION 9.16 No Recourse. Notwithstanding anything to the contrary in this Agreement or in any document, agreement or instrument delivered in connection herewith, (a) the Company covenants, agrees and acknowledges that no Person other than Parent and Merger Sub has any liability, obligation or commitment of any nature, known or unknown, whether due or to become due, absolute, contingent or otherwise, hereunder and that neither the Company nor any other Person has any right of recovery or recourse under this Agreement or under any document, agreement or instrument delivered in connection herewith, or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, this Agreement, such obligations or their creation, the transactions contemplated hereby or thereby or in respect of any oral representations made or alleged to be made in connection herewith or therewith, against, and no personal liability whatsoever shall attach to, be imposed upon or be incurred by, any former, current or future equity holders, controlling persons, incorporators, directors, officers, employees, advisors, agents, representatives, Affiliates, members, managers or general or limited partners of Parent or Merger Sub or any former, current or future equity holder, controlling person, incorporator, director, officer, employee, advisor, general or limited partner, member, manager, Affiliate, financing source, portfolio company, representative or agent of any of the foregoing and their successors or assigns (collectively, but not including Parent or Merger Sub, each, a "Non-Recourse Party"), whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil, by the enforcement of any assessment or by any Proceeding, by virtue of any statute, regulation or applicable Law, or otherwise, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Recourse Party, as such, for any obligations of Parent, Merger Sub or any of their successors or permitted assignees under this Agreement or any documents, agreements or instruments delivered in connection herewith or therewith or for any claim based on, in respect of, or by reason of such obligation or their creation and (b) the provisions of this Section 9.16 are intended to be for the benefit of, and enforceable by, the Non-Recourse Parties and each such Person shall be a third-party beneficiary of this Section 9.16; provided, that notwithstanding the generality of the foregoing, nothing in this Section 9.16 shall prevent the Company from enforcing (i) the Guarantee against the Guarantor (as defined in the Guarantee) in

accordance with the terms of the Guarantee, (ii) the Stock Purchase Agreement against Purchaser in accordance with the terms of the Stock Purchase Agreement or (iii) the SPA Guarantee against Guarantor (as defined in the SPA Guarantee) in accordance with the terms of the SPA Guarantee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

COMPANY:

TXNM ENERGY, INC.

By: /s/ Patricia K. Collawn

Name: Patricia K. Collawn

Title: Chief Executive Officer

PARENT:

TROY PARENTHOLDING LLC

By: BIP Holdings Manager L.L.C.
Its: Manager

By: /s/ Sebastien Sherman
Name: Sebastien Sherman
Title: Senior Managing Director

MERGER SUB:

TROY MERGER SUB INC.

By: /s/ Sebastien Sherman
Name: Sebastien Sherman
Title: Chief Executive Officer

PNM's Revised 2026 GDP

Revised Application Exhibit F

Is contained in the following 31 pages.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC., AND TROY PARENTCO LLC)
FOR APPROVAL OF AN ACQUISITION AND MERGER)
OF TROY MERGER SUB INC. WITH TXNM ENERGY,) Case No. 25-00060-UT
INC.; APPROVAL OF A GENERAL DIVERSIFICATION)
PLAN; AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION (“JOINT)
APPLICATION”))
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC)
)
)
JOINT APPLICANTS.)
_____)

**PUBLIC SERVICE COMPANY OF NEW MEXICO’S
REVISED 2026 GENERAL DIVERSIFICATION PLAN**

In accordance with 17.6.450 NMAC (“Rule 450”), Public Service Company of New Mexico (“PNM”) submits this Revised 2026 General Diversification Plan (“Revised 2026 GDP”) in connection with the *Application for Approval of the Acquisition of PNM by Troy ParentCo LLC; and Approval of a General Diversification Plan and All Other Authorizations and Approvals Required to Consummate and Implement This Transaction* (the “Revised Application”). In the Revised Application, PNM, PNM’s parent company TXNM Energy, Inc. (“TXNM”), and Troy ParentCo LLC (“Troy” and, together with PNM and TXNM, the “Joint Applicants”) seek approval of an acquisition and merger and Class II Transaction,¹ by which PNM indirectly will be acquired

¹ Under NMSA 1978, Section 62-3-3(L)(1), a Class II transaction includes the formation of a public utility holding company.

by Troy, an indirect, wholly owned subsidiary of Blackstone Infrastructure (as defined below), through a merger of TXNM with Troy Merger Sub Inc. (“Troy Merger Sub”), with TXNM continuing as the surviving corporation (the “Acquisition”).

A previous General Diversification Plan for PNM was approved by the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) on June 28, 2001, in NMPRC Case No. 3137, as amended by order issued December 18, 2001, and was thereafter revised in Case No. 04-00315-UT (collectively, “Case 3137 GDP”). The Case 3137 GDP was approved in furtherance of the formation of a public utility holding company structure with PNM Resources, Inc. as the parent holding company. This Revised 2026 GDP is intended to replace and supersede the previous Case 3137 GDP. This Revised 2026 GDP describes the steps that will result in PNM being a subsidiary of additional public utility holding companies and provides the information and representations required by Rule 450.10(B).

I. REVISED 2026 GENERAL DIVERSIFICATION PLAN EXHIBITS

Exhibit GDP-1: TXNM Energy, Inc. and Subsidiaries Organizational Chart²

Exhibit Revised GDP-2: Post-Acquisition Organizational Chart

Exhibit Revised GDP-3: List of Affiliates, Home Office Addresses, and Chief Executive Officers

² Exhibit GDP-1 has not changed from the original application filed on August 25, 2025 in this docket.

II. PROPOSED CLASS II TRANSACTION

A. The Merger Agreement

PNM is a New Mexico corporation and a wholly owned subsidiary of TXNM,³ the common stock of which is currently traded on the New York Stock Exchange (“NYSE”). TXNM has entered into an Agreement and Plan of Merger (“Merger Agreement”), dated as of May 18, 2025, by and among TXNM, Troy and Troy Merger Sub. Pursuant to the Merger Agreement, TXNM will merge with and into Troy Merger Sub, with TXNM continuing as the surviving corporation. As a result of the Acquisition, PNM will become an indirect, wholly owned subsidiary of Troy and thus indirectly, wholly owned and controlled by the broader Blackstone Infrastructure. PNM will remain a New Mexico corporation and a certificated electric public utility subject to the jurisdiction of the Commission.

The Joint Applicants have made numerous commitments in connection with the Acquisition that will benefit PNM, its customers, employees and the communities PNM serves (the “Revised Regulatory Commitments”). The full set of Revised Regulatory Commitments are set forth in Revised Application Exhibit B-1.⁴

³ As of the date of filing of the Revised 2026 GDP, PNM also has 115,293 shares of preferred stock issued and outstanding. As this preferred stock is *de minimis* in value and has no control or management rights, we have disregarded it for purposes of this Revised 2026 GDP. The preferred stock of PNM will continue to exist after the Acquisition is consummated and is not impacted by the Acquisition.

⁴ Revised Exhibit B-2 contains a redline of the Revised Regulatory Commitments shows changes from original application.

B. Description of the Parties and Related Entities

1. TXNM

TXNM owns two regulated utility subsidiaries providing electricity and electric utility service in New Mexico and Texas: PNM and Texas-New Mexico Power Company, a Texas corporation (“TNMP”). TXNM was approved by the Commission as the public utility holding company for PNM in Case No. 3137 in 2001. TNMP is a wholly owned subsidiary of TNP Enterprises, Inc., a Texas corporation, which is a wholly owned subsidiary of TXNM. PNMR Services Company, a New Mexico corporation (“Services Company”), is a wholly owned subsidiary of TXNM and provides shared services to TXNM and its active subsidiaries, including PNM. A current organizational chart for TXNM and its affiliates is attached as Exhibit GDP-1.

2. PNM

PNM is a wholly owned subsidiary of TXNM and is an authorized public utility under the New Mexico Public Utility Act (“Public Utility Act”). PNM serves over 550,000 New Mexico customers in Greater Albuquerque, Rio Rancho, Los Lunas, Belen, Santa Fe, Las Vegas, Alamogordo, Ruidoso, Silver City, Deming, Bayard, Lordsburg and Clayton, as well as the tribal communities of Tesuque, Cochiti, Santo Domingo, San Felipe, Santa Ana, Sandia, Isleta and Laguna Pueblo.

3. Blackstone Infrastructure

“Blackstone Infrastructure” is an umbrella term used to refer collectively to BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C. (collectively, “Blackstone Infrastructure Management”) and the investment funds and accounts directly or indirectly controlled by them, including Blackstone Infrastructure Partners L.P. and its parallel funds and accounts (collectively, “BIP”), and Blackstone Infrastructure Strategies L.P. and its parallel funds and accounts (“BXINFRA” and, together with BIP, the “Blackstone

Infrastructure Funds”). The entities comprising Blackstone Infrastructure Management are, in turn, indirectly controlled by Blackstone Inc. (“Blackstone”). Blackstone is a publicly traded investment firm listed on the New York Stock Exchange (NYSE: BX).

While the Blackstone Infrastructure Funds have the financial capacity to consummate the Acquisition, as is customary in similar transactions, at the closing of the Acquisition (the “Closing”) a minority portion of the total investment will be funded by passive co-investors that are aligned with the Blackstone Infrastructure Funds’ long-term goals for TXNM through investment funds or accounts controlled by Blackstone Infrastructure Management (the “Blackstone Infrastructure TXNM Co-Investment Funds”).⁵ The investors in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds are invested, and at the Closing will all be invested, indirectly in Troy with no right to appoint directors or otherwise control PNM. Upon the Closing, the Blackstone Infrastructure Funds indirectly will be the majority investor in PNM, the Blackstone Infrastructure TXNM Co-Investment Funds will be indirect minority investors in PNM, and Blackstone Infrastructure Management will retain control over all of the indirect investment in PNM.

An organizational chart depicting Blackstone Infrastructure’s ownership structure over PNM following the Acquisition is attached as Exhibit Revised GDP-2.

⁵ Blackstone Infrastructure Management expects that, after completing any syndication, no more than 45% of TXNM would be held, indirectly through the Blackstone Infrastructure TXNM Co-Investment Funds with the balance (approximately 55%) held, indirectly, by the Blackstone Infrastructure Funds at the closing of the Acquisition. For the avoidance of doubt, Blackstone Infrastructure, as defined herein, includes Blackstone Infrastructure Management, the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds. At the Closing, all indirect investments in TXNM, including the investments of the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds, will be controlled by Blackstone Infrastructure Management. At the Closing, the investors in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds will only hold passive rights in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds intended to protect them against fundamental changes to the investment they are making. Therefore, the investors in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM Co-Investment Funds will lack the ability to manage or control TXNM at the Closing.

4. Blackstone Infrastructure Funds

As noted above, at the Closing, the Blackstone Infrastructure Funds will indirectly be the majority investor in PNM and TXNM, and the Blackstone Infrastructure TXNM Co-Investment Funds will own the balance of the equity in TXNM.

BIP has an open-ended, perpetual capital structure, enabling a long-term buy-and-hold investment approach that fosters responsible stewardship and stakeholder engagement, creating value for its investors and the communities in which it invests. BIP invests behind leading infrastructure companies and platforms in sectors with long-term thematic tailwinds, including utilities, energy, transportation, digital infrastructure, and water and waste sectors, among others.

BXINFRA is a private fund that primarily invests in infrastructure equity, credit and secondaries strategies. Like BIP, BXINFRA is structured as a perpetual-life fund, with monthly, fully funded subscriptions and periodic repurchase offers. BXINFRA is exempt from registration under Section 3(c)(7) of the Investment Company Act of 1940. With an objective to deliver attractive risk-adjusted returns consisting of both current income and long-term capital appreciation, BXINFRA invests, and seeks to identify, acquire and operate a diversified portfolio of high-quality, long-duration, cash-yielding infrastructure investments that offer the opportunity for risk-adjusted capital appreciation alongside one or more vehicles with substantially similar investment objectives and strategies.

Blackstone Infrastructure has more than \$90 billion in assets under management and owns interest in 25 portfolio companies, which are listed on Exhibit Revised GDP-3, two of which are minority investments in investor-owned utilities — Northern Indiana Public Service Company LLC, an Indiana limited liability company, which is a transmission, distribution and generation-owning electric utility, and FirstEnergy Corp., an Ohio corporation, which is a transmission, distribution and generation-owning electric utility.

5. Troy

Troy is the buyer in the Acquisition. Blackstone Infrastructure will provide Troy with the equity necessary to complete the purchase of TXNM and, indirectly, PNM. Upon the Closing, TXNM will be a portfolio company of Blackstone Infrastructure, which will be the controlling investor in Troy.

Troy is a new holding company formed for the sole purpose of entering into the Merger Agreement, completing the Acquisition, and thereafter owning 100% of the equity interests in TXNM. Troy conducts no business activities other than its ownership of Troy Merger Sub and will become the sole owner of TXNM at the Closing.

6. Troy Merger Sub

Troy Merger Sub is a direct subsidiary of Troy and is newly formed for the sole purpose of entering into the Merger Agreement and completing the Acquisition. Troy Merger Sub has not engaged in any business except for activities incidental to its formation and as contemplated by the Merger Agreement. Subject to the terms of the Merger Agreement, upon completion of the transaction, Troy Merger Sub will cease to exist, and TXNM will continue as the surviving corporation.

7. Other Intermediate Entities Involved in the Acquisition

In addition to Troy, multiple intermediate holding companies, were created for the Acquisition to provide structural flexibility during Blackstone Infrastructure's long-term investment in PNM. Troy is a wholly owned, direct subsidiary of Troy IntermediateCo LLC, a Delaware limited liability company, which is a wholly owned, direct subsidiary of Troy TopCo LP. Troy TopCo LP, a Delaware limited partnership whose general partner is Troy GP LLC, a Delaware limited liability company, is wholly owned by Troy Aggregator LP (which also wholly owns Troy GP LLC), which is indirectly wholly owned by the Blackstone Infrastructure Funds

and the Blackstone Infrastructure TXNM Co-Investment Funds. Troy IntermediateCo LLC, Troy TopCo LP, Troy GP LLC and Troy Aggregator LP collectively make up the “Intermediate Companies.” None of the Intermediate Companies has or is expected to have any employees. Day-to-day management of PNM and TXNM will not be impacted by the existence of the Intermediate Companies post-Closing.

III. TO THE EXTENT KNOWN, THE NAME, HOME OFFICE ADDRESS, AND CHIEF EXECUTIVE OFFICER OF EACH AFFILIATE, CORPORATE SUBSIDIARY, HOLDING COMPANY, OR PERSON WHICH IS THE SUBJECT OF THE CLASS II TRANSACTION. (17.6.450.10(B)(1) NMAC)

The primary entities which are the subject of the proposed Class II transaction are PNM, TXNM, Troy Merger Sub and Troy. Exhibit Revised GDP-3 lists the name, home office addresses, and chief executive officers of these primary entities and their key affiliates, subject to the variance requested in the Revised Application and described in greater detail below.

IV. A STATEMENT OF THE GOALS AND EFFECTS UPON THE UTILITY OPERATION OF THE CLASS II TRANSACTION, INCLUDING AN ANALYSIS OF THE BENEFITS, RISKS, AND ANY COSTS TO THE PUBLIC UTILITY WHICH COULD ARISE, AND INCLUDING ALL TAX EFFECTS ON THE UTILITY BOTH ON A CONSOLIDATED ENTITY BASIS AND ON A STAND-ALONE BASIS. (17.6.450.10(B)(2) NMAC)

PNM is currently owned by TXNM, a public utility holding company. The proposed Class II transaction will not disturb the existing holding company structure, except to add additional indirect public utility holding companies of PNM above TXNM. PNM will remain a public utility providing regulated public utility electric service to customers in New Mexico pursuant to its existing Certificate of Public Convenience and Necessity. At the Closing, PNM’s senior management will continue to have control over PNM’s operations as immediately prior to the Closing, and PNM will continue to be headquartered in New Mexico. The Acquisition will not

have any adverse and material effect on PNM's utility operations. Additionally, the Acquisition provides substantial new benefits to PNM, its customers, employees and the communities it serves.

A. Goals of the Class II Transaction

The Joint Applicants' goals for the Class II transaction are for PNM to remain a financially healthy and regulated public utility; to enable PNM to provide safe and reliable utility service to its customers in New Mexico into the future; and to provide PNM with capital to support the energy transition required by the New Mexico Energy Transition Act, modernize PNM's grid, and enable PNM to attract future economic development to New Mexico.

B. Financial and Other Benefits of the Acquisition

The proposed Class II transaction will benefit PNM, allowing for enhanced access to capital for prudent investments, maintaining service reliability, and improved opportunities for management and employees. As a result of the acquisition by Blackstone Infrastructure, PNM will not only maintain or improve its strong business and financial risk profile upon completion of the Acquisition but also will have strong support for its clean energy transition in New Mexico, in accordance with the New Mexico Energy Transition Act. The acquisition of PNM is consistent with Blackstone Infrastructure's mission of investing in resilient infrastructure assets and using perpetual capital to support economic development and energy transition. Blackstone Infrastructure will provide financial support and procurement support for PNM to the ultimate benefit of PNM's customers. In addition, following the Acquisition, PNM will maintain local control of its operations, which will benefit customers by having continued local accountability for the utility service PNM provides.

Additionally, Joint Applicants have made specific Revised Regulatory Commitments that will provide significant benefits to PNM, its customers, employees, and the communities it serves, while also providing the necessary protections to ensure that PNM remains an independent and

locally managed utility, and its customers are protected from any potential financial risks associated with the Acquisition. The Acquisition represents a significant long-term investment by Troy to support the success of PNM, its employees, customers, and communities. Collectively, the Revised Regulatory Commitments provide substantial and tangible benefits to PNM, its customers, and its communities, while insulating PNM from any potential risks of the Acquisition, including the following benefits:

- (1) The Acquisition improves PNM's access to both debt and equity funding for future needed capital initiatives via Blackstone Infrastructure's open-ended structure, long-term investment horizon, access to perpetual capital (with more than \$90 billion in assets under management), and access to scale and expertise in the funding markets.
- (2) Blackstone Infrastructure's focus on long-term stability of ownership, steady growth, and value creation over time—as a contrast to the short-term nature of the expectations demanded by public capital markets—will provide PNM's management with greater certainty for long-range planning.
- (3) A commitment that PNM will continue to make capital expenditures required to meet its anticipated 2026–2030 capital budget of \$4.9 billion, including if the final budget changes. To demonstrate Troy's commitment to fund such a plan, the disinterested directors of the PNM Board of Directors ("PNM Board") will have the ability to prevent PNM from making dividends at any time during that five-year period if the PNM Board reduces the capital expenditures below the current 2026-2030 plan because of limited equity financing.
- (4) To ensure PNM is locally operated and accountable, the Joint Applicants commit that PNM's day-to-day operations will continue to be conducted by PNM's local management and employees, and PNM's local management will continue to establish company priorities and respond to local conditions.
- (5) To ensure PNM and its customers are protected from any potential financial risks associated with the Acquisition, the Joint Applicants commit to keep PNM insulated from affiliates by committing that the utility will maintain its own standalone credit rating with two ratings agencies, that utility assets will not be pledged for another entity and that there will be no intercompany lending, or commingling of utility assets. In addition, the PNM Board is given decision-making authority over PNM's dividend policy, debt issuance, issuance of dividends or other distributions (other than tax distributions) and other restrictions that apply to dividends, including a restriction on dividends if (a) PNM's credit rating is sub-investment grade; (b) dividends exceed PNM's net income; or (c) disinterested directors exercise their rights to block the payment of dividends.

- (6) The Acquisition provides workforce continuity in that PNM's existing headquarters and management will remain in place, PNM will not implement involuntary workforce reductions or reduce wages or benefits, except for cause or performance, for at least three years post-Closing, and the current collective bargaining agreement with IBEW Local Union 611 will be honored. The Acquisition also provides enhanced opportunities and protections for local workers and union labor.
- (7) The Acquisition provides tangible and quantifiable benefits through, among other things: (a) a \$105 million rate credit to be applied to customers' bills over a four-year period immediately following the Closing and a \$115 million rate credit to be applied to customers' bills over a six-year period immediately following the four-year period contemplated in Revised Regulatory Commitment No. 1(a); (b) \$25 million within 10 years to innovation and energy transition investments; (c) \$15 million over 10 years to PNM's Good Neighbor Fund; (d) a \$40 million contribution over 10 years to fund economic development educational and business endeavors; and (e) continued charitable contributions by PNM at historical levels.
- (8) The rate credits and contributions included in the Revised Regulatory Commitments will be made at no cost to PNM's customers, including no recovery of transaction- or transition-related costs, acquisition premium or goodwill through rates.
- (9) Following Closing, PNM's current Board of Directors (comprised solely of TXNM officers) will be reconstituted into a nine-member board, including at least five disinterested directors. The five disinterested directors must qualify as independent from PNM, Blackstone and their affiliates in all material respects in accordance with the rules and regulations of New York Stock Exchange. At least three of the disinterested directors will be residents of New Mexico. The President and CEO of PNM will be one of the directors. At least one of the eight non-CEO directors will have utility executive experience. The PNM Board will have the duty to act, subject to applicable New Mexico law, in the best interests of PNM. Having a majority disinterested board provides an independent perspective on PNM's business that, when combined with the perspectives of New Mexico residents, directors with utility executive experience, and PNM's CEO, will benefit PNM's customers.

C. Improved Financial Strength and Continued Financial Transparency

Following the Closing, PNM will remain a subsidiary of TXNM, a public utility holding company focused on clean energy and regulated utility businesses. PNM will continue to make all required public disclosures to the NMPRC and the Federal Energy Regulatory Commission, which include disclosures about ownership, finances, transactions and affiliate relationships. While specific financial reporting requirements may be different following the Closing,

Blackstone Infrastructure is committed to maintaining compliance with all applicable financial reporting obligations at both the federal and state levels.

As a result of the Acquisition, PNM will be part of a corporate structure with increased access to debt and equity capital and a demonstrated track record of financial strength and stability. Blackstone Infrastructure has a track record of investing significant capital into its portfolio companies and its open-ended structure, long-term investment horizon and access to perpetual capital allows it to invest long term to meet the reliability and growth needs of PNM. Approval of the Acquisition will help provide PNM with better access to capital on reasonable market-based terms. This outcome is consistent with the regulatory objective that reasonable and proper service through prudent investment in utility plant and equipment is available to customers at fair, just and reasonable rates.

D. No Excessive Dividends

Consistent with the current Commission-approved treatment of dividends paid by PNM to TXNM, the Joint Applicants commit that PNM will not pay dividends (other than tax distributions) at any time its credit ratings are below investment grade, unless otherwise permitted by the Commission. Further, TXNM and Blackstone Infrastructure commit that PNM will limit its payment of dividends (other than tax distributions) to an amount not to exceed PNM's net income, unless otherwise approved by the Commission. In addition, a vote of a majority of the disinterested directors on the PNM Board may prevent PNM from issuing dividends at any time during the first five years if the PNM Board reduces the capital expenditures below the current five-year plan based on limited equity financing availability, and a vote of a majority of the disinterested directors of the PNM Board is required to change PNM's dividend policy.⁶

⁶ Any changes to the dividend policy require the majority shareholder and the PNM Board to agree on the approach.

E. Anticipated Tax Effects on PNM on a Consolidated and Stand-Alone Basis

There are no regulatory tax implications for PNM as a result of the Acquisition. Similar to its current tax reporting on a consolidated basis with TXNM, PNM will join in the consolidated tax filing of Troy IntermediateCo LLC. PNM's payment of income taxes will continue to be an amount based on PNM's tax liability computed on a stand-alone basis. The Acquisition will have no impact on the Commission's authority to determine PNM's federal income tax expense for ratemaking purposes.

F. Continued Oversight and Regulation by the Commission

The proposed Class II transaction will not result in any adverse and material effect on PNM's utility operations, and PNM will continue to provide reasonable and proper electric utility service at fair, just and reasonable rates. The Acquisition will not alter PNM's legal status as a regulated public utility; nor will it affect the Commission's authority and supervision and regulation of PNM's retail rates and service under the PUA. The Acquisition will not obstruct, hinder, diminish, impair, or unduly complicate the Commission's supervision and regulation of PNM under the PUA or otherwise. The Commission will continue to have access to necessary books and records for the purpose of regulating PNM and its affiliate transactions.

PNM has a long record of providing safe and reliable service, and the Acquisition will ensure that PNM has the financial support that it needs to continue to provide reliable and resilient service to its New Mexico customers. As a result of the Acquisition, there will be no change in any of PNM's existing tariffs, rules or forms currently approved by the Commission, except for the addition of a transaction-related customer rate credit set forth in the Revised Regulatory Commitments and subject to the Commission's approval. PNM will continue to comply with the rules and orders of the Commission directed to PNM. Any future changes to PNM's tariffs, rules or forms will be subject to all necessary approvals of the Commission. PNM's capital structure

and asset valuations used for rate making purposes are based on approvals of the Commission. Any future changes in PNM's capital structure or valuation of assets for ratemaking purposes similarly will be subject to review and approval by the Commission in rate proceedings in accordance with the PUA.

G. Exclusion of Transaction Costs and Acquisition Premium from Rate Recovery

No costs incurred by PNM or its affiliates related to the Acquisition will be recovered, directly or indirectly, from PNM customers. Further, no legal or other costs incurred in connection with obtaining regulatory approvals of the Acquisition will be recovered from PNM customers. Finally, PNM will not seek to revalue any of its assets based on, or seek in any way to recover, any acquisition premium that results from the Acquisition.

V. TYPE OF CORPORATE STRUCTURE TO BE USED (17.6.450.10(B)(3) NMAC)

PNM will continue to be a New Mexico corporation, registered to do business in New Mexico and certificated as an electric public utility subject to the jurisdiction of the Commission. PNM will remain a wholly owned subsidiary of TXNM, a public utility holding company as defined by NMSA 1978, Section 62-3-3. Troy will own 100% of the voting securities of TXNM.

VI. THE MEANS OF IMPLEMENTING THE CORPORATE STRUCTURE TO BE USED, INCLUDING, BUT NOT LIMITED TO, AMENDMENTS TO CORPORATE ARTICLES, ANY ISSUANCES, ACQUISITIONS, CANCELLATIONS, EXCHANGES, TRANSFERS, OR CONVERSIONS OF SECURITIES, AND THE IMPACT OF SUCH ON THE RIGHTS OF CREDITORS AND SECURITY HOLDERS. (17.6.450.10(B)(4) NMAC)

The Acquisition will be implemented by the merger of Troy Merger Sub with and into TXNM, with TXNM continuing as the surviving corporation following the merger and as a direct, wholly owned subsidiary of Troy. As of the effective time of the Acquisition, each issued share

of TXNM common stock that is owned by Troy, TXNM, Troy Merger Sub or any other direct or indirect wholly owned subsidiary of Troy or TXNM, in each case, not held on behalf of third parties, will be cancelled and cease to exist, and no consideration will be delivered in exchange for those shares. Upon the terms and subject to the conditions set forth in the Merger Agreement, at the effective time of the Acquisition, each issued and outstanding share of TXNM common stock (other than (i) the shares referred to in the preceding sentence and (ii) dissenting shares) will be converted into the right to receive \$61.25 in cash, without interest. In connection with the consummation of the Acquisition, TXNM's common stock will be delisted from the NYSE. PNM's existing long-term debt will remain in place following the consummation of the Acquisition. No incremental debt is being issued at TXNM or PNM to finance the Acquisition. No changes to PNM's status as a New Mexico domestic corporation or to PNM's articles of incorporation will occur as a result of the Acquisition.

VII. THE ANTICIPATED CAPITAL STRUCTURE FOR THE UTILITY, ITS AFFILIATES, AND THE CONSOLIDATED ENTITY (UTILITY PLUS AFFILIATES) FOR THE NEXT FIVE-YEARS. (17.6.450.10(B)(5) NMAC)

PNM has historically had an equity ratio between 49% and 52%. PNM expects the equity ratio range to remain approximately 50% to 52% over the next five years, or at such other level as may be directed by the Commission. TXNM expects the equity ratio for TXNM to be in line with or improved from historical precedent, as no incremental acquisition debt will be issued at PNM or TXNM to finance the Acquisition.

The portfolio companies in which Blackstone Infrastructure owns interest are identified on Exhibit Revised GDP-3. Blackstone Infrastructure is affiliated with hundreds of legal entities. Attempting to report and project the anticipated capital structure of each of these entities for the next five years, at this time or on an ongoing basis, would be extraordinarily burdensome and

provide no value to the Commission in determining whether the Acquisition has a material and adverse effect on PNM's ability to provide reasonable and proper utility service at fair, just, and reasonable rates. The numerous Revised Regulatory Commitments that the Joint Applicants have proposed to make as conditions of approval of the Acquisition ensure that PNM will remain separate and insulated from Troy and from Blackstone Infrastructure's other investments (or potential affiliates, including portfolio companies or investments of Blackstone funds not involved in the Acquisition), thereby eliminating any potential risk of adverse consequences to PNM or its ability to fulfill its responsibilities as a public utility. Moreover, Blackstone Infrastructure is well capitalized, has the ability to inject follow-on capital, and is committed to injecting necessary equity into PNM long-term to ensure that PNM is able to continue to provide reasonable and adequate utility service to customers at fair, just, and reasonable rates.

VIII. THE CONTEMPLATED ANNUAL AND CUMULATIVE INVESTMENTS IN EACH AFFILIATED INTEREST FOR THE NEXT FIVE (5) YEARS IN DOLLARS AND AS A PERCENTAGE OF THE PROJECTED NET UTILITY PLANT AND AN EXPLANATION OF WHY THIS LEVEL OF INVESTMENT IS REASONABLE AND WILL NOT INCREASE THE RISKS OF INVESTMENT IN THE PUBLIC UTILITY. (17.6.450.10(B)(6) NMAC)

PNM will not invest any funds in any affiliate during the next five years.

IX. AN EXPLANATION OF HOW THE AFFILIATE(S) WILL BE FINANCED, BY WHOM, AND THE TYPE AND AMOUNTS OF CAPITAL OR INSTRUMENTS OF INDEBTEDNESS. (17.6.450.10(B)(7) NMAC)

PNM will not provide financing to any of its affiliates, other than as permitted by the Commission.

X. AN EXPLANATION OF HOW THE UTILITY'S CAPITAL STRUCTURE, COST OF CAPITAL, AND ABILITY TO ATTRACT CAPITAL AT REASONABLE RATES WILL BE IMPACTED. (17.6.450.10(B)(8) NMAC)

TXNM has a long-standing policy that its regulated utilities should maintain a capital structure designed to support investment-grade credit metrics, and Blackstone Infrastructure supports that policy. Furthermore, Blackstone Infrastructure is a perpetual, open-ended fund, that is financially capable of providing equity capital to PNM into the future. PNM will continue to maintain a capital structure in line with the capital structure approved by the Commission for ratemaking purposes. The Acquisition is anticipated to maintain the investment-grade credit rating of PNM and TXNM. No incremental debt is being issued at TXNM to finance the Acquisition. PNM will continue to have a strong balance sheet. As a result of the Acquisition, PNM anticipates improved access to the debt markets at reasonable market-based rates and terms as a result of Blackstone Infrastructure's scale and deep relationships within the lending community as it seeks to issue debt in the future. PNM will continue to issue debt in the ordinary course of business in accordance with the requirements of Section 62-6-6 of the PUA. The Acquisition will have no effect on PNM's capital structure used for ratemaking purposes.

XI. AN EXPLANATION OF HOW THE UTILITY CAN ASSURE THAT ADEQUATE CAPITAL WILL BE AVAILABLE FOR THE CONSTRUCTION OF NECESSARY NEW UTILITY PLANT AND AT NO GREATER COST THAN IF THE UTILITY DID NOT ENGAGE IN THE CLASS II TRANSACTION. (17.6.450.10(B)(9) NMAC)

To demonstrate Blackstone Infrastructure's intention to provide long-term funding to PNM, the Joint Applicants commit that PNM will continue to make minimum capital expenditures in an amount equal to PNM's current 2026 – 2030 capital budget of \$4.9 billion in accordance

with the Revised Regulatory Commitments.⁷ If during this period, the PNM Board reduces the capital expenditures below the current 2026 – 2030 plan based on limited equity financing availability, a majority vote of the disinterested directors will have the power to vote to stop dividend payments from PNM.

Following the completion of the Acquisition, PNM will remain a subsidiary of TXNM, which will be owned by a much larger, financially strong, well-capitalized infrastructure fund with an open-ended structure, long-term investment horizon and access to perpetual capital that focuses on long-lived asset businesses. PNM will realize increased access to both debt and equity capital as a result of the Acquisition. PNM will fund the construction of necessary new utility plant through a combination of internally generated funds at PNM, equity infusion from TXNM, and debt issued at PNM, as appropriate. As a result, adequate capital will continue to be available for the construction of necessary new utility plant and possibly at lower cost than if PNM were not to engage in the Acquisition.

XII. TO THE EXTENT NOT ANSWERED IN SECTION XI ABOVE, AN EXPLANATION OF HOW RATEPAYERS WILL BE PROTECTED AND INSULATED FROM ANY RISKS, COSTS, OR OTHER ADVERSE AND MATERIAL EFFECTS ATTRIBUTABLE TO CLASS II TRANSACTIONS OR THEIR RESULTING EFFECTS. (17.6.450.10(B)(10) NMAC)

The PNM retail utility services and rates will continue to be subject to the jurisdiction of the Commission.

Customers are afforded protection under NMSA 1978, Section 62-6-19 and Rule 17.6.450 NMAC, pursuant to which the Commission has authority to review and investigate Class I and Class II Transactions, as they are defined by Section 62-3-3 of the Public Utility Act. PNM will

⁷ The final budget may differ slightly. The commitment applies to the final budget irrespective of the final number.

comply with all laws and Commission rules and orders governing transactions with affiliated interests. PNM will comply with reporting requirements with respect to any Class I and Class II transactions.

With regard to affiliate transactions for shared services among and between PNM, TXNM and its subsidiaries, PNM will continue to account for such services, as annually adjusted as reflected in its Commission-authorized Cost Allocation Manual (“CAM”) and will seek to update the CAM to reflect material changes to those transactions as applicable. As part of its obligations to maintain its books of accounts and supporting records for shared services, PNM will:

- (1) Maintain current organizational charts showing initial chains of command and horizontal reporting/coordination relationships, including those with affiliates;
- (2) Maintain current job descriptions that state whether the job position provides services or work for more than one subsidiary, and whether the job duties relate to corporate governance functions or provide benefits or services to more than one subsidiary;
- (3) Disclose in any base rate filing each service function from an affiliate on which PNM relies, in whole or in part;
- (4) Require employees who work for more than one subsidiary to keep detailed timesheets; and
- (5) Designate the basis for the charges for goods, assets and services exchanged between PNM and its affiliates (*e.g.*, fully distributed costs, fair market value, or other applicable basis).

The Joint Applicants also have incorporated numerous and extensive “ring-fencing” commitments to protect and insulate PNM’s customers from any potential risk, cost, or other adverse and material effect attributable to the Acquisition or its resulting effects. Those ring-fencing commitments include:

- (1) PNM will maintain standalone credit ratings registered with at least two organizations registered with the U.S. Securities and Exchange Commission;
- (2) PNM will not pledge its assets, stock or revenues for the benefit of any entity other than PNM or subsidiaries of PNM nor use such assets, stock or revenues as a

guarantee or collateral against any debt issued or liability incurred by any entity other than PNM or subsidiaries of PNM. No debt of Troy or its affiliates will be recourse to PNM;

- (3) Aside from PNM's arrangements with TXNM, PNM will not engage in intercompany debt or lending with Troy, or any affiliate that controls Troy. Notwithstanding the foregoing, PNM may borrow from Troy or its affiliates on an arm's-length basis if approved by a majority of the disinterested directors of the PNM Board, and provided further that nothing herein obligates Troy or any of its affiliates to lend money to PNM or any of its affiliates at any time. PNM will not commingle funds, assets or cash flows with affiliates, unless authorized by the Commission;
- (4) PNM will not include in any of its debt or credit agreements cross-default provisions tied to affiliates. Under no circumstances will debt of PNM become due and payable or rendered in default because of any cross-default, financial covenants, rating agency triggers or similar provisions of any debt or other agreements of TXNM, Troy, or any of their affiliates or subsidiaries. Further, PNM's ability to utilize its credit facility will not be contingent on the financial status, default or credit rating of TXNM, Troy or any of their affiliates or subsidiaries;
- (5) PNM will maintain accurate, appropriate and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities, separate and distinct from those of other entities; and
- (6) PNM, TXNM and Troy will abide by Commission affiliate standards as they apply to PNM and maintain an arm's length relationship with TXNM and Troy and its affiliates, consistent with any variance accepted by the Commission.

All of these ring-fencing and corporate governance Revised Regulatory Commitments reinforce Blackstone Infrastructure's practice of holding the portfolio companies that it invests in as standalone investments, independent of other Blackstone Infrastructure-owned or affiliated portfolio companies. Moreover, the Commission will retain its ability to regulate PNM and enforce the provisions of this Revised 2026 GDP as well as the Revised Regulatory Commitments that are included in this Revised 2026 GDP and in the Revised Application by making them conditions of any final Commission order approving the Acquisition.

XIII. IF THE UTILITY INTENDS TO DIVEST A CORPORATE SUBSIDIARY, AN EXPLANATION OF THE REASONS FOR SUCH DIVESTITURE, HOW IT WILL BE ACCOMPLISHED, HOW IT WILL AFFECT UTILITY OPERATIONS, FINANCIAL VIABILITY, COST OF CAPITAL, AN ADEQUACY OF SERVICE DURING THE NEXT TEN (10) YEARS FOLLOWING DIVESTITURE, THE ANTICIPATED PROCEEDS TO THE UTILITY, THE EXTENT, IF ANY, THAT THE UTILITY INTENDS FOR RATEPAYERS TO SHARE IN THE PROCEEDS OR OTHERWISE BENEFIT FROM THE DIVESTITURE, THE AMOUNT OF AND REASONS WHY ANY RATEPAYER FUNDS HAVE FLOWED DIRECTLY OR INDIRECTLY TO THE BENEFIT OF THE CORPORATE SUBSIDIARY. (17.6.450.10(B)(11) NMAC)

Not applicable.

XIV. TO THE EXTENT NOT PROVIDED ABOVE, SUCH OTHER INFORMATION OR REPRESENTATION THAT WILL ALLOW THE COMMISSION TO MAKE THE FINDINGS CONTAINED IN RULE 450.10(C). (17.6.450.10(B)(12) NMAC)

To the extent not provided above, Joint Applicants represent that:

- (1) the books and records of PNM will be kept separate from those of any nonregulated business and in accordance with the Uniform System of Accounts;
- (2) the Commission and its staff will have access to the books and records of affiliates of PNM, as necessary, to facilitate the Commission's audit or review of any transactions between PNM and its affiliates pursuant to NMSA 1978, Sections 62-6-17 and 62-6-19;
- (3) the supervision and regulation of PNM pursuant to the Public Utility Act will not be obstructed, hindered, diminished, impaired, or unduly complicated;
- (4) PNM will not pay excessive dividends to its holding companies, and the holding companies will not take any action which will have an adverse and material effect on PNM's ability to provide reasonable and proper service at fair, just, and reasonable rates;
- (5) PNM will not, without prior approval of the Commission:
 - a. loan its funds or securities or transfer similar assets to any affiliated interest;
 - b. purchase debt instruments of any affiliated interests, or guarantee or assume liabilities of such affiliated interests; or
 - c. pledge the assets of PNM to pay or guarantee the debt of another entity;

- (6) PNM has complied, and will comply, with all applicable federal or state statutes, rules, or regulations;
- (7) when required by the Commission, PNM will have an allocation study (which will not be charged to ratepayers) performed by a consulting firm chosen by and under the direction of the Commission; and
- (8) when required by the Commission, PNM will have a management audit (which will not be charged to ratepayers) performed by a consulting firm chosen by and under the direction of the Commission to determine whether there are any adverse effects of Class II Transactions upon PNM.

CONCLUSION

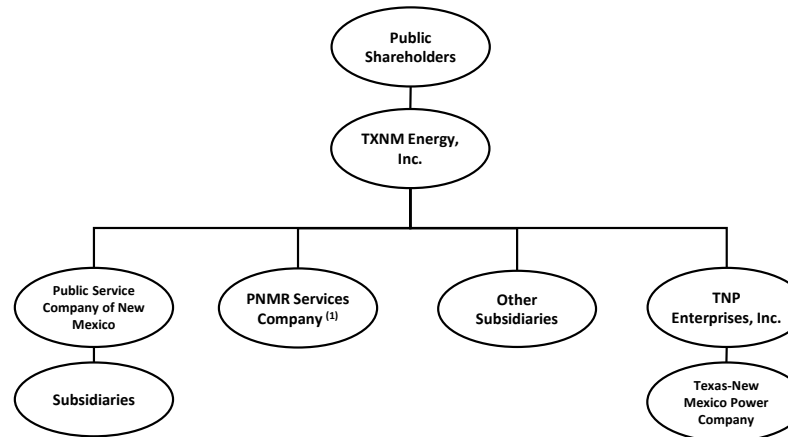
PNM, its customers, employees and the communities it serves will receive substantial and lasting benefits from the Acquisition that would not otherwise be available without the Acquisition, including ownership by a much larger, financially strong, well-capitalized infrastructure fund with an open-ended structure, long-term investment horizon and access to perpetual capital. PNM will remain an independently operated, locally managed public utility, subject to the Commission's regulatory oversight, and its customers will be protected from any potential financial risks associated with the Acquisition. PNM's ability to provide reasonable and proper utility service at fair, just, and reasonable rates will not be adversely and materially affected by the Proposed Class II transaction, the introduction of additional holding companies and any resulting effects.

TXNM Energy, Inc. and Subsidiaries Organizational Chart

Exhibit GDP-1

Is contained in the following 1 page.

Exhibit GDP-1 TXNM Energy, Inc. and Subsidiaries Organizational Chart



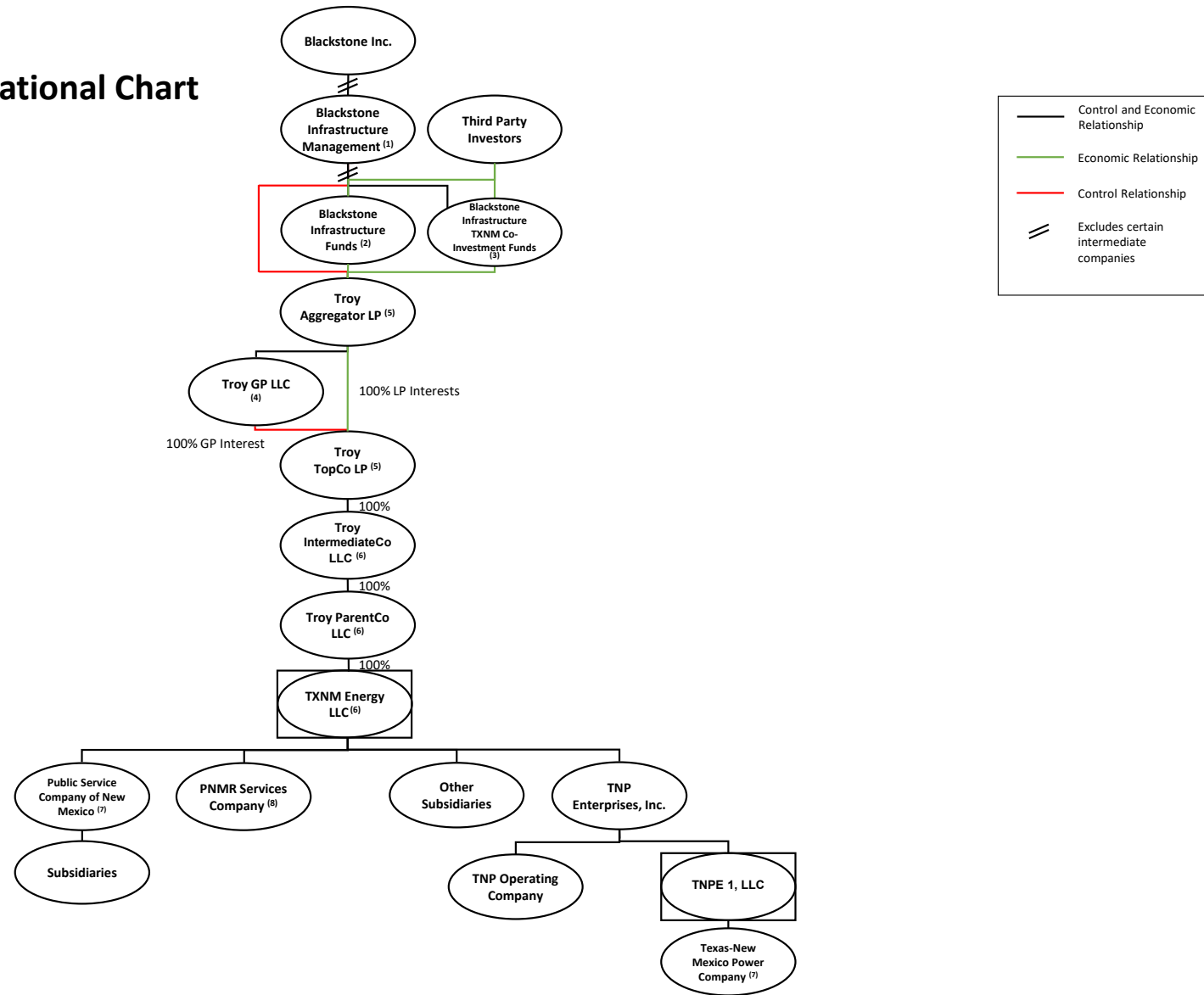
⁽¹⁾ PNMR Services Company provides corporate services through shared services agreements to TXNM and all of TXNM's business units, including Public Service Company of New Mexico and Texas-New Mexico Power Company. These services are charged and billed at cost on a monthly basis to such business units.

Post-Acquisition Organizational Chart

Exhibit Revised GDP-2

Is contained in the following 1 page.

Revised Exhibit GDP-2 Simplified Post-Acquisition Organizational Chart



⁽¹⁾ "Blackstone Infrastructure Management" refers collectively to BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l. and BXISA L.L.C. The entities comprising Blackstone Infrastructure Management are, in turn, indirectly controlled by Blackstone Inc.

⁽²⁾ "Blackstone Infrastructure Funds" refers to the investment funds and accounts directly or indirectly controlled by Blackstone Infrastructure Management, including Blackstone Infrastructure Partners L.P. and its parallel funds and accounts and Blackstone Infrastructure Strategies L.P. and its parallel funds and accounts.

⁽³⁾ "Blackstone Infrastructure TXNM Co-Investment Funds" refers to the investment funds and accounts directly or indirectly controlled by Blackstone Infrastructure Management in which passive co-investors that are aligned with the Blackstone Infrastructure Funds' long-term goals for TXNM have invested.

⁽⁴⁾ This entity serves as a manager and generally does not hold an economic interest in other entities.

⁽⁵⁾ This entity aggregates equity contributions and interests held indirectly by one or more entities to facilitate ease of administration of the investment.

⁽⁶⁾ This entity holds equity interests of a subsidiary to provide structural and administrative flexibility. Following closing of the acquisition, TXNM Energy, Inc. will convert to a Delaware limited liability company.

⁽⁷⁾ This entity has regulated utility operations and business activities.

⁽⁸⁾ PNMR Services Company provides corporate services through shared services agreements to TXNM and all of TXNM's business units, including Public Service Company of New Mexico and Texas-New Mexico Power Company. These services are charged and billed at cost on a monthly basis to such business units.

List of Affiliates, Home Office Addresses, and Chief Executive Officers

Exhibit Revised

GDP-3

Is contained in the following 4 pages.

Revised Exhibit GDP-3: List of Affiliates, Home Office Addresses, and Chief Executive Officers as of the Closing

TXNM Companies		
Company	Home Office Address	CEO
TXNM Energy, Inc.	414 Silver Ave SW, Albuquerque, NM 87102	Joseph D. Tarry, Chief Executive Officer
Bellamah Holding Company	414 Silver Ave SW, Albuquerque, NM 87102	Henry Monroy, Chief Executive Officer
Luna Power Company (1/3 membership interest)	414 Silver Ave SW, Albuquerque, NM 87102	Omni B. Warner, Co-manager
Meadow Resources, Inc.	414 Silver Ave SW, Albuquerque, NM 87102	Joseph D. Tarry, President
New Mexico PPA Corp.	414 Silver Ave SW, Albuquerque, NM 87102	Joseph D. Tarry, Chief Executive Officer
PNM Energy Transition Bond Company I, LLC	414 Silver Ave SW, Albuquerque, NM 87102	Henry Monroy, Chief Executive Officer
PNMR Development and Management Corp.	414 Silver Ave SW, Albuquerque, NM 87102	Joseph D. Tarry, Chief Executive Officer
PNMR Services Company	414 Silver Ave SW, Albuquerque, NM 87102	Joseph D. Tarry, Chief Executive Officer
Republic Holding Co.	414 Silver Ave SW, Albuquerque, NM 87102	Joseph D. Tarry, Chief Executive Officer
Sunbelt Mining Co., Inc.	414 Silver Ave SW, Albuquerque, NM 87102	Joseph D. Tarry, Chief Executive Officer
Texas-New Mexico Power Company	577 North Garden Ridge, Lewisville, TX 75067	Joseph D. Tarry, Chief Executive Officer
TNP Enterprises, Inc.	577 North Garden Ridge, Lewisville, TX 75067	Joseph D. Tarry, Chief Executive Officer
TNP Operating Company	577 North Garden Ridge, Lewisville, TX 75067	Joseph D. Tarry, Chief Executive Officer

Troy and Intermediate Companies		
Company	Home Office Address	CEO
Troy ParentCo LLC	414 Silver Avenue SW, Albuquerque, NM 87102	Joseph D. Tarry, President and Chief Executive Officer
Troy IntermediateCo LLC	414 Silver Avenue SW, Albuquerque, NM 87102	Joseph D. Tarry, President and Chief Executive Officer
Troy TopCo LP	414 Silver Avenue SW, Albuquerque, NM 87102	Joseph D. Tarry, President and Chief Executive Officer
Troy GP LLC	414 Silver Avenue SW, Albuquerque, NM 87102	Joseph D. Tarry, President and Chief Executive Officer
Troy Aggregator LP	251 Little Falls Drive, City of Wilmington, New Castle County, Delaware 19808	Sean Klimczak, Chief Executive Officer

Blackstone Infrastructure Portfolio Companies		
Company	Home Office Address	CEO
AGS Airports	1 Park Row, Leeds, United Kingdom, LS1 5AB	Kam Jandu, Chief Executive Officer
AirTrunk	Level 47, 88 Walker Street, PO Box 1755 North Sydney, NSW, Australia, 2060	Robin Khuda, Chief Executive Officer
Applegreen PLC	17 Joyce Way, Parkwest Business Park Dublin 12, D12 F2V3, Ireland	Joe Barrett, Chief Executive Officer
Autostrade Per l'italia	Via Alberto Bergamini, 50, 00159 Roma RM, Italy	Antonino Turicchi, Chief Executive Officer
Carrix, Inc.	1131 SW Klickitat Way, Seattle, WA 98134	Uffe Ostergaard, Chief Executive Officer
Cheniere Energy Partners, L.P.	845 Texas Avenue, Suite 1250 Houston, TX 77002	Jack A. Fusco, Chairman, President and Chief Executive Officer
Digital Realty Development JV	601 W 2nd St, 32nd Floor Austin, TX 78701	N/A
Faircrest Street Vertical Holdings, LLC	980 Sandhill Road, Suite 100, Reno, NV 89521	Adon Panattoni, Chief Executive Officer
FirstEnergy Corp.	341 White Pond Drive, Akron, OH 44320	Brian X. Tierney, President and Chief

		Executive Officer
<u>Fraport Regional Airports:</u> - Fraport Regional Airports of Greece A Societe Anonyme - Fraport Regional Airports of Greece B Societe Anonyme C - Fraport Regional Airports of Greece Management Company Societe Anonyme	Germanikis Scholis 10 - Marousi 15123 Athens, Greece	Alexander Zinell, Chief Executive Officer
Invenenergy Power Holdings LLC	One South Wacker Drive, Suite 1800 Chicago, IL 60606	James Murphy, Chief Executive Officer
Invenenergy Renewables Holdings LLC	One South Wacker Drive, Suite 1800 Chicago, IL 60606	James Murphy, Chief Executive Officer
MIDC Michigan Holdings LLC	345 Park Avenue, New York, NY 10154	Justin Metz, President
Mundys	Piazza San Silvestro 8 00187 Rome, Italy	Andrea Mangoni, Chief Executive Officer
NiSource Generation LLC	801 E. 86th Avenue Merrillville, IN 46410	Daniel Douglas, President
NIPSCO Holdings II LLC (which holds interests in Northern Indiana Public Service Company LLC)	801 E. 86th Avenue Merrillville, IN 46410	Vince Parisi, President and Chief Operating Officer
Nitro Renewables Holdings, LLC	700 Universe Boulevard Juno Beach, FL 33408	N/A
Phoenix Tower International LLC	999 Yamato Road, Suite 100 Boca Raton, FL 33431	Dagan T. Kasavana, Chief Executive Officer
<u>American Real Estate Partners Development JVs:</u> - Prairie Ridge Phase I Venture LLC - Camp Ground Venture LLC	660 International Drive, Suite 500 McLean, VA 22102	Douglas Fleit, President and Chief Executive Officer

• Carlisle Development Partners Venture LLC • Circle T Venture LLC • Hobart Venture LLC		
Invitium Energy, LLC	645 Hamilton St., Suite 601 Allentown, PA 18101	N/A
QTS Realty Trust, Inc.	12851 Foster Street Overland Park, Kansas 66213	David Robey, Co-Chief Executive Officer Thomas A. Greason, Co-Chief Executive Officer
Rowan Digital Infrastructure LLC	1400 16th Street, Suite 330 Denver, CO 80202	Charley Daitch, Chief Executive Officer
Safe Harbor Marinas, LLC	14785 Preston Rd, Fl 9 Dallas, TX 75254	Baxter Underwood, Chief Executive Officer
Signature Aviation plc	13485 Veterans Way #600 Orlando, FL 32827	Tony Robert Lefebvre, Chief Executive Officer
Tallgrass Energy, LP	370 Van Gordon Street, Lakewood, CO 80228	Crystal Heter, President and Chief Executive Officer

Revised Application Exhibit G

Letter Agreement, Waiver, and Consent

Is contained in the following 13 pages.

Letter Agreement

**Troy ParentCo LLC
Troy TopCo LP
c/o Blackstone Infrastructure Partners L.P.
345 Park Avenue
New York, NY 10154**

July 17, 2026
TXNM Energy, Inc.
414 Silver Avenue SW
Albuquerque, New Mexico 87102
Attention: General Counsel

Re: Consent and Use of Proceeds

Ladies and Gentlemen:

Reference is made to (a) that certain Agreement and Plan of Merger, dated as of May 18, 2025 (the “Merger Agreement”), by and among Troy ParentCo LLC, a Delaware limited liability company (“Parent”), Troy Merger Sub Inc., a New Mexico corporation (“Merger Sub”), and TXNM Energy, Inc., a New Mexico corporation (“TXNM”), (b) that certain Stock Purchase Agreement, dated as of May 18, 2025 (the “SPA”), by and between TXNM and Troy TopCo LP, a Delaware limited partnership (“TopCo”), (c) the Waiver, dated the date hereof, executed by Parent, Merger Sub and TXNM (the “Waiver”), and (d) the Letter, dated the date hereof, from Parent to TXNM consenting to certain updates to the Company Disclosure Schedule (the “Consent Letter”). The undersigned hereby enter into this letter agreement (this “Letter Agreement”) to memorialize the following consent and related terms and conditions in accordance with the Merger Agreement. Capitalized terms used but not defined in this Letter Agreement have the meanings given in the Merger Agreement.

1. Debt Financing.

- a. Consent. Subject to and conditioned upon compliance with all other terms of this Letter Agreement, solely for purposes of Section 5.1(c)(x) of the Merger Agreement, Parent hereby consents to TXNM incurring up to \$400 million of principal amount of long-term unsecured indebtedness pursuant to the Term Loan Agreement, to be entered into on the date hereof, between TXNM and Wells Fargo in the form provided to Parent prior to the date of this Letter Agreement (the “Debt Financing”). Upon entry into this Letter Agreement, the \$335 million of principal amount of long-term unsecured indebtedness of TXNM contemplated by Section 5.1(c)(x) of the Company Disclosure Schedule shall be deemed irrevocably exhausted, whether or not previously utilized by any previously incurred indebtedness or utilized by the Debt Financing.
- b. Use of Proceeds. No later than the date that is five Business Days after the date of this Letter Agreement, TXNM shall draw \$400 million from the Debt Financing and pay to TopCo such \$400 million in repayment of the \$400 million paid to TXNM under the SPA (such repayment of the full amount of \$400 million to TopCo, the “Repayment”). TXNM agrees that (a) it and its Subsidiaries shall solely and exclusively draw on the Debt Financing, and shall solely and exclusively use the proceeds of the Debt Financing, to pay the Repayment in full in a single payment, (b) it shall pay the Repayment in full in a single payment substantially concurrently with, and in any event on the same Business Day as, any draw on the Debt Financing, (c) it shall effect the Repayment through a direct wire transfer of immediately available funds from TXNM’s lenders of the Debt Financing to TopCo or its designee, and (d) it shall not draw or use the Debt Financing for any other purpose. Unless prohibited by applicable Law, all amounts paid to TopCo as dividends may be retained by TopCo in lieu of interest on the amount of the Repayment. TopCo authorizes TXNM to instruct Computershare to cancel the 8,000,000 shares of Company Common Stock issued to TopCo under the SPA that are in TXNM’s Computershare account.

- c. Regulatory and Approval Matters. TXNM and Parent agree to use reasonable best efforts to file, as soon as reasonably practicable but in any event within five Business Days following the Repayment, the compliance report (the “Compliance Report”) required by the July 2, 2026 Final Order on Show Cause Proceeding in Docket No. 25-00060-UT (the “Final Order”) with the New Mexico Public Regulation Commission (the “Commission”) detailing the Debt Financing and Repayment as the means of unwinding the transaction contemplated by the SPA. TXNM hereby represents and warrants to Parent and TopCo that no Consent or Filing is required for the Debt Financing, any draw thereon or consummation of the Repayment, including from any other lender of TXNM or any of its Subsidiaries.

2. Equity Financing.

- a. Consent. Subject to and conditioned upon compliance with all other terms of this Letter Agreement, solely for purposes of Section 5.1(c)(iii) of the Merger Agreement, Parent hereby consents to TXNM issuing such number of shares of Company Common Stock that results in \$400 million of gross proceeds (the “Equity Financing”); provided, that TXNM shall not issue any such Company Common Stock at an individual or aggregate price of less than \$50.00 per share of Company Common Stock.
- b. Use of Proceeds. TXNM shall immediately use the net proceeds of any Equity Financing to repay the Debt Financing.
- c. Regulatory and Approval Matters. TXNM agrees that it shall be solely responsible for obtaining any prior approval necessary for the Equity Financing and shall not consummate the Equity Financing without obtaining a declaration from the Commission that no such prior approval is necessary. Further to the foregoing, within 15 Business Days of the date hereof, TXNM will file for a declaration from the Commission that the Equity Financing does not require prior approval. To the extent the Commission directs TXNM to pursue an alternative regulatory path relating to the Equity Financing, TXNM may follow the Commission’s direction as to the Equity Financing, subject to the prior written consent of Parent (such consent not to be unreasonably withheld, conditioned or delayed).

- 3. **Waiver.** Each of the undersigned hereby irrevocably and unconditionally waives (a) to the extent the facts or circumstances giving rise thereto have actually occurred and are actually known to such undersigned as of the date of this Letter Agreement (i) any actual breach or alleged breach of any representation, warranty, covenant or agreement of the Merger Agreement or the SPA arising on or prior to the date of this Letter Agreement and (ii) any claim that any such breach or alleged breach constitutes, contributed to, or shall be taken into account in any regard in determining whether there has been, is or would reasonably expected to be, a Company Material Adverse Effect or Parent Material Adverse Effect, a Legal Restraint or a breach of the Merger Agreement or SPA (collectively, the foregoing clauses (i) and (ii), the “Waived Breaches and Claims”), and (b) any right or claim to terminate the Merger Agreement under Section 8.1(b), Section 8.1(d)(i), Section 8.1(e)(i) or Section 8.1(g) thereof as a result of, or based in whole or part on, the Waived Breaches and Claims. The Waived Breaches and Claims shall include, but not be limited to, any breach or alleged breach or claim based on facts or circumstances giving rise thereto that have actually occurred and are actually known as of the date of this Letter Agreement arising out of (A) the March 11, 2026 Order Directing Joint Applicants to Show Cause in Docket No. 25-00060-UT (the “Show Cause Order”), the Recommended Decision for Show Cause Proceeding, dated June 8, 2026, issued by the Hearing Examiners for the Commission (Docket No. 25-00060-UT), or the Final Order, (B) the absence of any Commission approval for the issuance and sale of Company Common Stock contemplated by the SPA, or (C) the determination by the Commission that the SPA and the issuance and sale of Company Common Stock contemplated thereby are void. For the avoidance of doubt, the parties acknowledge that they have mutually agreed on the course of action contemplated by this Letter Agreement, the Waiver and the Consent Letter and that any delays or similar adverse consequences in the proceedings with, or Required Regulatory Approval of, the Commission arising from the parties’ compliance with this Letter Agreement or the Waiver shall not constitute a breach of the Merger Agreement or the SPA or a Company Material Adverse Effect, Parent Material Adverse Effect or Legal Restraint under the Merger Agreement.

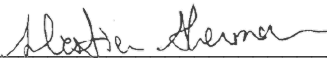
4. **Miscellaneous.** Except as expressly set forth herein or in the Waiver, (a) the parties reserve all of their rights under the Merger Agreement and (b) this Letter Agreement shall not constitute a waiver, release, amendment or modification of any rights, claims or obligations under the Merger Agreement. This Letter Agreement, and all claims or causes of action (whether at Law, in contract or in tort) that may be based upon, arise out of or relate to this Letter Agreement or the negotiation, execution or performance hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware (without giving effect to choice of law principles thereof or of any other jurisdiction that would mandate or permit the application of the Laws of any jurisdiction other than the State of Delaware). This Letter Agreement may be executed and delivered (including by facsimile transmission, “.pdf,” or other electronic transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Sections 8.4, 8.5 and 8.6, the last two sentences of Section 9.5, Sections 9.6, 9.8, 9.10, 9.11, 9.12, 9.14 and 9.16 of the Merger Agreement are hereby incorporated in this Letter Agreement by reference *mutatis mutandis*.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Letter Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

TROY PARENTCO LLC

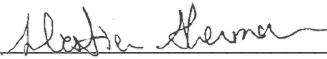
By: BIP Holdings Manager L.L.C.
Its: Manager

By: 
Name: Sebastien Sherman
Title: Senior Managing Director

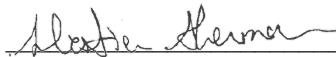
TROY TOPCO LP

By: Troy GP LLC
Its: General Partner

By: BIP Holdings Manager L.L.C.
Its: Manager

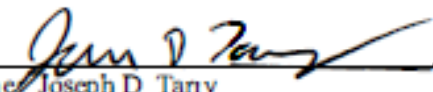
By: 
Name: Sebastien Sherman
Title: Senior Managing Director

TROY MERGER SUB INC.

By: 
Name: Sebastien Sherman
Title: Chief Executive Officer

ACCEPTED AND AGREED:

TXNM ENERGY, INC.

By: 
Name: Joseph D. Tany
Title: President and CEO

Waiver

WAIVER

This **WAIVER**, dated as of July 17, 2026 (this “Waiver”), is by and among Troy ParentCo LLC, a Delaware limited liability company (“Parent”), Troy Merger Sub Inc., a New Mexico corporation and an indirect wholly owned subsidiary of Parent (“Merger Sub”), and TXNM Energy, Inc., a New Mexico corporation (the “Company” and, together with Parent and Merger Sub, the “Parties” and each, a “Party”). Any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Merger Agreement (as defined below).

WHEREAS, the Company, Parent and Merger Sub entered into that certain Agreement and Plan of Merger, dated as of May 18, 2025 (the “Merger Agreement”), providing for, among other things, the merger of Merger Sub with and into the Company, with the Company surviving as a direct wholly owned subsidiary of Parent (the “Merger”);

WHEREAS, Section 8.1(c) of the Merger Agreement provides that the Merger Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time by Parent or the Company if the Effective Time shall not have occurred on or before the End Date;

WHEREAS, Parent, Merger Sub, Troy TopCo LP and the Company are entering into a Letter Agreement, dated the date hereof, addressing certain financing needs of the Company and providing for certain mutual waivers; and

WHEREAS, in light of the foregoing and the status and anticipated timing of the Required Regulatory Approval from the New Mexico Public Regulation Commission, each of the Company and Parent desires to effect the waivers set forth herein pursuant to Section 8.6 of the Merger Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and undertakings contained herein, and other good and valuable consideration, and subject to and on the terms and conditions set forth in this Waiver, the receipt and sufficiency of which are hereby acknowledged, the Parties, each intending to be legally bound, hereby agree as follows:

ARTICLE 1 WAIVERS

Section 1.1 Waiver of End Date.

Each of Parent and the Company hereby irrevocably waives its right to terminate the Merger Agreement and abandon the Merger pursuant to Section 8.1(c) of the Merger Agreement prior to May 31, 2027 (the “Waiver Period”). Following the execution of this Waiver, each Party hereby further waives any right or claim to interpret the terms of the Merger Agreement (including references to the End Date and Extended End Date) in any manner inconsistent with the Waiver Period.

Section 1.2 Waiver of a Portion of the Parent Termination Fee.

The Company hereby irrevocably waives \$175,000,000 of the \$350,000,000 Parent Termination Fee set forth in the Merger Agreement in the event the Parent Termination Fee is

payable under the terms of the Merger Agreement (such that the Parent Termination Fee payable in any circumstance in which the Parent Termination Fee is payable would be \$175,000,000). Following the execution of this Waiver, each Party hereby waives any right or claim to interpret the terms of the Merger Agreement (including references to the Parent Termination Fee) in any manner inconsistent with the immediately preceding sentence. The waiver in this Section 1.2 shall not affect any cost or expense reimbursement or indemnification obligations described in or pursuant to Section 6.6(a)(iii)(C)(2) (*Access to Information – Reimbursement*), the last sentence of Section 6.6(a) (*Access to Information – Indemnification*), Section 6.19 (*Parent Debt Financing Cooperation – Reimbursement*), Section 8.2(e) (*Effect of Termination – Collection*) or Section 8.3 (*Expenses*).

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Miscellaneous.

Except as expressly set forth herein, the Parties reserve all of their rights under the Merger Agreement. This Waiver, and all claims or causes of action (whether at Law, in contract or in tort) that may be based upon, arise out of or relate to this Waiver or the negotiation, execution or performance hereof, shall be governed by, and construed in accordance with, the Laws of the State of Delaware (without giving effect to choice of law principles thereof or of any other jurisdiction that would mandate or permit the application of the Laws of any jurisdiction other than the State of Delaware). This Waiver may be executed and delivered (including by facsimile transmission, “.pdf,” or other electronic transmission) in one or more counterparts, and by the Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Sections 8.4, 8.5 and 8.6, the last two sentences of Section 9.5, Sections 9.6, 9.8, 9.10, 9.11, 9.12, 9.14 and 9.16 of the Merger Agreement are hereby incorporated in this Waiver by reference *mutatis mutandis*.

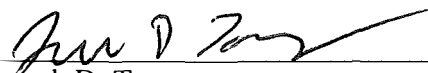
[Signature page follows]

IN WITNESS WHEREOF, each of the Parties has caused this Waiver to be executed as of the date first written above by its officer thereunto duly authorized.

COMPANY:

TXNM ENERGY, INC.

By:



Joseph D. Tarry
President and CEO

PARENT:

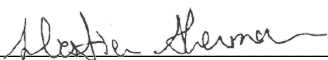
TROY PARENTCO LLC

By: BIP Holdings Manager L.L.C.
Its: Manager

By: 
Sebastien Sherman
Senior Managing Director

MERGER SUB:

TROY MERGER SUB INC.

By: 
Sebastien Sherman
Chief Executive Officer

Consent

[Confidential Consent filed in Docket No. 25-00060-UT on July 27, 2026

Per the Protective Order in this docket, this document has been deemed
to be Confidential]

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

REVISED TESTIMONY AND EXHIBIT

OF

JOSEPH D. TARRY

IN SUPPORT OF THE REVISED APPLICATION

September 15, 2026

**NMPRC CASE NO. 25-00060-UT
INDEX TO THE REVISED TESTIMONY OF
JOSEPH D. TARRY**

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JA Exhibit JDT-1	Educational Background and Relevant Employment Experience for Joseph D. Tarry
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SELF AFFIRMATION

**REVISED TESTIMONY
OF JOSEPH D. TARRY
CASE NO. 25-00060-UT**

**I. INTRODUCTION AND PURPOSE OF REVISED APPLICATION AND
REVISED TESTIMONY**

Q. Please state your name and describe your role at PNM.

A. My name is Joseph D. Tarry. I generally go by Don Tarry. I am the President and Chief Executive Officer for Public Service Company of New Mexico (“PNM” or the “Company”). PNM is a vertically integrated utility headquartered in Albuquerque, New Mexico and regulated as a public utility by the New Mexico Public Regulation Commission (“Commission” or “NMPRC”) under the Public Utility Act (“PUA”). PNM provides electric utility service to nearly 550,000 New Mexico residential and business customers throughout the state. I am also the President and Chief Executive Officer of TXNM Energy, Inc. (“TXNM”), the parent utility holding company for PNM. My business address is 414 Silver Avenue, SW, Albuquerque, New Mexico 87102.

I have executive oversight for TXNM and PNM, as well as for Texas-New Mexico Power Company (“TNMP”), a Texas utility subsidiary of TXNM. I joined PNM in 1996. My resume, together with a list of regulatory cases in which I have testified, is attached as JA Exhibit JDT-1.

Q. Please describe the purpose of this Revised Application.

A. The Joint Applicants are asking the Commission to approve the acquisition (“Acquisition”) of TXNM by Troy ParentCo LLC (“Troy”) as set forth in the Revised Application

**REVISED TESTIMONY
OF JOSEPH D. TARRY
CASE NO. 25-00060-UT**

1 (“Revised Application”).¹ Through the Acquisition, TXNM and PNM would become
2 wholly-owned by Troy. Upon completion of the proposed Acquisition, TXNM will be the
3 surviving corporation and a direct, wholly-owned subsidiary of Troy, which is owned and
4 controlled by Blackstone Infrastructure. The formal corporate legal entities are described
5 in more detail in the Revised Application, but the Commission can understand this
6 transaction as involving PNM being acquired indirectly by Blackstone Infrastructure. The
7 Joint Applicants request approval of the Acquisition; approval of PNM’s Revised 2026
8 General Diversification Plan (“Revised 2026 GDP”), which replaces any previous
9 diversification plans; and other approvals as set forth in the Revised Application.

10
11 The Revised Application and the Joint Applicants’ revised testimonies and exhibits support
12 the approvals requested from the Commission. As part of my revised direct testimony
13 (“Revised Testimony”), I co-sponsor Revised Application Exhibits D and E (TXNM Proxy
14 Statement and Merger Agreement) and Revised Application Exhibit G.²

¹ The Acquisition will be accomplished through a merger involving TXNM, Troy, and Troy’s subsidiary, Troy Merger Sub Inc. (“Troy Merger Sub”). Troy Merger Sub will be merged into TXNM, and the separate corporate existence of Troy Merger Sub will cease. As the surviving corporation, TXNM will be a direct subsidiary of Troy. Troy is indirectly owned and controlled by Blackstone Infrastructure. Witness Sherman describes this Blackstone organizational structure in more detail in his testimony. “Blackstone Infrastructure,” a term I use throughout my testimony, is an umbrella term that refers to Blackstone Infrastructure Management and the funds and accounts directly or indirectly controlled by them.

² No amendments were required to the Agreement and Plan of Merger, dated as of May 18, 2025 (“Merger Agreement”). However, on July 17, 2026, Troy ParentCo LLC and Troy Merger Sub Inc. and TXNM executed a Letter Agreement, Consent and a Waiver, which are included in Revised Application Exhibit G. These three documents, among other things, provide consent or waiver or detail other requirements related to the fact that more than year had passed since the execution of the Merger Agreement, as well detail the necessary steps for compliance with the Commission’s Final Order issued in this proceeding on July 2, 2026.

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1 **Q. Why is a Revised Application being filed at this time with the Commission?**

2 **A.** Concurrent with the signing of the Merger Agreement, TXNM entered into a Stock
3 Purchase Agreement with Troy and Blackstone Infrastructure affiliate, Troy TopCo LP
4 (“TopCo”), whereby TXNM sold TopCo 8 million shares of TXNM common stock for
5 aggregate consideration of \$400 million (“Financing Transaction”). The Financing
6 Transaction closed on June 2, 2025. After the Joint Applicants filed the initial application
7 with the Commission on August 25, 2025 (“Original Application”), intervenor Prosperity
8 Works filed a motion on February 6, 2026, requesting that Joint Applicants show cause
9 why the Financing Transaction was not void and of no effect under NMSA 1978, Section
10 62-6-12(A)(3)(c) and address the implications a violation of NMSA 1978, Section 62-6-
11 12 may have on the pending Original Application. Joint Applicants, intervenors, and
12 stakeholders subsequently engaged in a multi-month show cause proceeding. On July 2,
13 2026, the Commission found that the Financing Transaction was void and of no effect
14 (“Show Cause Final Order”). While the Commission did not require Joint Applicants to
15 withdraw or refile the Original Application, the Commission recognized that the “interests
16 of administrative efficiency, procedural integrity, and fundamental fairness may require
17 withdrawal, amendment, supplementation, or refiling of the Original Application so that
18 it accurately reflects the current posture of the transaction and any steps taken to address
19 the unauthorized stock acquisition.”³

³ Case No. 25-00060-UT, Final Order on Show Cause Proceeding, at 25, ¶ 77 (July 2, 2026) (“Show Cause Final Order”).

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1 Joint Applicants submit the Revised Application to reflect changes to account for the
2 Commission's findings in the Show Cause Final Order. In particular, the Revised
3 Application and supporting revised testimonies reinforce that this Acquisition will result
4 in demonstrable benefits to customers, PNM and the State as a whole. My Revised
5 Testimony also provides a framework to validate that the Joint Applicants will ensure
6 effective Commission oversight of PNM post-Acquisition, which includes a renewed
7 commitment to comply with all applicable laws and abide by the Commission's orders.
8 Effective Commission oversight is accomplished with transparency, visibility, and
9 accountability. The revised regulatory commitments that Witness Boyd discusses in her
10 testimony ("Revised Regulatory Commitments") (Revised Application Exhibit B-1), in
11 conjunction with the existing regulatory framework, support these important principles
12 through voluntary and mandatory reporting, robust access to books and records, local
13 management, strong governance, and clear standards for enforcement.

14
15 While this Revised Application is intended to fully replace the Original Application, the
16 revisions build on a robust foundation. Specifically, each component of the Revised
17 Application uses the Original Application and, where applicable, supplemental testimony
18 as its base.⁴ In addition, extensive clarifying discovery has been provided to the
19 Commission and parties.⁵ Built on the foundation of what has been before the Commission

⁴ Since the filing of the Original Application, Supplemental Testimony was filed on February 16, 2026 and March 17, 2026. Witness Monroy explains that the supplemental testimony filed on February 16, 2026, provided additional detail on certain topics that the Commission stated in its Relevant Topics Order arise from its authority to review this Revised Application pursuant to Sections 62-6-12 and 62-6-13. Case No. 25-00060-UT, *Procedural Order Establishing Affirmatively Relevant Topics* (Jan. 16, 2026).

⁵ The parties to this case have benefitted from the review of over 1,500 discovery responses, which includes the subparts to each issued interrogatory or request for production.

**REVISED TESTIMONY
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1 and the parties for the last year, the Revised Application provides sufficient information
2 for the Commission to determine that this Acquisition is in the public interest.

3
4 **Q. What is the rationale for the Acquisition?**

5 **A.** The electric utility industry is changing, and PNM needs to change with it. Already a
6 capital-intensive industry, the need for electric utilities to raise capital will only increase in
7 the future. This is certainly true for PNM. PNM is undertaking a clean energy transition
8 in compliance with the Energy Transition Act, modernizing and hardening the grid, and
9 supporting economic development. We are also engaged in regional market efforts,
10 including the build-out of transmission to deliver clean energy for our customers, the
11 State's and region's growing needs. The Acquisition will position PNM to meet these
12 challenges. As I discuss later in my Revised Testimony, partnering with Blackstone
13 Infrastructure will provide PNM greater flexibility, and ongoing long-term support to meet
14 PNM's increased need for capital. In fact, PNM's five-year capital needs have increased
15 by \$1.5 billion in just one year—growing from \$3.4 billion for 2025-2029 to \$4.9 billion
16 for 2026-2030.

17
18 Blackstone Infrastructure represents a source of patient capital better matched to PNM's
19 long-term investment horizon than public market funding that is subject to economic shifts
20 and market swings. While PNM and Blackstone Infrastructure certainly expect to earn a
21 reasonable return on investments, Blackstone Infrastructure does not place the same
22 emphasis on short-term performance and annual returns that PNM faces with public
23 shareholders.

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1 **Q. Can you briefly summarize the benefits from the proposed Acquisition?**

2 **A.** First, Blackstone Infrastructure is a financially strong partner focused on long-term
3 ownership. It brings significant resources to fund investments that will allow PNM to
4 execute its vision of a clean energy future for our customers. Blackstone Infrastructure's
5 knowledge gained from other companies in its portfolio will provide PNM with a base of
6 expertise to tap into that can share best practices in cybersecurity, efficiently procure goods
7 and services, and ensure access to debt markets; all of these benefit our customers.

8
9 Second, the Joint Applicants are providing both short-term and long-term benefits to our
10 customers as set forth in the Revised Regulatory Commitments, including \$105 million in
11 immediate customer rate credits to be applied over an initial four-year period immediately
12 following the closing, accompanied by an additional \$115 million rate credit to be applied
13 over a six-year period that follows the initial four-year period; \$25 million, to be provided
14 within 10 years, for utility infrastructure targeting pilot projects for virtual power plant
15 ("VPP") infrastructure funding for utility-controlled demand management, subject to
16 Commission approval of the program; \$40 million to support and fund workforce and
17 economic development over 10 years, with \$25 million of the \$40 million set aside for
18 workforce development and \$15 million committed for an economic development fund to
19 promote economic development in New Mexico; and a commitment to fund PNM's 5-year
20 capital investment plan. The Joint Applicants are committed to continuing PNM's
21 community involvement and charitable giving and include a commitment to provide \$15
22 million over 10 years to PNM's Good Neighbor Fund to help low-income customers.

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1 Third, the Acquisition provides for the continued local operation of PNM with its
2 headquarters in New Mexico and its current management team and employee base intact.
3 These employees have the knowledge and relationships in our local communities that are
4 vital to ensuring we remain focused on meeting the needs of customers and stakeholders.
5

6 Finally, the Revised Regulatory Commitments provide a number of protections to ensure
7 that customers receive the intended benefits of the Acquisition and that the Commission
8 retains its ability to hold PNM accountable. For example, governance and financial ring-
9 fencing commitments are designed to insulate PNM from TXNM, Troy and their affiliates,
10 allowing the Commission to maintain its regulatory oversight of PNM with ongoing
11 transparency from the utility.⁶ The Revised Regulatory Commitments also add a new
12 section, Affiliate Transactions,⁷ which promotes transparency for affiliate transactions and
13 information sharing so that all parties are on a level playing field with Blackstone
14 Infrastructure-affiliated interests. Revised Regulatory Commitment Nos. 17 and 18 also
15 add new compliance and financial reporting requirements to further transparency and
16 visibility.⁸
17

⁶ I discuss these specific benefits and protections in more detail in Sections III and IV of my testimony.

⁷ See Revised Regulatory Commitment Nos. 42 through 46.

⁸ The Revised Regulatory Commitments also address certain labor-related issues, including jobs for local workers, contractor practices, and engagement with local stakeholders on the enforcement of certain statutory and regulatory obligations that pertain to workforce development. See Revised Regulatory Commitment Nos. 38-41, which are addressed in more detail by Witnesses Monroy and Boyd.

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Q. Will anything change in terms of PNM's regulatory relationship with the Commission?

A. Nothing will change in terms of PNM's relationship with the Commission. The Commission will continue to have the same regulatory supervision over PNM that it has today. Troy is buying PNM as a regulated utility within a holding company structure. The Commission has regulated PNM in a holding company structure with PNM as a direct subsidiary of TXNM for over 20 years, and while TXNM will become a direct subsidiary of Troy, the Commission's regulatory oversight of PNM will not be impacted. My Revised Testimony, in Section VI below, indicates the Joint Applicants' renewed commitment to Commission oversight and regulation given the circumstances that arose in the Show Cause Final Order.

Q. Has the TXNM Board of Directors approved the Acquisition?

A. Yes, the TXNM Board of Directors has unanimously approved the Acquisition. A copy of the Proxy Statement provided to TXNM shareholders regarding the Acquisition is provided as Application Exhibit D.

Q. What approvals are necessary to complete the Acquisition and what is the status of those approvals?

A. In addition to the Commission, approvals were needed from the:

- TXNM Energy Shareholders;
- Public Utility Commission of Texas;
- Federal Energy Regulatory Commission;

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- 1 • Federal Communications Commission (“FCC”);
- 2 • United States Nuclear Regulatory Commission; and,
- 3 • A waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the
- 4 “HSR Act”).

5

6 TXNM shareholders approved the proposed Acquisition on August 28, 2025. The

7 Acquisition has received approval from the Public Utility Commission of Texas, the

8 Federal Energy Regulatory Commission, the United States Nuclear Regulatory

9 Commission and the FCC,⁹ as well as clearance under the waiting period required by the

10 HSR Act.¹⁰ The Acquisition remains subject to approval by this Commission. On July 17,

11 2026, TXNM and Troy agreed to extend the termination date under the Merger Agreement

12 to May 31, 2027. The Acquisition will close after all regulatory approvals are received and

13 all conditions for the closing have been met, subject to approvals and conditions.

14

15 **Q. Please introduce the other witnesses filing testimony in support of the Revised**

16 **Application.**

17 **A.** The following witnesses provided direct testimony in support of the Original Application

18 and are revising their testimony for this Revised Application:

- 19 • Witness Sean Klimczak, Troy/Blackstone Infrastructure. Witness Klimczak testifies
- 20 regarding the proposed Acquisition, the investment philosophy of Blackstone

⁹ The FCC approval expires on January 23, 2027. If the Acquisition does not close by that date, the Joint Applicants will seek an extension or obtain other further approval, as necessary.

¹⁰ The clearance of the Acquisition under the HSR Act expires on January 12, 2027. If the Acquisition does not appear likely to close by that date, the Joint Applicants expect to restart the notification process for clearance under the HSR Act.

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1 Infrastructure, why Troy is seeking to acquire PNM, and required commitments under
2 17.6.450 NMAC on behalf of Troy and Blackstone Infrastructure. Witness Klimczak's
3 revised testimony addresses additional customer benefits that are being offered in the
4 Revised Application. The revisions also reiterate Blackstone Infrastructure's
5 commitment to PNM's capital needs and that PNM will remain under local
6 management and control.

7 • Witness Henry Monroy, PNM. Witness Monroy, PNM's Chief Financial Officer,
8 testifies regarding the Revised Regulatory Commitments made by Joint Applicants to
9 ensure PNM customers are not harmed by the Acquisition, and will affirmatively
10 benefit from the Acquisition. Witness Monroy's revisions to testimony address in
11 detail how Joint Applicants complied with the Show Cause Final Order and address
12 Staff's and other intervenors' concerns raised in its response to the Compliance
13 Reports.¹¹ Witness Monroy's revisions also examine how the Revised Regulatory
14 Commitments strengthen customer benefits, reinforce customer protections, and
15 demonstrate that the Acquisition will not obstruct or impair the Commission
16 supervision and regulation of PNM.

¹¹ The Joint Applicants filed their initial Compliance Report to Effectuate the Final Order on the Show Cause on July 27, 2026. Joint Applicants filed a Notice of Amended Compliance Report on August 10, 2026 ("Amended Compliance Report", collectively "Compliance Reports"). Case No. 25-00060-UT, Joint Applicants' Compliance Report to Effectuate the Final Order on the Show Cause (July 27, 2026); Case No. 25-00060-UT, Notice of Amended Compliance Report and Joint Applicants' Amended Compliance Report to Effectuate the Final Order on the Show Cause (Aug. 10, 2026). Staff filed its response to Joint Applicants' Compliance Reports on August 26, 2026. The following additional intervenors filed responses to the Compliance Reports on September 9, 2026: the New Mexico Department of Justice ("NMDOJ"), the New Mexico Affordable Reliable Energy Alliance ("NM AREA"), Prosperity Works, New Energy Economy and the New Mexico Consumer Protection Alliance, and Center for Biological Diversity. As noted by Witness Monroy, Joint Applicants' approach to issues raised in the responses to the Compliance Reports is two-fold: some of the more macro issues are addressed in this Revised Application, while the more detailed and factual information requested by Staff and other intervenors, as well as some of the legal arguments raised, will be addressed in a supplement to the Compliance Reports.

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- 1 • Witness Sebastien Sherman, Troy/Blackstone Infrastructure. Witness Sherman
2 testifies regarding how Blackstone Infrastructure works with the management of
3 companies in which it invests, details of Blackstone Infrastructure’s other investments
4 and how Blackstone Infrastructure ownership can benefit PNM and our customers.
5 Witness Sherman’s revisions to his testimony address why he believes the Joint
6 Applicants’ compliance with the Show Cause Final Order demonstrates a commitment
7 to Commission jurisdiction and oversight. Witness Sherman also explains how the
8 Show Cause proceeding emphasized the necessity for continuous and open dialogue
9 with Staff. The revisions reaffirm Blackstone Infrastructure’s commitments to assist
10 PNM’s management team, to maintain PNM’s local governance and control, and to
11 utilize union labor and develop a local workforce.
- 12 • Witness Heidi Boyd, Troy/Blackstone Infrastructure. Witness Boyd testifies regarding
13 the Revised Regulatory Commitments made by Joint Applicants. Witness Boyd’s
14 revisions to testimony address the increased customer benefits being offered in the
15 Revised Application, the preservation and continuation of PNM’s local management
16 and control, and how PNM and PNM customers will be protected through ring-fencing
17 measures, transparency filings and Commission oversight. Witness Boyd also testifies
18 to the Joint Applicants’ commitment to support union labor and local workforce
19 development opportunities.
- 20 • Witness Professor Eric Talley, Joint Applicants. Witness Talley testifies regarding the
21 private equity form of ownership, and in particular, private infrastructure fund
22 ownership, and compares private ownership with public ownership in the regulated
23 utility context. Witness Talley’s revised testimony brings forward and makes current

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1 certain TXNM/PNM financial and investment data to include 2025, in addition to
2 removing references to the Financing Transaction.

3 • Witness Ellen Lapson, Joint Applicants. Witness Lapson testifies regarding credit
4 rating agency and ring-fencing considerations to insulate the regulated utility PNM
5 from the financial performance or influence of Blackstone Infrastructure and its
6 affiliates. In Witness Lapson's revisions to testimony, she testifies to whether the
7 Commission's Show Cause Final Order and the steps taken to comply with that order
8 impact TXNM and PNM's credit ratings and future financial strength and viability.
9 Witness Lapson also concluded that Joint Applicants' Revised Regulatory
10 Commitments are sufficient and appropriate for protecting PNM and its customers.

11
12 **Q. What topics do you cover in the remainder of your Revised Testimony?**

13 **A.** My testimony covers the following topics:

- 14 • In Section II, I discuss the future challenges PNM faces, both in terms of its ongoing
15 energy transition and other realities as we look to the future, which were all
16 considerations in seeking a strong financial partner.
- 17 • In Section III, I discuss how Blackstone Infrastructure can address these challenges
18 in partnership with PNM by providing long-term financial support.
- 19 • In Section IV, I focus on some specific benefits for PNM's customers and
20 communities as a result of this Acquisition;
- 21 • In Section V, I provide a description of the post-merger corporate structure and
22 affirm that this Acquisition complies with the statutory and regulatory requirements
23 for Commission approval;

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- 1 • In Section VI, my testimony describes why the Commission can find that, even
- 2 with the issuance of the Show Cause Final Order, approval of the Acquisition
- 3 remains in the public interest; and
- 4 • In Section VII, I summarize my testimony.

II. PNM's ENERGY TRANSITION AND OTHER CHALLENGES

6 **Q. Where does PNM stand in its clean energy transition?**

7 **A.** PNM is well along the path of a significant energy transition under New Mexico's Energy
8 Transition Act ("ETA"). The ETA provides a path for PNM to supply New Mexico
9 customers' electricity needs from 80 percent renewable energy resources by 2040, and the
10 remaining 20 percent from carbon emissions-free resources by no later than 2045. PNM
11 currently has a diverse mix of generation (nuclear, natural gas, solar, wind, geothermal and
12 coal) and energy storage resources to meet customer needs. PNM's resource portfolio is
13 expected to reach 78 percent carbon-free resources by the end of 2026, with that percentage
14 projected to increase to 81 percent by 2028, based on PNM's recently approved resource
15 plans.

16
17 **Q. What challenges does PNM face going forward?**

18 **A.** We face several significant challenges, most of them capital intensive. First, meeting the
19 goals of the ETA has required PNM to add significant new resources to its system. Driving
20 toward 100% carbon-free energy will require innovative technologies and system solutions
21 that are likely to be more costly as we approach that 100% standard; put simply, the final
22 phase of this energy transition will be the most difficult and expensive part of this journey.
23 As we add new resources, this also requires increasing investment in our transmission

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1 system to deliver electricity from these new sources to customers. Capital will also be
2 required to harden PNM's infrastructure against increasing exposure to natural disasters,
3 and to complete grid modernization initiatives already underway, including advanced
4 metering infrastructure and distribution-related technological advancements. Finally,
5 additional capital will be needed to respond to projected economic development and load
6 growth that is being driven by overall increased demand and beneficial electrification of
7 homes and businesses.

8
9 PNM Table JDT-1 below illustrates these increased future capital requirements over the
10 next five years when compared to PNM's capital investment over the last ten years. On
11 average, the current five-year capital budget of approximately \$4.9 billion for PNM reflects
12 an annual spend of approximately \$988 million, which is higher than the previous ten-year
13 average of approximately \$461 million/year. PNM Table JDT-1 also shows that PNM is
14 already on the upward slope of this increased capital spending, with the purchase of the
15 Western Spirit transmission line in 2021 and higher sustained capital spending beginning
16 in 2023.

17
18 PNM Table JDT-1 is the same table of projected capital spending provided in my direct
19 testimony filed with the Original Application for the five-year period 2025-2029, which
20 reflected a capital forecast of \$3.4 billion. Since then, PNM's capital forecast for the five-
21 year period 2026-2030 has increased by \$1.5 billion, reflecting incremental investments
22 needed to serve PNM's forecasted load growth, meet the requirements of the ETA, and

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unlock access to new markets via transmission investments for the benefit of PNM's customers.

PNM Table JDT-1

	Historical									
<i>\$ in millions</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Transmission	62,965	108,722	98,092	108,003	195,947	455,910	121,187	193,172	210,243	82,571
Distribution	64,215	64,717	65,008	69,726	110,911	125,544	224,315	302,967	246,464	328,450
Generation	287,576	136,906	116,499	156,524	90,301	81,800	96,151	78,031	137,177	186,449
Total	414,756	310,345	279,599	334,253	397,159	663,254	441,653	574,170	593,884	597,470

	Projected				
<i>\$ in millions</i>	2026	2027	2028	2029	2030
Transmission	177,954	372,197	271,477	622,241	14,560
Distribution	268,191	269,477	313,187	486,887	484,206
Generation	279,033	407,382	425,838	390,867	156,628
Total	725,178	1,049,056	1,010,502	1,499,995	655,394

Q. Can you also address these increasing capital requirements from the perspective of raising equity?

A. As PNM's capital spending requirements increase, raising equity sufficient to fund these capital requirements is an increasingly challenging concern. As a publicly traded company, TXNM's investors, particularly larger institutional investors, pay attention to TXNM's equity requirements. TXNM raised \$592 million through equity offerings from 2015-2024, which is an average of about \$59 million per year. Since the announcement of the proposed Acquisition, TXNM has raised \$975 million through equity offerings over a 17-month period.¹² These issuances support TXNM's capital investments, including PNM's capital investments, while supporting TXNM's credit metrics. TXNM's ability to raise

¹² Includes \$400 million of TXNM equity sold to TopCo in 2025, which was unwound and replaced with equity in 2026 in compliance with the Show Cause Final Order.

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1 such substantial amounts of equity in a relatively short period of time is driven by positive
2 investor impressions that this Acquisition will close, and these investors will get a near-
3 term return on their investment when their shares are converted to cash at closing.

4
5 Looking forward, the total \$2.4 billion increase in TXNM's five-year capital plan¹³ will
6 substantially increase TXNM's total equity funding need to support the Company's capital
7 investments while maintaining adequate credit metrics. As described by Witness Lapson,
8 mid-cap companies generally lack the name recognition or market dominance of large-cap
9 companies. Absent the pending Acquisition, TXNM will again be subject to the
10 fundamental limitations it faces as a mid-cap company competing with larger cap
11 companies for future equity to support increasing capital expenditure needs. If the
12 Acquisition is approved, the Revised Regulatory Commitments include a commitment to
13 fully fund the equity portion of PNM's 5-year projected capital budget through equity
14 contributions and/or the retention of dividends, subject to prudent budget revisions.
15 Raising this equity in partnership with Blackstone Infrastructure presents several
16 advantages that benefit our customers, which I discuss in full in Section III of my
17 testimony.

18
19 **Q. Are these capital requirement considerations unique to PNM?**

20 **A. No, though as a smaller utility these issues are more acute for PNM than for larger utilities.**
21 Across the nation, there is a much greater foreseeable demand for energy for all electric

¹³ In addition to PNM's \$1.5 billion increase in its five-year capital forecast, TXNM's other utility subsidiary, TNMP, also increased its five-year capital forecast by \$0.9 billion.

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1 utilities, given increasing computing needs, electric devices in the home and workplace,
2 beneficial electrification, and electric vehicles. This reality not only increases competition
3 for investment dollars, labor, and long-lived equipment but also requires increased regional
4 coordination and infrastructure within the electric utility industry.

5
6 **Q. Can you elaborate on how these issues more acutely impact a utility of PNM's size?**

7 **A.** The Company at present does not have the size or market presence to take full advantage
8 of opportunities that are developing regionally and nationally for new loads and for
9 transmission development that can support customer growth and participation in regional
10 markets, which will provide benefits to existing customers. However, through the
11 partnership with Blackstone Infrastructure, PNM is better positioned to finance and invest
12 in such opportunities for the benefit of our customers. This is evident in the \$1.5 billion
13 increase in PNM's current five-year capital forecast, discussed earlier. Incremental
14 projects added to PNM's capital forecast since the announcement of the Acquisition
15 include investments in transmission infrastructure that will support enhanced participation
16 in regional markets and deliver low-cost wind resources to PNM's retail customers.
17 PNM's ability to fund such a large capital investment plan while maintaining adequate
18 credit metrics is supported by the pending Acquisition. As I previously described, TXNM
19 raised \$975 million of equity in a 17-month period after announcing the proposed
20 Acquisition, and a significant amount of additional equity will be needed to help fund
21 TXNM's and PNM's increasing capital plan. As discussed by Witness Lapson, issuing the
22 large amount of equity required for the pending capital needs as a stand-alone company
23 would be extremely challenging, both due to the difficulty of competing for investor

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1 attention and the reality that such equity would be dilutive to existing shareholders,
2 reducing their earnings per share in the near term and conflicting with public shareholders'
3 focus on short-term earnings. The expectation of the pending Acquisition has supported
4 TXNM's ability to raise the equity it needed to leverage opportunities for regional and
5 customer growth.

6
7 **Q. Has TXNM had to raise capital recently and did it experience any challenges with**
8 **raising that capital?**

9 **A.** As a result of the Show Cause Final Order, the Financing Transaction was declared void.
10 In order to repay TopCo for the voided Financing Transaction, TXNM entered into a \$400
11 million 30-month term loan with Wells Fargo Bank, National Association on July 17, 2026
12 ("Term Loan"). To avoid negative consequences to TXNM's credit ratings as a result of
13 the Term Loan, TXNM needed to act quickly to replace the Term Loan with equity.¹⁴
14 However, TXNM was concerned that an equity issuance during the pendency of the
15 Acquisition could implicate Section 62-6-12 given the Commission's findings in the Show
16 Cause Final Order, and thus, TXNM sought a declaratory order to ensure it would not
17 violate the law with the equity issuance. The Commission issued its Order Granting
18 Petition for Declaratory Order in Docket No. 26-0000153 on August 27, 2026, permitting
19 TXNM to issue equity based on a defined set of criteria ("Declaratory Order"). After the
20 issuance of this Declaratory Order, TXNM issued equity consistent with the Declaratory
21 Order and repaid the Term Loan in full on September 4, 2026.

¹⁴ As Witness Monroy states, given the timely repayment of the Term Loan with the issuance of new equity, the temporary impacts on TXNM's credit metrics as the result of the unwinding of the Financing Transaction have been remedied.

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1 While this series of facts might be interpreted to mean that TXNM will not or does not
2 have challenges raising capital through equity issuances, as I previously discussed, TXNM
3 was able to successfully raise capital relatively quickly due to the positive expectation of
4 investors that the Acquisition will close and that such investors will receive \$61.25 per
5 share of TXNM common stock per the terms of the Merger Agreement. In other words,
6 the ability of TXNM to raise equity financing quickly in connection with this particular
7 equity issuance is more a factor of investor sentiment regarding the likelihood of the
8 Acquisition closing as opposed to the true market fundamentals that TXNM faces for
9 attracting equity to the business.

10
11 **Q. Is it viable for PNM to remain a stand-alone company?**

12 **A.** Yes, it is viable for PNM to remain with our current publicly-traded corporate structure,
13 and we would continue to invest in PNM's utility system. However, as a standalone public
14 market-funded entity, PNM would not have the same degree of financial strength and
15 backing that it would if the Acquisition is completed. As a practical matter, this would
16 mean that needed capital investments in the forecast might have to be deferred.

17
18 Over time it is also likely that PNM as it currently exists would become less competitive
19 in the financial and supply chain markets based on its relatively small size compared with
20 other utilities across the nation. As other utilities and the industry become more
21 consolidated, it would be increasingly difficult for a standalone PNM to timely meet
22 customer needs and legislative mandates over the long term. In fact, the likelihood is that
23 PNM's cost to serve customers would be higher.

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1 The same is true for financing. Larger companies in the utility sector have better access to
2 capital at more attractive rates, terms and conditions. It is likely that on a standalone basis,
3 it would be more costly for PNM to meet its future financing needs, which will lead to
4 higher rates for customers. While PNM maintains an investment grade credit rating and
5 has access to financing at reasonable prices in the market today, there is more and more
6 competition for the billions of dollars necessary for the predicted utility growth across the
7 western region and the country as a whole.

**III. THE ADVANTAGES OF PARTNERING WITH BLACKSTONE
INFRASTRUCTURE**

12 **Q. What are the advantages of partnering with financially sound private infrastructure**
13 **investment funds like Blackstone Infrastructure, rather than remaining in the**
14 **current corporate structure with TXNM as a publicly traded company?**

15 **A.** As I noted, the future capital funding required by TXNM to meet the needs of PNM and
16 TNMP, would be difficult to obtain in the public markets as a stand-alone mid-cap utility.
17 As Witness Talley notes in testimony, TXNM's projected capital expenditure ratios over
18 the next four years, whether viewing capital expenditures as a percentage of revenue or as
19 a percentage of earnings, are substantially above industry average. For a utility of our size,
20 there are inherent limitations and issues associated with equity issuances necessary to
21 support that magnitude of capital investment, particularly in a public market, as discussed
22 in more detail by Witness Talley. A private ownership structure with a partner like
23 Blackstone Infrastructure that has access to capital will remove the barriers associated with
24 TXNM's and PNM's small size and market limitations to allow for more ready access to

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1 capital to support projected growth on our system and the investments needed to serve our
2 customers.

3
4 **Q. How will Blackstone Infrastructure help meet the financial needs of PNM in the**
5 **future?**

6 **A.** Blackstone Infrastructure can provide the equity needed to provide capital funding without
7 the public market constraints relating to the utility's stock price and overall market
8 capitalization. PNM will have a single investor that is already supportive of the investment
9 decisions proposed by management. Through Troy, Blackstone Infrastructure has
10 backstopped its commitment to fund PNM's projected \$4.9 billion capital budget by giving
11 the PNM board of directors ("PNM Board") the ability to prevent PNM from issuing
12 dividends if its capital budget is not adequately funded. This financial support and
13 assurance of a healthy financial footing for PNM demonstrates Blackstone Infrastructure's
14 willingness and ability to provide the capital funding necessary.

15
16 Blackstone Infrastructure's financial backing and support and long-term view on capital
17 will also position PNM to better respond to the need for transmission and load growth
18 opportunities. As demonstrated in PNM's recent 20-year transmission study, the build out
19 and expansion of transmission lines in New Mexico will play a critical factor in providing
20 for grid stability and resiliency, connecting new generation sources to our load centers,
21 unlocking the renewable potential in the state for the benefit of New Mexico and the
22 western United States, and creating capacity for new load growth, which is key to
23 addressing cost pressure on rates. As mentioned earlier, this support, in the form of investor

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1 confidence in the Acquisition, has already allowed PNM to increase its forecasted capital
2 needs to build new transmission to deliver low-cost wind resources to our customers.
3 Supporting economic development investments under the recently passed Senate Bill
4 (“SB”) 170 will require additional capital investments that are better matched with
5 Blackstone Infrastructure’s investment philosophy than with the expectations of public-
6 trading investors. Public investors may not have the willingness to absorb the regulatory
7 lag that comes from the potential deferral of recovery of the SB 170 investments to a
8 regulatory asset until new customer load or system benefits materialize. PNM’s updated
9 capital forecast reflects the promise of the pending Acquisition, as the forecast reflects
10 PNM’s commitment to these investments under SB 170 that otherwise would have been
11 deferred. As Witness Sherman discusses in his testimony, Blackstone Infrastructure’s
12 philosophy of patient capital to invest for the long-term will provide PNM with the
13 financial support to make these types of investments now that will benefit our customers
14 in the long-term.

15
16 **Q. Beyond the benefits of the financial support, how else does Blackstone Infrastructure**
17 **provide benefits?**

18 **A.** As Witness Sherman explains in more detail, Blackstone Infrastructure is a large-scale
19 investor with over \$90 billion of assets under management that deploys permanent capital
20 to enable decades-long partnership and investment. Within the power & utility sector,
21 Blackstone Infrastructure holds investments in FirstEnergy, Northern Indiana Public
22 Service Company (NIPSCO), PPL Corporation (Invitium Energy, LLC), and Invenergy,
23 the largest private renewables developer in the United States. This combination of

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1 investment strength and understanding in the utility industry will benefit our customers. In
2 addition to having the ability to fund capital intensive companies such as an electric utility,
3 Blackstone Infrastructure is both familiar with the types of investments that PNM must
4 make and also understands that any investment must be concretely tied to customer needs.

5
6 As discussed in more detail by Witness Sherman, Blackstone Infrastructure, as part of the
7 larger Blackstone Inc. (“Blackstone”) enterprise, is also able to make key operational
8 resources available to PNM. This includes access to a network of key resources, including
9 utility executives, who can provide additional knowledge and insights in areas critical to
10 our operations, including for cybersecurity and supply chain issues. As part of Blackstone
11 Infrastructure, PNM can also take advantage of Blackstone’s other operational support
12 provided to portfolio companies including, cybersecurity, software system
13 implementation, and procurement and purchasing power. These additional tools and
14 resources will aid with PNM’s ability to control costs, which will benefit PNM’s
15 customers. One real-time example of how Blackstone Infrastructure can help customers is
16 through their introduction of a business opportunity between PNM and Google X. PNM
17 partnered with Google X on Grid Aware to enhance PNM’s efficient management of the
18 grid and provided valuable insights into grid reliability as PNM continues its energy
19 transition. Blackstone’s connection to innovative companies such as Google X will
20 continue to create valuable benefits for PNM customers.

21
22 **IV. THE JOINT APPLICANTS’ REVISED REGULATORY COMMITMENTS
WILL BENEFIT AND PROTECT CUSTOMERS AND COMMUNITIES**

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1 **Q. What benefits do the Joint Applicants' Revised Regulatory Commitments bring to**
2 **customers and communities?**

3 **A.** In addition to the benefits inherent in Blackstone Infrastructure ownership that I have
4 already described, the Joint Applicants' specific Revised Regulatory Commitments are
5 designed to benefit customers; address corporate governance; ensure ongoing local control
6 and management of PNM; support local labor; provide certainty to our employees; insulate
7 PNM financially from TXNM, Troy and their other affiliates and subsidiaries; and ensure
8 transparency and visibility for affiliate transactions. Witness Monroy discusses each of
9 these commitments in detail in his Revised Testimony, and they are also set forth in their
10 entirety in Revised Application Exhibit B-1. I do not repeat Witness Monroy's discussion
11 here, but I do want to emphasize certain benefits of these Revised Regulatory
12 Commitments relative to economic development, corporate governance, ongoing
13 community involvement and support, and increased visibility and transparency regarding
14 affiliate transactions. An overarching point I want to focus on initially is that each of these
15 benefits is closely tied to Blackstone Infrastructure's belief in and support for local
16 management.

17
18 **Q. Why is local management so important to PNM and our customers?**

19 **A.** A well-run utility must respond to the needs of its customer. Understanding customer
20 needs depends on PNM having a shared experience with our customers as members of our
21 communities. Also, realistic opportunities for expanding our customer base and loads are
22 more readily identified when management understands the local and state economy and
23 has personal and professional relationships with community and governmental leaders.

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1 Finally, PNM values input from stakeholders and our strategies should not be made in a
2 vacuum but should be informed with the perspectives and inputs of our stakeholders. I
3 have seen firsthand that Blackstone Infrastructure supports these approaches to our
4 customers and communities. In the past year, the Blackstone Infrastructure team has spent
5 meaningful time on the ground listening to perspectives from a broad set of stakeholders
6 in an effort to better understand the needs and priorities of the local community.

7
8 **Q. Are there potential economic development benefits from the Acquisition?**

9 **A.** Yes. One of the specific commitments will provide investment, at no cost to customers, in
10 utility-directed VPP technology projects to further the clean energy transition in New
11 Mexico. There are also commitments to contribute economic development funds for job
12 training, apprenticeships, or scholarships in utility related areas of industry, and funding
13 through targeted financial support to enable large economic development initiatives for
14 New Mexico. Finally, investing in our electric grid, which we can do sooner and better
15 backed by Blackstone Infrastructure capital, helps PNM continue to meet reliability
16 standards necessary to foster broader economic development.

17
18 I believe that economic development is essential to developing beneficial load growth that
19 will “grow the base” and ultimately drive more affordable rates for all customers.
20 Economic development benefits existing customers because attracting new load and more
21 customers spreads the significant fixed costs of the utility over a larger volume and greater
22 number of customers. I believe the communities we serve, and the State as a whole, will
23 benefit from the Acquisition because Blackstone Infrastructure’s indirect ownership of

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1 New Mexico's largest electric utility will generate economic interest in the state and spur
2 new investments in other business sectors in New Mexico.

3
4 **Q. Do the Revised Regulatory Commitments on corporate governance and "ring-**
5 **fencing" support the ongoing ability to manage PNM at the local utility company**
6 **level?**

7 **A.** Yes. These are familiar commitments that the Commission has previously approved to
8 insulate the regulated utility financially from its unregulated affiliates. PNM has operated
9 as a wholly-owned subsidiary of a public utility holding company, TXNM, for more than
10 20 years. Generally speaking, these financial and ring-fencing protection commitments are
11 already embedded in the existing corporate and regulatory framework under which PNM
12 has operated as a TXNM subsidiary. As Witness Monroy discusses in his testimony,
13 however, the governance provisions in the Revised Regulatory Commitments are
14 additional protections that reinforce the financial and ring-fencing protections under which
15 PNM currently operates.

16
17 With the filing of the Revised Application, the Joint Applicants have added additional
18 governance and financial commitments to strengthen and clarify the benefits of the
19 Acquisition. While Witnesses Monroy and Boyd discuss the Revised Regulatory
20 Commitments in greater detail, an example of a strengthened commitment is Revised
21 Regulatory Commitment No. 14, which increases the minimum capital expenditures that
22 Blackstone Infrastructure is committing to invest in PNM over a five-year period from
23 2026 to 2030.

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1 **Q. How do the corporate governance Revised Regulatory Commitments regarding**
2 **PNM’s Board composition support PNM’s management at the local utility company**
3 **level?**

4 **A.** Currently, the PNM Board is made up entirely of internal senior leadership. The proposed
5 new structure will expand PNM Board membership beyond management in a balanced
6 manner. As stated in the Revised Regulatory Commitments and addressed by Witness
7 Boyd, the PNM Board will be comprised of nine directors. The PNM Board will include
8 PNM’s President and CEO, which will facilitate conveying management decisions to the
9 PNM Board as part of a necessary element of corporate oversight. The PNM Board will
10 also include Blackstone Infrastructure representatives with experience serving on other
11 utility boards—anticipated to include Witnesses Sherman and Boyd—who will contribute
12 meaningful insight into management actions and decisions and help PNM coordinate with
13 Blackstone Infrastructure to ensure PNM’s needs are addressed. There will also be one
14 board member who is an executive or former executive with utility experience, lending
15 additional utility-specific expertise to the PNM Board’s key governance oversight. Finally,
16 there will be five disinterested directors, which ensures a balanced perspective on
17 management activities.¹⁵ At least three of the disinterested directors will be residents of
18 New Mexico. Based on my experience with both the PNM and TXNM Boards of
19 Directors, this mix of directors, and specifically five disinterested directors and directors
20 with varying backgrounds, will foster innovative decision-making while reinforcing that

¹⁵ More discussion as to the benefits of a majority of the PNM Board being comprised of disinterested directors is discussed in the testimonies of Witnesses Boyd and Monroy.

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1 the utility's corporate practices and financial health, based on local management decisions
2 and input, are always "top of mind."

3
4 **Q. What other protections are included in the Revised Regulatory Commitments in**
5 **terms of the disinterested PNM Board members?**

6 **A.** The Revised Regulatory Commitments ensure that the majority disinterested directors on
7 the PNM Board have considerable oversight in several critical areas and will provide the
8 Commission and stakeholders with assurances that decisions are not unduly influenced by
9 Troy or Troy's upstream affiliates. Specifically, the PNM Board will have decision-
10 making authority as provided by New Mexico law over PNM dividend policy, debt
11 issuance, issuance of dividends or other distributions (other than tax distributions), capital
12 expenditures, shared services fees, operation and maintenance expenditures, and
13 appointment or removal of officers.¹⁶ The authority over dividends is further supported by
14 a regulatory commitment that states that a vote of the majority of the disinterested directors
15 of the PNM Board (*i.e.*, 3 of 5) can prevent PNM from making any dividends, other than
16 tax or other distributions, required to meet agreed debt-to-equity commitments. Any
17 amendments or changes to the dividend policy must be approved by a majority vote of the
18 PNM Board, including the affirmative vote of a majority of the disinterested directors. A

¹⁶ While the PNM Board has significant decision-making authority, TXNM consent on PNM Board decisions is reserved for hiring and terminating any officer, and adopting, amending or deviating from the annual or multi-year budget or business plan or dividend policy of PNM. In other words, for hiring or firing a PNM officer, or for adopting, amending or deviating from a budget, a business plan or the dividend policy, TXNM and the PNM Board must have a common agreement. Consent rights like these are common for majority shareholders and are intended to protect them by enabling appropriate oversight of their investment.

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majority of the disinterested directors may also prevent PNM from making dividends at any time during the first five years if the PNM Board reduces the capital expenditures below the current five-year plan trajectory based on limited equity financing availability. In addition, the compensation for the disinterested directors will not be tied to the financial, operating, or other performance of any entity or interest other than PNM. As a practical matter, these provisions in the Revised Regulatory Commitments mean the disinterested directors will exercise significant control over PNM investment decisions.

Q. Will PNM's community support initiatives be maintained if the Acquisition is approved?

A. Yes, PNM will continue to contribute to its communities through its corporate giving. The combined level of community support provided by PNM in the form of annual corporate giving has averaged approximately \$2.7 million over the past 3 years. These contributions are funded entirely by TXNM shareholders. Community involvement is a core value for the Company that helps foster a positive workplace that focuses on employees as customers, as neighbors and as fellow community members.

Q. Will the Revised Regulatory Commitment to fund the Good Neighbor Fund for the next 10 years assist those customers with the largest need?

A. Yes. PNM's primary low-income assistance program, the Good Neighbor Fund, is a donation-driven program that aids low-income residential customers who may experience a financial hardship and fall behind on their electric bills. The incremental funding commitment of \$15 million over 10 years ensures the Good Neighbor Fund program

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1 remains well placed to provide resources for our low-income qualified customers. In
2 addition to the Good Neighbor Fund, PNM and Blackstone Infrastructure support
3 development of a low-income residential rate as a valuable tool to address cost pressures
4 for low-income customers. As discussed in the Revised Testimony of Witness Monroy,
5 PNM intends to propose a low-income residential rate in its next general rate case. PNM
6 also offers income-qualifying energy efficiency programs as part of its overall energy
7 efficiency portfolio that are approved by the Commission pursuant to the Efficient Use of
8 Energy Act. The Acquisition will have no impact on these or any other existing customer
9 programs or tariffed services.

V. REQUIRED AFFIRMATIONS FOR POST-CLOSING STRUCTURE

11
12 **Q. As the Company's President and CEO, do you affirm that PNM will adhere to the**
13 **various rules of the Commission?**

14 **A.** Yes, I affirm that PNM will adhere to the affiliate transaction rules of the Commission.
15 PNM will also remain a wholly-owned subsidiary of its current parent, TXNM, and TXNM
16 will become an indirect subsidiary of Blackstone Infrastructure. The Revised 2026 GDP
17 required for this Class II transaction, attached as Revised Application Exhibit F, includes
18 a post-merger corporate organization chart demonstrating PNM's place in the Blackstone
19 Infrastructure corporate structure for purposes of these affiliate transactions requirements.
20 Witness Sherman provides additional detail on the corporate structure of Blackstone
21 Infrastructure and its affiliated companies.

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I also affirm that PNM will adhere to each of the following obligations under Rule 17.6.450.10(C) NMAC:

(1) the books and records of the utility will be kept separate from those of nonregulated business and in accordance with the Uniform System of Accounts;

(2) the Commission and its staff will have access to the books, records, accounts, or documents of the affiliate, corporate subsidiary, or holding company pursuant to NMSA 1978, Sections 62-6-17 and 62-6-19;

(3) the supervision and regulation of the public utility pursuant to the Public Utility Act will not be obstructed, hindered, diminished, impaired, or unduly complicated;

(4) the utility will not pay excessive dividends to its holding company, and the holding company will not take any action which will have an adverse and material effect on the utility's ability to provide reasonable and proper service at fair, just, and reasonable rates;

(5) the public utility will not without prior approval of the Commission:

(a) loan its funds or securities or transfer similar assets to any affiliated interest, or

(b) purchase debt instruments of any affiliated interests or guarantee or assume liabilities of such affiliated interests;

(6) all applicable statutes, rules, or regulations, federal or state, have been or will be complied with;

(7) when required by the Commission the utility will have an allocation study (which will not be charged to ratepayers) performed by a consulting firm chosen by and under the direction of the Commission; and

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1 (8) when required by the Commission the utility will have a management audit
2 (which will not be charged to ratepayers) performed by a consulting firm chosen
3 by and under the direction of the Commission to determine whether there are any
4 adverse effects of Class II transactions upon the utility.
5

**VI. THE JOINT APPLICANTS' COMMITMENT TO COMMISSION
OVERSIGHT POST SHOW CAUSE PROCEEDING**

6
7 **Q. Does this Revised Application account for the finding in the Show Cause Final Order?**

8 **A.** Yes. The Commission's Show Cause Final Order noted that the Commission was
9 concerned that voiding the Financing Transaction could affect the Acquisition's financing
10 structure, transaction documents, accounting treatment, shareholder disclosures, claimed
11 benefits and customer benefits.¹⁷ The Commission's Show Cause Final Order strongly
12 suggested that Joint Applicants should amend or supplement the Original Application to
13 address these issues, which the Joint Applicants have now done. However, the
14 fundamental structure of the transaction and the Acquisition under consideration by the
15 Commission has not changed.
16

17 **Q. Please address the effects of the Show Cause Final Order on the terms of the pending**
18 **Acquisition.**

19 **A.** Joint Applicants addressed the effect of the Show Cause Final Order in its Compliance
20 Report that was filed in this proceeding on July 27, 2026 as well as the Amended

¹⁷ Show Cause Final Order at 28, ¶ 87.

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1 Compliance Report.¹⁸ Generally speaking, the fact that the Financing Transaction was
2 deemed void in the Show Cause Final Order has not changed the Joint Applicants' request
3 for approval of the Acquisition. On July 17, 2026, the Troy Parties and TXNM executed
4 a Letter Agreement that consented to certain actions associated with effectuating the Show
5 Cause Final Order ("Letter Agreement"). Among other things, the Letter Agreement
6 provided a mechanism to ensure that TXNM could secure debt, and subsequently equity
7 financing, to repay TopCo the \$400 million amount used to purchase shares that are now
8 deemed void. Also, given the delay on the expected timing of Acquisition approval, the
9 Letter Agreement and a contemporaneously executed Waiver also addressed certain terms
10 of the Merger Agreement, including extending the end date of the Merger Agreement to
11 May 31, 2027 (the "End Date").¹⁹ The Letter Agreement also references a Consent Letter,
12 which is attached as CONFIDENTIAL JA Exhibit E (PNM and Troy) to the Compliance
13 Reports.²⁰ This Consent Letter provides Troy's consent for TXNM to continue to pay
14 quarterly dividends to TXNM shareholders through the End Date, PNM and TNMP to
15 engage in certain forward-looking debt financing transactions, and PNM and TNMP to
16 make certain capital expenditures in the 12-month period ending December 31, 2027. The
17 Letter Agreement, Waiver and Consent Letter, demonstrate the Joint Applicants' continued
18 commitment to the Acquisition.

¹⁸ Case No. 25-00060-UT, Joint Applicants' Compliance Report to Effectuate the Final Order on the Show Cause (July 27, 2026); Case No. 25-00060-UT, Notice of Amended Compliance Report and Joint Applicants' Amended Compliance Report to Effectuate the Final Order on the Show Cause (Aug. 10, 2026).

¹⁹ The Letter Agreement and Waiver are included in Revised Application Exhibit G.

²⁰ The confidential Consent is incorporated by reference into Revised Application Exhibit G.

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1 **Q. How do TXNM and PNM understand the impact of the Show Cause Final Order on**
2 **the statutory requirement that the Commission determine the proposed Acquisition**
3 **is lawful and in the public interest?**

4 **A.** The Commission has expressly indicated that the question of “[w]hether any aspect of the
5 proposed transaction is unlawful, and if so, the nature and scope of such unlawfulness”²¹
6 is an integral part of its ongoing review in this docket. Joint Applicants have renewed their
7 request for approval of the Acquisition and have included updated information and exhibits
8 in the Revised Application, Revised Regulatory Commitments, and supporting testimonies
9 that supports a Commission determination that the proposed Acquisition is lawful. Joint
10 Applicants have timely complied with the Commission’s directives to remedy Joint
11 Applicant’s violation of Section 62-6-12 by entering into the Financing Transaction
12 without prior Commission approval. Because the Financing Transaction has been voided,
13 is of no effect and has been unwound, there is no other aspect of the proposed Acquisition
14 that is unlawful.

15
16 Importantly, as part of this Revised Application, it is clear that Joint Applicants must
17 demonstrate that—post Show Cause Final Order—the Acquisition is in the public interest
18 because it not only provides concrete benefits and protections for customers, it also
19 preserves the Commission’s regulatory oversight and demonstrates that PNM, TXNM and
20 Troy will comply with all applicable laws and regulations.

21

²¹ Case No. 25-00060-UT, *Order Establishing Affirmatively Relevant Topics*, ¶ 9 (Jan. 16, 2026).

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1 TXNM and PNM are committed to adhering to all applicable statutes, rules and
2 Commission orders, now and after the approval of the Acquisition. I believe that the
3 Revised Regulatory Commitments are designed to ensure that the Commission's
4 jurisdiction and continued ability to regulate PNM under Troy's ownership of TXNM will
5 not be hindered or impaired and that the Acquisition continues to be in the public interest.

6
7 The Commission's post-Acquisition oversight of PNM and its affiliate relationships with
8 TXNM and Troy (and their affiliated interests) must remain as effective after the
9 Acquisition as the Commission's exercise of its jurisdiction has been prior to the
10 Acquisition. As a regulated public utility, PNM will continue to operate with transparency,
11 visibility, and accountability. The Revised Regulatory Commitments require PNM to
12 provide the Commission with timely data and information to verify that PNM and its
13 holding company owners are complying with all statutory and regulatory obligations. The
14 Revised Regulatory Commitments represent the means by which the Joint Applicants will
15 facilitate the effectiveness of the Commission's ongoing jurisdiction and provide the
16 Commission with tools and information that support transparency, visibility, and
17 accountability for effective post-Acquisition regulatory oversight.

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1 **Q. How do the Revised Regulatory Commitments ensure transparency, visibility and**
2 **accountability?**

3 **A.** There are a number of examples in the Revised Regulatory Commitments, and when those
4 commitments are considered in conjunction with existing requirements, the needed
5 transparency, visibility and accountability is achievable.²²

6
7 For example, Revised Regulatory Commitment Nos. 1-5 ensure accountability in terms of
8 customer benefits and investment in New Mexico. Additionally, Revised Regulatory
9 Commitment Nos. 9 and 10 will ensure that the PNM Board can be accountable for PNM's
10 minimum capital spending commitment of \$4.9 billion from 2026-2030. Accountability is
11 also supported by Revised Regulatory Commitment Nos. 15 and 16, where the Joint
12 Applicants commit that Commission jurisdiction over PNM will not be adversely affected
13 and that amendments to the Revised Regulatory Commitments must be approved by the
14 Commission.

15
16 Visibility, transparency, and accountability is reinforced by the newly proposed Revised
17 Regulatory Commitment No. 17 because it provides that PNM, for all Revised Regulatory
18 Commitments that have an ongoing obligation or are not yet complete, will file annual
19 updates as part of the established reporting process for Annual Reports pursuant to 17.3.510
20 NMAC. Those annual updates will include a list of directors currently comprising the
21 PNM Board. Revised Regulatory Commitment No. 17 will ensure that the Commission is

²² Some of the Revised Regulatory Commitments in this discussion were proposed in the Original Application, but in conjunction with the revised commitments proposed and existing requirements support transparency, visibility and accountability.

**REVISED TESTIMONY
OF JOSEPH D. TARRY
CASE NO. 25-00060-UT**

1 continually kept abreast of PNM's compliance status and PNM Board composition.
2 Likewise, new Revised Regulatory Commitment No. 18 advances visibility, transparency,
3 and accountability because it requires that PNM will file with the Commission the financial
4 statements that are largely consistent with the financial reporting it does now for the U.S.
5 Securities and Exchange Commission—providing the Commission continued insight into
6 PNM's financial health and outlook. The Joint Applicants also have proposed a number
7 of new Revised Regulatory Commitments that are meant to provide greater transparency
8 and oversight as to affiliate transactions (Revised Regulatory Commitment Nos. 42-46),
9 ensuring that Blackstone's affiliates must compete on a level playing field and conduct all
10 interactions with PNM at arm's length.

11
12 These Revised Regulatory Commitments are in addition to the stringent requirements in
13 Commission regulations and PNM's Revised 2026 GDP. As I discussed above in Section
14 V, above, PNM commits to adhere to the obligations under Rule 17.6.450.10(C) NMAC
15 and the requirements of the Revised 2026 GDP. Thus, together the Revised Regulatory
16 Commitments, Commission regulations and the Revised 2026 GDP demonstrate a
17 commitment to continued Commission jurisdiction by increasing the transparency,
18 visibility and accountability necessary for effective and enforceable oversight.

**REVISED TESTIMONY
OF JOSEPH D. TARRY
CASE NO. 25-00060-UT**

VII. CONCLUSION

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Q. What is your recommendation to the Commission?

A. I recommend, and I request, that the Commission approve the Acquisition as consistent with the public interest. The Revised Application and supporting revised testimonies lay out the necessary information and evidence for the Commission to approve the Acquisition and grant the related requests, setting out the benefits that will follow from Blackstone Infrastructure’s ownership of PNM. The Joint Applicants’ Revised Regulatory Commitments further support Commission approval of the Acquisition. Those Revised Regulatory Commitments not only protect customers from any potential harm from the Acquisition, but also provide affirmative benefits to customers, our employees, and the communities we serve.

Q. Does this conclude your testimony?

A. Yes.

GCG#535786

Educational Background and Relevant Employment Experience for
Joseph D. Tarry

JA Exhibit JDT-1

Is contained in the following 2 pages.

JOSEPH D. TARRY
EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Joseph Don Tarry

Address: TXNM Energy, Inc.
MS 1295
414 Silver SW
Albuquerque, NM 87102

Position: President and Chief Executive Officer

Education: Bachelor of Accountancy, New Mexico State University, 1995
Certified Public Accountant in the State of New Mexico, February 1997
Certified Management Accountant, December 1998
Certified in Financial Management, August 1999

Employment: Employed by TXNM Energy since 1996.
Positions held within the Company include:

President and Chief Operating Officer
Senior Vice President and Chief Financial Officer
Vice President, Controller and Treasurer
Vice President, Finance and Controller
Vice President, Corporate Controller and Chief Information Officer
Vice President Customer Service and Chief Information Officer
Executive Director Financial Planning and Business Analysis
Controller, Utility Operations
Controller, Corporate
Controller, Assistant
Director, Wholesale Accounting and Cost of Service
Integrated Audit Manager
Senior Auditor

Testimony Filed:

- In the Matter of the Application of Public Service Company of New Mexico for Approval to Acquire an Ownership Interest in a Portion of Palo Verde Unit 2 Generating Asset and for Certain Rate Treatment, NMPRC Case No. 08-00018-UT, filed January 22, 2008
- In the Matter of the Resource Stipulation Concerning Public Service Company of New Mexico's Proposed Approval of the Valencia PPA, Acquisition of Beneficial Interest in PVNGS Unit 2 Ownership Trust and CCN for Luna Energy Facility and Lordsburg Generating Station, NMPRC Case No. 08-00305-UT, filed September 12, 2008.

- In the Matter of The Joint Application of Avangrid, Inc., NM Green Holdings, Inc., Public Service Company Of New Mexico and PNM Resources, Inc. For Approval of the Merger of NM Green Holdings, Inc. with PNM Resources, Inc.; Approval of a General Diversification Plan; and All Other Authorizations and Approvals Required to Consummate and Implement this Transaction, NMPRC Case No. 20-00222-UT, filed on November 23, 2020.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF	)	
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR	)	
APPROVAL OF AN ACQUISITION AND MERGER OF	)	Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;	)	
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;	)	
AND ALL OTHER AUTHORIZATIONS AND	)	
APPROVALS REQUIRED TO CONSUMMATE AND	)	
IMPLEMENT THIS TRANSACTION	)	
	)	
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
TXNM ENERGY, INC. AND TROY PARENTCO LLC,	)	
	)	
JOINT APPLICANTS.	)	

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **JOSEPH D. TARRY, President and Chief Executive Officer, Public Service Company of New Mexico,** upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Revised Testimony and Exhibit of Joseph D. Tarry In Support of the Revised Application and co-sponsored exhibits** which are true and correct based on my personal knowledge and belief.

DATED this 15th day of September, 2026.

/s/ Joseph D. Tarry
JOSEPH D. TARRY

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

REVISED TESTIMONY AND EXHIBIT

OF

SEAN KLIMCZAK

IN SUPPORT OF THE REVISED APPLICATION

SEPTEMBER 15, 2026

NMPRC CASE NO. 25-00060-UT
INDEX TO THE REVISED TESTIMONY OF
SEAN KLIMCZAK

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JA REVISED EXHIBIT SK-1

Résumé of Sean Klimczak

SELF AFFIRMATION

**REVISED TESTIMONY OF
SEAN KLIMCZAK
CASE NO. 25-00060-UT**

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name and business address.

A. My name is Sean Klimczak. My business address 345 Park Avenue, 16th Floor New York, NY 10154.

Q. By whom are you employed and what is your position?

A. I am the Global Head of Infrastructure and a Senior Managing Director of Blackstone Inc. (“Blackstone”), a publicly traded investment firm listed on the New York Stock Exchange (NYSE: BX). As the Global Head of Infrastructure, I oversee the day-to-day operations of Blackstone Infrastructure Partners L.P. (“BIP”) and the other funds and accounts within Blackstone Infrastructure as that term is defined below in my revised testimony (“Revised Testimony”).¹

Q. On whose behalf are you submitting this testimony?

A. I am submitting testimony on behalf of Troy ParentCo LLC (“Troy”) to address the role that Troy will play in the future ownership structure of the Public Service Company of New Mexico (“PNM”) if the transaction proposed in this case is approved, including information about Blackstone Infrastructure, which will own and control Troy.

¹ Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in Revised Application Exhibit F, the Revised 2026 General Diversification Plan, filed in this matter.

**REVISED TESTIMONY OF
SEAN KLIMCZAK
CASE NO. 25-00060-UT**

1 **Q. Please briefly describe your professional experience and your educational**
2 **qualifications.**

3 **A.** Attached to this Revised Testimony as JA Revised Exhibit SK-1 is my resume which
4 contains details of my education and professional experience. Briefly, I graduated from the
5 University of Notre Dame and received an MBA from Harvard Business School. I joined
6 Blackstone in 2005 and, since joining Blackstone, investing in electric infrastructure has
7 been one of my most significant areas of focus. As such, I have been involved in numerous
8 investments in the electric infrastructure sector involving regulated utilities, independent
9 generation and transmission operators, and renewable developers. In 2017, BIP was
10 founded in response to a clear demand from Blackstone’s institutional investors to invest
11 in the infrastructure sector in a more focused manner.

12
13 **Q. Have you previously filed testimony before the New Mexico Public Regulation**
14 **Commission (“Commission”) or any other regulatory authorities?**

15 **A.** Yes. I have previously filed the following testimony before the Commission in this case:
16 • August 25, 2025 – Direct Testimony in support of the Joint Application (“Direct
17 Testimony”).

18
19 **Q. What is the purpose of your testimony in this proceeding?**

20 **A.** The purpose of my testimony is to support the request that the Commission approve the
21 acquisition of TXNM Energy, Inc. (“TXNM”), and indirectly TXNM’s subsidiary PNM,
22 by Troy (the “Acquisition”). I will provide the Commission with a summary of the
23 proposed Acquisition as well as information about the proposed new public utility holding

**REVISED TESTIMONY OF
SEAN KLIMCZAK
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1 companies of PNM, the investment philosophy of Blackstone Infrastructure, and why Troy
2 is seeking to acquire PNM. Finally, I make all of the commitments required under 17.6.450
3 NMAC on behalf of Troy and Blackstone Infrastructure.

4
5 In my Revised Testimony, I have made factual updates and revised the testimony to reflect
6 the Joint Applicants' experience engaging with PNM stakeholders and communities for
7 more than a year. This Revised Testimony completely replaces my Direct Testimony.

8
9 **II. SUMMARY OF THE ACQUISITION AND BLACKSTONE**
10 **INFRASTRUCTURE**

11 **Q. Please summarize the transaction which is being proposed in the Revised Application**
12 **and supported in this and the accompanying revised testimonies.**

13 **A.** The Joint Applicants are proposing the Acquisition, by which Troy will acquire TXNM
14 and its direct subsidiary, PNM. Specifically, Troy will cause its direct wholly owned
15 subsidiary, Troy Merger Sub Inc., to merge with and into TXNM. Upon completion of the
16 merger, TXNM will be the surviving corporation and will be a direct wholly owned
17 subsidiary of Troy, and thereby indirectly wholly owned and controlled by the broader
18 Blackstone Infrastructure umbrella. The Joint Applicants request approval of the
19 Acquisition; approval of PNM's Revised 2026 General Diversification Plan ("Revised
20 2026 GDP"), which replaces any previous diversification plans; and other approvals as set
21 forth in the Revised Application ("Revised Application").

**REVISED TESTIMONY OF
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CASE NO. 25-00060-UT**

1 Q. Who is Troy and what is Blackstone Infrastructure?

2 A. Troy is an entity specifically created for the purpose of acquiring and holding TXNM. Troy
3 is controlled and owned by Blackstone Infrastructure.
4

5 As Witness Sherman discusses in detail in his revised testimony, Blackstone Infrastructure
6 is an umbrella term that encompasses Blackstone Infrastructure Management and
7 Blackstone Infrastructure Funds, along with parallel funds and accounts, all controlled by
8 Blackstone Infrastructure Management. Blackstone Infrastructure currently has more than
9 \$90 billion in assets under management.² Blackstone Infrastructure is ultimately controlled
10 by Blackstone.
11

12 While Blackstone controls Blackstone Infrastructure, the actions of Blackstone
13 Infrastructure do not require approval by the board of directors or shareholders of
14 Blackstone. Rather, the day-to-day operations of Blackstone Infrastructure are managed by
15 me and the other Senior Managing Directors on the Blackstone Infrastructure team.
16

17 Q. Why is Blackstone Infrastructure interested in New Mexico and proposing to
18 purchase TXNM?

19 A. Blackstone Infrastructure and Troy are excited about the opportunities in New Mexico and
20 at TXNM for a number of reasons.
21

² For purposes of the assets under management calculation, Blackstone Infrastructure is deemed to include other funds and accounts advised and/or managed by Blackstone Infrastructure Advisors L.L.C., and related vehicles of such funds and accounts, in each case, that are not participating in the Acquisition.

**REVISED TESTIMONY OF
SEAN KLIMCZAK
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1 New Mexico is experiencing above average gross domestic product growth, driven by a
2 vibrant mix of industries such as manufacturing and technology. This diverse economic
3 landscape is creating an environment for investment. Importantly, New Mexico is at a
4 pivotal moment, with a commitment to carbon-free electric generation as well as growing
5 electricity demand. There is a lot of excitement about the future of energy in New Mexico,
6 and we want to be part of the story and contribute to the energy transition that is taking
7 place in New Mexico.

8
9 The Blackstone Infrastructure team has been working to increase our investments in
10 utilities for several years. The utility sector is expected to see significant growth in the next
11 several years, because of the electrification of heating and vehicles, the reindustrialization
12 of our economy and digital infrastructure and other industrial demand. We want to be part
13 of this story through reasonable and prudent investments that bring benefits to customers
14 and support PNM's transition to clean energy. Utility investments are attractive for
15 Blackstone Infrastructure and our investors because utility investments typically provide
16 for steady, lower-risk returns over the long term compared to other higher growth and
17 higher risk industries.

18
19 Generally, we at Blackstone Infrastructure look for supportive environments to invest in.
20 PNM is in a state that we believe supports energy investments. As discussed in more detail
21 by Witness Tarry, the recently enacted Senate Bill 170, which addresses economic
22 development investment, is a great example of the supportive energy policies New Mexico
23 is adopting. Additionally, it is our understanding that the current regulatory environment

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1 in New Mexico is positively focused on implementing state policies and that the State is
2 supportive of the type of investments in infrastructure that will be necessary to drive
3 economic growth in the State for years to come.

4
5 We also see benefits from the fact that PNM is vertically integrated. We believe that
6 utilities that manage and control the generation, transmission, and distribution system can
7 optimize the delivery of utility service to best serve customers and support a stable and
8 reliable electric grid. Stability and reliability not only benefit customers receiving electric
9 service, they also foster economic development. We are happy to support PNM's journey
10 to meet the requirements of the Energy Transition Act.

11
12 We also believe that renewable energy generation plays a key role in the future of electric
13 utility service and see the Acquisition as a way to support that role. Given that we are
14 focused on long-term investments, optimizing investment in megatrends like the energy
15 transition that will endure over the very long term is critical to our investment philosophy.
16 New Mexico is well situated for renewables development, including windfarms, solar
17 generation, early stage geothermal, battery storage, and transmission assets that will
18 positively position New Mexico for growth in the coming years. We think that investment
19 in renewable power, especially by regulated, vertically integrated utilities like PNM, is
20 good for customers and for utility operators.

21
22 Blackstone Infrastructure recognizes businesses like utility service require local
23 knowledge. What works for one state may not be a good fit for another state. While we can

**REVISED TESTIMONY OF
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bring industry best practices to core business operations, we know that we need experienced local management in order to focus on the issues that matter the most to the people of New Mexico. Thus, even though Troy will indirectly control PNM, PNM will be operated by the local management team and the PNM Board, with key decisions such as budgeting, dividend policy, and capital investments determined by PNM management and the PNM Board, as Witness Boyd discusses in her revised testimony. That is one of the reasons we are attracted to PNM, as we value the long tenures and homegrown talent that exist at PNM. We believe that PNM is a well-run business, with strong local management, and is focused on the long-term needs of New Mexico—providing reliable utility service, meeting the challenge of the energy transition, and modernizing the grid to foster economic growth in New Mexico. With the support of Blackstone Infrastructure and its resources, PNM and its management will be even stronger. For all of these reasons, PNM is a perfect fit for Blackstone Infrastructure’s investment profile.

Q. What are the key aspects of the Acquisition that you would like to emphasize?

A. There are a lot of positives that will occur as a result of this transaction. I would like to briefly highlight the following:

- As discussed in Witness Sherman’s revised testimony, Blackstone Infrastructure is a long-term investor and is committed through Troy to providing PNM with the necessary funding PNM needs to comply with the Energy Transition Act, modernize its grid, and provide safe, reliable power to customers.

**REVISED TESTIMONY OF
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- 1 • Troy will be able to draw upon the experience and resources of Blackstone
2 Infrastructure and the broader Blackstone organization and can work with
3 PNM's management team to enhance business operations in areas like
4 procurement and information technology. Witness Sherman discusses these
5 benefits in detail in his revised testimony.
- 6 • Troy is committing to a strong package of tangible and quantifiable benefits
7 that provide (a) over \$220 million of rate-related benefits, which is, on a total-
8 dollar basis, approximately 10 times the rate credit amount in the most recent
9 utility merger approved in New Mexico and more than 4.5 times the rate credit
10 amount per customer approved in any recent utility merger in New Mexico, and
11 (b) an \$80 million community benefits package, which is more than 3 times the
12 amount approved in any recent utility merger transaction in New Mexico.
13 Witnesses Boyd and Monroy will detail these benefits in their revised
14 testimonies.
- 15 • As discussed in Witness Boyd's revised testimony, we understand that utility
16 service is of great local importance and commit that PNM and TXNM will be
17 headquartered in New Mexico under Troy's ownership.

18
19 **Q. What should stakeholders know about Blackstone Infrastructure?**

20 **A.** Blackstone Infrastructure actively invests across the entire infrastructure landscape,
21 including in energy transition, transportation, digital infrastructure, water and waste. We
22 invest in and acquire companies with long-lived assets and have a track record of investing
23 significant capital into our portfolio companies, both initially and as the companies need

**REVISED TESTIMONY OF
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1 more capital to grow (referred to as “follow-on” capital). Our long-term investment horizon
2 and access to perpetual capital (meaning that there is no specific end-date for the fund or
3 any fund investment, and that we have the flexibility to continue raising money and
4 investing in businesses indefinitely, providing ongoing equity support) allows us to help
5 PNM address its reliability and growth needs as well as the existing clean energy transition
6 requirements for years to come without putting pressure on the utility to produce short-
7 term results.

8
9 Blackstone Infrastructure is very familiar with investing in highly regulated, critical
10 businesses that are relied upon by the public for essential services. We have made
11 significant investments in public utilities, ports, and airports and understand the importance
12 of working with, and being answerable to, governmental bodies responsible for regulating
13 these businesses and to the communities these businesses serve. We look forward to
14 continuing to work with the stakeholders and the Commission in New Mexico.

15
16 Finally, we seek out businesses with strong management and committed vision. We do not
17 run the operations of the companies in which we invest; rather, we work with and empower
18 the management group to help the business thrive. We think of this as a partnership, where
19 we provide capital and business expertise (such as help with procurement and business
20 operation components) for the companies that we acquire or invest in, and local
21 management provides operational experience and local expertise. As further described in
22 Witness Sherman’s revised testimony, we do not charge a management fee to our portfolio

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1 companies, and it is up to local management and the independent, disinterested and local
2 board to choose if they would like to take advantage of the assistance we can provide.

3
4 **Q. How will PNM's customers specifically benefit from the Acquisition?**

5 **A.** As Witness Boyd and Witness Monroy explain in their revised testimonies, Troy is offering
6 a robust and extensive set of quantifiable benefits, the cost of which will not be recovered
7 from customers, including:

- 8 • \$220 million in rate credits to be applied to customers' bills over a 10-year period
9 following Closing, with \$105 million in rate credits over the four-year period
10 immediately following Closing and \$115 million in rate credits over a six-year period
11 immediately following the first four-year period. This rate credit is, on a total-dollar
12 basis, approximately 10 times greater than the most recently approved New Mexico
13 utility merger and 4.5 times greater than any recent rate credit approved in a New
14 Mexico utility merger transaction to date, calculated on a per-customer basis. This rate
15 credit is in addition to the \$80 million community benefits package below, which is
16 more than 3 times the amount approved in any recent utility merger transaction in New
17 Mexico. A contribution of \$15 million over 10 years to PNM's Good Neighbor Fund
18 which primarily benefits low-income customers. These two efforts will be long-term
19 commitments that will help ease the financial burden on families.
- 20 • A \$25 million contribution over 10 years for utility infrastructure targeting utility-
21 directed virtual power plant technology projects, subject to Commission approval of
22 the program.

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- A \$40 million contribution in economic development funds—\$25 million for workforce development to fund one or more of job training, apprenticeships, or scholarships in utility-related areas of industry, and \$15 million to an economic development fund to promote economic development in New Mexico—over 10 years.

Additionally, as Witnesses Boyd and Monroy discuss in their revised testimonies, the Joint Applicants are committed to establishing a strong governance structure for PNM including the following characteristics:

- PNM will have a nine-member board (“PNM Board”), including the President and CEO of PNM, five disinterested board members, and at least one of the eight non-CEO board members will have experience as a former utility executive. The independence and experience of the proposed PNM Board will supplement and support PNM management, who will continue to manage the day-to-day operations of PNM.
- The PNM Board is entrusted with acting in PNM’s best interests, overseeing decisions related to dividend policy, debt issuances, capital expenditures, and operational expenditures.
- A majority vote among the disinterested directors can restrict dividend distributions (excluding tax distributions) if determined in good faith to be required to meet agreed debt-to-equity ratios.

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- 1 • Any changes to PNM's dividend policy will require a majority PNM Board vote,
2 including approval from a majority of the disinterested directors.³

3
4 **Q. What sets Blackstone Infrastructure apart from other investment firms?**

5 **A.** What sets Blackstone Infrastructure apart from other investment firms is its focus on and
6 experience with long-term infrastructure investments. We are here to partner with the
7 companies in which we invest and support their growth for decades, without the pressure
8 to provide short-term liquidity or returns.

9
10 As I mentioned above, one of the key attributes of the Blackstone Infrastructure Funds is
11 that we are open-ended, perpetual funds, meaning that we have no obligation to sell our
12 investments after a certain period of time and can continuously raise and invest money in
13 our portfolio companies, providing ongoing equity support. This is particularly important
14 in enabling us to support the capital-intensive needs of utility companies in areas like
15 resource adequacy, demand growth, and maintenance or replacement of aging
16 infrastructure. This stability allows companies we invest in to focus on their operations
17 without worrying about short-term financial reporting pressures or exposure to the
18 volatility of capital markets.

19
20 As further explained in the revised testimony of Witness Sherman, our team brings
21 extensive experience in regulated utility investments and understands that PNM's customer

³ As Witness Boyd testifies, TXNM and the PNM Board must have a common agreement on the approach.

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SEAN KLIMCZAK
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1 rates and returns on investment are and will continue to be governed by the decisions of
2 the Commission.

3
4 Most importantly, we understand that utility investments are a public-facing asset class,
5 with significant public responsibility, and that PNM is a regulated entity subject to the
6 jurisdiction of the Commission and has a responsibility to customers. That is why we
7 prioritize building strong relationships with local stakeholders and communities and have
8 taken proactive steps to engage stakeholders throughout the Acquisition process. We
9 believe that open, ongoing dialogue with both regulators and stakeholders is crucial for the
10 success of this kind of investment, and we bring this focus to all our regulated companies.

11
12 **Q. Why is Blackstone Infrastructure's long-term investment focus important?**

13 **A.** Blackstone Infrastructure's focus on long-term stability of ownership, steady growth, and
14 value creation over time—as a contrast to the short-term nature of the expectations seen in
15 public capital markets—will provide PNM's management with greater certainty for long-
16 range planning.

17
18 Our long-term focus and ability to provide equity-based capital is demonstrated by the fact
19 that Blackstone Infrastructure, as discussed by Witness Boyd, is committing through Troy
20 that it will provide funding for PNM's five-year capital plan. This five-year commitment
21 will fund energy transition, essential grid upgrades, and reliability enhancements. Facing
22 roughly \$4.9 billion in capital expenditures over the next several years, PNM needs the
23 right support to transition to carbon-free energy, modernize infrastructure, strengthen the

**REVISED TESTIMONY OF
SEAN KLIMCZAK
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1 grid against wildfire and climate-related risks, and meet increasing electricity demand.
2 Blackstone Infrastructure's investment and deep access to capital can keep TXNM and
3 PNM's balance sheets healthy and position PNM for long-term resilience. As Witness
4 Tarry discusses in his testimony, PNM's need has only grown since August 2025 when the
5 five-year capital budget was approximately \$3.4 billion.

6
7 To be clear, while we are of course in the business of providing returns for our clients,
8 Blackstone Infrastructure is mindful that utility investments must be necessary and prudent
9 to serve customers; as a result, it is not in our financial interest to invest aggressively for
10 the sake of higher returns. The need to be mindful of the impact on customers when
11 investing capital is a key reason that we will rely on experienced local management to
12 operate the utility post-Acquisition. Importantly, Blackstone Infrastructure is not asking
13 for any change to existing regulations. We simply seek to invest further to support the
14 growth of PNM within the existing regulatory structure.

15
16 My experience over the past two decades has shown me that many public market investors
17 take a short-term approach to investing, moving in and out of investments frequently. At
18 the first sign that management will miss anticipated earnings or that a large equity raise is
19 necessary (thus increasing the number of outstanding shares on the market and often
20 decreasing share value), public company investors are prone to selling and moving on.
21 Another risk of being a publicly traded company is the potential to attract short-term
22 activist shareholders whose sole concern is to push the company to increase profits
23 immediately to allow the activist to sell at a profit. These situations can put pressure on

**REVISED TESTIMONY OF
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1 publicly traded companies who need significant additional capital infusions today, with the
2 return occurring over many years. Our ownership model allows the company to invest and
3 operate without these pressures.
4

5 **Q. How are investments decisions made at Blackstone Infrastructure?**

6 **A.** At Blackstone Infrastructure, material investment decisions are made by a dedicated
7 investment committee. The investment committee's role is to ensure that Blackstone
8 Infrastructure's management and commercial teams are thorough and careful when
9 evaluating significant projects. The investment committee would not manage the regular
10 quarterly or annual budgets of TXNM or PNM. Instead, they would consider significant
11 new or follow-on investments from Blackstone Infrastructure when needed.
12

13 Our investment committee has developed a keen interest in the utility sector, and the
14 Acquisition is the fifth utility investment the committee has approved. Our investment
15 committee believes in the growth story of PNM, and the committee discussion of the
16 Acquisition was one of the most engaging discussions we have had in a long time. Our
17 investment committee also appreciates that, due to significant capital needs in the sector,
18 utility investors must be prepared to invest follow-on equity to support sustained growth.
19

20 Our investment committee reviews investments when the need arises for \$100 million or
21 more of follow-on capital.⁴ In this case, the investment committee supports the

⁴ For follow-on investments under \$100 million, approval authority may be delegated to a sub-committee composed of certain officers of Blackstone Infrastructure.

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1 commitment to fund PNM's current 2026-2030 capital plan. The investment committee
2 will make decisions regarding follow-on equity funding by Blackstone Infrastructure into
3 TXNM. The use of those equity proceeds provided to PNM are determined by the PNM
4 Board through the annual budget approval process. The benefit of being an open-ended
5 investment fund that is continuously raising and investing equity without a requirement to
6 sell an investment is that Blackstone Infrastructure can provide ongoing equity support to
7 PNM without competition for capital.⁵

8
9 **Q. Will Blackstone Infrastructure continue to support PNM with equity and access to**
10 **capital into the future?**

11 **A.** Yes. Follow-on capital investment is a regular practice for us. We have made around \$16.4
12 billion in follow-on investments in our portfolio companies. From 2023 to 2025, about
13 53% of our total equity investments, or \$8 billion, went into existing companies rather than
14 new investments.

15
16 Blackstone Infrastructure understands that PNM has an obligation to its customers and the
17 communities it serves to provide reliable electric utility service. We know that electricity
18 is vital to people and businesses. We intend to support the projects PNM needs in the future
19 to provide safe and reliable electric utility service to the customers and businesses it serves.
20 Depriving PNM of capital necessary to provide service would not only be bad for PNM

⁵ This discussion regarding the follow-on equity provided to TXNM and PNM is responsive to Paragraph E of the *Procedural Order Establishing Affirmatively Relevant Topics*, Docket No. 25-00060-UT (Jan. 15, 2026) ("How capital will be allocated among affiliated entities and how competition for capital within the corporate structure will be managed").

**REVISED TESTIMONY OF
SEAN KLIMCZAK
CASE NO. 25-00060-UT**

1 and its customers, it also would be a bad investment decision for us. We want PNM to
2 thrive and continue to meet existing and future customer needs. We have every incentive
3 to ensure PNM is well capitalized to provide safe and reliable service to customers in New
4 Mexico.

5
6 **Q. Please explain why you discuss holding investments in terms of a decade or more.**

7 **A.** Blackstone Infrastructure's investing philosophy requires a long-term approach. We are
8 clear about this, and this idea is attractive to investors who have long-term investment
9 requirements that prioritize stability over aggressive growth. Our investors know when they
10 partner with us that their money will be deployed for years, and there is no end date at which
11 the entire investment will be returned. Because we are clear with both our investors and the
12 companies we invest in, the expectation is that we will be able to provide capital for years
13 to come. To date, our vision has been very attractive to our investors. We have grown to
14 over \$90 billion in assets under management in less than 10 years.

15
16 **Q. How might Blackstone Infrastructure help improve business operations at PNM?**

17 **A.** Witness Sherman will address this issue in greater detail. First, we believe that PNM is a
18 well-managed company. However, at a high level, I can state that Blackstone
19 Infrastructure's exposure to many companies can help broaden PNM's ability to learn of,
20 and from, the best practices of other Blackstone Infrastructure portfolio companies.

21
22 We also help support the capture of efficiencies by offering to aggregate procurement and
23 purchasing power, such as for software licensing, construction and fleet management

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1 services, and long-lead equipment and materials. Blackstone receives no compensation for
2 this support. Within our utility portfolio, we have identified potential opportunities within
3 certain information technology spend and mobile communications spend categories that
4 have led to meaningful cost savings. While we have not studied PNM's practices yet and
5 cannot predict a precise amount of savings we may be able to help PNM achieve, we
6 believe, based on our track record with other companies, that we will be able to offer
7 valuable assistance to PNM. Being able to leverage our capabilities for the benefit of PNM
8 customers is a unique benefit we bring to the table.

9
10 Furthermore, as discussed in Witness Sherman's revised testimony, Blackstone has
11 retained a number of outside subject matter experts, including retired officers of large
12 utilities with years of operational experience, that it can draw on for strategic advice. We
13 often call on these experts to serve on boards of companies in which Blackstone
14 Infrastructure invests. For example, Witnesses Boyd and Sherman are expected to serve on
15 the PNM Board after the consummation of the Acquisition. Our partnership with PNM
16 opens Blackstone's network of former CEOs and executives with knowledge and insight
17 in areas critical for utility operation. On its own, PNM may not have access to the breadth
18 of executive-level strategic advice that we can offer. Blackstone will not receive
19 compensation for providing TXNM access to this type of informal advice from its senior
20 advisor network.

**REVISED TESTIMONY OF
SEAN KLIMCZAK
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1 **Q. Do you believe Blackstone Infrastructure is a good partner for PNM?**

2 **A.** Yes, I do. I have spent considerable time with the PNM management team and have gotten
3 a chance to learn how they operate. I see the opportunity to create a constructive and
4 strategic relationship with this team. We also have had the opportunity to be introduced to
5 stakeholders and community leaders and have seen the passion and commitment they have
6 for New Mexico.

7
8 Blackstone Infrastructure is excited to work with PNM and the people of New Mexico. We
9 bring unmatched access to capital and a strong desire to support PNM's efforts to
10 modernize its grid and complete the energy transition. Finally, we recognize the unique
11 role PNM plays in New Mexico and plan to support PNM in continuing that role, not to
12 change PNM or subsume it into a larger organization.

13
14 **III. STATUTORY FACTORS UNDER RULE 450**

15 **Q. Are you familiar with the statutory factors that the Commission is required to**
16 **consider in evaluating the Proposed Transaction?**

17 **A.** Yes. Although I am not an attorney and do not intend to offer legal opinions in this
18 testimony, I am generally aware that there are certain standards determining whether to
19 approve a proposed merger transaction. I also understand that the Commission requires
20 certain representations and commitments under its Rule 17.6.450 NMAC ("Rule 450").

**REVISED TESTIMONY OF
SEAN KLIMCZAK
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1 **Q. Are you able to affirm that Troy has provided the commitments required under Rule**
2 **450 for approval of this Acquisition?**

3 **A.** Yes. In addition to showing that a Class II Transaction will have no material adverse impact
4 on a utility's service and rates, the utility must provide all the information required by Rule
5 450, which the Joint Applicants have done. The information enumerated in Rule 450 is
6 provided in PNM's Revised 2026 GDP and supported in my Revised Testimony and the
7 revised testimonies of Witnesses Tarry and Monroy.

8
9 **Q. Are you familiar with the representations that the Joint Applicants are making in the**
10 **Revised 2026 GDP filed with the Revised Application?**

11 **A.** Yes. The Revised 2026 GDP (Revised Application Exhibit F) contains the following
12 representations of PNM, TXNM, and Troy:

- 13 (1) the books and records of PNM will be kept separate from those of any nonregulated
14 business and in accordance with the Uniform System of Accounts;
- 15 (2) the Commission and its staff will have access to the books, records, accounts, or
16 documents of the affiliate, corporate subsidiary, or holding company pursuant to
17 NMSA 1978, Sections 62-6-17 and 62-6-19;
- 18 (3) the supervision and regulation of PNM pursuant to the Public Utility Act will not
19 be obstructed, hindered, diminished, impaired, or unduly complicated;
- 20 (4) PNM will not pay excessive dividends to its holding companies, and the holding
21 companies will not take any action which will have an adverse and material effect
22 on PNM's ability to provide reasonable and proper service at fair, just, and
23 reasonable rates;

**REVISED TESTIMONY OF
SEAN KLIMCZAK
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- 1 (5) PNM will not, without prior approval of the Commission:
- 2 a. loan its funds or securities or transfer similar assets to any affiliated
- 3 interest;
- 4 b. purchase debt instruments of any affiliated interests, or guarantee or
- 5 assume liabilities of such affiliated interests; or
- 6 c. pledge the assets of PNM to pay or guarantee the debt of any affiliate;
- 7 (6) PNM has complied, and will comply, with all applicable federal or state statutes,
- 8 rules, or regulations;
- 9 (7) when required by the Commission, PNM will have an allocation study (which will
- 10 not be charged to ratepayers) performed by a consulting firm chosen by and under
- 11 the direction of the Commission; and
- 12 (8) when required by the Commission, PNM will have a management audit (which will
- 13 not be charged to ratepayers) performed by a consulting firm chosen by and under
- 14 the direction of the Commission to determine whether there are any adverse effects
- 15 of Class II Transactions upon PNM.

16 Additionally, if the Acquisition is approved, I personally affirm the above representations

17 made in the Revised 2026 GDP on behalf of Troy and Blackstone Infrastructure.

18

IV. SUMMARY AND CONCLUSION

19

20 **Q. In your opinion does the Acquisition provide net benefits and satisfy the statutory**

21 **test for approval?**

22 **A.** Yes. The evidence submitted in support of the Revised Application in this case

23 demonstrates that the Acquisition will have no material adverse impact on a utility's service

**REVISED TESTIMONY OF
SEAN KLIMCZAK
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1 and rates, will not materially or adversely affect the utility's ability to provide reasonable
2 and proper utility service at fair, just and reasonable rates, and results in net benefits to the
3 customers of PNM.

4
5 **Q. Please summarize your Revised Testimony.**

6 **A.** Blackstone Infrastructure has a proven track record of acquiring companies with long-lived
7 assets and services and investing significant capital into those companies, both initially and
8 in follow-on capital. Our long-term investment horizon, access to perpetual capital and
9 ability to continue investing in businesses indefinitely makes us the ideal partner to help
10 PNM meet its reliability and growth needs for years to come without putting pressure on
11 the utility to produce short-term results. Understanding that utility service is of great
12 importance to the local community, we look forward to continuing to work with and
13 support PNM's strong management team now and in the future.

14
15 **Q. Does this conclude your Revised Testimony?**

16 **A.** Yes.

17 *GCG#535783*

Résumé of Sean Klimczak

JA Revised Exhibit SK-1

Is contained in the following 1 page.

SEAN T. KLIMCZAK

experience

2005-Present

BLACKSTONE

NEW YORK, NY

Senior Managing Director, Global Head of Infrastructure

Founded and oversees Blackstone's global Infrastructure franchise, serving on its various Investment Committees. Involved in the execution of numerous Blackstone Infrastructure investments, including AGS Airports, AirTrunk, Applegreen, Autostrade per l'Italia (ASPI), Carrix, Cheniere Energy Partners, Digital Realty JV, Eurowind Energy, FirstEnergy, Hotwire Communications, Invenergy Renewables, Mundys, NIPSCO, NextEra Renewables JV, Phoenix Tower International, PPL Generation JV, QTS, Safe Harbor Marinas, Signature Aviation, Tallgrass Energy, and Urbaser. Serves as President and as a member of the Board of The Blackstone Charitable Foundation. Serves as a member of the Board of Trustees of Saint David's School and as a member of the University of Notre Dame Mendoza College of Business Advisory Council. Named a World Economic Forum Young Global Leader in 2015.

Select Transaction Experience (Prior to Blackstone Infrastructure)

- ***Fisterra Energy.*** Independent power development company founded in partnership with Blackstone that focuses its investments on the energy transition and sustainability sectors (2013, 2017)
- ***Lightstone Generation.*** US independent power development company (2017)
- ***GridLiance.*** The nation's first competitive transmission company focused on collaborating with Public Power utilities to develop, own and operate transmission assets with Public Power and provide its Public Power partners with opportunities to invest in regulated transmission development projects and receive other benefits, including lower energy and delivery costs and increased reliability for their customers, while providing greater access to renewable energy sources (2016)
- ***Onyx.*** Independent renewable project development company that established by funds managed by Blackstone that is focused on greenfield development in the North American solar and wind sectors (2015)
- ***Custom Truck One Source.*** Leading supplier of trucks and custom equipment to utility, rail, telecom, infrastructure, forestry services and other specialty equipment operators. (2015)
- ***Lonestar Generation.*** Independent power development company that owns and manages power generation assets across the US (2014)
- ***Cheniere.*** Largest U.S. liquefied natural gas (LNG) exporter based in Sabine Pass, Louisiana (2012)
- ***Meerwind.*** 288 MW offshore wind farm located in the German Bight in the North Sea. One of the first commercial offshore wind farm projects in operation in Germany. (2011)
- ***Sithe Global Power.*** Independent power development company with development projects across North America, Mexico, Africa and the Middle East (2011, 2017)

2001-2003

MADISON DEARBORN PARTNERS

CHICAGO, IL

Private Equity Associate, Basic Industries Group

Evaluated, negotiated and managed leveraged buyout investments for MDP's \$4.0Bn private equity fund. Participated in all aspects of the investment process. Worked with portfolio company management teams to address strategic and operational issues.

2007-2010

MORGAN STANLEY

CHICAGO, IL

Senior Financial Analyst, Mergers, Acquisitions and Restructurings Department

Analyzed and executed mergers, acquisitions, divestitures and restructurings for domestic and international clients across numerous industries. Rated in Morgan Stanley's highest performance class for every evaluation period.

education

2003 - 2005

HARVARD BUSINESS SCHOOL

BOSTON, MA

Master in Business Administration degree, June 2005. Graduated with the highest academic standing in his class and was selected as a Baker Scholar, a John L. Loeb Fellow, a Henry Ford II Scholar and a William J. Carey Scholar for demonstrated leadership and values.

1994 - 1998

UNIVERSITY OF NOTRE DAME

NOTRE DAME, IN

Bachelor of Business Administration degree, *summa cum laude*, in Finance and Business Economics. GPA: 3.9/4.0. Dean's Honor List all semesters. Elected to Beta Gamma Sigma National Honor Society. Received University of Notre Dame Scholar designation for academic achievement. Personally financed 100% of education.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **SEAN KLIMCZAK, Global Head of Infrastructure and Senior Managing Director of Blackstone Inc.**, upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Revised Testimony and Exhibit of Sean Klimczak In Support of the Revised Application** and it is true and correct based on my personal knowledge and belief.

DATED this 15th day of September, 2026.

/s/ Sean Klimczak
SEAN KLIMCZAK

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

REVISED TESTIMONY AND EXHIBITS

OF

HENRY E. MONROY

IN SUPPORT OF THE REVISED APPLICATION

September 15, 2026

**NMPRC CASE NO. 25-00060-UT
INDEX TO THE REVISED TESTIMONY OF
HENRY E. MONROY**

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JA Exhibit HEM-1	Résumé of Henry E. Monroy
JA Revised Exhibit HEM-2	Merger Criteria Mapped to Revised Regulatory Commitments and Testimony
JA Revised Exhibit HEM-3	Proposed Acquisition Benefit Credit Rider
JA Revised Exhibit HEM-4	Updated Comprehensive Road Map of Citations in the Revised Application that Relate to Commission’s Relevant Topics Order
JA Revised Exhibit HEM-5	S&P Global Ratings (“S&P”) Tear Sheet

JA Revised Exhibit HEM-6

TNMP Backstop Facility

JA Revised Exhibit HEM-7

TXNM Backstop Facility

SELF AFFIRMATION

**REVISED TESTIMONY OF
HENRY E. MONROY
CASE NO. 25-00060-UT**

**I. PURPOSE OF TESTIMONY AND SUMMARY OF UPDATES AND
REVISION**

Q. Please state your name, position and business address.

A. My name is Henry E. Monroy. I am the Senior Vice President and Chief Financial Officer for Public Service Company of New Mexico (“PNM” or the “Company”) and TXNM Energy, Inc. (“TXNM”). Prior to May 19, 2025, I held the role of Vice President, PNM Regulatory. My business address is Public Service Company of New Mexico, 414 Silver Avenue, SW, Albuquerque, New Mexico 87102.

Q. Please describe your responsibilities as Senior Vice President, Chief Financial Officer.

A. I am responsible for executive oversight of the financial health of TXNM and its subsidiaries. In this role, I also oversee the PNM Regulatory and Pricing organization. In my previous role as Vice President, PNM Regulatory, I was responsible for all regulatory matters, pricing determinations for utility rates and services, and stakeholder engagement for PNM. My educational and professional qualifications are listed in JA Exhibit HEM-1.

I have previously filed three sets of testimony and exhibits in this Docket: my Direct Testimony and Exhibits filed August 25, 2025 (“Direct Testimony”); my Supplemental Testimony filed February 16, 2026; and my Supplemental Testimony in Response to March 3, 2026 Bench Request filed March 17, 2026. This Revised Testimony and Exhibits (“Revised Testimony”) incorporates each of those sets of

**REVISED TESTIMONY OF
HENRY E. MONROY
CASE NO. 25-00060-UT**

1 testimony and exhibits, together with updates and revisions that are responsive to
2 matters that have transpired since the filing date of the Joint Application filed on
3 August 25, 2025 (“Original Application”).
4

5 **Q. What topics are you addressing in your Revised Testimony?**

6 **A.** My testimony addresses the following topics:

- 7 • An update of the matters that have transpired in this Docket since the Joint
8 Applicants filed their Original Application, including addressing responses
9 to the Joint Applicants’ July 27, 2026, Compliance Report to Effectuate the
10 Final Order on the Show Cause, as amended on August 10, 2026
11 (“Amended Compliance Report” and, collectively, “Compliance
12 Reports”), related to the Show Cause Final Order (as defined below).
- 13 • A summary of the updates and revisions to my Direct Testimony that
14 address and respond to those matters.
- 15 • A review of the statutory and regulatory requirements for approval of the
16 proposed acquisition by Troy ParentCo, LLC (“Troy”) of TXNM (the
17 “Acquisition”), as set forth in the Revised Application.¹
- 18 • An overview of the requested Class II Transaction approvals. I explain how
19 each of the affiliate transaction obligations has been met.

¹ The Acquisition will be accomplished through a merger involving TXNM, Troy, and Troy’s subsidiary Troy Merger Sub Inc. (“Troy Merger Sub”). Troy Merger Sub will be merged into TXNM, and the separate corporate existence of Troy Merger Sub will cease. As the surviving corporation, TXNM will be a direct subsidiary of Troy. Troy is indirectly owned and controlled by Blackstone Infrastructure. Witness Sherman describes this Blackstone organizational structure in more detail in his testimony. “Blackstone Infrastructure,” a term I use throughout my testimony, is an umbrella term that refers to Blackstone Infrastructure Management and the funds and accounts directly or indirectly controlled by them.

**REVISED TESTIMONY OF
HENRY E. MONROY
CASE NO. 25-00060-UT**

- 1 • PNM’s proposed implementation of various regulatory commitments made
- 2 by Troy and TXNM, the parent holding company for PNM, and backed by
- 3 Blackstone Infrastructure, in furtherance of the Acquisition (“Revised
- 4 Regulatory Commitments”).
- 5 • The accounting and regulatory treatment of the financial aspects of the
- 6 Acquisition.
- 7 • PNM’s proposed Revised 2026 General Diversification Plan (“Revised
- 8 2026 GDP”) and limited reporting variance regarding unrelated or remote
- 9 affiliates.
- 10 • A summary compilation of all requested approvals and proposed
- 11 compliance filings and reports.

12

13 In addition to the Exhibits attached to my Revised Testimony, I co-sponsor Revised

14 Application Exhibit A (Corporate Structure Charts), Revised Application Exhibit B-1

15 (Revised Regulatory Commitments), Revised Application Exhibit B-2 (Redline of

16 Revised Regulatory Commitments) and Revised Application Exhibit F (Revised 2026

17 GDP).

18

19 **Q. What intervening matters have occurred since the Joint Applicants filed**

20 **their Original Application?**

21 **A. Of significance are the following:**

- 22 • On January 16, 2026, the Commission issued its Procedural Order Establishing
- 23 Affirmatively Relevant Topics (“Relevant Topics Order”), which set forth

**REVISED TESTIMONY OF
HENRY E. MONROY
CASE NO. 25-00060-UT**

1 the topics and questions to be considered by the Commission in determining
2 whether to approve the Original Application. Joint Applicants’
3 supplemental testimonies filed on February 16, 2026 provided additional
4 detail on certain of those topics, and also responded to certain questions
5 raised by Intervenor through a joint motion filed on February 6, 2026.

- 6
- 7 • On February 6, 2026, Prosperity Works filed a Motion and Brief for Order
8 Directing Joint Applicants to Show Cause and For Other Relief (“Show
9 Cause Motion”). The Hearing Examiners granted the Show Cause Motion,
10 and provided for extensive briefing and an evidentiary hearing. Upon the
11 Hearing Examiners’ recommendations, the Commission found that: Troy
12 TopCo LP’s (“TopCo”) purchase of 8,000,000 shares of TXNM stock for
13 \$400 million (“Financing Transaction”) required prior Commission
14 approval; declared the Financing Transaction void and of no effect under
15 NMSA 1978, Section 62-6-12; ordered TXNM, TopCo, and Troy to pay a
16 statutory penalty for that violation; and ordered the Financing Transaction
17 to be unwound and a compliance report be filed. The Commission also
18 determined that the violation of Section 62-6-12 was affirmatively relevant
19 to the Commission’s determinations on the merits of the Original
20 Application and stated that revisions or amendments to the Original
21 Application could be required to ensure it accurately reflects the current
22 posture of the transaction and steps taken to address the Financing
23 Transaction.

**REVISED TESTIMONY OF
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CASE NO. 25-00060-UT**

- 1
- 2 • The Joint Applicants filed their Compliance Reports, documenting the
- 3 unwinding of the Financing Transaction. Responses to the Compliance
- 4 Reports were filed by Utility Division Staff on August 26, 2026 and
- 5 Intervenors on September 9, 2026.

- 6
- 7 • Various ordinary-course-of-business activities by Blackstone Infrastructure
- 8 during the past 12 months have resulted in general updates to the Revised 2026
- 9 GDP in accordance with the provisions of 17.6.450 NMAC.

- 10
- 11 • The passage of time also has resulted in updates to PNM's long-range capital plan
- 12 and annual operating budget ("AOP").

13

14 **Q. What is the starting point for your Revised Testimony?**

15 **A.** My Revised Testimony starts with my Direct Testimony and incorporates my

16 supplemental testimony and exhibits filed on February 16, 2026, as well as my

17 supplemental testimony filed March 17, 2026. The structure and order of

18 presentation in my Direct Testimony remains the same, with the additional

19 information and detail in my supplemental testimony incorporated into Sections

20 III.A and III.B below. The information in my March 17, 2026 supplemental

21 testimony that describes certain Texas New Mexico Power Company ("TNMP")

22 financial facilities referenced in the Merger Agreement and Proxy Statement is

23 incorporated in Section III.C below.

**REVISED TESTIMONY OF
HENRY E. MONROY
CASE NO. 25-00060-UT**

1 **Q. Does your Revised Testimony address the other matters that have occurred**
2 **since the Original Application was filed?**

3 **A.** Yes. As applicable, the questions and answers below are updated or revised to
4 address the matters that occurred since the Original Application was filed. For
5 example, I have provided additional information and responses relating to the
6 Revised Regulatory Commitments that I sponsor or co-sponsor. I also have updated
7 a comprehensive road map to guide Commission review previously provided in
8 supplemental testimony into this Revised Testimony.²

9

10 **Q. What is the purpose of the changes in the Revised Regulatory Commitments?**

11 **A.** The primary purpose of the Revised Regulatory Commitments is to strengthen or
12 clarify customer benefits contained in the original regulatory commitments,
13 promote transparency and visibility through additional reporting on compliance,
14 financial reporting, and affiliate transactions, and to reinforce Joint Applicants'
15 commitments to customer protections in light of the Commission's July 2, 2026
16 order finding that the Financing Transaction was void and of no effect ("Show
17 Cause Final Order"). These strengthened and clarifying revisions support an
18 affirmative Commission determination that approval of the Acquisition of TXNM
19 by Troy will not obstruct, hinder, diminish, impair or unduly complicate the
20 supervision and regulation of PNM. The Revised Regulatory Commitments also

² My February 16, 2026, Supplemental Testimony includes JA Exhibit Supplemental-1, which provided a comprehensive "road map" of citations to the Application filing package for each of the areas of interest and bulleted topics in the Relevant Topics Order. With the filing of this Revised Application, we have updated this exhibit, and I attach the exhibit as JA Revised Exhibit HEM-4.

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HENRY E. MONROY
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1 demonstrate Joint Applicants' continued commitment to provide concrete benefits
2 to customers and communities served by PNM. My Revised Testimony provides
3 additional detail on how certain of the Revised Regulatory Commitments benefit
4 customers and how these commitments will be implemented by PNM.

5
6 **II. REGULATORY APPROVAL STANDARDS FOR ACQUISITIONS**
7

8 **Q. What are the statutory standards the Commission applies in evaluating**
9 **mergers and acquisitions?**

10 **A.** The approval criteria the Commission applies are based on standards contained in
11 Section 62-6-13 of the New Mexico Public Utility Act ("PUA"). Section 62-6-13
12 of the PUA provides that the Commission shall approve mergers and acquisitions
13 unless the Commission determines the proposed transaction is either unlawful or
14 inconsistent with the public interest.

15
16 Additionally, Rule 17.6.450.10 NMAC requires that the Commission consider the
17 effect the proposed Class II transaction may have on the financial performance of
18 the public utility and whether there will be any adverse and material effect on utility
19 service and rates, in accordance with the Commission's authority under Section 62-
20 6-19(B) and (C) of the PUA. Pursuant to Section 62-3-3(L) of the PUA, a Class II
21 Transaction includes a transaction that results in the formation of a public utility
22 holding company or a merger with a public utility holding company. Acquisitions

**REVISED TESTIMONY OF
HENRY E. MONROY
CASE NO. 25-00060-UT**

are often structured in this fashion, and this Acquisition will be accomplished through a purchase of all stock and a merger at the TXNM holding company level.

Q. Are there specific criteria that the Commission developed in determining if the statutory standards are met?

A. Yes. The Commission has developed specific criteria to determine if an acquisition or merger is in the public interest and has enumerated the necessary protections and affirmations necessary to meet the standards in Rule 17.6.450.10(C) NMAC. Witness Tarry makes the related necessary affirmations under Rule 450 on behalf of the Company in his revised testimony, and Witness Klimczak makes these affirmations on behalf of Troy and Blackstone Infrastructure. PNM Table HEM-1 provides a list of the six-pronged analysis that the Commission has developed in other merger and acquisition proceedings in making the public interest determination required by Section 62-6-13,³ and outlines the two additional findings that relate to the requirements for a general diversification plan under Rule 17.6.450 NMAC. In discussing the grounds for approval of the Revised Application, I generally address these criteria, collectively.

**PNM Table HEM-1
NMPRC MERGER APPROVAL CRITERIA**

Section 62-6-13 Approval Criteria
1. Whether the transaction provides benefits to customers

³ See, e.g., Amended Certificate of Stipulation, Case No. 19-00234-UT at pp. 10-12 (Feb. 12, 2020).

**REVISED TESTIMONY OF
HENRY E. MONROY
CASE NO. 25-00060-UT**

2. Whether the Commission’s jurisdiction will be preserved
3. Whether the quality of service will be diminished
4. Whether the transaction will result in improper subsidizations
5. Whether the new owner’s qualifications and financial health can be verified
6. Whether the protections against harm to customers are adequate
Class II Transaction Rule 17.6.450 Review
Reasonableness of Investment Level
No adverse and material effect on utility service and rates

1

2 **Q. How do the topics and questions in the Commission’s Relevant Topics Order**
3 **relate to the merger approval criteria you list in Table HEM-1?**

4 **A.** In the Relevant Topics Order, the Commission states its review authority arises
5 from Sections 62-6-12 and 62-6-13 and includes ensuring that the Acquisition will
6 not impair the ability of PNM to provide adequate service at just and reasonable
7 rates and ensuring that the Commission’s jurisdiction and regulatory authority is
8 preserved. The Relevant Topics Order covers the affiliate transaction requirements
9 found in Rule 17.6.450 NMAC and reiterates the set of factors the Commission has
10 considered in previous merger and acquisition cases, which are used as analytical
11 tools to inform the Commission’s public-interest determination. Joint Applicants
12 have used the Relevant Topics Order to guide the evidence and testimony to
13 demonstrate the Revised Application meets the standards required under the

**REVISED TESTIMONY OF
HENRY E. MONROY
CASE NO. 25-00060-UT**

1 Commission's statutory obligations. For ease of tracking with the Relevant Topics
2 Order, I have provided a reference thereto in my questions and answers below.

3

4 **Q. Does the outcome of the Show Cause Final Order change the standards for**
5 **approval that apply to the proposed Acquisition?**

6 **A.** I do not believe the outcome of the Show Cause Final Order changes the standards
7 for approval. However, the Commission made clear that the violation of Section
8 62-6-12 and the subsequent remedy and compliance with the Show Cause Final
9 Order are relevant evidence and should be considered when weighing the merits of
10 the Acquisition and whether approval is in the public interest.

11

12 **Q. How will the Commission's jurisdiction be preserved in light of the Show**
13 **Cause Final Order?**

14 **A.** In the show cause proceeding, the Commission was able to exercise its jurisdiction
15 and enforcement powers over PNM's public utility holding company and Troy
16 through prompt investigatory proceedings and the Joint Applicants' immediate
17 compliance with the Commission's determinations. Joint Applicants promptly
18 unwound the Financing Transaction in compliance with the Show Cause Final
19 Order. Joint Applicants also consulted with and promptly responded to Utility
20 Division Staff's ("Staff") preliminary compliance questions to remove any doubt
21 that the Financing Transaction had no residual effect in relation to repayment of
22 dividends received by TopCo. Joint Applicants have complied with Section 62-6-
23 12 as ordered by the Commission. Additionally, TXNM sought a declaratory order

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1 from the Commission to ensure that the subsequent equity transactions necessary
2 to repay the debt incurred by TXNM to unwind the Financing Transaction did not
3 require Commission approval under Section 62-6-12.

4
5 The Revised Regulatory Commitments and Joint Applicants' revised testimonies
6 reaffirm Joint Applicants' original confirmations pursuant to 17.6.450 NMAC,
7 including that the Commission and Staff will have access to the books and records
8 of PNM's affiliates and holding companies for purposes of regulating affiliate
9 transactions; and that all statutes, rules and regulations have been or will be
10 complied with.

11
12 Joint Applicants have also revised certain of the governance provisions in the
13 Revised Regulatory Commitments to ensure that PNM will have robust oversight
14 by its independent, disinterested, and local board of directors. The checks and
15 balances inherent in the proposed composition of PNM's Board of Directors
16 ("PNM Board") will help ensure that PNM will comply with applicable statutes,
17 rules and regulations. The Revised Regulatory Commitments also include more
18 detailed commitments regarding affiliate transactions, which will increase
19 transparency and visibility for the Commission and ensure these transactions are
20 timely identified and subject to review and oversight by the Commission. Section
21 VI of Witness Tarry's revised testimony provides additional discussion on how the
22 Revised Application, in conjunction with existing requirements, will ensure
23 effective Commission oversight.

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1 **Q. How will the Commission be able to ensure protections against harm to**
2 **customers are adequate in light of the Show Cause Final Order?**

3 **A.** First, the Commission has required that no costs or adverse impacts from the
4 Financing Transaction and its unwinding be charged to customers, and Joint
5 Applicants have so committed. Second, in its response to the Compliance Reports
6 filed August 26, 2026 Staff has recommended, and TXNM and PNM agree, that
7 additional information should be provided in order for the Commission to verify
8 that no harm or costs to customers have resulted from the voided Financing
9 Transaction. Third, the Revised Regulatory Commitments reiterate, strengthen or
10 clarify the specific financial and regulatory protections for customers that ensure
11 approval of the Acquisition will not result in harm to customers.

12
13 **Q. Do the Revised Application, Revised Regulatory Commitments and**
14 **supporting materials demonstrate that the Acquisition and merger approval**
15 **requirements are satisfied?**

16 **A.** Yes. The Revised Application, Revised Regulatory Commitments and supporting
17 testimonies and exhibits contain the required affirmations and evidence that the
18 Acquisition will protect the financial health of the utility and that it will not have
19 any adverse and material effect on utility service and rates. Additionally, the
20 revised testimonies supporting the Revised Application, including my Revised
21 Testimony, discuss the benefits inherent in partnering with Blackstone
22 Infrastructure, and how these benefits correlate to these merger approval criteria.
23 The Joint Applicants have made significant commitments relating to, among other

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1 things, rates, infrastructure investment, corporate governance, financial separation
2 (*i.e.*, ring-fencing), and affiliate transactions. By design, these commitments are
3 intended to demonstrate that these requirements for approval are satisfied. My
4 Revised Testimony below explains how the Revised Regulatory Commitments tie
5 to the approval standards in Section 62-6-13 and Rule 450 and the factors for
6 consideration outlined in the Relevant Topics Order.

7
8 **III. ADDRESSING CONCERNS RAISED IN RESPONSES TO THE**
9 **COMPLIANCE REPORTS**
10

11 **Q. How are the Joint Applicants proposing to address the responses to the**
12 **Compliance Reports filed by Staff and other intervenors?⁴**

13 **A.** Joint Applicants' approach to issues raised in the responses to the Compliance
14 Reports is two-fold: some of the more macro issues are addressed in this Revised
15 Application, while the more detailed and factual information requested by Staff and
16 other intervenors, as well as some of the legal arguments raised, will be addressed
17 in a supplement to the Compliance Reports.⁵ In the supplement to the Compliance
18 Reports, the Joint Applicants will provide a roadmap as to how various issues raised
19 have been addressed. It should also be noted that some of the concerns raised have
20 already been addressed by the filing of this Revised Application. For example,

⁴ Staff filed its response to Joint Applicants' Compliance Reports on August 26, 2026. The following additional intervenors filed responses to the Compliance Reports on September 9, 2026: the New Mexico Department of Justice ("NMDOJ"), the New Mexico Affordable Reliable Energy Alliance ("NM AREA"), Prosperity Works, New Energy Economy and the New Mexico Consumer Protection Alliance, and Center for Biological Diversity.

⁵ As noted below, the Joint Applicants have requested leave to file a supplement to the Compliance Reports to address issues raised in the responses to the Compliance Reports.

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1 Staff and some intervenors argue that an amended application is required and that
2 the Commission should be provided with all the necessary information to evaluate
3 the terms of the Acquisition as they stand now. The filing of this Revised
4 Application addresses these arguments.

5
6 **Q. Please state how the Joint Applicants address Staff's and other Intervenors'**
7 **concerns, raised in their responses to the Compliance Reports, that additional**
8 **assurances are needed to demonstrate that no direct or indirect financial**
9 **consequences resulted from voiding the Financing Transaction.**

10 **A.** The Joint Applicants agree that the Show Cause Final Order required assurance that
11 all costs, both direct and indirect, should not be borne by PNM's customers. Joint
12 Applicants affirm that the unwinding of the Financing Transaction and the
13 subsequent replacement of equity have resulted in nominal financial consequences
14 for TXNM, specifically additional interest expense of approximately \$2.5 million
15 for the period the \$400 million Term Loan⁶ was outstanding, and no financial
16 consequences for PNM. The primary reason for the lack of financial consequences,
17 both direct and indirect, is TXNM's bank-sponsored equity issuance of \$400
18 million in the public market and prompt repayment of the Term Loan TXNM
19 undertook to unwind the Financing Transaction. As a result, TXNM was able to
20 avoid potential adverse effects on its credit metrics. The concern of unknown
21 impacts when the Compliance Reports were made was largely driven by uncertainty

⁶ To repay TopCo for the voided Financing Transaction, TXNM entered into a \$400 million 30-month term loan with Wells Fargo Bank, National Association on July 17, 2026 ("Term Loan").

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1 around how long the Term Loan would remain outstanding. These concerns have
2 been removed given the timely issuance of the new equity and repayment of the
3 Term Loan.

4
5 **Q. Can you discuss further the implications of the unwinding of the Financing**
6 **Transaction as the result of the Show Cause Final Order on TXNM and PNM's**
7 **credit ratings and other potential indirect costs?**

8 **A.** Yes, below I discuss in more detail the concerns raised by Staff and other
9 intervenors regarding potential impacts of credit rating actions and other indirect
10 potential impacts:

11
12 **a) Credit-rating actions, outlook changes, or rating-agency warnings:** On July 10,
13 2026, S&P Global Ratings ("S&P") published a "tear sheet" discussing the Show
14 Cause Final Order, referring to both the negative impact on TXNM's FFO to Debt
15 metric and the scheduled delay in the Acquisition proceeding, calling it a negative
16 development but noting that S&P's ratings for TXNM are not immediately affected.
17 S&P noted:

18 The merger has already received approvals from the FERC, Federal
19 Communications Commission, and the Public Utility Commission of Texas.
20 Consequently, we still expect the transaction to close, albeit in 2027 and
21 subject to approval from NMPRC. We also view the impact on credit
22 measures as temporary and assume management will take necessary steps
23 to maintain FFO to debt above the 14% threshold. We also anticipate that

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1 upon closing, BI will provide equity and/or maintain dividend flexibility to
2 maintain credit measures above our downside threshold.⁷

3 As discussed earlier, TXNM's subsequent actions to promptly issue new equity and
4 pay off the Term Loan restored TXNM's credit metrics to where they were prior to
5 the unwinding of the Financing Transaction; and the quick replacement of the Term
6 Loan with equity affirmed S&P's view that the impact on TXNM's credit metrics
7 were temporary. As a result, the unwinding of the Financing Transaction did not
8 result in a formal credit rating action, outlook change, or rating agency warning for
9 TXNM. The tear sheet is included as JA Revised Exhibit HEM-5.

10
11 PNM is separately rated by the credit rating agencies. As the unwinding of the
12 Financing Transaction did not affect PNM's books and records, there is no impact
13 to PNM's credit metrics, and there has been no credit rating action, outlook change,
14 or rating agency warning for PNM.

15
16 **b) Changes in borrowing rates, debt capacity, collateral requirements, or other**
17 **financing terms:** As there were no credit rating actions resulting from the
18 unwinding of the Financing Transaction at either TXNM or PNM, there has been
19 no perceptible change in borrowing rates, debt capacity, collateral requirements, or
20 other financing terms. During PNM's most recent PNM debt transaction in August
21 2026, PNM had active interest from debt investors and was able to issue the new

⁷ S&P Global Ratings, *Tear Sheet: TXNM Energy Inc. Ratings Not Immediately Affected by the Final Show-Cause Order* (July 10, 2026).

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1 debt under typical terms and conditions and expected market rates. PNM did
2 receive feedback that certain debt investors chose not to participate in the recent
3 debt issuance because of concerns around the constructiveness of the current New
4 Mexico regulatory environment, specifically related to the Show Cause Final
5 Order. To be clear, as the unwinding of the Financing Transaction was recorded at
6 TXNM and not PNM, there were no impacts to PNM's financial statements or
7 credit metrics during the period the Term Loan was outstanding for TXNM and
8 when the PNM debt was issued.

9
10 **c) Consequences under contracts containing credit-related triggers:** As there
11 were no credit rating actions resulting from the unwinding of the Financing
12 Transaction at either TXNM or PNM, no credit-related triggers were met, resulting
13 in no consequences under any TXNM or PNM contracts containing such triggers.

14
15 **d) Costs allocated, charged, or proposed to be charged to PNM:** As stated in the
16 Compliance Reports, all costs related to the unwinding of the Financing
17 Transaction are recorded at TXNM and do not impact PNM's books and records.
18 The Revised Regulatory Commitments also reaffirm that no TXNM Acquisition-
19 related costs will be pushed down to PNM's books and records.

20
21 **e) Accounting controls and workpapers demonstrating exclusion of these costs**
22 **from PNM customer rates:** As the unwinding of the Financing Transaction does
23 not affect PNM's books and records, no related costs are recorded on PNM's books

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1 and records, and there are no indirect financial consequences to PNM as described
2 in subparts a) through c) above, and there are no accounting controls or workpapers
3 that are necessary or that have been created to document the exclusion of these costs
4 from PNM customer rates.

5
6 **Q. Can you comment on the recommendations from Intervenor to establish**
7 **methodologies to identify and track all costs which may arise and also address**
8 **the potential for rate mechanisms that may be required to protect customers**
9 **raised also by the NMDOJ and NM AREA due to the unwinding of the**
10 **Financing Transaction?**⁸

11 **A.** Yes. Given the timely repayment of the Term Loan with the issuance of new equity,
12 the temporary impacts on TXNM's credit metrics as the result of the unwinding of
13 the Financing Transaction have already been remedied. The methodologies and
14 recommendations proposed are not necessary because any risk of indirect negative
15 consequences that might have resulted from a potential credit rating action has been
16 avoided. In the same manner, the discussions around the need for ratemaking
17 protections for customers such as the potential for regulatory liabilities or other
18 mechanisms are no longer applicable given the now known final outcome of the
19 unwinding of the Financing Transaction.

20

⁸ See, e.g., Staff response to Compliance Reports at 9; NM AREA response to Compliance Reports at 3-5, 10-15; Prosperity Works response to Compliance Reports at 6; and NEE response to Compliance Reports at 19-20.

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1 **Q. Can you discuss the concern raised by the NMDOJ regarding potential**
2 **changes to dividends from PNM to TXNM to address the unwinding of the**
3 **Financing Transaction?**

4 **A.** Yes. While as I stated earlier there is no need for PNM to address the impacts of
5 the unwinding of the Financing Transaction, as the Term Loan has already been
6 repaid by the new equity, it is important to point out that there are already customer
7 protections in place that address dividends from PNM to TXNM. Under PNM's
8 existing ring-fencing provisions and reporting requirements on dividends to the
9 Commission, which are proposed to be continued in this proceeding, PNM already
10 reports on the payment of dividends from PNM to TXNM and there are limitations
11 around those dividends to ensure no harm to PNM as result of dividends paid to
12 TXNM. Given the existing customer protections regarding dividends from PNM
13 to TXNM, which are proposed to continue in this Revised Application, there is no
14 need to separately require reporting for PNM.

15

16 **Q. In addition to excluding the transaction and transition costs associated with the**
17 **Acquisition and any acquisition premium or goodwill from future rates, will PNM**
18 **file an accounting report in its next general rate case to verify that any Show Cause**
19 **Final Order-related costs have been excluded from PNM's proposed rates?**

20 **A.** Yes. PNM will also file testimony and support with its next general rate case that
21 demonstrates Show Cause Final Order-related costs, both indirect and direct if they occur,
22 have been excluded from any proposed rate recovery.

23

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1 For convenience, Section VII of my testimony lists all of PNM's proposed compliance
2 filings and reports if the Acquisition is approved. It also includes PNM's proposal for
3 consolidating reporting, including the consolidation of various reports that PNM currently
4 files in legacy cases such as Case Nos. 3137 and 04-00315-UT.

5
6 **Q. Will the Joint Applicants address requests for information and documentation**
7 **around the issuance of the new \$400 million of equity and the repayment of**
8 **the Term Loan?**

9 **A.** Yes. In response to the recommendations of Staff and other parties, the Joint
10 Applicants have requested leave to file a supplement to the Compliance Reports to
11 reflect the completion of the new equity financing and repayment of the Term Loan,
12 and to address financial, accounting, tax, and ratepayer-protections in that filing.

13
14 **IV. OVERVIEW AND IMPLEMENTATION OF REVISED**
15 **REGULATORY COMMITMENTS**
16

17 **Q. Please summarize the Revised Regulatory Commitments and how they have been**
18 **organized.**

19 **A.** The Revised Regulatory Commitments can be characterized as providing either a benefit
20 or a protection, and many of the commitments can be viewed as both. As I noted above,
21 these Revised Regulatory Commitments are intended to further ensure that the
22 requirements of Section 62-6-13 of the PUA are satisfied, extending beyond the
23 benefits to PNM and its customers inherent in the Acquisition and Troy ownership.

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1 The Revised Regulatory Commitments are grouped in the following categories:

- 2 • Tangible and Quantifiable Benefits;
- 3 • Governance;
- 4 • Financial and Regulatory Jurisdiction Protections;
- 5 • Local Control and Management; and
- 6 • Affiliate Transactions

7

8 The Revised Regulatory Commitments are set forth in full detail in Revised Application

9 Exhibit B-1. In addition, JA Revised Exhibit HEM-2 to my Revised Testimony provides

10 a table tying the six merger and acquisition factors that I listed above with the applicable

11 Revised Regulatory Commitments and testimonial witness evidence that addresses each

12 requirement. For convenience, Revised Application Exhibit B-2 contains a redlined

13 version of the Revised Regulatory Commitments, reflecting the enhancements to the

14 regulatory commitments filed in the Original Application.

15

16 **A. TANGIBLE AND QUANTIFIABLE BENEFITS**

17 **Q. Please describe the tangible and quantifiable benefits commitments.**

18 **A.** Revised Regulatory Commitment Nos. 1-5 include a \$105 million customer rate credit

19 over 48 months; a \$115 million customer rate credit over years 5 through 10; a \$25 million

20 investment contribution that will be made at no cost to customers to fund utility-

21 directed virtual power plant (“VPP”) technology projects to further the clean energy

22 transition; a \$15 million annual contribution over 10 years (\$1.5 million per year)

23 to PNM’s Good Neighbor Fund; \$40 million in funds to be directed to workforce

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1 and economic development in PNM's service areas through educational and
2 business initiatives; and a commitment to continued charitable contributions by
3 PNM.

4
5 The \$220 million in rate credits and \$15 million in Good Neighbor Fund
6 contributions are substantive and concrete benefits for customers. These benefits,
7 which extend for 10 years, demonstrate the long-term commitment of Blackstone
8 Infrastructure to our customers and help provide relief to the inflationary pressures
9 and needed future investments in PNM's infrastructure which impact the
10 affordability of electricity service, particularly for low-income households.
11 Because these commitments are quantifiable and tangible, they can be readily
12 verified through PNM's proposed compliance reports.

13
14 **Q. When will customers receive the benefit of the \$105 million rate credit?**

15 **A.** As a direct result of the Acquisition, customers will receive a \$105 million rate credit
16 beginning shortly after the Acquisition is approved and completed.⁹ PNM proposes to
17 implement the proposed rate credit through the filing of a compliance Advice
18 Notice after Commission approval and the closing of the Acquisition. PNM
19 proposes that the rate credit go into effect 30 days after filing the compliance
20 Advice Notice, which allows time for a review by Staff. Thus, customers will see

⁹ Revised Regulatory Commitment No. 1

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1 an immediate and concrete benefit from the Acquisition on their bills without
2 waiting until a future rate case is filed.

3

4 **Q. How does PNM propose to allocate the rate credit among customers and apply**
5 **the credit to customer bills?**

6 **A.**The proposed rate credit will be credited through a monthly rate rider over a 48-
7 month period, shown as a separate line item on customer bills. PNM proposes to
8 allocate the \$105 million rate credit as follows: 80 percent of the rate credit
9 allocated to the residential class, and the remaining 20 percent of the rate credit
10 allocated among the remaining retail customer classes using the unbanded cost
11 allocation of non-fuel revenue reflected in PNM's most recent rate case, Case No.
12 24-00089-UT. The credit will be provided to customers on a per bill/month basis
13 within each customer class for all non-lighting classes. For lighting classes, the
14 credit will be provided on a per light/month basis. Please see PNM Table HEM-2
15 below for the proposed allocation by customer class and the expected monthly per
16 customer bill impact. PNM increased the allocation of the residential class rate
17 credit to 80 percent, which is higher than the 56 percent unbanded cost allocation
18 to the residential class, as a means to ensure more benefits are directed to
19 acknowledge many stakeholders' concern for costs for these customers.

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PNM Table HEM-2

Line No.	Classes	Allocation to Customer Classes	Allocated Annual Credit	# of Customer Bills/Lights	Credit \$/Bill or Light/Month	Total Credit - \$/Bill 48 months
1	Residential Schedule 1	80.000%	\$ (21,000,000)	5,986,642	\$ (3.51)	\$ (168)
2	Small Power Schedule 2	5.198%	\$ (1,364,533)	660,551	\$ (2.07)	\$ (99)
3	General Power Schedule 3B	6.100%	\$ (1,601,286)	35,647	\$ (44.92)	\$ (2,156)
4	General Power LLF Schedule 3C	1.181%	\$ (310,047)	12,595	\$ (24.62)	\$ (1,182)
5	General Power Gov Schedule 3D	0.427%	\$ (112,141)	2,284	\$ (49.11)	\$ (2,357)
6	General Power LLF Gov Schedule 3E	0.059%	\$ (15,386)	725	\$ (21.22)	\$ (1,019)
7	GP Charging Stations Schedule 3F	0.011%	\$ (2,940)	84	\$ (34.95)	\$ (1,678)
8	Large Power Schedule 4	2.988%	\$ (784,298)	2,004	\$ (391.38)	\$ (18,786)
9	Large Service >=8MW Schedule 5	0.050%	\$ (13,096)	12	\$ (1,091.36)	\$ (52,385)
10	Irrigation Schedule 10	0.108%	\$ (28,447)	3,748	\$ (7.59)	\$ (364)
11	Water & Sewage Schedule 11	0.517%	\$ (135,740)	1,800	\$ (75.41)	\$ (3,620)
12	Universities Schedule 15	0.116%	\$ (30,319)	12	\$ (2,526.59)	\$ (121,276)
13	Large Manufacturing Schedule 30	1.726%	\$ (453,026)	12	\$ (37,752.19)	\$ (1,812,105)
14	Station Power Schedule 33B	0.004%	\$ (1,080)	12	\$ (89.96)	\$ (4,318)
15	Large Service >=3MW Schedule 35B	0.356%	\$ (93,424)	42	\$ (2,224.37)	\$ (106,770)
16	Special Service- Renewable Schedule 36B	0.792%	\$ (207,887)	12	\$ (17,323.90)	\$ (831,547)
17	Private Lighting Schedule 6	0.093%	\$ (24,416)	165,919	\$ (0.15)	\$ (7)
18	Streetlighting Schedule 20	0.274%	\$ (71,935)	588,579	\$ (0.12)	\$ (6)
19	Total	100.000%	\$ (26,250,000)	7,460,680		

The rate credit represents a 3.5 percent bill reduction for an average residential customer. A proposed credit rate rider for the first 48-months rate credit is attached to my testimony as JA Revised Exhibit HEM-3. If this credit methodology is approved, PNM will file its compliance Advice Notice within 30 days after the Acquisition is closed, assuming final approval of the Revised Application by the Commission.

Q. What determinants did PNM use to derive the amount per bill for each rate schedule?

A. PNM used customer class counts based on information included in the Test Period in Case No. 24-00089-UT. The Test Period in that case was July 2025 through June 2026. Thus, the proposed determinants of the rate credit align with the current customer counts, which should minimize any swings over the 48-month period and reduce the amount remaining at the end of this period.

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1 **Q. Will the proposed rate credit impact existing rates or tariffs?**

2 **A.** No. The rate credit will be separate from current rates and will appear as a new line
3 item on customers' bills. The existing rates that PNM charges customers for utility
4 service are set through a general rate case proceeding or proceedings relating to
5 various rate riders, and none of those rates will change when implementing the
6 proposed customer rate credit.

7
8 **Q. How will PNM distribute the subsequent \$115 million in rate credits to**
9 **customers?**

10 **A.** PNM proposes to allocate the remaining \$115 million in rate credits over a six-year
11 period immediately following the 48-month (four-year) period. PNM will use the
12 same methodology for the second phase of rate credits as for the initial rate credit,
13 with 80 percent applied to residential customers and the remaining 20 percent
14 allocated using the unbanded, non-fuel revenue allocations for non-residential
15 customer classes from PNM's most recently approved general rate case at that time.
16 PNM will modify the proposed tariff included in JA Revised Exhibit HEM-3 in a
17 compliance filing ahead of the commencement of the subsequent rate credit. At the
18 end of the final rate credit, PNM will perform a true-up calculation for the final
19 month's credit to customers and will make a compliance filing with the
20 Commission that demonstrates customers received the full amount of the rate
21 credit.

22

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1 **Q. What other contributions will go directly to residential customers?**

2 **A. The commitment to contribute \$15 million over a ten-year period to the Good**
3 Neighbor Fund will be used to assist low-income customers who are behind on their
4 bills.¹⁰

5
6 **Q. Please describe the commitment to provide \$15 million over the next ten years**
7 **to the Good Neighbor Fund.**

8 **A. Troy, through TXNM, will contribute \$1.5 million annually, over a ten-year period,**
9 to PNM's Good Neighbor Fund, with the initial funding beginning after approval
10 of the Acquisition, and then subsequently each year thereafter. The Good Neighbor
11 Fund is supported by donations from customers, employees, and the Company. The
12 annual contribution for the ten-year period, in addition to the historical level of
13 annual funding of \$300,000 to \$400,000, will provide more than 4.5 times the
14 annual funding available to assist customers through the Good Neighbor Fund. The
15 additional funds will provide enhanced benefits to more residential customers. At
16 the historical funding level, the Good Neighbor Fund can provide bill assistance of
17 up to \$100 per household for approximately 3,500 customers annually. With the
18 additional funding, the Good Neighbor Fund will be able to provide up to \$200 per
19 household for nearly 8,000 low-income customers. PNM conducts assistance fairs
20 and other outreach through our website, customer communications and social
21 media to inform income-qualifying customers of the availability of the Good

¹⁰ Revised Regulatory Commitment No. 3.

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1 Neighbor Fund. Providing payment assistance is one piece of a complex puzzle for
2 addressing the broader issues surrounding energy costs for customers.

3
4 **Q. What other contributions directly benefit customers through transformative**
5 **long-term value?**

6 **A.** Troy's commitment to fund \$25 million in utility-directed VPP investments in the
7 next 10 years will directly benefit customers by helping to offset the costs of
8 energy-availability solutions that might otherwise be included in rate-based
9 investments.¹¹ PNM is currently developing a VPP initiative that is funded in part
10 through a Department of Energy grant. PNM will seek Commission approval to
11 utilize the \$25 million on expanding the scope and investment of the VPP initiative
12 that is currently underway, allowing PNM to concretely invest Troy's contribution
13 in system enhancements and leverage the identifiable benefits for the system and
14 customers that are expected from PNM's DOE-partnered initiative. The investment
15 in VPP technology will create the necessary infrastructure on the utility side of the
16 meter to coordinate customer resources such as electric vehicles, battery energy
17 storage, solar, smart thermostats, and flexible equipment to help meet peak demand
18 and reduce strain on the grid. This technology investment demonstrates Blackstone
19 Infrastructure's support, through Troy, for PNM's energy transition and recognizes
20 that a range of investments and technologies require investment in order to achieve
21 the goals of the Energy Transition Act. This commitment represents a longer-term

¹¹ Revised Regulatory Commitment No. 2.

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1 benefit to customers whereby the full cost of VPP technologies is not directly
2 reflected on a customer bill and a robust level of proven VPP technology can be
3 installed on PNM's system in the near-term.

4

5 **Q. Please describe how Troy's commitment to contribute \$25 million in utility**
6 **investments would be fulfilled if the development of \$25 million in incremental**
7 **VPP investments proves to be infeasible or uneconomical?**

8 **A.** Revised Regulatory Commitment No. 2 provides that if Troy's commitment for \$25
9 million in technology investment is not used in full or in part for utility-directed
10 VPP technology, PNM will instead direct any unused funds to the Grid
11 Modernization Program, in the form of an offset to the Grid Modernization rate
12 rider within the 10-year time period of the commitment.

13

14 PNM and Blackstone Infrastructure recognize that new technological solutions are
15 needed to address the challenges associated with the energy transition, particularly
16 in the later stages of meeting the State's zero carbon resource goals. This funding
17 commitment is intended to facilitate the pursuit of innovative and emergent
18 technology projects that can help effectuate this transition.

19

20 **Q. In response to the Relevant Topics Order (Paragraph 9(F)), are the claimed**
21 **customer benefits enforceable, incremental and merger-specific, and**
22 **measurable and verifiable?**

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1 **A.** Yes. If the Acquisition is approved by the Commission, then the Revised
2 Regulatory Commitments become terms and conditions of a Commission final
3 order and enforceable as such. The proposed financial benefits for customers
4 involve specific dollar amounts and therefore are measurable and verifiable. Joint
5 Applicants have outlined supplemental compliance reports that will provide the
6 Commission with information and data to verify the measurable customer benefits
7 are provided in accordance with the Revised Regulatory Commitments.

8
9 These benefits are incremental to the utility services provided by PNM and are
10 specific to the Acquisition of TXNM by Troy. While the proposed customer
11 benefits are generally equivalent to or exceed the benefits approved by the
12 Commission in other merger proceedings, the proposed customer benefits are
13 unique to this proceeding.

14
15 Absent Commission approval of the Acquisition, the benefits voluntarily offered
16 by Joint Applicants in the Revised Application and Revised Regulatory
17 Commitments will not be available to PNM customers.

18
19 **Q.** **Discuss how investments—such as advanced metering infrastructure (AMI),**
20 **grid modernization, or system upgrades—will be implemented to produce**
21 **customer benefits under the proposed ownership structure.¹²**

¹² See Relevant Topics Order at Section F, bullet number 4.

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1 **A.** Importantly, Blackstone Infrastructure’s commitment to fund PNM’s currently
2 budgeted capital investments through 2030 and their long-term ownership
3 commitment to PNM help to ensure that PNM’s projected investments in AMI, grid
4 modernization and system upgrades will be timely made over the upcoming years.
5 As discussed in the revised testimony of Witness Tarry, the Acquisition enhances
6 PNM’s ability to make necessary investments through ongoing and improved
7 access to capital and support for improved procurement and industry best practices.
8 Without the Acquisition, the timing of some system upgrades may be deferred or
9 delayed as PNM on a stand-alone basis navigates an increasingly challenging
10 financial market landscape.¹³

11
12 The Revised Regulatory Commitments also provide incremental benefits to
13 customers by increasing the level of investment PNM will make in implementing a
14 utility-directed VPP program, through Troy’s \$25 million commitment within the
15 next 10 years.

16
17 The Acquisition otherwise does not change PNM’s ongoing implementation of
18 existing Commission-approved programs and investments in AMI, grid
19 modernization and system upgrades. PNM will continue to identify and implement
20 investments that are necessary to serve customers and will continue to seek
21 Commission approval of projects and programs that require such approval. More

¹³ Tarry Revised Testimony at 11.

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specifically, AMI and grid modernization programs have been approved by the Commission, and PNM will continue to implement those programs in accordance with Commission orders. With regard to system upgrades and expansions, PNM will continue to implement projects and programs consistent with its financial and operational plans discussed later. Those utility projects and programs are designed to serve customers and are intended to ensure customers receive safe and reliable service at a reasonable cost.

Q. Does the Acquisition, and specifically Blackstone Infrastructure, provide for operational support opportunities that can provide benefits to our customers?

A. Yes. Blackstone Infrastructure offers operational support to its portfolio companies that I believe will assist with controlling costs at the utility level, which in turn translates to savings to customers. Witness Sherman discusses in more detail these opportunities, which come at no charge to PNM, and include:

- Advice and educational opportunities from subject matter experts on “best of breed” solutions in corporate functions ranging from cybersecurity to software system implementation to procurement bidding process enhancements.
- Procurement opportunities that leverage the combined scale of Blackstone Infrastructure’s portfolio companies for products and services; and

For example, utilizing Blackstone Infrastructure’s access to preferred vendors at more favorable pricing can provide cost savings for products that are commonly

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1 needed by businesses, and can result in other savings associated with long-lead
2 equipment and materials. These opportunities are not mandatory and can be
3 deployed only if they make sense financially or from an outcomes/experience
4 standpoint. These cross-functional services from Blackstone Infrastructure act as
5 an extension of PNM's existing business and procurement activities and would
6 allow PNM to follow a benchmarking approach to compare Blackstone
7 Infrastructure opportunities against what might be available through the market and
8 competitive bidding opportunities. Given that significant savings can often result
9 from size and scale, PNM's and PNMR Shared Services' ability to utilize
10 Blackstone Infrastructure's buying power to help control costs provides real value
11 and is a direct benefit to customers.

12
13 **Q. Do these direct customer benefits help address concerns around customer**
14 **utility bills?**

15 **A.** To some extent. A majority of the rate credit will be directed to the residential
16 customer class, coupled with the Good Neighbor Fund contribution, provides a
17 decade of increased direct assistance to customers that struggle the most with their
18 bills. PNM also believes that the Acquisition can provide benefits over time that
19 can help address the costs of utility bills. The resulting improved access to capital
20 will support a financially healthy utility as the amount of PNM's capital program
21 increases as discussed by Witness Tarry. And generally speaking, access to the
22 broader Blackstone Infrastructure platform will offer PNM opportunities for
23 improving cost control and cost management measures given the current

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1 inflationary environment. Additionally, PNM will continue exploring
2 opportunities to provide customers with more tools and information to control their
3 electric bills, including developing new rate design models and tariffs that empower
4 customers to play a greater role in how they use energy.

5
6 **Q. Do you believe that broader concerns regarding cost pressure on rates can be**
7 **resolved in this case?**

8 **A.** Unfortunately, no. While the Revised Regulatory Commitments provide
9 quantifiable benefits to customers, including low-income customers, as well as
10 support opportunities for utility savings over the long run, this Acquisition cannot
11 resolve all cost pressures facing our customers. Blackstone Infrastructure and the
12 Company share the view that cost impacts on customers should be addressed
13 through a longer-term discussion with stakeholders and must be considered across
14 multiple dimensions beyond the utility sector. Recent legislation enacted in 2025
15 allows utilities to propose low-income residential rates (Section 62-8-6(B) of the
16 PUA). Blackstone Infrastructure and PNM believe this is a valuable tool in
17 addressing cost pressures for those customers, and PNM intends to propose a low-
18 income residential rate in its next general rate case. Regardless of PNM's
19 ownership, the cost of providing electricity will continue to place pressure on rates,
20 but it is meaningful that Blackstone Infrastructure recognizes the fundamental
21 importance of this challenge to our customers, our stakeholders, our regulators, and
22 PNM.

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1 **Q. Are there other factors that can help address cost pressures over time?**

2 **A.**Yes. From a broader perspective, expanding economic opportunities in New
3 Mexico is a key component to helping address these concerns. PNM customers can
4 benefit as New Mexico's economy grows because PNM's fixed costs can be spread
5 across a larger customer base when setting rates. Of course, economic growth can
6 also raise overall wages for individuals.¹⁴

7
8 **Q. What role does PNM play in supporting economic growth in New Mexico?**

9 PNM's efforts to support economic growth in New Mexico are several-fold and
10 have included working closely with state and local agencies and community leaders
11 to attract new businesses to the State. Concrete utility initiatives for economic
12 development include expanding the Company's transmission system, which in
13 addition to improved reliability and resiliency, directly enables load growth from
14 existing and new customers. Expanding the transmission system can also unlock
15 additional value for the continued development of renewable resources located in

¹⁴ See New Mexico Department of Workforce Solutions, *New Mexico 2024 State of the Workforce*, at 40, available at https://www.dws.state.nm.us/Portals/0/DM/LMI/State_of_the_Workforce_2025.pdf (Sept. 2025), which states:

Data on earnings, income, and wages are used to measure the economic well-being of an area's residents. Greater earnings and higher incomes and wages directly correspond to greater purchasing power, economic security, and economic mobility for an area's population, and hence correspond to a more robust economy. As such, earnings, income, and wage data are used by a variety of groups, including policymakers, seeking to measure economic opportunity and identify and influence factors that impact the lives of residents.

On the flip side, when earnings, incomes, and wages are low, it often means that a high percentage of the population struggles with poverty. Poverty is an incredibly complex issue, influencing and influenced by an interconnecting web of social and historical issues impacting the lives of many New Mexicans both directly and indirectly. Stimulating economic growth and supporting paths out of poverty, partially through improved earnings, incomes, and wages, are necessary steps for reducing the State's poverty level and ultimately improving the economy and economic well-being of New Mexicans.

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1 the State that could help serve growing customer loads within the State and the
2 region. PNM's customers have already directly benefited from PNM's
3 participation in the regional Energy Imbalance Market, and coordination and
4 participation in additional transmission and wholesale market opportunities will
5 continue to make more efficient use of the regional electric grid and available
6 resources.

7
8 **Q. Is Troy making a commitment to support economic development in New**
9 **Mexico?**

10 **A.** Yes. Joint Applicants believe that a strong workforce is key to spurring economic
11 development and wage growth for New Mexicans. Accordingly, Revised
12 Regulatory Commitment No. 4 will result in Troy, through TXNM, contributing
13 \$40 million over ten years toward educational and business initiatives that are
14 focused on driving economic development.

15
16 Joint Applicants propose to use \$25 million of the \$40 million contribution to
17 support New Mexico's educational pipeline by targeting job training,
18 apprenticeships or scholarships in utility-related areas of industry. PNM will
19 collaborate with unions, tribal groups, schools, and existing apprenticeship
20 programs to fund and deliver workforce training initiatives. These collaborations
21 can include, for example, contributions to Navajo Nation and Pueblo scholarship
22 funds and workforce training that PNM has supported in the past; partnerships with
23 the State's universities and other institutional workforce training programs, such as

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1 those offered by Central New Mexico Community College, San Juan College and
2 Navajo Technical University programs; apprentice programs for trade
3 organizations such as IBEW Local 611, many of whose members are represented
4 PNM employees; and the expansion of the existing PNM Power Pros program in
5 local high schools. PNM and Blackstone Infrastructure hold the view that a strong
6 educational pipeline from secondary education through college level degrees and
7 certifications or apprenticeship programs is vital to sustaining and expanding a New
8 Mexico work force that is attractive to businesses seeking new opportunities and
9 locations.

10
11 Joint Applicants also believe it is important to support economic development at
12 multiple levels to attract and grow local businesses of every size and type because
13 a diverse economy helps our communities thrive. As described below, PNM will
14 allocate to a separately held community fund (the “Fund”) \$15 million ratably over
15 ten years to enable a variety of economic development initiatives within New
16 Mexico. By way of example, there may be opportunities to bring together our
17 national labs, universities, and economic development professionals to explore and
18 develop initiatives with the goal of improving energy technology or facilitating new
19 businesses and jobs that will grow our economy. Other examples for economic
20 development partnerships include working with organizations that can direct
21 locally based economic development, such as metropolitan/regional economic
22 development associations, the state chamber of commerce, business incubators,
23 main street programs, and tribal economic development organizations.

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Q. Who will be responsible for governing the Fund and selecting the economic development projects that will be funded over this ten-year period?

A. The economic development fund money will be distributed through the annual “donor-directed” contributions to a third-party community foundation (the “Community Foundation”) that serve local communities in PNM’s service areas. Joint Applicants propose to establish an Economic Development Fund Committee (“Funding Committee”) with five appointees, selected by PNM, to select projects for grant disbursements by the Community Foundation. The Funding Committee members 1) will not include employees of PNM, TXNM, Troy or their affiliates and 2) will reside within and represent the interests of customers and communities in PNM’s service territory. PNM will consult with state and local economic development leaders to identify potential Funding Committee members. PNM anticipates that the Funding Committee will coordinate with the Community Foundation to conduct publicly noticed meetings at least twice a year to solicit economic development projects or programs and select funding recipients.

PNM will advise the Funding Committee if proposed projects or programs could cause reputational harm for Joint Applicants. PNM will select a PNM employee to act as an administrator/observer to ensure timely contributions of committed funds and compliance reporting to the Commission. PNM will report on the Funding Committee membership and list of funded projects as part of PNM’s annual compliance reports filed with the Commission.

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1 **Q. Is PNM also committing to maintain its historical level of charitable giving as part**
2 **of this Acquisition?**

3 **A.** Yes. PNM commits to maintaining its historical practice of giving to non-profit
4 organizations that support the communities we serve.¹⁵ While PNM's charitable giving
5 varies from year to year, over the 2022-2025 time period, charitable giving has averaged
6 approximately \$2.7 million on an annualized basis. PNM will maintain that same level
7 of charitable giving for three years following the closing of the Acquisition.

8

9 **Q. When taken together, do these tangible and quantifiable benefits help demonstrate**
10 **near-term and long-term benefits of the Acquisition?**

11 **A.** Yes. The \$220 million rate credit is a significant and directly quantifiable benefit to
12 customers, providing near-term and long-term benefits on customer bills. The \$25 million
13 commitment to the development of a utility-directed VPP project to further the clean
14 energy transition also provides a significant and direct quantifiable benefit to
15 customers. Customers will benefit from not only the technology contribution that results
16 in a lower VPP-associated rate base, but also the furthering of New Mexico's clean energy
17 transition. The \$40 million commitment towards workforce training and economic
18 development projects will provide funding to deliver concrete benefits related to job
19 training, education and other economic growth initiatives to New Mexicans. The
20 commitments on Good Neighbor Fund and charitable giving to support our local
21 communities strengthen and maintain customer and community benefits that these funds

¹⁵ Revised Regulatory Commitment No. 5.

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1 and activities already provide. Collectively, these commitments provide tangible benefits
2 that demonstrate the Acquisition is in the public interest, and ensure that customers, along
3 with the communities served by PNM and the State as a whole, will benefit from the
4 Acquisition. Further, because the customer credits, the contributions toward innovative
5 technologies, economic development, Good Neighbor Fund, and charitable organization
6 contributions will not be recovered from customers, these commitments will not have any
7 negative impact on customer rates.

B. GOVERNANCE PROTECTIONS

11 **Q. What is the purpose of the governance Revised Regulatory Commitments?**

12 **A.** The Revised Regulatory Commitments associated with governance are intended to
13 formalize the governance and oversight of PNM and ensure that PNM remains a locally
14 governed and managed utility. Revised Regulatory Commitment Nos. 6-11 relate to the
15 post-Acquisition PNM Board and include provisions addressing the composition and
16 compensation of the PNM Board and their authority and duties. Under the proposed
17 governance structure, PNM will remain focused on its financial health and regulated
18 utility business in order to meet customer needs.

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Q. Please detail the actions of the current PNM Board and TXNM Board of Directors (“TXNM Board”) , including what authority both boards have and what decisions are made by the boards.

A. The primary responsibility of the TXNM Board is to oversee the management of TXNM and its subsidiaries. The day-to-day management of TXNM is conducted under the direction of the Chief Executive Officer (“CEO”) selected by the TXNM Board. TXNM Board members advise and counsel the CEO and the senior management team relative to matters of policy, business affairs, and overall strategy. The TXNM Board seeks to assure that TXNM’s business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations.

The TXNM Board’s responsibilities include the election, evaluation and compensation of the Company’s CEO and the other members of the senior management team. In addition, the TXNM Board oversees the process of succession planning for the CEO and other members of senior management; reviews, approves and monitors fundamental financial and business strategies and major corporate actions; assesses major risks facing TXNM and its affiliates, including PNM, and reviews options for their mitigation; assures processes are in place for the integrity of its financial statements, its compliance with law and its relationships with customers, regulators, other government officials, employees and its other constituencies.

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1 To oversee the processes established to identify, assess, mitigate and monitor risk,
2 the TXNM Board reviews, with senior management, the most significant risks
3 facing TXNM and its affiliates and assesses the effectiveness of TXNM's measures
4 to address these risks. The TXNM Board reviews and discusses reports by senior
5 management on TXNM's performance, its plans and prospects and immediate
6 issues facing TXNM.

7

8 Although the TXNM Board exercises vigorous and diligent oversight over
9 TXNM's affairs, it does not perform or duplicate the role of TXNM senior
10 management, which is to operate and manage TXNM on a daily basis.

11

12 Examples of matters that come before the TXNM Board for approval are the AOP
13 for TXNM capital projects of \$25 million and above, TXNM contracts exceeding
14 the CEO's signing authority of \$200 million, debt financings of \$25 million and
15 above, equity transactions, dividends, mergers and acquisitions, and approval of
16 CEO compensation.

17

18 The TXNM Board is selected by vote of its shareholders and includes the TXNM
19 Executive Chair, TXNM CEO and President, and additional directors with relevant
20 experience and expertise on corporate and industry matters.

21

22 The PNM Board currently is selected by its shareholder, TXNM. The TXNM
23 Board designates TXNM officers to appoint the directors of the PNM Board. The

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1 PNM Board includes internal members of the PNM senior executive team, and
2 currently is comprised of the following positions: Executive Chair; President and
3 Chief Executive Officer; Senior Vice President-Chief Financial Officer; and Senior
4 Vice President-Corporate Services.

5
6 Currently, the PNM Board selects PNM officers and generally approves matters
7 through written consent resolutions as the members of PNM senior management
8 who are making the recommendations to the PNM Board are the same individuals
9 who serve on the current PNM Board. Examples of matters that come before the
10 PNM Board for approval are the AOP for PNM, PNM capital projects of \$25
11 million and above, contracts exceeding the CEO's signing authority of \$200
12 million, debt financings of \$25 million and above, and dividends. The management
13 of PNM is conducted on a daily basis under the direction of the CEO.

14
15 **Q. Please explain how various persons, entities or boards approve, disapprove**
16 **or modify decisions within PNM.**

17 **A.** As stated earlier, the CEO of PNM is ultimately responsible for the strategic and
18 day-to-day decisions of PNM. The CEO has authority to execute all agreements of
19 PNM and all financial transactions (subject to PNM Board approval as discussed
20 above) and may delegate authority to other PNM officers. The PNM senior
21 management team provides active management over all of PNM's corporate and
22 utility operations. As the current PNM Board consists of internal senior
23 management, PNM's senior management informs the TXNM Board of significant

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1 operational decisions and of various risks faced by PNM. The TXNM Board must
2 also approve certain financial and transactional decisions of PNM's senior
3 management. TXNM Board members have a fiduciary duty to ensure the
4 recommendations provided by management achieve the strategic, financial, and
5 operational goals of TXNM and the TXNM Board can modify any
6 recommendations that are not achieving these objectives. As Witness Boyd
7 discusses, the interactions between PNM senior management and the post-
8 Acquisition PNM Board generally will remain the same as the interactions between
9 PNM senior management and the current TXNM Board.

10
11 **Q. Please explain the fiduciary duties, including to whom the duties are owed, of**
12 **the current PNM Board and TXNM Board.**

13 **A.** The directors of the PNM Board and TXNM Board owe fiduciary duties to the
14 company on whose board they sit. By law (based on NMSA Section 53-11-35), a
15 director is required to perform their duties in good faith and in a manner the director
16 believes to be in or not opposed to the best interests of the corporation. This
17 includes considering the interests of the corporation's shareholder and may also
18 include considering the interests of employees, suppliers, creditors and customers,
19 the state and national economies, the impact of actions on local communities, and
20 the long-term interests of the corporation and shareholders.

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1 **Q. Will the fiduciary duties, including to whom the duties are owed, change**
2 **after the Acquisition?**

3 **A. No.**

4
5 **Q. Please provide an example of how the PNM Board will exercise its fiduciary**
6 **duties.**

7 **A.**The PNM Board, both today and after the Acquisition, will continue to exercise its
8 fiduciary duties to the corporation. This includes acting to maintain the financial
9 strength and health of the utility and overseeing management’s operation of the
10 utility to provide safe and reliable service to customers at rates set by the
11 Commission and in accordance with the requirements of the PUA and Commission
12 regulations.

13
14 **Q. How will the PNM Board be structured post-transaction as compared to today?**

15 **A.**Post-transaction, the PNM Board will be structured more in line with the current TXNM
16 Board, which includes disinterested board members, providing oversight, guidance and
17 direction to current senior leadership in setting policy and direction for the utility.

18
19 Post-transaction, PNM will have a nine-member board including five disinterested
20 directors who must qualify as independent from PNM, Blackstone Inc. (“Blackstone”)
21 and their affiliates in all material respects in accordance with the rules and regulations of
22 the New York Stock Exchange (“NYSE”). At least three of the disinterested directors
23 will be residents of New Mexico. The President and CEO of PNM will be one of the

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1 directors. At least one of eight non-CEO directors will have utility executive
2 experience.¹⁶ PNM will identify the full PNM Board makeup through a compliance
3 filing within 90 days after closing the Acquisition.¹⁷

4
5 **Q. What roles and responsibilities are included in the Revised Regulatory**
6 **Commitments for the proposed PNM Board?**

7 **A.** Consistent with Revised Regulatory Commitment Nos. 8 and 9, the PNM Board will have
8 an affirmative duty to act, subject to applicable New Mexico law,¹⁸ in the best interest of
9 PNM. The PNM Board will have decision-making authority over PNM dividend policy,
10 debt issuance, issuance of dividends or other distributions (other than tax distributions),
11 capital expenditures, shared services fees, operation and maintenance expenditures, and
12 appointment or removal of officers. These decisions made by the independent,
13 disinterested, and local PNM Board cannot be overruled by Troy, or any affiliate
14 that controls Troy. The PNM Board decisions around the hiring or termination of
15 any officer or adopting, amending or deviating from the annual or multi-year budget
16 or business plan or dividend policy of PNM must have common agreement with
17 TXNM.

18

¹⁶ Revised Regulatory Commitment No. 6.

¹⁷ Revised Regulatory Commitment No. 7.

¹⁸ Under Section 53-11-35(D), when acting in the best interests, or not contrary to the interest, of a corporation, a director may consider, among other things, the interests of employees, customers, and local communities.

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1 **Q. Does the proposed PNM Board governance align with implementation of the**
2 **financial protections included in the Revised Regulatory Commitments by assigning**
3 **specific rights to the disinterested directors on the PNM Board?**

4 **A.** Yes. The PNM Board structure and governance provisions reinforce the foundational
5 protections agreed to for the financial health of the Company. Specific rights are
6 proposed to be given to the disinterested directors of the PNM Board to provide
7 these protections. These rights include: a vote of the majority of the disinterested
8 directors of the PNM Board (in other words, three out of the five disinterested directors)
9 can prevent PNM from making any dividends other than tax distributions, if determined
10 in good faith such action is required to meet PNM's debt-to-equity commitment.¹⁹ Any
11 amendments or changes to the dividend policy must be approved by a majority vote of
12 the PNM Board, including the affirmative vote of a majority of the disinterested directors.
13 Further, a vote of majority of the disinterested directors of the PNM Board may
14 prevent PNM from making any dividends at any time during the first five years if
15 the PNM Board reduces the capital expenditures below the current five-year plan
16 based on limited equity financing availability.²⁰

17
18 **Q. Why is this authority of the PNM Board's disinterested directors significant?**

19 **A.** This concretely re-enforces Troy's commitment, as the shareholder of TXNM, to
20 fund PNM's current \$4.9 billion capital budget through 2030. Customers benefit
21 from ensuring PNM remains financially healthy by having meaningful controls

¹⁹ The debt-to-equity commitment is reflected in Revised Regulatory Commitment No. 31.

²⁰ Revised Regulatory Commitment No. 10.

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1 over the ability to dividend utility earnings to the parent holding company, in
2 addition to being protected from potential material adverse financial consequences
3 of a holding company structure.

4
5 **Q. Can you explain your reference above to an agreed debt-to-equity**
6 **commitment?**

7 **A.** Yes. As discussed below in the Financial and Revised Regulatory Commitments section,
8 Revised Regulatory Commitment No. 31, PNM will maintain a minimum equity ratio
9 that is consistent with the capital structure approved by the Commission in PNM's general
10 rate cases. PNM would measure its capital structure on a rolling 13-month average.
11 Currently, PNM's approved regulatory capital structure is 51% equity, 49% debt. Again,
12 the power granted the disinterested directors is a concrete means of ensuring PNM
13 remains financially healthy.

14
15 **Q. Are there commitments that align the compensation for the directors of the PNM**
16 **Board to the interests of PNM and its customers?**

17 **A.** Yes. The compensation for being a PNM director will not be tied to, reflect, or be related
18 to the financial, operating, or other performance of any entity or interest other than
19 PNM. Any director that is a Blackstone Infrastructure or PNM employee will not
20 receive any compensation for their services on the PNM Board. The PNM Board
21 will have the power to set the compensation and benefits for being a PNM director,

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1 in the form and manner it directs, subject to the approval of Troy.²¹ These director
2 compensation provisions help ensure the Board's focus remains centered on PNM
3 and not potential Troy or Blackstone Infrastructure initiatives or goals.

4
5 **Q. Please explain if ownership, governance or board structures could be modified**
6 **in the future without Commission approval.²²**

7 **A.** Revised Regulatory Commitment No. 16 makes clear that Commission approval is
8 required to change any of the Revised Regulatory Commitments, including those
9 relating to governance and board structure. In terms of ownership changes, NMSA
10 1978, Sections 62-6-12 and 62-6-13 require prior Commission approval of Class II
11 transactions such as this one.

12
13 **Q. Explain how the proposed PNM Board provides proper governance to ensure PNM**
14 **continues to meet and serve the needs of its customers?**

15 **A.** The purpose of a Board of Directors for a corporation such as PNM is to provide oversight
16 of the decisions and activities of corporate management. A well-functioning board shapes
17 the organization's strategy, oversees financial health and ensures legal compliance. While
18 a corporate board does not manage daily operations, the board is designed to hold
19 executives accountable, ensure strategic alignment with management actions, and serve
20 as a bridge between management and investor-stakeholders. Board oversight helps

²¹ Revised Regulatory Commitment No. 11.

²² See Relevant Topics Order at Section H, bullet number 5.

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1 ensure the organization is on the right path to achieving its objectives in a financially
2 responsible manner.

3
4 The post-transaction PNM Board will continue to approve capital expenditures and
5 operations and maintenance budgets for PNM. Providing for five disinterested board
6 members, and including at least one board member with utility executive experience,
7 provides an objective external view and input regarding strategic direction. The PNM
8 Board structure will allow for guidance and oversight into management's strategic and
9 financial decisions. Similarly, having meaningful representation on the PNM Board from
10 Blackstone Infrastructure is important from both a financial and strategic perspective, as
11 Blackstone Infrastructure brings to the table significant experience with supporting
12 strategically complex challenges to drive positive outcomes. Blackstone Infrastructure
13 also has an interest in "building" solutions to benefit the communities and customers.
14 Blackstone Infrastructure representation on the PNM Board also provides a direct means
15 to facilitate the needed ongoing equity infusions that will be required from Blackstone
16 Infrastructure to continue to fund the needs of PNM to serve our customers, but also to
17 drive "solution oriented" outcomes for the complex investment decisions that must be
18 made in the future. Additionally, providing for mutual agreement of the PNM Board and
19 the majority shareholder on the hiring or termination of any PNM officers and adopting,
20 amending, or deviating from the annual or multi-year budget, business plan, or dividend
21 policy helps ensure board actions take into consideration and keep corporate, customer
22 and investor interests in alignment.

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1 Ultimately, local management remains responsible for the operations and strategic
2 initiatives of the Company and answers to the Commission for the reasonableness of
3 PNM's utility rates and services. However, these commitments and protections provide
4 assurances to our customers and regulators that the Company remains free from undue
5 influence after the Acquisition.

C. FINANCIAL AND REGULATORY PROTECTIONS

9 **Q. What is the purpose of the financial and regulatory protections included in the**
10 **Revised Regulatory Commitments?**

11 **A.** The financial and regulatory protections included in the Revised Regulatory
12 Commitments generally match protections that have been in place for many years relative
13 to PNM's financial relationship with its parent company, TXNM, and are reinforced by
14 the Revised Regulatory Commitments' corporate governance provisions. These serve to
15 financially insulate PNM as the regulated utility from TXNM and its other affiliates.
16 Revised Regulatory Commitment Nos. 12-33 are designed to ensure the new ownership
17 structure between TXNM and Troy and its affiliates does not jeopardize the PNM's status
18 as a separate corporate entity or its financial health.

19
20 **Q. Please summarize the goal of the financial and regulatory protections within the**
21 **Revised Regulatory Commitments.**

22 **A.** The financial and regulatory protections in Revised Regulatory Commitment Nos. 12-33
23 reaffirm the Commission's jurisdiction over PNM, and explicitly state the protections are

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1 in place to ensure our customers are insulated from the financial performance of
2 Blackstone Infrastructure or its subsidiaries and affiliates (including TXNM). These
3 provisions, along with the proposed governance commitments, provide an effective ring
4 fencing around PNM to ensure PNM customers are protected as the result of the
5 Acquisition. Many of these commitments are already in place for customers' protection
6 under the current holding company structure with TXNM, and the Revised Regulatory
7 Commitments provide similar and additional protections that extend upstream to Troy
8 and its affiliates and other subsidiaries post-Acquisition.

9
10 **Q. Please discuss the additional financial protections in the Revised Regulatory**
11 **Commitments addressing dividends that you indicate are supported by the**
12 **governance protections around dividends.**

13 **A.** PNM will not pay dividends, except for tax distributions, if its credit rating is below
14 investment grade or would fall below investment grade as a result of paying dividends
15 unless otherwise permitted by the Commission; and PNM will notify the Commission
16 promptly of any changes to its credit ratings.²³ PNM will limit its payment of dividends,
17 except for tax distributions, to an amount not to exceed its net income as determined in
18 accordance with generally accepted accounting practices ("GAAP"), unless otherwise
19 approved by the Commission.²⁴ Taken together, Revised Regulatory Commitment Nos.
20 10, 12 and 13 preclude PNM from paying excessive dividends to its holding company.²⁵

²³ Revised Regulatory Commitment No. 12.

²⁴ Revised Regulatory Commitment No. 13.

²⁵ See 17.6.450.10(C)(4) NMAC.

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1 PNM will continue to calculate rolling annual net income and dividend limits consistent
2 with its past compliance reports in Case Nos. 3137 and 04-00315-UT.

3

4 **Q. What financial protections exist around PNM's current five-year capital**
5 **expenditure plan?**

6 **A.** PNM will continue to make minimum capital expenditures in an amount equal to
7 PNM's current 2026-2030 capital budget of \$4.9 billion, subject to the following
8 adjustments: PNM may reduce capital spending due to conditions not under PNM's
9 control, including, without limitation, siting delays, cancellation of projects by third
10 parties, weaker than expected economic conditions, if PNM determines that a
11 particular expenditure would not be prudent.²⁶ Typically, PNM's multi-year capital
12 budgets may include proposed projects that require Commission approval, and the
13 timing and outcomes of regulatory approvals or denials can also result in budget
14 deviations. This revised commitment demonstrates Blackstone Infrastructure's
15 alignment with and support for PNM's longer-term financial needs and plans.

16

17 **Q. Do the financial protections provide a commitment that PNM will remain an**
18 **appropriate capital structure for PNM to support the investments needed for our**
19 **customers?**

20 **A.** Yes. As discussed above, Revised Regulatory Commitment No. 31 requires PNM to
21 maintain a minimum equity ratio based on the equity ratio set by the Commission in each

²⁶ Revised Regulatory Commitment No. 14.

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1 general rate case filing. PNM historically has maintained its capital structure to align with
2 its authorized regulatory capital structure, and this commitment recognizes and formally
3 commits to continue this practice post-Acquisition.

4
5 **Q. What financial protections are included in the Revised Regulatory Commitments**
6 **addressing PNM’s credit ratings?**

7 **A.** PNM will maintain standalone credit ratings from at least two (2) organizations registered
8 with the U.S. Securities and Exchange Commission (“SEC”).²⁷ Ensuring standalone
9 credit ratings is important to demonstrate to regulators and stakeholders that the financial
10 health of PNM remains strong and able to meet the needs of our customers. Strong credit
11 ratings provide for borrowing at more favorable terms.

12
13 **Q. What other financial protections or ring-fencing measures are included in the**
14 **Revised Regulatory Commitments?**

15 **A.** PNM will maintain an identity, name, and logo that is separate and distinct from the
16 identity, name and logos of Blackstone and its affiliates provided that the Blackstone
17 name and logo can be added to the PNM name and logo for branding purposes.²⁸

18
19 PNM assets, stock or revenues may not be pledged for the benefit of any entity other than
20 PNM or its subsidiaries.²⁹ PNM will not use those assets, stock or revenues as a guarantee
21 or collateral against any debt issued or liability incurred by any entity other than PNM or

²⁷ Revised Regulatory Commitment No. 29.

²⁸ Revised Regulatory Commitment No. 21.

²⁹ Revised Regulatory Commitment No. 22.

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1 its subsidiaries, and no debt of Troy or its affiliates will be recourse to PNM.³⁰ Aside
2 from PNM's arrangements with TXNM, PNM will not engage in intercompany debt
3 or lending with Troy, or any affiliate that controls Troy, unless authorized by the
4 Commission.³¹ Notwithstanding the foregoing, PNM is not foreclosed from
5 borrowing from Troy or its affiliates on an arm's-length basis if approved by a
6 majority of the disinterested directors of the PNM Board, and provided further that
7 nothing herein obligates Troy or any of its affiliates to lend money to PNM at any
8 time.³² PNM will not share credit facilities with Troy, or their affiliates (other PNM
9 or subsidiaries of PNM), except for joint revolvers where liability is several, not
10 joint, and there are no cross-default provisions applicable to any utility borrower.³³
11 PNM will not commingle funds, assets or cash flows with affiliates (other than PNM or
12 subsidiaries of PNM) without prior Commission authorization.³⁴ PNM will not recover
13 from customers any costs incurred as a result of a bankruptcy of any of its affiliates.³⁵
14 PNM will not include in any of its debt or credit agreements cross-default provisions
15 related to affiliates. Under no circumstances will debt of PNM become due and
16 payable or rendered in default because of any cross-default, financial covenants,
17 rating agency triggers or similar provisions of any debt or other agreements of

³⁰ Revised Regulatory Commitment No. 22.

³¹ Revised Regulatory Commitment No. 23. Further, in accordance with the PUA, PNM confirms that it does not represent to the public or creditors that it is liable for a parent's or affiliate's debt.

³² Revised Regulatory Commitment No. 23.

³³ Revised Regulatory Commitment Nos. 22, 24, 26.

³⁴ Revised Regulatory Commitment No. 25.

³⁵ Revised Regulatory Requirement No. 27.

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1 TXNM, Troy, or any of their affiliates or subsidiaries.³⁶ PNM will not take on any
2 new debt in conjunction with this Acquisition.³⁷

3
4 These provisions ensure PNM is well-insulated from the financial performance of Troy,
5 Blackstone Infrastructure or any of its affiliates or subsidiaries, including TXNM.

6

7 **Q. Do the Revised Regulatory Commitments include provisions acknowledging the**
8 **jurisdiction of the Commission over PNM?**

9 **A.** Yes. The commitments acknowledge and reaffirm that Commission jurisdiction over
10 PNM remains and will not be adversely affected by the Acquisition; and PNM will
11 continue to abide and be bound by existing applicable Commission rules, regulations, and
12 orders.³⁸ In addition, Joint Applicants and Blackstone Infrastructure expressly
13 acknowledge the Commission's jurisdiction and authority to initiate a future
14 proceeding to modify any or all of the Revised Regulatory Commitments adopted
15 as part of the final order in this proceeding.³⁹ Also, Revised Regulatory
16 Commitment No. 17 provides that PNM, for all Revised Regulatory Commitments
17 that have an ongoing obligation or are not yet complete, will file annual updates as
18 part of the established reporting process for Annual Reports pursuant to 17.3.510
19 NMAC.⁴⁰ Those annual updates will include a list of directors currently comprising

³⁶ Revised Regulatory Commitment No. 26. Further, PNM's ability to utilize its credit facility will not be contingent on the financial status, default or credit rating of TXNM, Troy or any of their affiliates or subsidiaries. *Id.*

³⁷ Revised Regulatory Commitment No. 30.

³⁸ Revised Regulatory Commitment No. 15.

³⁹ Revised Regulatory Commitment No. 16.

⁴⁰ Revised Regulatory Commitment No. 17.

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1 the PNM Board. Revised Regulatory Commitment No. 17 will ensure that the
2 Commission is continually kept abreast of PNM's compliance status and board
3 composition.

4

5 **Q. Are there other financial protections included in the Revised Regulatory**
6 **Commitments that further support that PNM will continue to meet the needs and**
7 **expectations of our customers?**

8 **A.** Yes. Revised Regulatory Commitment No. 20 includes a declaration that the sole
9 authorized purpose of PNM will be the provision of electric utility service and owning its
10 subsidiaries. Also, PNM will maintain accurate, appropriate and detailed books, financial
11 records and accounts, including checking and other bank accounts, and custodial and
12 other securities separate and distinct from those of other entities.⁴¹

13

14 **Q. Are there also specific regulatory accounting treatment commitments to ensure**
15 **customers do not bear costs associated with the Acquisition?**

16 **A.** Yes. PNM will not seek recovery in rates of any transaction acquisition premium.
17 Any goodwill associated with the Acquisition will not be included in rates, rate
18 base, cost of capital, or operating expenses in future PNM ratemaking proceedings.
19 None of PNM, TXNM or any of their affiliates will elect to apply pushdown
20 accounting for the Acquisition and the goodwill as a result of the Acquisition will
21 have no accounting impact on PNM's assets. Further, no incremental goodwill will

⁴¹ Revised Regulatory Commitment No. 28.

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1 be allocated to or recognized in PNM's financial statements.⁴² Write-downs or
2 write-offs of goodwill associated with the Acquisition will not be included in the
3 calculation of net income of PNM for dividend or other distribution payment
4 purposes.⁴³ Also, PNM will not seek recovery of transaction or transition costs
5 related to the Acquisition from customers in PNM's rates; transition costs shall not
6 include employee time and labor.⁴⁴

7
8 The costs associated with negotiating and implementing the Acquisition are all booked to
9 general accounting streams that will be excluded from any of the Federal Energy
10 Regulatory Commission ("FERC") Uniform System of Accounts that are used to set rates
11 for customers. Second, the value associated with the Acquisition included as an
12 acquisition premium or goodwill will similarly be booked to a general account that is
13 excluded from the regulatory cost of service studies that are used to set PNM customer
14 rates. This accounting treatment is consistent with PNM's current accounting practices
15 for excluding non-utility costs from customer rates.

16

17 **Q. Please discuss the relationship, if any, between the purchase price paid for**
18 **PNM and expectations for revenue, recovery, and return (Relevant Topics**
19 **Order (Paragraph 9E).**

20 **A.** From PNM's perspective, the purchase price paid for TXNM, and indirectly for
21 PNM, is independent of expectations for revenue, recovery, and return. The

⁴² Revised Regulatory Commitment No. 33.

⁴³ Revised Regulatory Commitment No.33.

⁴⁴ Revised Regulatory Commitment No. 32.

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1 Commission uses its ratemaking authority to determine the revenues, recovery and
2 return the utility is allowed to collect, without regard to the purchase price paid for
3 the utility. There is always an expectation that PNM will be authorized to collect
4 revenues that provide for cost recovery of the reasonable costs of providing utility
5 service and to earn a reasonable return on investments.

6

7 **Q. Please discuss whether and how any difference between purchase price and**
8 **utility value could affect customers.**

9 **A.** The purchase price does not affect customers because it is the amount paid to the
10 shareholders that currently own the company. There is no direct relationship
11 between utility value and customers; customers do not have a claim to utility
12 property. Rather, consumers of regulated electricity service are entitled to receive
13 safe and reliable service at fair, just and reasonable rates.

14

15 **Q. Are there any tax consequences of the proposed Acquisition?**

16 **A.** There are no tax implications for PNM for regulatory purposes. Similar to its
17 current tax reporting on a consolidated basis with TXNM, PNM will join in the
18 consolidated tax filing of Troy IntermediateCo LLC. Regardless, PNM will
19 continue to calculate income taxes on a stand-alone basis for regulatory ratemaking
20 purposes. The Acquisition will have no impact on the Commission's authority to
21 determine PNM's income tax expense for setting rates.

22

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1 **Q.** **Will TXNM continue to provide financing and other services to PNM, and its other**
2 **utility subsidiary, TNMP?**

3 **A.** Yes. TXNM currently provides financing and liquidity to both PNM and TNMP and will
4 continue to manage these functions.

5

6 **Q.** **Please describe the TNMP Backstop Facility and TXNM Backstop Facility that are**
7 **referenced in the Merger Agreement and Proxy Statement.**

8 **A.** Under the terms of certain TNMP First Mortgage Bonds (“FMBs”), TNMP was
9 required to offer to prepay the outstanding bonds due to change in control
10 provisions triggered by the signing of the Merger Agreement. The TNMP Merger
11 Backstop Term Loan (“TNMP Backstop Facility”), attached as JA Revised Exhibit
12 HEM-6, provided liquidity, if needed, to repurchase TNMP’s outstanding FMBs
13 that were tendered for prepayment. On June 24, 2025, TNMP drew
14 \$1,084.3 million on the TNMP Backstop Facility to fund the prepayment of the
15 tendered bonds. On July 21, 2025, TNMP entered into the TNMP July 2025 Bond
16 Purchase Agreement with institutional investors for the sale of \$1,084.3 million
17 aggregate principal amount of six series of TNMP July 2025 FMBs offered in
18 private placement transactions. The proceeds were used to repay borrowings under
19 the TNMP Backstop Facility. The TNMP Backstop Facility was terminated on July
20 22, 2025.

21

22 The TXNM Backstop, attached as JA Revised Exhibit HEM-7, was available to
23 provide liquidity to refinance TXNM’s existing revolving credit facility, term loan

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1 and letter of credit facility and TNMP's existing revolving credit facility in the
2 event TXNM and/or TNMP were unable to obtain waivers from lenders required
3 under these facilities, which were triggered by the signing of the Merger
4 Agreement. TXNM and TNMP successfully obtained the required waivers and this
5 facility was terminated on May 23, 2025.

6
7 **Q. Will PNMR Shared Services also continue to provide services to both PNM and**
8 **TNMP?**

9 **A.** Yes, PNMR Shared Services, a direct subsidiary of TXNM, will continue to provide
10 services to both PNM and TNMP as described and discussed in the PNMR's Shared
11 Services Cost Allocation Manual ("CAM"). TXNM will continue to refinance or issue
12 new debt to help meet the financial needs of both PNM and TNMP, balanced with equity
13 contributions as needed from Blackstone Infrastructure, through Troy. TXNM will not
14 commingle funds, assets or cash flows with affiliates. TXNM will not include in any of
15 its debt or credit arrangements cross-default provisions tied to upstream affiliates, under
16 no circumstances will debt of TXNM become due and payable or rendered in default
17 because of any cross-default, financial covenants, rating agency triggers or similar
18 provisions of any debt or other agreements of Troy or any of their affiliates or subsidiaries.
19 TXNM will maintain separate financial records and accounts distinct from those of other
20 entities and will not take on any debt in conjunction with this Acquisition.

21
22 **Q. Do the Revised Regulatory Commitments meet the specific approval threshold that**
23 **the Commission has set for finding a Class II transaction is in the public interest?**

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1 **A.** Yes. Together with the affirmations contained in the revised testimonies of Witnesses
2 Tarry and Klimczak, these support the specific criteria required under the Commission's
3 Rule 450 for approval of the Acquisition.

4

5

6

D. CONTINUED LOCAL CONTROL OF PNM

7 **Q.** **Please explain how, in practice, decisions are made affecting service quality,**
8 **system investments and rates.**⁴⁵

9 **A.** With the support of their management team, PNM's officers⁴⁶ (referred to generally
10 as PNM's senior management) oversee all day-to-day business operations,
11 including decisions related to service quality, system investments and rates. PNM's
12 senior management is responsible for developing and executing on operational and
13 financial plans that ensure safe, reliable electric service to meet our customers'
14 needs. PNM's senior management is also responsible for assessing and mitigating
15 risks to PNM's ability to provide safe, reliable electric service for our customers
16 and ensuring compliance with all rules, laws, and regulations.

17

18 PNM's operational plans are informed through our triennial Integrated Resource
19 Plan filings and related transmission and distribution planning studies, which
20 evaluate both existing and future needs of the system to assess how to meet our

⁴⁵ See Relevant Topics Order at Section D, bullet number 3.

⁴⁶ The officers include the President and CEO; Senior Vice President-PNM Operations; Senior Vice President-PNM Integrated Planning and Transmission Development, Senior Vice President and CFO; General Counsel and Senior Vice President-Regulatory & Public Policy and Corporate Secretary; and Senior Vice President-Corporate Services.

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1 customers' needs over the long-term planning horizon. Annually, a five-year Long
2 Range Plan ("LRP") is prepared that provides an overview of the strategic, financial
3 and regulatory plans to achieve the operational needs of the utility based on these
4 long-term planning functions. As part of the LRP, PNM analyzes revenues from
5 existing rates, equity and debt ratios and obligations, capital investments and
6 operating expenditures to identify known or reasonably anticipated rate adjustment
7 filings necessary as part of the long-term planning process. These long-term
8 planning activities provide the overall guidance and direction which is used as the
9 basis to develop annual budgets. These annual budgets are developed following a
10 "bottom-up" approach spearheaded by PNM vice presidents responsible for the
11 various business units of the company. Department heads identify the need for
12 specific projects to meet the strategies and initiatives and build annual budgets
13 based on those needs.

14
15 Departmental budgets are included in PNM's AOP, which includes projected
16 revenues, operations and maintenance expense, capital budgets, and financing
17 costs, for the calendar year. Projects are identified and prioritized to ensure the
18 safety and reliability of the system, service quality, customer-focused initiatives,
19 and legislative and regulatory directives. Timelines for projects will also be
20 identified by a department head and included in that business unit's budget for short
21 term or long-term completion.

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1 The AOP budgets are constrained by the ability to fund capital projects and ongoing
2 Operating and Maintenance expenditures through existing revenues, balancing the
3 need for investments with customer impacts, and the ability to raise debt and equity
4 while maintaining sufficient credit metrics as determined by the rating agencies
5 S&P and Moody's Investor Service. These financial and customer constraints are
6 considered in prioritizing capital projects in any given year or budget planning
7 cycle.

8
9 To support the successful execution of projects, employees have individual
10 performance plans informed by each of the strategic and business objectives in the
11 AOP and the LRP and as stated earlier, senior management. None of these
12 processes will change as a result of the Acquisition.

13
14 **Q. Can you summarize the Revised Regulatory Commitments addressing continued**
15 **local control and management of PNM?**

16 **A.** Revised Regulatory Commitment Nos. 34-41 ensure that PNM will remain locally
17 controlled by the local PNM management team. Specifically, PNM's President and
18 senior management will continue to have day-to-day control over operations, which
19 include those described above.⁴⁷ Witness Tarry explains in more detail the benefits of
20 retaining local control in his testimony.

21

⁴⁷ Revised Regulatory Commitment No. 35.

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1 Revised Regulatory Commitment No. 37 specifically provides, that for at least three
2 years post-closing, PNM will not implement any involuntary workforce reductions (other
3 than for cause or performance) or reductions in wages or benefits. Revised Regulatory
4 Commitment No. 38 expressly provides that PNM will continue to honor labor contracts
5 with the International Brotherhood of Electrical Workers Local 611. I note that Revised
6 Regulatory Commitment No. 37 extends job protections for an additional 12 months
7 beyond the 24-month period contemplated in the Merger Agreement at page 17, which is
8 provided in Application Exhibit E to the Revised Application.

9
10 PNM will continue to be run by its local management team. Retaining the knowledge
11 and experience of the management team ensures continuity in the daily operations of the
12 utility. Similarly, PNM and PNMR Shared Services have a knowledgeable and
13 experienced employee base that is strongly focused on serving the interests of PNM's
14 customers. PNM's management also maintains respectful and solid relations with its local
15 unions that represent a significant number of our employees. We are especially proud of
16 the active involvement of the Company and employees within our local communities and
17 remain committed to supporting the volunteer services our employees engage in on a
18 regular basis.

19 **Q. What other provisions reflect a commitment to local management and control?**

20 **A.** To ensure stability and continuity, Troy will maintain a controlling interest in PNM for a
21 period of at least ten (10) years.⁴⁸ TXNM and PNM headquarters will also remain in New

⁴⁸ Revised Regulatory Commitment No. 36.

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1 Mexico as long as they are owned by Troy.⁴⁹ Any potential ownership change after this
2 period would of course be subject to the same regulatory review and approval as this
3 Acquisition.

4
5 **Q. What additional labor-related commitments are included?**

6 A. The Revised Regulatory Commitments also provide PNM commitments to high-quality
7 jobs for local workers that prioritize fair wages by adopting Blackstone Infrastructure's
8 Responsible Contractor Policy ("RCP") and through the use of local and union labor
9 whenever possible for projects.⁵⁰ PNM is also committed to cooperative action aimed at
10 honoring statutory requirements for apprenticeship program on generation projects are
11 honored.⁵¹ These workforce commitments reinforce Joint Applicants' concrete financial
12 support for work force training and economic development initiatives throughout the
13 communities that PNM serves.

14

15 **Q. Do these ongoing local control and management and labor-related commitments**
16 **provide customer benefits and customer protections?**

17 A. These local control and management commitments result in intangible but
18 significant benefits to customers because PNM is a well-run utility that has
19 provided ongoing quality service to customers over the decades.

20

⁴⁹ Revised Regulatory Commitment No. 34.

⁵⁰ Revised Regulatory Commitment Nos. 39-41.

⁵¹ Revised Regulatory Commitment No. 41.

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1 Local management and our employees are involved in the communities we serve
2 and are able to work directly with local and state policymakers and stakeholders to
3 ensure we continue to provide clean, safe, and reliable energy to our customers.
4 The commitments to PNM's employees together with fair and high-quality jobs for
5 third-party labor associated with PNM projects reflects our belief that a well-run
6 utility is dependent on a strong, well-trained workforce within the utility and local
7 communities.

8
9 Regardless of ownership, PNM is a regulated utility that is and will remain
10 answerable to the Commission for the reasonableness and adequacy of PNM's rates
11 and services. These commitments, coupled with the governance and financial
12 protections discussed later in my testimony, provide the framework for reliability
13 and service levels our customers receive today to continue into the future and not
14 be harmed or degraded as the result of the Acquisition.

E. AFFILIATE TRANSACTIONS

15
16
17
18 **Q. Are there additional commitments that specifically reinforce the**
19 **Commission's jurisdiction and supervision over affiliate transactions?**

20 **A.** Yes. Revised Regulatory Commitment Nos. 42 through 46 impose certain
21 obligations on PNM to ensure that the utility fully complies with Class I transaction
22 requirements and informs the Commission about Class I transactions that occur or
23 are proposed for approval in various regulatory proceedings. The Commission's

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existing Class I transaction reporting requirements are far-reaching in relation to Troy affiliates and extend to all affiliates, not just the companies that are directly held by Blackstone Infrastructure. These additional Revised Regulatory Commitments are designed to provide transparency and visibility regarding the identification of affiliates whose affiliation may not be known by PNM when PNM engages in RFP and contracting processes. These commitments are also designed to prevent PNM from giving any undue preferences to affiliated entities and to ensure that PNM maintains fair and competitive processes in future resource acquisitions needed to serve customers.

V. SATISFACTION OF GENERAL STANDARDS FOR APPROVAL

Q. Does the Acquisition preserve the Commission's jurisdiction?

A. Yes. There is no change in the immediate holding company structure under which PNM has operated as a regulated utility for more than 20 years. Additionally, the Revised Regulatory Commitments provide for strong, independent board governance at the PNM level, rather than at the TXNM holding company, to ensure that PNM decision-making is focused on PNM's utility operations. As required by law, the Commission will continue to directly supervise and regulate PNM. Further, as I noted previously, Troy and Blackstone Infrastructure expressly acknowledge the Commission's jurisdiction and authority to initiate a future proceeding to modify or enforce any or all of the Revised Regulatory Commitments adopted as part of the final order in this proceeding. The actions taken by the Commission in its Show Cause Final Order and in Case No. 26-0000153 (Equity

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1 Issuance) indicate that the Commission has regulatory and supervisory authority
2 under the PUA. Joint Applicants have demonstrated that they acknowledge the
3 Commission's jurisdiction and will at all times comply with the rules and orders of
4 the Commission as well as the PUA. Joint Applicants have also committed to
5 robust reporting to allow the Commission to verify compliance with the
6 Commission's terms and conditions for any approval of the Acquisition. Finally,
7 PNM has committed to ongoing financial and affiliate transaction reporting
8 requirements that allow the Commission to continue to regulate and supervise
9 PNM's rates and services as well as PNM's affiliate transactions.

10
11 **Q. Will the Acquisition diminish the quality of service to customers?**

12 **A.** No, as a result of the Acquisition, there will be no adverse impacts on the quality
13 of service PNM provides. PNM will continue to be fully regulated by the
14 Commission and will continue to provide the same levels of quality service to
15 customers that it has historically provided, subject to the same service quality rules
16 that apply to PNM today. More specifically, PNM currently complies, and will
17 continue to comply, with the Commission's various rules regarding provision of
18 service (Rules 17.5.410 and 17.9.560 NMAC) and reliability metrics (Rule
19 17.9.589 NMAC). PNM must make ongoing compliance filings relating to
20 reliability metrics and outages, which allow the Commission to monitor any
21 changes in the quality of service. This Acquisition does not change any of these
22 reporting or monitoring requirements.

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1 The Acquisition also provides assurance that PNM's quality of service will not be
2 diminished, through a variety of operational provisions. For example, Revised
3 Regulatory Commitment Nos. 34, 35, 37 and 38 provide for the retention of PNM's
4 management and employees and local control over daily operations. Troy will
5 fulfill its role of PNM's shareholder-investor and will not act as a utility operator;
6 this deference to the expertise of the utility means there will be no change to PNM's
7 focus on maintaining a safe and reliable grid. Further, Blackstone Infrastructure's
8 support for PNM energy transition and grid modernization efforts, and its ability to
9 help PNM access vendors and supply chain needs on a more expeditious and
10 affordable basis, will also help ensure that customers' quality of service and rates
11 will not be adversely and materially impacted. PNM also has committed RFP and
12 contracting processes that ensure that if an affiliated entity is selected, that selection
13 is the result of a level playing field for bidders with fair and competitive outcomes.

14

15 Provisions in the governance and financial protections sections of the Revised
16 Regulatory Commitments ensure PNM will have the financial resources necessary
17 to meet appropriate service metrics. Blackstone Infrastructure has demonstrated its
18 intent to support PNM in meeting PNM's 2026-2030 five-year \$4.9 billion capital
19 budget by giving the PNM Board the authority to set and approve both capital
20 expenditures and operations and maintenance budgets. Retaining ongoing
21 oversight over spending at the PNM Board level helps ensure that reliability and
22 service quality remain at the forefront of PNM's goals and performance. These

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1 commitments support PNM's continued provision of quality service to our
2 customers.

3

4 **Q. Will the Acquisition result in any improper cross-subsidizations of non-utility**
5 **activities?**

6 **A.**No. The Acquisition will not result in any improper cross-subsidizations. Revised
7 Regulatory Commitment No. 22 makes clear that PNM cannot pledge its utility
8 assets or otherwise provide financial guarantees for affiliates. PNM will continue
9 to conduct routine affiliate transactions in accordance with its Commission-
10 approved CAM and will comply with all Rule 450 reporting requirements
11 applicable to any other affiliate transactions for the provision of non-utility goods
12 or services.

13

14 Additionally, and as required by law, the Commission will have access to the books
15 and records of PNM's parent holding company, TXNM, Troy, and Blackstone
16 Infrastructure as necessary to ensure no cross-subsidization of affiliates by PNM
17 has or is occurring. Any utility services that PNM provides to affiliates will be in
18 accordance with Commission-approved tariffs as well as applicable FERC tariffs
19 and standards of conduct.

20

21 **Q. Have Blackstone Infrastructure's qualifications and financial health been**
22 **demonstrated?**

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1 **A.** Yes. As discussed by Witness Klimeczak, Blackstone Infrastructure currently has
2 more than \$90 billion in assets under management, focused on investments across
3 infrastructure sectors including energy, transportation, digital, water and waste.
4 Blackstone Infrastructure is an open-ended fund, which aligns its investments in
5 long-lived assets such as the capital investments made by PNM. Blackstone
6 Infrastructure's scale ensures it is capable of investing over the long-term in its
7 portfolio companies. Blackstone Infrastructure's financial strength can be seen in
8 the fact that, if approved, the Acquisition will not require or be funded through any
9 incremental debt at the utility or holding company levels.

10

11 **Q.** **Does the Acquisition include adequate protections for customers?**

12 **A.** Yes, as I described above, but I would again emphasize that the Revised Regulatory
13 Commitments provide not just protections for customers, but affirmative benefits
14 that were discussed earlier in my testimony.

15

16

17

18

19 **VI. STANDARDS FOR GENERAL DIVERSIFICATION PLANS**

20

21 **Q.** **Beyond the statutory criteria for approving acquisitions and mergers set forth**
22 **at Section 62-6-13 of the PUA, does the Commission also have rules setting**

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1 **forth additional requirements for a General Diversification Plan associated**
2 **with a Class II transaction?**

3 **A.** Yes. In addition to the statutory criteria for acquisitions and mergers set forth in
4 Section 62-6-13 of the PUA, which I discussed previously in Section II of my
5 testimony, Rule 17.6.450 NMAC requires that for Class II transactions the
6 Commission approve a GDP for the utility, which explains the proposed corporate
7 structure and resulting affiliates and affiliate transactions.

8

9 **Q. Is PNM requesting approval of a new GDP under Rule 17.6.450 NMAC?**

10 **A.** Yes. PNM requests approval of its proposed Revised 2026 GDP, attached to the
11 Revised Application as Revised Application Exhibit F. PNM's Revised 2026 GDP
12 contains information on post-Acquisition corporate structure and direct affiliates
13 and also includes the confirmations required by Rule 17.6.450 NMAC. PNM
14 proposes that the Revised 2026 GDP, together with the Revised Regulatory
15 Commitments as approved by the Commission in this case, would supersede and
16 replace PNM's previous GDP and conditions approved as part of the formation of
17 a public utility holding company structure for PNM in Case No. 3137.

18

19 **Q. Does the corporate structure in the Revised 2026 GDP differ significantly from the**
20 **public utility holding company structure presented in PNM's existing GDP?**

21 **A.** From PNM's perspective, the Acquisition does not result in a significant structural
22 change. The Revised 2026 GDP includes an organization chart showing how TXNM
23 will fit within the Blackstone Infrastructure structure post-Acquisition. As noted above,

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1 PNM has been owned by TXNM (formerly PNM Resources, Inc.) in a public utility
2 holding company structure for more than 20 years. Over the past 20 years, that holding
3 company structure has not impeded the Commission's supervision and regulation of
4 PNM as a public utility, and I have no basis to believe the post-transaction corporate
5 structure outlined in the Revised 2026 GDP will adversely affect the Commission's
6 continued regulatory oversight. Witness Talley provides further testimony on this topic.
7

8 **Q. What are the Commission's criteria for approval of a GDP?**

9 **A.** The Commission will approve a GDP if it finds that the GDP contains the
10 information required by Rule 17.6.450.10(B) NMAC, and if approval is in the
11 public interest. Rule 17.6.450.10(C) NMAC provides that the public interest
12 criterion is met where the Commission finds that the level of investment appears
13 reasonable, and the utility's ability to provide reasonable and proper utility service
14 at fair, just and reasonable rates will not be adversely and materially affected as a
15 result of the Class II transaction. The Rule (17.6.450.10(C) NMAC) also requires
16 eight specific representations from the utility.
17

18 **Q. Have the requirements and representations of Rule 17.6.450.10(C) been**
19 **fulfilled?**

20 **A.** Yes. The evidence presented by the Applicants meets all requirements of the Rule.
21 As Senior Vice President and Chief Financial Officer for PNM, it is my opinion
22 that the level of investment being made in PNM and TXNM is reasonable; reflects
23 not only the book value for PNM but also the potential future value of the Company;

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1 and supports PNM's ability to provide reasonable and proper utility service at fair,
2 just and reasonable rates. The investments, included in the Revised Regulatory
3 Commitments, in PNM that directly benefit customers and service area
4 communities are also reasonable.

5
6 Each of the necessary eight representations are expressly confirmed in the revised
7 testimonies of Witnesses Tarry and Klimczak. Additionally, the Revised 2026 GDP
8 contains the representations required by Rule 17.6.450.10(B)(1)-(12) and
9 17.6.450.10(C)(1)-(8) NMAC, except for information pertaining to certain
10 indirectly affiliated entities for which PNM has requested a limited variance.

11
12 Finally, and as reflected in my testimony above, I also confirm that customers will
13 not be responsible for any costs associated with the Acquisition because those costs
14 will be excluded from PNM's rates.

15
16 **Q. Does PNM also confirm that it will comply with the Class I transaction**
17 **notification and reporting requirements contained in Rule 17.6.450(11)**
18 **NMAC?**

19 **A.** Yes. PNM will continue to comply with all Class I transaction requirements under
20 the Rule.

21
22 **Q. Does PNM anticipate it will engage in any ongoing Class I transactions with**
23 **Blackstone Infrastructure or its affiliates?**

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1 **A.** Other than ongoing services transactions that are discussed in this filing, PNM does
2 not anticipate it will engage in any ongoing Class I transactions with Blackstone
3 Infrastructure or its affiliates. Although Blackstone Infrastructure makes available
4 to its portfolio companies an important opportunity for benefits to customers
5 through their operational support, there are no charges associated with those
6 opportunities discussed. Should specific Class I transactions arise in the future that
7 haven't been identified in this case, PNM will report on those activities pursuant to
8 Rule 450.

9

10 **Q.** **Will PNM continue to engage in certain ongoing Class I transactions that have**
11 **been previously approved by the Commission?**

12 **A.** Yes. PNM currently has ongoing Class I transactions with its existing shared
13 services affiliate for the provision of goods and services that are common among
14 PNM, TXNM, and TNMP (PNM's affiliated Texas utility). Some examples of
15 these goods and services are accounting and payroll functions, shared office
16 facilities, internal audit services, and vehicle fleet and supply chain activities.

17

18 PNM accounts for these goods and services and includes allocated costs in PNM's
19 rates in accordance with a Commission-approved CAM, which was originally
20 approved in Case No. 03-00017-UT, and pursuant to Commission directives, PNM
21 files an annual update to the CAM's allocation provisions each December for the
22 upcoming calendar year's transactions. PNM's current CAM was subject to
23 Commission review in PNM's last general rate case, Case No. 24-00089-UT. PNM

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1 will submit its updated allocations for the CAM in this docket on an annual basis
2 and in accordance with our rate case orders.

3

4 **Q. Are there any anticipated changes to the ongoing Class I transactions that**
5 **occur between PNM and its shared services affiliate?**

6 **A.**No. These routine Class I transactions are expected to continue without material
7 changes or additions after the Acquisition is completed. In general, if PNM
8 determines there is a need for any changes or additions to the transactions covered
9 by the CAM or if PNM proposes to engage in new types of shared service
10 transactions, PNM will include any such proposals as part of a general rate case
11 proceeding.

12

13 If in the future PNM intends to enter into any new ongoing Class I transactions for
14 goods and services similar to those outlined in the CAM with affiliates other than
15 PNM's shared services affiliate, PNM will file the necessary reports under Rule
16 450 and will include a request for ongoing rate treatment in a future rate case. This
17 will ensure that any such additional routine transactions can be documented and
18 tracked through the CAM or a similar mechanism.

19

20 **Q. Are there any other affiliate transactions that may occur in PNM's ordinary**
21 **course of business that do not qualify as a Class I transaction?**

22 **A.**Yes. FERC-regulated transactions between PNM and affiliates pursuant to FERC-
23 authorized tariffs are not Class I transactions. Similarly, any regulated retail utility

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1 service that PNM would provide to a retail customer that is an affiliate is not a Class
2 I transaction. With regard to any future transactions of this nature, PNM will adhere
3 to its approved tariffs and service rules in all such instances.

4

5 **Q. How will PNM address any future Class I transactions that might arise with**
6 **Blackstone affiliates?**

7 **A.** For any future affiliate transactions, PNM will adhere to all FERC-mandated
8 standards of conduct as a Transmission Provider (if wholesale-related) as well as
9 the Commission's affiliate reporting requirements, in addition to complying with
10 any applicable FERC and Commission tariffs and rules or approvals. One such
11 potential circumstance that may occur relates to Invenergy Inc. ("Invenergy"), a
12 Blackstone Infrastructure affiliate, which I understand is pursuing opportunities for
13 transmission and renewable resource projects in New Mexico that may lead to
14 business interactions with PNM. Any such third-party business transactions,
15 regardless of an affiliate relationship, can provide business opportunities that
16 benefit customers or trigger regulatory obligations for PNM as a FERC-regulated
17 Transmission Provider and a Commission-regulated retail service provider and
18 PNM will respond to these transactions in the ordinary course of business.

19

20 **VII. REQUEST FOR VARIANCE ON CLASS II REPORTING SCOPE**

21 **Q. Is PNM requesting a variance from any of the requirements of Rule 17.6.450**
22 **NMAC?**

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1 **A.** Yes. PNM requests a limited variance from Rule 450 to limit the degree of
2 reporting on certain entities that could be legally interpreted to be affiliates of PNM
3 but have no direct or substantive relationship to PNM or its direct parent company,
4 TXNM. Specifically Rule 17.6.450.10(B)(1) NMAC requires that the GDP include
5 “to the extent known the name, home office address, and chief executive officer of
6 each affiliate, corporate subsidiary, holding company, or person which is the
7 subject of the Class II transaction.” Similarly, Rule 17.6.450.13(A)(2)(a) and (b)
8 NMAC require that PNM file notification with the Commission “of all new or
9 expanded lines of business or ventures entered into by [PNM] or any affiliate . . .”,
10 and annual reports detailing all affiliates and their relationship to one another.

11
12 PNM proposes to provide the enumerated information for the following entities: (i)
13 any PNM subsidiaries; (ii) PNM’s existing affiliates TXNM, TNP Enterprises, and
14 TNMP; (iii) Troy and the Troy Intermediate Companies identified in the Revised
15 2026 GDP; and (iv) the portfolio companies of Blackstone Infrastructure. PNM
16 believes the objectives of Rule 17.6.450.13(A)(2)(a) and (b) NMAC will be met by
17 providing the Commission with information about those entities with whom PNM
18 has an affiliate relationship through its immediate holding company TXNM and
19 those affiliates that directly control TXNM.

20
21 A reporting variance is appropriate because it is my understanding that Blackstone
22 Infrastructure and its parent, Blackstone, have hundreds of direct and indirect
23 intermediate companies and subsidiaries across the various portfolio companies

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1 and funds held within Blackstone Infrastructure or by Blackstone. Many of these
2 entities are single-purpose entities without employees, and the management and
3 operation of other portfolio companies and funds are entirely remote from PNM.
4 Further, the ring-fencing and other Revised Regulatory Commitments effectively
5 isolate PNM from the financial operations of any of these numerous Blackstone
6 Infrastructure or its affiliates.

7
8 There would be little value to the Commission in obtaining voluminous information
9 on entities that have no contact with PNM or TXNM, and that are unrelated to
10 PNM's operations or those of PNM's immediate parent company. It would be
11 burdensome for PNM to compile detailed information not in its possession on these
12 unrelated entities as well as burdensome or unnecessary for Staff to attempt to track
13 entities that do not impact the regulation of PNM.

14
15 PNM therefore respectfully requests a limited variance from the notification and
16 reporting requirements under Rules 17.6.450.10(B)(1) and 17.6.450.13(A)(2)(a)
17 and (b) for affiliates and subsidiaries of Blackstone Infrastructure other than as
18 listed above and in PNM's Revised 2026 GDP.

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1 **Q. Did the Commission grant a similar variance from these requirements to EPE**
2 **when approving its 2019 merger?**

3 **A. Yes. In the EPE merger, Case No. 19-00234-UT, the Commission granted a similar**
4 **variance request made by EPE in relation to the companies owned by EPE's**
5 **ultimate holding company, IIF US 2.**

6

7 **VIII. PNM'S PROPOSED COMPLIANCE REPORTS**

8 **Q. Please summarize the corporate, operational and financial compliance**
9 **reporting that PNM undertakes pursuant to Commission rules and previous**
10 **holding company orders of the Commission.**

11 **A. PNM files extensive compliance reports pursuant to the following rules and orders**
12 **of the Commission:**

- 13 • **Rule 17.1.2.8 NMAC** (Annual Informational Financing Filing), which covers
14 anticipated annual capital requirements and amounts that will be provided
15 internally externally; known and projected securities transactions for the next
16 twelve-month period; capital structure in dollar and percentage amounts after
17 issuances; stock information if an investor-owned utility with outstanding
18 common stock; and status of securities described in preceding report.
- 19 • **Rule 17.3.360 NMAC** (Procedures for the Audit and Examination of Utility
20 Books and Records of Accounts), which requires access to all relevant books and
21 records and sets out procedures for routine and special audits by the Commission.
- 22 • **Rule 17.3.510 NMAC** (Uniform Systems of Accounts and Annual Reports),
23 which requires PNM to use the FERC uniform system of accounts and to file its
24 annual FERC Form 1 report with the Commission; requires annual operational
25 and financial data reporting in lieu of a rate case proceeding; and requires
26 compliance information relating to Commission final orders issued in the
27 preceding five-year period.
- 28 • **Rule 17.5.440 NMAC** (Extensions, Improvements, Additions and Cooperative
29 Agreements between or among Utilities), which requires project specific and
30 annual reporting on anticipated utility investments.
- 31 • **Rule 17.6.450 NMAC** (Affiliate Transactions), which requires transaction
32 specific reports on goods and services transactions with affiliates; and annual

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reporting on corporate structure, governances of affiliates and any financial impacts to the utility from affiliate activities.

- **Rule 17.9.560 NMAC** (Service Standards), which requires electric utilities to meet service standards and outage reporting requirements.
- **Rule 17.9.561 NMAC** (Carbon Dioxide Emissions), which requires annual reporting on carbon dioxide emissions from PNM's generation units and long-term contracted for resources used to serve retail customers.
- **Rule 17.9.589 NMAC** (Reliability Metrics), which requires annual reporting on identified reliability metrics, including analysis of trends, comparative data and recommendations for future distribution investments and linkage between metrics and distribution planning.
- **Case Nos. 3137, 03-00017-UT and 04-00315-UT:** Annual informational filing on system planning, loads and resources; notice of dividend payments; statement of retail growth; annual Cost Allocation updates; quarterly filings employee transfers among affiliates.

I also note that the Commission imposes extensive customer service requirements in Rule 17.5.410 NMAC, and its rules for rate proceedings require PNM to provide a number of years of historical and future forecasted financial data and operating information. Collectively, these existing rules provide a comprehensive overview of PNM's financial and business activities on an annual basis.

Q. What specifically does PNM include in its Annual Report filed under Rule 17.3.510 NMAC?

A. PNM includes the following information in its Annual Reports:

- Load Growth Forecast (17.3.510.12.A NMAC) (also filed in Case No. 3137);
- Annual Informational Financing Filing (17.1.2.8.A NMAC);
- Short-term Securities transactions (also filed pursuant to 17.1.2.8.E NMAC);
- Class II Transactions Report (17.6.450.13.A NMAC);
- Class I Transactions Report (17.6.450.13.B NMAC);

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- 1 • Accumulated Decommissioning Expense for year ending December 31, 2024
- 2 (NMPRC Case No. 2567);
- 3 • SAIDI, SAIFI and other annual reliability information (NMPRC Case No. 04-
- 4 00315-UT);
- 5 • Annual Electric Services Final Order Report for five-year period;
- 6 • SEC Form 10-K (17.3.510.12.A NMAC); and
- 7 • FERC Form 1 and New Mexico Jurisdictional Customer Information Form
- 8 (17.3.510.12.A NMAC).

9 PNM also files quarterly dividend payment calculations and reports in Case No. 3137 and
10 provides copies of its quarterly SEC 10Qs as compliance filings under Rule 510.

11
12 To ensure that the Commission continues to receive financial information on a quarterly
13 basis, PNM proposes to submit its quarterly FERC financial reports and if PNM is no
14 longer filing SEC quarterly or annual financial reports on Form 10Q and Form 10K, PNM
15 has agreed to provide financial statements (that are compliant with US GAAP) on
16 the cadence required by the SEC, including the notes thereto, and Management
17 Discussion and Analysis (substantially consistent with that included in Form 10-K
18 and 10-Q filed with the SEC).⁵² PNM will also continue to file quarterly dividend
19 reports in this docket.

⁵² Revised Regulatory Commitment No. 18.

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1 **Q.** **Given that TXNM will no longer be publicly traded and PNM may not be filing SEC**
2 **10Qs, are the above compliance filings sufficient to provide the Commission with**
3 **financial and operational information relating to PNM's utility business?**

4 **A.** Yes, the above-listed compliance reports and agreed upon continued financial statement
5 information discussed above, provide extensive information on PNM's financial data and
6 operational actions pursuant to the Commission's existing rules. These rules also govern
7 the accounting practices of PNM, which require PNM to keep its books and records in
8 accordance with GAAP and the FERC Uniform System of Accounts.

9
10 In addition, the FERC annual and quarterly reporting requirements for privately held
11 electric utilities are extensive and are intended to provide similar economic and operating
12 information to the information included in SEC reports. As the FERC noted in
13 establishing its reporting requirements, many of its regulated utilities are not publicly
14 traded or otherwise are not required to make SEC filings; as a result, the FERC's reporting
15 standards are intended to help its staff better understand emerging trends and economic
16 impacts of significant transactions, events and regulatory initiatives on regulated
17 operations, at the unconsolidated utility level.⁵³ FERC annual and quarterly filings
18 provide detailed financial and operating statements, as well as identifying economic
19 effects of significant transactions and events that supplements the material events
20 information included in annual FERC Form 1 reports. PNM will therefore file with the
21 Commission copies of PNM's FERC Form 3Q reports as well as its FERC Form 1 report.

⁵³ See *Q. Fin. Reporting & Revisions to the Ann. Reps.*, Order No. 646 and Final Rule, 106 FERC ¶ 61,113, at PP 21-23 (Feb. 11, 2004).

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1 **Q.** **Does PNM have any proposals for streamlining its current affiliate-related**
2 **reporting requirements?**

3 **A.** Yes. PNM proposes that any further compliance filings required by Commission
4 decisions that are currently submitted in Case Nos. 3137, 03-00017-UT, and 04-
5 00315-UT be discontinued in those dockets, and that PNM's ongoing compliance
6 filings for dividend payments, CAM updates and employee transfers among
7 affiliates be made in this docket. The informational filings in Case No. 3137 on
8 system planning, loads and resources and retail growth should be discontinued
9 because they are generally duplicative of information required in utilities' annual
10 reports and Integrated Resource Plan filings, and no longer appear to be necessary.
11 PNM also proposes to make an annual compliance report in this docket that
12 documents the status and completion of the financial benefits commitments, for the
13 period of time during which those commitments remain outstanding. PNM
14 proposes to continue to file its annual Class I and II reports as part of PNM's Annual
15 Report filed pursuant to Rule 17.3.510 NMAC. Additionally, Revised Regulatory
16 Commitment No. 42 affirms that PNM will include sufficient details on any Class
17 I transactions that occur and that PNM, TXNM and Troy will abide by Commission
18 affiliate standards and PNM will maintain an arms-length relationship with Troy
19 and its affiliates, consistent with any variance approved by the Commission.⁵⁴

⁵⁴ Revised Regulatory Commitment No. 42. This commitment also provides additional specifications regarding shared services arrangements and Class I Transaction Reports.

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1 Consolidating PNM's compliance filing obligations in this manner will streamline
2 the reporting process for PNM and will make it easier for Staff to track and verify
3 that PNM is complying with the orders of the Commission.

IX. SUMMARY OF ALL REQUESTED APPROVALS

6 **Q. Please list each of the specific approvals that PNM is requesting from the**
7 **Commission as part of its Revised Application for approval of the Acquisition.**

8 **A.** PNM, together with its other Joint Applicants, requests that the Commission issue
9 a Final Order in this case that incorporates the requested approvals set forth in the
10 Revised Application.

11 For ease of reference, we respectfully request the following approvals:

- 12 • Authorization of the Acquisition and the merger of Troy Merger Sub with and
13 into TXNM, whereby TXNM will be the surviving corporation and will be a
14 direct wholly owned subsidiary of Troy. PNM will remain a direct wholly
15 owned subsidiary of TXNM and therefore become an indirect subsidiary of
16 Troy and Blackstone Infrastructure;
- 17 • Approval of PNM's Revised 2026 GDP and the Revised Regulatory
18 Commitments, which will supersede and replace PNM's previously approved
19 GDP and conditions;
- 20 • Approval of the requested limited variance to Rule 450;
- 21 • Approval of PNM's proposed compliance reporting obligations; and
- 22 • Adoption of any other approvals, authorizations, consents, and relief the
23 Commission deems necessary and appropriate to allow the Joint Applicants to

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1 consummate and implement the Acquisition, the Revised Regulatory
2 Commitments, and PNM's Revised 2026 GDP.

X. CONCLUSION

6 **Q. Do you have any concluding statements?**

7 **A.** Yes. From a regulatory perspective, the revised testimonies and exhibits filed in
8 support of the Acquisition satisfy the general standards for approval that have been
9 applied by the Commission in other merger and acquisition cases and are
10 responsive to the Commission's determinations in the Show Cause Final Order.
11 The Applicants have submitted substantial evidence that the Acquisition is in the
12 public interest because both the Acquisition and the Revised Regulatory
13 Commitments will bring direct, measurable and verifiable benefits to customers
14 and the communities served by PNM. The Acquisition will improve PNM's
15 financial health overall, which in turn supports PNM's efforts to modernize its
16 system and provide ongoing utility service that meets the growing needs of
17 customers.

18
19 The proposed Class II Transaction and PNM's Revised 2026 GDP satisfy the
20 general standards for approval applied by the Commission in other merger and
21 acquisition cases. From a public policy perspective, the revised testimonies of the
22 Joint Applicants' witnesses demonstrate that the Acquisition is in the public interest
23 because it will bring benefits to PNM, its customers, employees and the State;

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1 provide direct rate and financial benefits to customers; maintain or improve PNM's
2 system and the services it provides customers; maintain and enhance PNM's
3 financial health; and preserve the Commission's jurisdiction without hinderance.
4 Blackstone Infrastructure's financial backing supports PNM's grid modernization
5 plans and the State's energy transition policies in fulfillment of legislative
6 mandates. Finally, the Acquisition concretely supports and enables economic
7 development and job opportunities within New Mexico. As a result, approval of
8 the Acquisition together with the Revised Regulatory Commitments is in the public
9 interest.

10
11 The requested Rule 450 variance and PNM's proposal that the Revised 2026 GDP
12 and Revised Regulatory Commitments supersede and replace past holding company
13 conditions, as well as the consolidated reporting requirements are practical and
14 reasonable and will result in more effective compliance and oversight of the
15 Acquisition and related Revised Regulatory Commitments, and will further PNM's
16 obligations to demonstrate no harm has resulted to customers as a result of the
17 avoidance of the Financing Transaction, as required by the Show Cause Final Order.

18
19 The Applicants have met the statutory and regulatory requirements for the
20 Acquisition with substantial evidence to support approval. The Commission
21 therefore should issue a final order that encompasses the approvals, variance
22 request and proposed reporting and compliance filing requests described herein,

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1 approving the Revised Application, the Acquisition, and the Revised Regulatory
2 Commitments as requested.

3

4 **Q. Does this conclude your direct testimony?**

5 **A. Yes.**

6

7

GCG#535800

Resume of Henry E. Monroy

JA Exhibit HEM-1

Is contained in the following 4 pages.

HENRY E. MONROY
EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Henry E. Monroy

Address: TXNM Energy, Inc.
MS 1105
414 Silver SW
Albuquerque, NM 87102

Position: Senior Vice President and Chief Financial Officer

Education: Bachelor of Accountancy, New Mexico State University, 2001
Certified Public Accountant in the State of New Mexico, December 2012

Employment: Employed by TXNM Energy, Inc. since 2003.
Positions held within the Company include:

Vice President, Regulatory
Vice President, Corporate Controller
Controller, Utility Operations
Director, Cost of Service and Audit Services
Director, Cost of Service and Corporate Budget
Director, Utility Accounting
Manager, Cost of Service
Senior Manager, Derivative Accounting
Manager, Energy Analysis and Accounting
Project Manager
Senior Accountant

Testimony Filed:

- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates pursuant to Advice Notice No. 352, NMPRC Case No. 08-00273-UT, filed September 22, 2008.
- In the Matter of Texas-New Mexico Power Company's Request for Approval of an Advance Metering System (AMS) Deployment and AMS Surcharge, PUCT Docket No. 38036, filed May, 2010.
- In the Matter of the Application of Public Service Company of New Mexico for the Abandonment and Decertification of the Generating Station in Las Vegas, New Mexico, NMPRC Case No. 10-00264-UT, filed August 30, 2010.

- Initial Filing of PNM to Revise Sheets in its OATT, Coordination Tariff, and GFAs Reflecting Implementation of Transmission Formula Rate, FERC Docket Nos. ER13-685-000, ER13-687-000 and ER13-690-000, filed December 2012.
- In the Matter of Public Service Company of New Mexico's Renewable Energy Portfolio Procurement Plan for 2014 and Proposed 2014 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 13-00183-UT, filed June 1, 2013.
- In the Matter of the Application of Public Service Company of New Mexico for Continued Use of Fuel and Purchased Power Cost Adjustment Clause, NMPRC Case No. 13-00187-UT, filed May 28, 2013.
- In the Matter of Application of PNM for Approval to Abandon San Juan Generating Station Units 2 and 3, Issuance of CCNs for Replacement Power Resources, Issuance of Accounting Order and Determination of Ratemaking Principles and Treatment, NMPRC Case No. 13-00390-UT, filed December 20, 2013.
- In the Matter of the Application of PNM for Approval of Renewable Energy Rider No. 36 Pursuant to Advice Notice No. 439 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2014.
- In the Matter of Public Service Company of New Mexico's Application for a Certificate of Public Convenience and Necessity and Related Approvals for the La Luz Energy Center, NMPRC Case No. 13-00175-UT, filed March 21, 2014.
- In the Matter of Public Service Company of New Mexico's Renewable Energy Portfolio Procurement Plan for 2015 and Proposed 2015 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 14-00158-UT, filed June 2, 2014.
- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates pursuant to Advice Notice No. 507, NMPRC Case No. 14-00332-UT, filed December 11, 2014.
- In the Matter of the Application of PNM for Approval of Renewable Energy Rider No. 36 Pursuant to Advice Notice No. 439 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 27, 2015.
- In the Matter of Public Service Company of New Mexico's Renewable Energy Portfolio Procurement Plan for 2016 and Proposed 2016 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 15-00166-UT, filed June 1, 2015.
- In the Matter of Public Service Company of New Mexico's Application for a Certificate of Public Convenience and Necessity and Related Approvals for the San Juan Gas Plant, NMPRC Case No. 15-00205-UT, filed June 30, 2015.

- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 513, NMPRC Case No. 15-00261-UT, filed August 27, 2015.
- In the Matter of the Application of Public Service Company of New Mexico for Prior Approval of the Advanced Metering Infrastructure Project, Determination of Ratemaking Principles and Treatment, and Issuance of Related Accounting Orders, Case No. 15-00312-UT, filed February 26, 2016.
- In the Matter of Public Service Company of New Mexico's Application for a Certificate of Public Convenience and Necessity and Related Approvals for an 80MW Gas-Fired Generating Plant Located at the San Juan Generating Station, NMPRC Case No. 16-00105-UT, filed April 26, 2016.
- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 533, NMPRC Case No. 16-00276-UT, filed December 7, 2016.
- In the Matter of Public Service Company of New Mexico's Application for Approval of its Renewable Energy Act Plan for 2018 and Proposed 2018 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 17-00129-UT, filed June 1, 2017.
- In the Matter of the Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, PUCT Docket No. 47422, filed July 19, 2017.
- In the Matter of Public Service Company of New Mexico's Application for Approval Pursuant to 17.9.551 NMAC of Three Purchase Power Agreements in Accordance with Special Service Contract with Facebook Inc, NMPRC Case No. 18-00009-UT, filed January 17, 2018.
- In the Matter of Public Service Company of New Mexico's Application for a Continued use of its Fuel and Purchase Power Cost Adjustment Clause, Case No. 18-00096-UT, filed April 23, 2018.
- In the Matter of the Application of Texas-New Mexico Power Company to Change Rates, PUCT Docket No. 48401, filed May 30, 2018
- In the Matter of Public Service Company of New Mexico's Petition for Approval to Acquire the Western Spirit 345 kV Transmission Project, Case No. 19-00129-UT, filed May 10, 2019.
- Affidavit in Support of Public Service Company of New Mexico's Section 205 filing for the Western Spirit Project. FERC Docket No. ER19-1824. Filed May 10, 2019.

- In the Matter of PNM's Abandonment of San Juan Generating Station Units 1 and 4, NMPRC Docket No. 19-00018-UT, filed January 10, 2019.
- In the Matter of Public Service Company of New Mexico Consolidated Application for Approvals for the Abandonment, Financing and Resource Replacement for San Juan Generating Station Pursuant to the Energy Transition Act, NMPRC Docket No. 19-00195-UT filed July 1, 2019
- Joint Report and Application of Texas-New Mexico Power Company, NM Green holdings, Inc. and Avangrid, Inc. for Regulatory Approvals Under PURA 14.101, 39.262, and 39.915. PUCT Docket No. 51547, filed November 23, 2020.
- The Commission's Show Cause Order In the Matter of PNM's Abandonment of San Juan Generating Station Units 1 and 4, NMPRC Docket No. 19-00018-UT, filed April 30, 2022.
- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595, NMPRC Docket No. 22-00270-UT, filed December 5, 2022.
- In The Matter Of Public Service Company Of New Mexico's Application For Approval Of Purchased Power Agreements, Energy Storage Agreements, and Certificates of Public Convenience and Necessity for System Resources in 2026, NMPRC Docket No. 23-00353-UT, filed October 25, 2023.
- In The Matter Of The Application Of Public Service Company of New Mexico For Revision Of Its Retail Electric Rates Pursuant To Advice Notice No. 625, NMPRC Docket No. 24-00089-UT, filed June 14, 2024.
- In the Matter of Public Service Company of New Mexico's Application for Approval of Purchased Power Agreements, Energy Storage Agreements, and Certificate of Public Convenience and Necessity for System Resources in 2028, NMPRC Docket No. 24-00271-UT, filed on November 22, 2024.

GCG#533196

Merger Criteria Mapped to Regulatory Commitments and Testimony

JA Revised Exhibit HEM-2

Is contained in the following 2 pages.

Table of Merger Criteria Mapped to Regulatory Commitments and Testimony

		Section 62-6-13					Class II Transaction Rule 17.6.450 Review		
Revised Regulatory Commitment		1. Whether the transaction provides benefits to customers	2. Whether the Commission's jurisdiction will be preserved	3. Whether the quality of service be diminished	4. Whether the transaction will result in improper subsidizations	5. Whether the new owner's qualifications and financial health can be verified	6. Whether the protections against harm to customers are adequate	Reasonableness of Investment Level	No adverse and material effect on utility service and rates
1	Rate Credit	X					X		
2	Innovative or Emerging Technology Investment	X					X		
3	Good Neighbor Fund	X					X		
4	Economic Development	X					X		
5	Charitable Giving	X					X		
6	Board Composition	X		X			X	X	X
7	Board Compliance Filing		X				X	X	X
8	Best Interest of Utility	X		X			X	X	X
9	Board Authority and Shareholder Consent Rights			X	X		X	X	X
10	Disinterested Directors Authority				X		X	X	X
11	Directors Compensation				X		X	X	X
12	Dividend Policy on Credit Rating			X	X		X	X	X
13	Dividend Policy on Net Income			X	X		X	X	X
14	Minimum Capital Spending Commitment	X		X			X	X	X
15	Commission Jurisdiction		X	X	X		X	X	X
16	Amendments to Regulatory Commitments		X	X			X	X	X
17	Compliance Reporting	X	X		X	X		X	X
18	Financial Reporting		X			X		X	X
19	Non-Consolidation Opinion				X		X	X	X
20	Sole Authorized Purpose		X	X			X	X	X
21	Separate Name and Logo						X	X	X
22	No Pledging of or Reliance on Assets				X		X	X	X
23	No Additional Intercompany Lending				X		X	X	X
24	No Shared Credit Facilities				X		X	X	X
25	No Commingling of Funds				X		X	X	X
26	No Cross-Defaults				X		X	X	X
27	Bankruptcy Costs				X		X	X	X
28	Separate Books and Records				X		X	X	X
29	Standalone Credit Ratings				X		X	X	X
30	No Acquisition-Related Debt				X		X	X	X
31	Debt-to-Equity Commitment	X					X	X	X
32	No Recovery of Transaction or Transition Costs	X			X		X	X	X
33	No Goodwill Recovery	X			X		X	X	X
34	Headquarters						X	X	X
35	PNM Management Control		X	X			X	X	X
36	Continued Ownership			X		X	X	X	X
37	Workforce Protections	X		X			X	X	X
38	Labor Contract Commitment	X		X			X	X	X
39	High-Quality Jobs for Local Workers	X		X			X	X	X
40	Contractor Practices	X		X			X	X	X
41	Workforce Development	X		X			X	X	X
42	Class I and Class II Affiliate Transactions and Annual Reporting		X		X	X	X	X	X
43	Economic Terms and Conditions	X	X		X		X	X	X
44	Identification of Blackstone Affiliates		X		X		X	X	X
45	Utility and Affiliate-Owned Procurement		X		X		X	X	X
46	Simultaneous Provision of Non-Public Information in RFPs		X		X		X	X	X

Table of Merger Criteria Mapped to Regulatory Commitments and Testimony

Revised Regulatory Commitment	Section 62-6-13						Class II Transaction Rule 17.6.450 Review	
	1. Whether the transaction provides benefits to customers	2. Whether the Commission's jurisdiction will be preserved	3. Whether the quality of service be diminished	4. Whether the transaction will result in improper subsidizations	5. Whether the new owner's qualifications and financial health can be verified	6. Whether the protections against harm to customers are adequate	Reasonableness of Investment Level	No adverse and material effect on utility service and rates
Inherent Benefits of Acquisition								
Summary of Acquisition and Blackstone Infrastructure - Witness Klimczak Testimony - Section II	X				X		X	
Rule 17.6.450 Factors - Witness Klimczak Testimony - Section III		X		X		X	X	X
Summary of the Acquisition - Witness Boyd Testimony - Section III					X			
Benefits and Revised Regulatory Commitments - Witness Boyd Testimony - Section IV	X	X		X		X		
Blackstone Investment Philosophy - Witness Sherman Testimony - Section III	X		X		X		X	X
Blackstone Operational Capabilities - Witness Sherman Testimony - Section IV	X	X		X				
Purpose and Overview of Revised Application - Witness Tarry Testimony - Section I	X	X		X			X	
Advantages of Partnering with Blackstone Infrastructure - Witness Tarry Testimony - Section III	X		X		X		X	
Customer Benefits and Protections for Customers - Witness Tarry Testimony - Section IV	X			X		X	X	X
Affirming Commission Jurisdiction and Adherence to Affiliate Rules - Witness Tarry Testimony - Sections V & VI		X		X		X	X	X
Overview/Implementation of Regulatory Commitments - Witness Monroy Testimony - Section IV	X	X	X	X		X		X
Acquisition Approval Standards - Witness Monroy Testimony - Section V		X	X	X	X	X		
General Diversification Plan Approval Standards - Witness Monroy Testimony - Section VI							X	X
Compliance Reports - Witness Monroy Testimony - Section VIII		X						
Overview of Acquisition - Witness Lapson Testimony - Section III					X			
Current and Future Access to Capital - Witness Lapson Testimony - Section V	X				X			
Seperateness and Regulatory Commitments - Witness Lapson Testimony - Section VI		X		X		X		
Blackstone Private Ownership and Access to Capital - Witness Talley Testimony	X		X		X		X	

Note: Revised Regulatory Commitments are presented here in summary form. Some of these commitments include limited exceptions (e.g., except as approved by the NMPRC, except as required for tax purposes, etc.). This summary is not meant to contradict the full Revised Regulatory Commitments in any way; the full Revised Regulatory Commitments, provided as Revised Application Exhibit B-1, speak for themselves, and control.

Proposed Acquisition Benefit Credit Rider

JA Revised Exhibit HEM-3

Is contained in the following 2 pages.

PUBLIC SERVICE COMPANY OF NEW MEXICO

ORIGINAL RIDER NO. 61 _____

ACQUISITION BENEFIT CREDIT

Page 1 of 2

APPLICABILITY: The Acquisition Benefit Credit rider will apply to all retail customers taking service under the following rate schedules within PNM's service territory: 1A, 1B, 2A, 2B, 3B, 3C, 3D, 3E, 3F, 4B, 5B, 10A, 10B, 11B, 15B, 30B, 33B, 35B, 36B-SSR, 6 and 20.

DESCRIPTION: This rider will provide each customer with a monthly Acquisition Benefit Credit Factor (\$/bill/light) that represents a rate benefit from the transaction between PNM and Blackstone Infrastructure (Case No. 25-00060-UT approving the proposed transactions and merger credit). The total amount of the credit shall be: (i) equal to \$105 million, (ii) credited to bills over a period of 48 months.

MERGER CREDIT FACTOR:

Rate Schedule	\$ Credit/Month	Unit
1A – Residential Service, and 1B – Residential Service TOU	\$(3.51)	Per bill
2A – Small Power Service, and 2B – Small Power Service TOU	\$(2.07)	Per bill
3B – General Power Service TOU	\$(44.92)	Per bill
3C – General Power Service (LLF) TOU	\$(24.62)	Per bill
3D – Pilot Municipalities and Counties General Power TOU	\$(49.11)	Per bill
3E – Pilot Municipalities and Counties General Power (LLF) TOU	\$(21.22)	Per bill
3F – Non-Residential Charging Station Pilot	\$(34.95)	Per bill
4B – Large Power Service TOU	\$(391.38)	Per bill
5B – Large Service >=8MW	\$(1,091.36)	Per bill
10A – Irrigation Service, and 10B – Irrigation Service TOU	\$(7.59)	Per bill
11B – Water & Sewage Pumping TOU	\$(75.41)	Per bill
15B – Public Universities >= 8MW	\$(2,526.59)	Per bill
30B – Manufacturing >= 30MW	\$(37,752.19)	Per bill

Advice Notice No.

Kyle T. Sanders
Vice President, PNM Regulatory

GCG#527321

PUBLIC SERVICE COMPANY OF NEW MEXICO

ORIGINAL RIDER NO. 61_____

ACQUISITION BENEFIT CREDIT

Page 2 of 2

33B – Large Service for Station Power TOU	\$(89.96)	Per bill
35B – Large Power Service >=3MW	\$(2,224.37)	Per bill
36B – SSR – Renewable Energy Resources	\$(17,323.90)	Per bill
6 – Private Lighting	\$(0.15)	Per light
20 – Streetlighting	\$(0.12)	Per light

ACQUISITION BENEFIT CREDIT FACTOR CALCULATION: The acquisition benefit credit balance of \$105 million is to be allocated as follows: 80% (or \$84 million) to the Residential Class (Rate Schedules 1A and 1B) and 20% (or \$21 million) among all other retail customer classes based on the non-fuel revenue requirement at full cost-of-service, as approved in PNM's 2024 Rate Case filing for Phase II (24-00089-UT). Monthly credits are calculated based upon the projected annual billing determinants from PNM's 2024 Rate Case filing (24-00089-UT). The Acquisition Benefit Credit Factor will remain constant for the duration of the rider until the end of the 48th month of the credit.

RULES AND REGULATIONS: All specifics of service and monthly charges for electric service under the customer's regular rate schedule apply. Where they are not inconsistent with this rider, the Company's Rules and Regulations are a part of this rider as if fully written herein

Advice Notice No.

Kyle T. Sanders
Vice President, PNM Regulatory

GCG#527321

Updated Comprehensive Road Map of Citations in the Revised
Application that Relate to Commission's Relevant Topics Order

JA Revised Exhibit HEM-4

Is contained in the following 5 pages.

JA Revised Exhibit HEM-4

	Revised Application	Revised Testimony	GDP, Revised Application Exhibit F	Revised Regulatory Commitments, Revised Application Exhibit B-1
A.1. Whether any aspect of the proposed transaction is unlawful, and if so, the nature and scope of such unlawfulness.	pp. 13-15, 17-18	Klimczak, Section III Sherman, Section IV Monroy, Sections II, IV Tarry, Sections I, VI	p. 19	N/A
B.1. Whether and how the transaction may impair PNM's ability to provide adequate, safe, and reliable service.	pp. 4-5, 12-13, 14-17; Exh D (Proxy), pp. 42-52	Klimczak, Section II Boyd, Sections IV.B.2, IV.B.3 Sherman, Section IV Monroy, Section II, IV Talley, Section III	pp. 8-13, 17-19	Nos. 10, 14, 20, 30, 35
B.2. Whether the transaction may result in rate increases, increased costs, or other financial harm without corresponding benefits to customers.	pp. 4-5, 15-17; Exh D (Proxy), pp. 42-52	Klimczak, Sections II, III Boyd, Sections III, IV.A, IV.B.4 Sherman, Section IV Monroy, Sections IV, V Tarry, Section II Talley, Section III Lapson, Sections V, VII, JA Revised Exh EL-5	pp. 13-14	Nos. 1, 2, 3, 4, 32, 33
B.3. Whether the transaction may negatively affect PNM's financial performance or impose additional risks on ratepayers.	pp. 4-5, 15-17; Exh D (Proxy), pp. 50-52	Klimczak, Sections II, III Boyd, Sections III, IV.B.4 Sherman, Sections III, IV Monroy, Sections IV, V Talley, Section III Lapson, Sections II, III, V, JA Revised Exh EL-5	pp. 13-14	Nos. 12, 13, 14, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31
C.1. The proposed structure of PNM's board of directors following the transaction.	pp. 12-13	Klimczak, Section II Boyd, Sections IV.B.2, IV.B.3 Monroy, Section IV Sherman, Section IV Tarry, Section IV Talley, Section II	p. 11	No. 6
C.2. How board members will be selected, appointed, compensated, and evaluated.	N/A	Klimczak, Section II Boyd, Section IV.B.3 Monroy, Section IV	p. 5	Nos. 8, 9, 11

	Revised Application	Revised Testimony	GDP, Revised Application Exhibit F	Revised Regulatory Commitments, Revised Application Exhibit B-1
		Tarry, Section IV Talley, Section II		
C.3. The independence of board members, including any affiliations with or compensation from upstream owners or affiliates.	p. 12	Klimczak, Section II Boyd, Section IV.B.3 Monroy, Section IV Tarry, Section IV Lapson, JA Revised Exh EL-5	p. 5	Nos. 6, 8, 9, 11,
C.4. The incentives, duties, and governance mechanisms designed to ensure protection of New Mexico customers.	pp. 12-15	Klimczak, Section II, III Boyd, Sections IV.A, IV.B.2, IV.B.3, IV.B.4 Monroy, Section IV Tarry, Section IV Talley, Sections II, III Lapson, JA Revised Exh EL-5	pp. 11-14	Nos. 8, 9, 10, 12, 13, 36: generally, 12, 32, 33
D.1. Whether existing management will continue or whether new management will be installed following the transaction, and, if so, whether that management will be located in New Mexico.	p. 12; Exh D (Proxy), p. 50-52, 99	Klimczak, Sections II, III Boyd, Section IV.B.2 Sherman, Sections IV Monroy, Section IV, V Tarry, Sections I, IV Talley, Section II Lapson, JA Revised Exh EL-5	pp. 8-9, 10	Nos. 34, 35
D.2. The extent to which management located in New Mexico (if any) will retain authority over day-to-day operations, planning, and investment decisions.	p. 12	Klimczak, Section II Boyd, Sections IV.B.2, IV.B.3 Sherman, Section IV Monroy, Sections IV, V Tarry, Section IV Lapson, JA Revised Exh EL-5	pp. 8, 9, 10-11	Nos. 34, 35, 37, 38, 39, 40, 41
D.3. How decisions affecting service quality, system investments, and rates will be made in practice.	N/A	Klimczak, Section II Boyd, Sections IV.B.2, IV.B.3 Sherman, Section IV Monroy, Sections III, IV Lapson, JA Revised Exh EL-5	pp. 811	Nos. 9, 35

	Revised Application	Revised Testimony	GDP, Revised Application Exhibit F	Revised Regulatory Commitments, Revised Application Exhibit B-1
E.1. PNM's stated need for a partner to finance system investments and whether alternative structures could meet those needs.	Exh D (Proxy), pp. 42-52	Klimczak, Section II Tarry, Sections I, II, III Talley, Section III	pp. 9-10, 12, 17-18	No. 14
E.2. How capital will be allocated among affiliated entities and how competition for capital within the corporate structure will be managed.	pp. 6-9	Klimczak, Section II Boyd, Section IV.B.4, IV.B.6 Monroy, Sections IV, V Talley, Section III	pp. 10-11, 16-18, 21-22	Nos. 14, 23, 25, 42
E.3. The relationship between the purchase price paid for PNM and expectations for revenue, recovery, and return.	N/A	Klimczak, Section II Boyd, Sections IV.B.4, IV.B.5 Sherman, Section IV Monroy, Section IV Talley, Section II	pp. 12, 14-15	Nos. 32, 33
E.4. Whether and how any difference between purchase price and utility value could affect customers.	N/A	Boyd, Section IV.B.5 Monroy, Section IV Lapson, JA Revised Exh EL-5	pp. 13-15	Nos. 32, 33
F.1. The nature, magnitude, and enforceability of claimed customer benefits.	p. 15-17	Klimczak, Section II Boyd, Sections III, IV.A, IV.B.5 Monroy, Section IV Sherman, Section IV	pp. 11-12, 21	Nos. 1, 2, 3, 4, 5, 15, 16, 17, 18
F.2. Whether claimed benefits are incremental and merger-specific.	pp. 15-17	Klimczak, Section IV Boyd, Sections III, IV.A Monroy, Section IV Talley, Section III	pp. 9-11, 19, 23	Nos. 1, 2, 3, 4, 37, 39
F.3. How the claimed benefits will be measured and verified.	pp. 13-15	Klimczak, Section II Boyd, Sections IV, IV.A Monroy, Sections IV, V, VIII	pp. 11-12, 21-22	Nos. 1, 2, 3, 4, 17, 18, 37
F.4. How investments—such as advanced metering infrastructure, grid modernization, or system upgrades—will be implemented to produce customer benefits under the proposed ownership structure.	pp. 16-17	Tarry, Section IV Monroy, Section IV	pp. 9-12	Nos. 2, 35

	Revised Application	Revised Testimony	GDP, Revised Application Exhibit F	Revised Regulatory Commitments, Revised Application Exhibit B-1
F.5. How those investments and benefits compare to outcomes under continued ownership absent the transaction.	pp. 15-17; Exh D (Proxy), pp. 42-52	Klimczak, Section II Sherman, Sections III, IV Monroy, Section VIII Tarry, Section II Talley, Section III	pp. 12-13, 19	Nos. 1, 2, 3, 4, 37, 39, 41
G.1. Existing and potential affiliate transactions, including transactions with Blackstone-affiliated entities.	N/A	Klimczak, Section III Boyd, Sections IV.B.4, IV.B.6 Monroy, Sections IV, V, VI, VII Lapson, Sections II, III, VI, JA Revised Exh EL-5	See generally Revised Application Exh F and Exh Revised GDP-3	Nos. 22, 23, 24, 25, 26, 27, 42, 43, 44, 45, 46
G.2. How affiliate transactions may affect service quality, operational efficiency, or costs borne by customers.	N/A	Boyd, Sections IV.B.4, IV.B.5 Monroy, Section V, VI Lapson, JA Revised Exh EL-5	pp. 12-14, 19	Nos. 22, 23, 24, 25, 26, 27, 43, 45
G.3. Policies, controls, and reporting requirements governing affiliate transactions.	p. 18	Klimczak, Section III Boyd, Sections IV.B.3, IV.B.4 Monroy, Section IV, V, VI, VII Tarry, Sections, IV, V, VI Lapson, JA Revised Exh EL-5	pp. 11-13, 19-22	Nos. 22, 25, 28, 42, 43, 44, 45, 46
G.4. Protections designed to prevent improper subsidization or commingling of resources	pp. 13-14	Klimczak, Section III Boyd, Sections IV.B.4, IV.B.6 Monroy, Section IV, V Tarry, Section V Talley, Section II Lapson, Section VI, JA Revised Exh EL-5	pp. 10-11, 17-18, 20-22	Nos. 22, 23, 24, 25, 26, 27, 28, 42, 43, 44, 45, 46
H.1. The Commission's ongoing regulatory authority over PNM following the transaction.	pp. 12-13	Klimczak, Sections II, III Boyd, Sections IV.B.4, IV.B.5, IV.B.6 Sherman, Section IV Monroy, Section II, IV, V, VIII Tarry, Sections I, V, VI Talley, Section III Lapson, JA Revised Exh EL-5	pp. 2, 8, 12-14, 21-22	Nos. 15, 16, 17, 18, 20, 42

	Revised Application	Revised Testimony	GDP, Revised Application Exhibit F	Revised Regulatory Commitments, Revised Application Exhibit B-1
H.2. Ring-fencing, reporting, audit, and transparency commitments extending beyond transaction approval.	pp. 13-14	Klimczak, Section III Boyd, Sections IV.B.4, IV.B.5, IV.B.6 Sherman, Section IV Monroy, Section IV Tarry, Sections IV, V, VI Talley, Section II Lapson, Section VI, JA Revised Exh EL-5	pp. 11-12, 15-22	Nos. 15, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 42, 43, 44, 45, 46
H.3. Ongoing financial reporting consistent with the Rules of the Public Regulation Commission and any specific additional financial information that is relevant to its specific business entity as it relates to the proposed transaction.	Exh D (Proxy), p. 140	Klimczak, Section III Boyd, Sections IV.B.4, IV.B.5, IV.B.6 Sherman, Section IV Monroy, Section VIII Tarry, Sections I, IV, V, VI Talley, Section II Lapson, JA Revised Exh EL-5	pp. 11-14, 19-20	Nos. 15, 16, 17, 18, 28, 42
H.4. The Commission's ability to monitor compliance and enforce commitments over time.	pp. 1-2, 18-19	Klimczak, Section III Boyd, Sections IV.B.4, IV.B.5, IV.B.6 Sherman, Section IV Monroy, Sections IV, V, VIII Tarry, Sections I, V, VI Lapson, JA Revised Exh EL-5	pp. 12, 13, 19-21	Nos. 15, 16, 17, 18, 28, 42
H.5. Whether and how ownership, governance, or board structures could be modified in the future without Commission approval	pp. 1-2, 18-19	Boyd, Sections IV.B.3, IV.B.5 Monroy, Section IV, V Lapson, JA Revised Exh EL-5	pp. 11-14, 21	Nos. 15, 16, 28
H.6. Mechanisms available to ensure adherence to representations, commitments, and conditions established in this proceeding.	pp. 1-2, 18-19	Klimczak, Section III Boyd, Sections IV.B.3, IV.B.5 Monroy, Sections IV, V, VIII Tarry, Sections V, VI Lapson, JA Revised Exh EL-5	pp. 11-14,	Nos. 15, 16, 17, 18, 28, 42

S&P Global Ratings (“S&P”) Tear Sheet

JA Revised Exhibit HEM-5

Is contained in the following 5 pages.



Tear Sheet:

TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

July 10, 2026

This report does not constitute a rating action.

What's new: The New Mexico Public Regulation Commission (NMPRC) has issued a final order in its show-cause proceeding, requiring TXNM Energy Inc. (TXNM) to unwind its \$400 million equity sale to Blackstone Infrastructure (BI) during 2025. The transaction--an all-equity deal signed in 2025--involved the sale of 8 million shares to BI. The commission alleges that this sale violated state statutes by occurring without prior commission approval.

Why it matters: TXNM exited fiscal year 2025 with funds from operation (FFO) to debt of 14.1%, just above our downside trigger. Unwinding the \$400 million equity issuance would have affected the ratio by about 100 basis points, breaching the 14% threshold. In addition, we expect the compliance filing and subsequent proceedings will push the transaction's closing into 2027. This delay introduces uncertainty, particularly given the precedent of Avangrid Inc.'s abandonment of its \$8.3 billion bid to acquire TXNM in 2024.

While we view this development will be negative, our ratings are not immediately affected. The merger has already received approvals from the FERC, Federal Communications Commission, and the Public Utility Commission of Texas. Consequently, we still expect the transaction to close, albeit in 2027 and subject to approval from NMPRC. We also view the impact on credit measures as temporary and assume management will take necessary steps to maintain FFO to debt above the 14% threshold. We also anticipate that upon closing, BI will provide equity and/or maintain dividend flexibility to maintain credit measures above our downside threshold.

Our base-case scenario continues to incorporate cash flow growth from PNM's 2025 rate case order and continued cost recovery through riders for fuel costs, energy efficiency programs, and grid modernization plans. We expect subsidiary Texas-New Mexico Power (TNMP) to maintain cost recovery through mechanisms such as transmission and distribution cost recovery, as well as capital recovery under the system resiliency plan.

Our forecasts include one-time transaction costs associated with the merger with BI to incur in 2027, alongside elevated capital spending averaging approximately \$2 billion annually through 2028. This primarily reflects rising capital needs in Texas and investments in transmission and distribution infrastructure to support the energy transition. Accordingly, we expect FFO to debt to recover to above 14% in 2027 and 2028, albeit with a minimal cushion.

Primary Contact

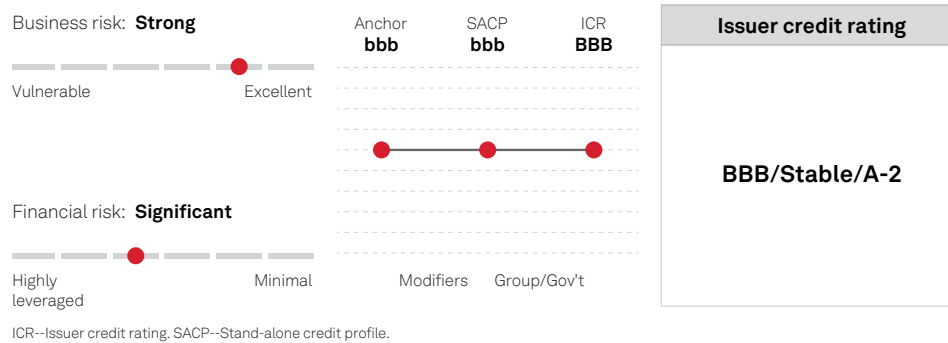
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TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

Ratings Score Snapshot



Recent Research

- [**TXNM Energy Inc. Assigned 'A-2' Short-Term Rating; \\$300 Million Commercial Paper Program Rated 'A-2', May 1, 2026**](#)
- [**TXNM Energy Inc. 'BBB' Rating Affirmed On Acquisition By Blackstone Infrastructure, Outlook Stable, May 19, 2025**](#)

Company Description

TXNM is a publicly traded utility holding company that wholly owns subsidiaries 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 transmission and distribution utility operating, providing electric service to customers on behalf of competitive retail providers within the Electric Reliability Council of Texas power system.

On a consolidated basis, TXNM provides electricity to about 800,000 customers in New Mexico and Texas. The company owns, contracts, and leases generation capacity of about 4,268 megawatts.

Outlook

The stable outlook on TXNM reflects our expectation of FFO to debt of about 14%, with minimal downside cushion. This assumes BI acquires TXNM in 2027 and maintains a prudent financial policy while TXNM continues to manage its regulatory risk in a constructive manner.

Downside scenario

We could lower our ratings on TXNM within the next 24 months if TXNM's financial measures were consistently below our downgrade threshold of FFO to debt of 14%. This could occur if the transaction does not close, and the company is unable to fund its cash flow deficits in a credit-supportive manner or receives unfavorable rate outcomes. We could also lower our ratings if BI pursues aggressive financial policies or if the company were the cause of a catastrophic wildfire.

Upside scenario

TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

Although unlikely, we could raise our ratings on TXNM over the next 24 months if it materially improves consolidated financial measures, including FFO to debt of consistently above 21%.

Key Metrics

TXNM Energy Inc--Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
	2022a	2023a	2024a	2025a	2026e	2027f	2028f
Adjusted ratios							
Debt/EBITDA (x)	5.6	7.4	5.7	5.2	5.0-5.5	5.0-5.5	5.0-5.5
FFO/debt (%)	14.7	9.4	12.9	14.1	13.0-14.0	13.5-14.5	13.5-14.5
FFO cash interest coverage (x)	5.8	3.3	3.8	3.7	3.5-4.0	3.5-4.0	3.5-4.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

Financial Summary

TXNM Energy Inc--Financial Summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	\$	\$	\$	\$	\$	\$
Revenues	1,523	1,780	2,250	1,937	1,945	2,139
EBITDA	646	673	780	615	892	948
Funds from operations (FFO)	534	566	647	429	659	690
Interest expense	131	115	149	220	245	280
Cash interest paid	112	107	134	185	234	256
Operating cash flow (OCF)	508	559	578	534	477	566
Capital expenditure	679	930	905	1,061	1,226	1,174
Free operating cash flow (FOCF)	(171)	(371)	(328)	(526)	(749)	(608)
Discretionary cash flow (DCF)	(282)	(494)	(455)	(662)	(907)	(800)
Cash and short-term investments	48	1	4	2	4	18
Gross available cash	48	1	4	2	4	18
Debt	3,434	3,871	4,405	4,583	5,099	4,911
Common equity	2,114	2,229	2,251	2,405	2,864	3,904
Adjusted ratios						
EBITDA margin (%)	42.4	37.8	34.7	31.8	45.9	44.3
Return on capital (%)	6.0	5.9	6.8	4.1	6.5	5.7
EBITDA interest coverage (x)	4.9	5.8	5.2	2.8	3.6	3.4
FFO cash interest coverage (x)	5.8	6.3	5.8	3.3	3.8	3.7
Debt/EBITDA (x)	5.3	5.7	5.6	7.4	5.7	5.2
FFO/debt (%)	15.5	14.6	14.7	9.4	12.9	14.1
OCF/debt (%)	14.8	14.4	13.1	11.7	9.4	11.5
FOCF/debt (%)	(5.0)	(9.6)	(7.4)	(11.5)	(14.7)	(12.4)

TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

TXNM Energy Inc--Financial Summary

DCF/debt (%)	(8.2)	(12.8)	(10.3)	(14.4)	(17.8)	(16.3)
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Rating Component Scores

Foreign currency issuer credit rating	BBB/Stable/A-2
Local currency issuer credit rating	BBB/Stable/A-2
Business risk	Strong
Country risk	Very Low
Industry risk	Very Low
Competitive position	Satisfactory
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

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TNMP Backstop Facility

JA Revised Exhibit HEM-6

Is contained in the following 118 pages.

\$1,505,000,000

TERM LOAN AGREEMENT

among

TEXAS-NEW MEXICO POWER COMPANY,
as Borrower,

THE LENDERS IDENTIFIED HEREIN,

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

DATED AS OF MAY 18, 2025

WELLS FARGO SECURITIES, LLC,
as Sole Lead Arranger and Bookrunner

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Exhibit 3.13-3	Form of U.S. Tax Compliance Certificate (Foreign Participant Partnerships)
Exhibit 3.13-4	Form of U.S. Tax Compliance Certificate (Foreign Lender Partnerships)
Exhibit 4.1(j)	Form of Account Designation Letter
Exhibit 7.1(c)	Form of Compliance Certificate
Exhibit 11.3(b)	Form of Assignment and Assumption

TERM LOAN AGREEMENT

THIS TERM LOAN AGREEMENT (this “Loan Agreement”) is entered into as of May 18, 2025 among TEXAS-NEW MEXICO POWER COMPANY, a Texas corporation, as Borrower, the Lenders and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent.

RECITALS

WHEREAS, the Borrower has requested the Lenders and the Administrative Agent provide a bridge term loan facility, which the Lenders and the Administrative Agent have agreed to do on the terms and conditions set forth in this Loan Agreement as of the Closing Date; and

WHEREAS, the Lenders party hereto have agreed to make the requested term loan facility available to the Borrower on the terms and conditions hereinafter set forth.

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1

DEFINITIONS AND ACCOUNTING TERMS

1.1 Definitions.

The following terms shall have the meanings specified herein unless the context otherwise requires. Defined terms herein shall include in the singular number the plural and in the plural the singular:

“Account Designation Letter” means the Notice of Account Designation Letter dated as of the Closing Date from the Borrower to the Administrative Agent in substantially the form of Exhibit 4.1(j).

“Adjusted Base Rate” means the Base Rate plus the Applicable Percentage.

“Adjusted Term SOFR” means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

“Administrative Agent” means Wells Fargo Bank, National Association (including its branches and Affiliates as may be required to administer the duties), as administrative agent under this Loan Agreement, or any successor administrative agent appointed pursuant to Section 10.6.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 11.1 or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution, or (b) any UK Financial Institution.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling (including but not limited to all directors and officers of such Person), controlled by or under direct or indirect common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power (a) to vote 10% or more of the securities having ordinary voting power for the election of directors of such other Person or (b) to direct or cause direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

“Anti-Corruption Laws” means all laws, rules and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption, including the United States Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder and the U.K. Bribery Act 2010 and the rules and regulations thereunder.

“Anti-Money Laundering Laws” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules related to terrorism financing, money laundering, any predicate crime to money laundering or any financial record keeping, including any applicable provision of the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act,” 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

“Applicable Percentage” means, for SOFR Loans and Base Rate Loans, the appropriate applicable percentages, in each case (subject to the exception indicated below), corresponding to the Debt Rating of the Borrower in effect as of the most recent Calculation Date as shown below; provided that the Applicable Percentage for SOFR Loans and for Base Rate Loans shall permanently increase by 25 basis points on the 90th day after the Funding Date, and on each subsequent 90th day thereafter, in each case, if any Loans remain outstanding on such date:

Pricing Level	Debt Rating	Applicable Percentage for SOFR Loans	Applicable Percentage for Base Rate Loans
I	≥ A/A2	0.875%	0.00%
II	A-/A3	1.00%	0.00%
III	≤BBB+ or unrated/Baa1 or unrated	1.125%	0.125%

The Applicable Percentage shall be determined and adjusted on the date (each a “Calculation Date”) one Business Day after the date on which the Borrower’s Debt Rating is upgraded or downgraded in a manner which requires a change in the then applicable Pricing Level set forth above. If at any time there is a split in the Borrower’s Debt Ratings between S&P and Moody’s, the Applicable Percentage shall be determined by the higher of the two Debt Ratings (i.e. the lower pricing), provided that if the two Debt Ratings are more than one level apart, the Applicable Percentage shall be based on the Debt Rating which is one level lower than the higher rating. If the Borrower does not have a Debt Rating from either S&P or Moody’s, then, Pricing Level III shall apply. Each Applicable Percentage shall be effective from one Calculation Date until the next Calculation Date. Any adjustment in the Applicable Percentage shall be applicable to all existing SOFR Loans as well as any new SOFR Loans made. The applicable Pricing Level for Applicable Percentage, as of the Closing Date, is Pricing Level II.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arranger” means Wells Fargo Securities, LLC, together with its successors and/or assigns.

“Assignment and Assumption” means an Assignment and Assumption substantially in the form of Exhibit 11.3(b).

“Authorized Officer” means any of the president, vice president, chief executive officer, chief financial officer or treasurer of the Borrower.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Loan Agreement.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bankruptcy Code” means the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

“Base Rate” means, for any day, a fluctuating rate per annum equal to the highest of:

- (a) the Prime Rate in effect on such day;
- (b) the Federal Funds Rate in effect on such day plus 0.50%; and
- (c) Adjusted Term SOFR for a one-month tenor in effect on such day plus 1.00%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or Adjusted Term SOFR, as applicable (provided that clause (c) shall not be applicable during any period in which Adjusted Term SOFR is unavailable or unascertainable). Notwithstanding the foregoing, in no event shall the Base Rate be less than 1.00%.

“Base Rate Loan” means any Loan bearing interest at a rate determined by reference to the Base Rate.

“Base Rate Term SOFR Determination Day” has the meaning assigned thereto in the definition of “Term SOFR”.

“Benchmark” means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.10(c)(i).

“Benchmark Replacement” means, with respect to any Benchmark Transition Event, for any then current Benchmark, the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for such Benchmark giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Loan Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) have been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, if such Benchmark is a term rate, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, if such Benchmark is a term rate, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Start Date” means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

“Benchmark Unavailability Period” means, with respect to any then current Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date, with respect to such Benchmark, has occurred if, at such time, no Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.10(c)(i) and (y) ending at the time that a Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.10(c)(i).

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Borrower” means Texas-New Mexico Power Company, a Texas corporation, together with its successors and permitted assigns.

“Borrower Obligations” means, without duplication, all of the obligations of the Borrower to the Lenders and the Administrative Agent, whenever arising, under this Loan Agreement, the Notes, or any of the other Loan Documents.

“Borrower Reduction Payment” has the meaning set forth in Section 3.4.

“Borrowing” means a borrowing consisting of simultaneous Loans of the same Type and, in the case of SOFR Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.1.

“Business Day” means any day that (a) is not a Saturday, Sunday or other day on which the Federal Reserve Bank of New York is closed and (b) is not a day on which commercial banks in Charlotte, North Carolina are closed.

“Capital Stock” means (a) in the case of a corporation, all classes of capital stock of such corporation, (b) in the case of a partnership, partnership interests (whether general or limited), (c) in the case of a limited liability company, membership interests and (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person; including, in each case, all warrants, rights or options to purchase any of the foregoing.

“Change in Law” means the occurrence, after the date of this Loan Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, promulgation, implementation or application thereof by any Governmental Authority, (c) the adoption or taking effect of any request, rule, guideline, policy or directive (whether or not having the force of law) by any Governmental Authority or (d) any change in any request, rule, guideline, policy or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in implementation thereof shall be deemed to be a “Change in Law”, regardless of the date enacted, adopted, implemented or issued and (ii) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, implemented or issued.

“Change of Control” means the occurrence of any of the following: (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding

any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all Capital Stock that such person or group has the right to acquire other than pursuant to the Merger Agreement (such right, an “option right”), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of twenty-five percent (25%) of the Capital Stock of the Parent entitled to vote for members of the board of directors or equivalent governing body of the Parent on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); (b) during any period of twenty-four (24) consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Parent cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; (c) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall, other than pursuant to the Merger Agreement, have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Parent, or control over the Voting Stock of the Parent on a fully-diluted basis (and taking into account all such Voting Stock that such Person or group has the right to acquire pursuant to any option right) representing twenty-five percent (25%) or more of the combined voting power of such Voting Stock; or (d) the Parent shall cease to own, directly or indirectly, and free and clear of all Liens or other encumbrances (other than any Lien in favor of the lenders under any Material Credit Agreement securing Indebtedness thereunder), at least 100% of the outstanding Voting Stock of the Borrower on a fully diluted basis.

“Closing Date” means May 18, 2025.

“Code” means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder, as amended, modified, succeeded or replaced from time to time.

“Commitment” means, as to each Lender, its obligation to make or maintain a Loan to the Borrower pursuant to Section 2.1 in an aggregate principal amount not to exceed the amount set forth opposite such Lender’s name on Schedule 1.1(a) or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Loan Agreement. The aggregate amount of Commitments of all Lenders on the Closing Date is ONE BILLION FIVE HUNDRED FIVE MILLION DOLLARS (\$1,505,000,000).

“Commitment Termination Date” means July 17, 2025 (or such earlier date as the Commitments have been terminated as provided herein).

“Compensation Period” has the meaning set forth in Section 3.2(c)(ii).

“Compliance Certificate” means a fully completed and duly executed officer’s certificate in the form of Exhibit 7.1(c), together with a Covenant Compliance Worksheet.

“Conforming Changes” means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of

“Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 3.14 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Loan Agreement and the other Loan Documents).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Capitalization” means, with respect to any Person, the sum of (a) all of the shareholders’ equity or net worth of such Person and its Subsidiaries, as determined in accordance with GAAP plus (b) Consolidated Indebtedness of such Person and its Subsidiaries plus (c) the outstanding principal amount of Preferred Stock plus (d) 75% of the outstanding principal amount of Specified Securities of such Person and its Subsidiaries.

“Consolidated Indebtedness” means, as of any date of determination, with respect to any Person and its Subsidiaries on a consolidated basis, an amount equal to (a) all Indebtedness of such Person and its Subsidiaries as of such date (other than reimbursement obligations of such Person and its Subsidiaries with respect to surety bonds in an aggregate amount not to exceed \$500,000) minus (b) the outstanding principal amount of a TNMP Securitization up to a maximum amount of \$750,000,000 at any one time minus (c) an amount equal to the lesser of (i) 75% of the outstanding principal amount of Specified Securities of such Person and its Subsidiaries and (ii) 10% of Consolidated Capitalization (calculated assuming clause (i) above is applicable).

“Contingent Obligation” means, with respect to any Person, any direct or indirect liability of such Person with respect to any Indebtedness, liability or other obligation (the “primary obligation”) of another Person (the “primary obligor”), whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor in respect thereof to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss or failure or inability to perform in respect thereof; provided, however, that, with respect to the Borrower and its Subsidiaries, the term Contingent Obligation shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation of any Person shall be deemed to be an amount equal to the maximum amount of such Person’s liability with respect to the stated or determinable amount of the primary obligation for which such Contingent Obligation is incurred or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder).

“Covenant Compliance Worksheet” means a fully completed worksheet in the form of Schedule I to Exhibit 7.1(c).

“Covered Entity” has the meaning set forth in Section 11.23.

“Credit Parties” shall mean each of the Lenders, the Administrative Agent and the Arranger.

“Debt Rating” means (a) prior to the FMB Delivery Date, the rating one level below the long term secured senior non-credit enhanced debt rating of the Borrower by S&P and Moody’s, (b) during any period other than (i) prior to the FMB Delivery Date or (ii) during an FMB Release Period, the long term secured senior non-credit enhanced debt rating of the Borrower by S&P and Moody’s, and (c) during any FMB Release Period, the rating one level below the long term secured senior non-credit enhanced debt rating of the Borrower by S&P and Moody’s.

“Debtor Relief Laws” means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

“Default Rate” means an interest rate equal to two percent (2%) plus the rate that otherwise would be applicable (or if no rate is applicable, the Base Rate plus two percent (2%) per annum).

“Defaulting Lender” means any Lender that (a) has failed to fund any portion of the Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s good faith determination that one or more of the conditions precedent to funding (each of which conditions precedent, together with any applicable Default, shall be specifically identified in such writing) has not been satisfied, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with any of its funding obligations hereunder or has made a public statement to that effect with respect to its funding obligations hereunder (unless such writing or public statement states that such position is based on such Lender’s good faith determination that a condition precedent to funding (which condition precedent, together with any applicable Default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has notified the Borrower, the Administrative Agent or any other Lender in writing that it does not intend to comply with any of its funding obligations hereunder or has made a public statement to the effect that it does not intend to comply or has failed to comply with its funding obligations hereunder, or (d) has become or is insolvent or has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment, or has become the subject of a Bail-In Action.

“Dollars” and “\$” means dollars in lawful currency of the United States of America.

“Duration Fees” has the meaning set forth in Section 2.2(b).

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c)

any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any credit institution or investment firm established in any EEA Member Country.

“Electronic Record” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Electronic Signature” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Eligible Assignee” means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund and (d) any other Person (other than a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person)) approved by the Administrative Agent and the Borrower (such approval not to be unreasonably withheld or delayed); provided that (i) the Borrower’s consent is not required during the existence and continuation of a Default or an Event of Default, (ii) approval by the Borrower shall be deemed given if no objection is received by the assigning Lender and the Administrative Agent from the Borrower within five Business Days after written notice of such proposed assignment has been delivered to the Borrower and (iii) no Ineligible Institution shall be an Eligible Assignee.

“Environmental Claims” means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, accusations, allegations, notices of noncompliance or violation, investigations (other than internal reports prepared by any Person in the ordinary course of its business and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Laws or relating to any permit issued, or any approval given, under any such Environmental Laws (collectively, “Claims”), including, without limitation, (a) any and all Claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Laws and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Substances or arising from alleged injury or threat of injury to human health or the environment.

“Environmental Laws” means any and all federal, state and local laws, statutes, ordinances, rules, regulations, permits, licenses, approvals, rules of common law and orders of courts or Governmental Authorities, relating to the protection of human health or occupational safety or the environment, now or hereafter in effect and in each case as amended from time to time, including, without limitation, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Substances.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute, and all rules and regulations from time to time promulgated thereunder.

“ERISA Affiliate” means any Person (including any trade or business, whether or not incorporated) that would be deemed to be under “common control” with, or a member of the same “controlled group” as, the Borrower or any of its Subsidiaries, within the meaning of Sections 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA.

“ERISA Event” means the occurrence of any of the following: (a) a Reportable Event with respect to a Plan or a Multiemployer Plan, (b) a complete or partial withdrawal by the Borrower, any of its Subsidiaries or any ERISA Affiliate from a Multiemployer Plan, or the receipt by the Borrower, any of its Subsidiaries or any ERISA Affiliate of notice from a Multiemployer Plan that it is in insolvency pursuant to Section 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA, (c) the distribution by the Borrower, any of its Subsidiaries or any ERISA Affiliate under Section 4041 or 4041A of ERISA of a notice of intent to terminate any Single Employer Plan or the taking of any action to terminate any Single Employer Plan, (d) the commencement of proceedings by the PBGC under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Single Employer Plan, or the receipt by the Borrower, any of its Subsidiaries or any ERISA Affiliate of a notice from any Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan, (e) the institution of a proceeding by any fiduciary of any Multiemployer Plan against the Borrower, any of its Subsidiaries or any ERISA Affiliate to enforce Section 515 of ERISA, which is not dismissed within thirty (30) days, (f) the imposition upon the Borrower, any of its Subsidiaries or any ERISA Affiliate of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, or the imposition or threatened imposition of any Lien upon any assets of the Borrower, any of its Subsidiaries or any ERISA Affiliate as a result of any alleged failure to comply with the Code or ERISA in respect of any Plan, (g) the engaging in or otherwise becoming liable for a nonexempt Prohibited Transaction by the Borrower, any of its Subsidiaries or any ERISA Affiliate, (h) a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary of any Single Employer Plan for which the Borrower, any of its Subsidiaries or any ERISA Affiliate may be directly or indirectly liable, (i) the adoption of an amendment to any Single Employer Plan that, pursuant to Section 401(a)(29) of the Code, would result in the loss of tax-exempt status of the trust of which such Plan is a part if the Borrower, any of its Subsidiaries or any ERISA Affiliate fails to timely provide security to such Plan in accordance with the provisions of such sections, (j) the withdrawal of the Borrower, any of its Subsidiaries or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a substantial employer (as such term is defined in Section 4001(a)(2) of ERISA), or the termination of a Multiple Employer Plan or (k) the determination that any Single Employer Plan or Multiemployer Plan is considered an at-risk plan or plan in endangered or critical status within the meaning of Sections 430, 431 or 432 of the Code or Sections 303, 304 or 305 of ERISA.

“Erroneous Payment” has the meaning assigned thereto in Section 10.12(a).

“Erroneous Payment Deficiency Assignment” has the meaning assigned thereto in Section 10.12(d).

“Erroneous Payment Impacted Class” has the meaning assigned thereto in Section 10.12(d).

“Erroneous Payment Return Deficiency” has the meaning assigned thereto in Section 10.12(d).

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor thereto), as in effect from time to time.

“Event of Default” has the meaning set forth in Section 9.1.

“Exchange Act” means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, as amended, modified, succeeded or replaced from time to time.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, United States federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 11.20) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.13, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.13(g) and (d) any United States federal withholding Taxes imposed under FATCA.

“Existing Credit Agreement” means that certain Credit Agreement, dated as of April 1, 2024, among the Borrower, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, as amended, modified, supplemented or restated from time to time.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Loan Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any applicable intergovernmental agreements entered into by the United States that implement the foregoing.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if such rate is not so published for any day which is a Business Day, the Federal Funds Rate for such day shall be the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent. Notwithstanding the foregoing, if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Loan Agreement.

“Fee Letter” means the letter agreement dated as of May 18, 2025, by and among the Borrower, the Parent and the Administrative Agent.

“Financial Officer” means the chief financial officer, principal accounting officer or treasurer of the Borrower.

“First Mortgage Bonds” means those certain First Mortgage Bonds (as amended or otherwise modified) to be issued on and delivered by the Borrower pursuant to the FMB Mortgage Documents to the Administrative Agent on the FMB Delivery Date, in form and substance consistent with the First Mortgage Bonds issued and delivered to the Administrative Agent pursuant to the Existing Credit Agreement and otherwise with such changes to reflect the term loan facility set forth in this Loan Agreement (including without limitation the terms set forth in Section 3.4), and issued pursuant to one or more supplemental indentures to the FMB Mortgage (the “Supplemental Indenture”), on terms and conditions reasonably

acceptable to the Borrower and the Administrative Agent, as such First Mortgage Bonds are replaced from time to time in accordance with the terms of the FMB Mortgage Documents.

“First Mortgage Bond Trustee” means U.S. Bank National Association, as successor trustee under the FMB Mortgage, together with its permitted successors and assigns in such capacity.

“Fiscal Quarter” means each of the calendar quarters ending as of the last day of each March, June, September and December.

“Fiscal Year” means the calendar year ending December 31.

“Floor” means a rate of interest equal to 0.00% per annum.

“FMB Delivery Agreement” means that certain FMB Delivery Agreement, to be issued on and delivered by the Borrower to the Administrative Agent on the FMB Delivery Date, in form and substance consistent with the FMB Delivery Agreement issued and delivered to the Administrative Agent pursuant to the Existing Credit Agreement and otherwise with such changes to reflect the First Mortgage Bonds issued in connection herewith (including without limitation the terms set forth in Section 3.4), whereby the Administrative Agent (a) shall acknowledge delivery of the First Mortgage Bonds and (b) agree to hold the First Mortgage Bonds for the benefit of the Lenders and to distribute all payments made by the Borrower on account thereof to such Lenders, as amended, restated, supplemented or otherwise modified from time to time.

“FMB Delivery Date” means the date the Borrower shall deliver the First Mortgage Bonds to the Administrative Agent in compliance with Section 7.101 and the other terms of this Loan Agreement, which date shall be not later than the ninetieth (90th) day after the Funding Date.

“FMB Mortgage” means that certain First Mortgage Indenture, dated as of March 23, 2009, between the Borrower and the First Mortgage Bond Trustee, as amended, restated or otherwise modified from time to time.

“FMB Mortgage Documents” means the FMB Mortgage, together with any supplemental indentures issued pursuant thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“FMB Release Date” has the meaning set forth in Section 2.1(d)(ii).

“FMB Release Period” means the period commencing on any FMB Release Date to any subsequent date when any first mortgage bonds shall be required to be, or otherwise are, delivered to the Administrative Agent pursuant to Section 2.1(d)(ii) or otherwise.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Foreign Lender” means any Lender that is not a U.S. Person.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“Funding Date” shall mean the date of the initial Borrowing of Loans hereunder.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession) or that are promulgated by any Governmental Authority having appropriate jurisdiction.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Hazardous Substances” means any substances or materials (a) that are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants or toxic substances under any Environmental Laws, (b) that are defined by any Environmental Laws as toxic, explosive, corrosive, ignitable, infectious, radioactive, mutagenic or otherwise hazardous, (c) the presence of which require investigation or response under any Environmental Laws, (d) that constitute a nuisance, trespass or health or safety hazard to Persons or neighboring properties, (e) that consist of underground or aboveground storage tanks, whether empty, filled or partially filled with any substance, or (f) that contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or wastes, crude oil, nuclear fuel, natural gas or synthetic gas.

“Hedging Agreements” means, collectively, interest rate protection agreements, equity index agreements, foreign currency exchange agreements, option agreements or other interest or exchange rate or commodity price hedging agreements (other than forward contracts for the delivery of power or gas written by the Borrower to its jurisdictional and wholesale customers in the ordinary course of business).

“Indebtedness” means, with respect to any Person (without duplication), (a) all indebtedness and obligations of such Person for borrowed money or in respect of loans or advances of any kind, (b) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments, (c) all reimbursement obligations of such Person with respect to surety bonds, letters of credit and bankers’ acceptances (in each case, whether or not drawn or matured and in the stated amount thereof), (d) all obligations of such Person to pay the deferred purchase price of property or services, (e) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, (f) all obligations of such Person as lessee under leases that are or are required to be, in accordance with GAAP, recorded as capital leases, to the extent such obligations are required to be so recorded, (g) the net termination obligations of such Person under any Hedging Agreements, calculated as of any date as if such agreement or arrangement were terminated as of such date in accordance with the applicable rules under GAAP, (h) all Contingent Obligations of such Person, (i) all obligations and liabilities of such Person incurred in connection with any transaction or series of transactions providing for the financing of assets through one or more securitizations or in connection with, or pursuant to, any synthetic lease or similar off-balance sheet financing, (j) the aggregate amount of uncollected accounts receivable of such Person subject at the time of determination to a sale of receivables (or similar transaction) to the extent such transaction is effected with recourse to such Person (whether or not such transaction would be reflected on the balance sheet of such Person in accordance with GAAP), (k) all Specified Securities and (l) all indebtedness referred to in clauses (a) through (k) above secured by any Lien on any property or asset owned or held by such Person regardless of whether the indebtedness secured thereby shall have been assumed by such Person or is nonrecourse to the credit of such Person.

“Indemnified Liabilities” has the meaning set forth in Section 11.5(b).

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Indemnitees” has the meaning set forth in Section 11.5(b).

“Ineligible Institution” means (a) a natural person, (b) a Defaulting Lender or any of its Subsidiaries, (c) the Borrower, any of its Subsidiaries or any of its Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

“Interest Payment Date” means, (a) as to any SOFR Loan, the last day of each Interest Period applicable to such Loan, the date of any prepayment of such Loan pursuant to Section 3.3 and the Maturity Date; provided, however, that if any Interest Period for a SOFR Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates and (b) as to any Base Rate Loan, the third Business Day after the end of each Fiscal Quarter, the date of any prepayment of such Loans pursuant to Section 3.3 and the Maturity Date.

“Interest Period” means, as to any SOFR Loan, the period commencing on the date such SOFR Loan is disbursed or converted to or continued as a SOFR Loan and ending on the date one (1), three (3) or six (6) months thereafter, in each case as selected by the Borrower in its Notice of Borrowing or Notice of Continuation/Conversion, subject to availability; provided that:

(a) the Interest Period shall commence on the date of advance of or conversion to any SOFR Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided that if any Interest Period would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(c) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month at the end of such Interest Period;

(d) no Interest Period shall extend beyond the Maturity Date;

(e) there shall be no more than three (3) Interest Periods in effect at any time; and

(f) no tenor that has been removed from this definition pursuant to Section 3.10(c)(iv) shall be available for specification in any Notice of Borrowing or Notice of Continuation/Conversion.

“IRS” means the United States Internal Revenue Service.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the

enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law, and a “Law” means any of the foregoing.

“Lender” means any of the Persons identified as a “Lender” on the signature pages hereto, and any Eligible Assignee which may become a Lender by way of assignment in accordance with the terms hereof, together with their successors and permitted assigns.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

“Lien” means any mortgage, pledge, hypothecation, assignment, security interest, lien (statutory or otherwise), preference, priority, charge or other encumbrance of any nature, whether voluntary or involuntary, including, without limitation, the interest of any vendor or lessor under any conditional sale agreement, title retention agreement, capital lease or any other lease or arrangement having substantially the same effect as any of the foregoing.

“Loan Agreement” has the meaning set forth in the Preamble hereof.

“Loan Documents” means (a) prior to the FMB Delivery Date, this Loan Agreement, the Fee Letter, the Notes, any Notice of Borrowing, any Notice of Continuation/Conversion, and any other document, agreement or instrument entered into or executed in connection with the foregoing and (b) from and after the FMB Delivery Date, this Loan Agreement, the Fee Letter, the Notes, any Notice of Borrowing, any Notice of Continuation/Conversion, the Supplemental Indenture, the First Mortgage Bonds and the FMB Delivery Agreement and any other document, agreement or instrument entered into or executed in connection with the foregoing (other than the FMB Mortgage).

“Loan” and “Loans” have the meanings set forth in Section 2.1(a).

“Margin Stock” has the meaning ascribed to such term in Regulation U.

“Material Adverse Change” means a material adverse change in the condition (financial or otherwise), operations, business, performance, properties or assets of the Borrower and its Subsidiaries, taken as a whole.

“Material Adverse Effect” means a material adverse effect upon (a) the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries, taken as a whole, (b) the ability of the Borrower or any of its Subsidiaries to perform its obligations under this Loan Agreement or any of the other Loan Documents or (after the FMB Delivery Date and other than during the FMB Release Period) the FMB Mortgage, (c) the legality, validity or enforceability of this Loan Agreement or any of the other Loan Documents or (after the FMB Delivery Date and other than during the FMB Release Period) the FMB Mortgage or the rights and remedies of the Administrative Agent and the Lenders hereunder and thereunder or (d) after the FMB Delivery Date and other than during an FMB Release Period, the Mortgaged Property taken as a whole, the Lien of the FMB Mortgage Documents on such Mortgaged Property in favor of the First Mortgage Bond Trustee for the benefit of the holders of the First Mortgage Bonds, including the Administrative Agent (for its benefit and for the benefit of the Lenders) or the priority of such Lien, provided, however, that a Material Adverse Effect shall not include the effect of (i) a Merger Transaction pursuant to clause (i) of the definition thereof or (ii) the Specified Defaults.

“Material Credit Agreement” means any agreement(s) creating or evidencing indebtedness for borrowed money existing on or entered into on or on or after the Closing Date by the Borrower or any Subsidiary of the Borrower, or in respect of which the Borrower or any Subsidiary of the Borrower is an obligor or otherwise provides a guarantee or other credit support (a “Credit Facility”), in a principal amount outstanding or available for borrowing equal to or greater than \$50,000,000 (or the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of the Credit Facility based on the exchange rate of such other currency); and if no Credit Facility or Credit Facilities equal or exceed such amounts (subject to the aggregate limit in the preceding clause), then the agreement(s) creating or evidencing the largest Credit Facility shall be deemed to be a Material Credit Agreement, as such agreement or Credit Facility may be amended, modified, supplemented, restated, extended or refinanced from time to time.

“Maturity Date” means the earlier of (a) the consummation of the Merger Transactions and (b) the date that is 364-days after the Funding Date (or, if such date is not a Business Day, the immediately preceding Business Day).

“Merger Transactions” means (i) the entering into of that certain Agreement and Plan of Merger, dated as of May 18, 2025 (together with the exhibits and disclosure schedules thereto, but without giving effect to any amendment, waiver or consent that is materially adverse to the interests of the Lenders in their respective capacities as such without the consent of the Administrative Agent, the “Merger Agreement”), among Troy ParentCo LLC (“Troy Parent”), Troy Merger Sub Inc. (“Merger Sub”) and the Parent, pursuant to which Merger Sub will be merged with and into the Parent, the Parent will be the surviving entity in the merger and the Parent will become a subsidiary of Troy Parent, and (ii) the consummation of the transactions set forth in the Merger Agreement.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Mortgaged Property” means the real property, fixtures and personal property identified in the FMB Mortgage Documents and as now or hereafter owned by Borrower, but excluding therefrom all “Excepted Property” (as such term is defined in the FMB Mortgage) and such other properties as have been released or excepted from the Lien of the FMB Mortgage Documents.

“Multiemployer Plan” means any “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA to which the Borrower, any of its Subsidiaries or any ERISA Affiliate makes, is making or is obligated to make contributions or has made or been obligated to make contributions within the preceding seven (7) years or with respect to which the Borrower or any of its Subsidiaries has any outstanding liability (including on account of an ERISA Affiliate).

“Multiple Employer Plan” means a Single Employer Plan to which the Borrower, any of its Subsidiaries or any ERISA Affiliate and at least one employer other than the Borrower, any of its Subsidiaries or any ERISA Affiliate are or were contributing sponsors within the preceding seven (7) years or with respect to which the Borrower or any of its Subsidiaries has any outstanding liability (including on account of an ERISA Affiliate).

“Net Proceeds” means, with respect to any Prepayment Event, (a) the cash proceeds received by the Borrower in respect of such Prepayment Event (including any cash payments received by way of deferred payment of principal pursuant to a note, but excluding any interest payments), but only as and when received, net of (b) the sum of all premium, fees and expenses paid to third parties (other than Affiliates) in connection with such Prepayment Event.

“Notes” means the promissory notes of the Borrower in favor of each of the Lenders evidencing the Loans provided pursuant to Section 2.1, individually or collectively, as appropriate, as such promissory notes may be amended, modified, supplemented, extended, renewed or replaced from time to time and as evidenced in the form of Exhibit 2.1(d).

“Notice of Borrowing” means a request by the Borrower for a Loan in the form of Exhibit 2.1(b).

“Notice of Continuation/Conversion” means a request by the Borrower to continue an existing SOFR Loan to a new Interest Period or to convert a SOFR Loan to a Base Rate Loan or a Base Rate Loan to a SOFR Loan, in the form of Exhibit 2.3.

“OFAC” means the U.S. Department of Treasury’s Office of Foreign Assets Control.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 11.20).

“Outbound Investment Rules” means the regulations administered and enforced, together with any related public guidance issued, by the United States Treasury Department under U.S. Executive Order 14105 of August 9, 2023, or any similar law or regulation, as of the date of this Loan Agreement, and as codified at 31 C.F.R. § 850.101 et seq.

“Overnight Rate” means, for any day, the greater of (a) the Federal Funds Rate and (b) an overnight rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

“Parent” means TXNM Energy, Inc., a New Mexico corporation, together with its successors and permitted assigns.

“PBGC” means the Pension Benefit Guaranty Corporation and any successor thereto.

“Participant” has the meaning set forth in Section 11.3(d).

“Participant Register” has the meaning set forth in Section 11.3(d).

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended.

“Payment Recipient” has the meaning assigned thereto in Section 10.12(a).

“Periodic Term SOFR Determination Day” has the meaning assigned thereto in the definition of “Term SOFR”.

“Person” means any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise (whether or not incorporated), or any Governmental Authority.

“Plan” means any “employee benefit plan” (within the meaning of Section 3(3) of ERISA) which is covered by ERISA and to which the Borrower, any of its Subsidiaries or any ERISA Affiliate has maintained, funded or administered for employees within the preceding seven (7) years or with respect to which the Borrower or any of its Subsidiaries has any outstanding liability (including on account of an ERISA Affiliate).

“Preferred Stock” means, with respect to any Person, all preferred Capital Stock issued by such Person in which the terms thereof do not require such Capital Stock to be redeemed for cash or to make mandatory sinking fund payments.

“Prepayment Event” means (i) the issuance by the Borrower of any Capital Stock or (ii) the incurrence by the Borrower as a primary obligor, or the guarantee by the Borrower, after the date hereof, of any Indebtedness pursuant to any debt capital markets transaction, including any issuance of one or more series of notes pursuant to SEC-registered sales or Rule 144A private placements or other substantially similar placements of Indebtedness. For the avoidance of doubt, no issuance by the Borrower of any Capital Stock in connection with any dividend reinvestment plan or benefit plan sponsored by the Borrower or any of its Subsidiaries shall constitute a Prepayment Event.

“Prime Rate” means, at any time, the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The parties hereto acknowledge that the rate announced publicly by the Administrative Agent as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

“Pro Rata Share” means, with respect to each Lender (i) at any time prior to the termination of all of the Commitments pursuant to Section 2.5, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the unused Commitment of such Lender at such time and the denominator of which is the amount of the aggregate unused Commitments of all Lenders at such time and (ii) at all times after the termination of all of the Commitments pursuant to Section 2.5 or otherwise, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the outstanding principal amount of such Lender’s Loans at such time and the denominator of which is the aggregate outstanding principal amount of all Loans at such time.

“Prohibited Transaction” means any transaction described in (a) Section 406 of ERISA that is not exempt by reason of Section 408 of ERISA or by reason of a Department of Labor prohibited transaction individual or class exemption or (b) Section 4975(c) of the Code that is not exempt by reason of Section 4975(c)(2) or 4975(d) of the Code.

“Property” means any right, title or interest in or to any property or asset of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“QFC Credit Support” has the meaning set forth in Section 11.23.

“Recipient” means (a) the Administrative Agent or (b) any Lender, as applicable.

“Register” has the meaning set forth in Section 11.3(c).

“Regulations T, U and X” means Regulations T, U and X, respectively, of the FRB, and any successor regulations.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the FRB or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the FRB or the Federal Reserve Bank of New York, or any successor thereto.

“Reportable Event” means (a) any “reportable event” within the meaning of Section 4043(c) of ERISA for which the notice under Section 4043(a) of ERISA has not been waived by the PBGC (including any failure to meet the minimum funding standard of, or timely make any required installment under, Section 412 of the Code or Section 302 of ERISA, regardless of the issuance of any waivers in accordance with Section 412(d) of the Code), (b) any such “reportable event” subject to advance notice to the PBGC under Section 4043(b)(3) of ERISA, (c) any application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code, and (d) a cessation of operations described in Section 4062(e) of ERISA.

“Required Lenders” means, at any time, Lenders holding in the aggregate more than 50% of the aggregate outstanding principal amount of all Loans and Commitments (or, if all Loans have been repaid in full and the Commitments have been terminated, more than 50% of the aggregate amount of all outstanding Borrower Obligations at such time). Notwithstanding the foregoing, the Commitment and Loans held or deemed held by any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Requirement of Law” means, with respect to any Person, the organizational documents of such Person and any Law applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject or otherwise pertaining to any or all of the transactions contemplated by this Loan Agreement and the other Loan Documents or the FMB Mortgage Documents.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“S&P” means Standard & Poor’s Ratings Services, a division of S&P Global Inc. and any successor thereto.

“Sanctioned Country” means, at any time, a region, a country or territory which is itself (or whose government is) the subject or target of any Sanctions (including, as of the Closing Date, Cuba, Iran, North Korea, Syria, Venezuela and Crimea).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including OFAC’s Specially Designated Nationals and Blocked

Persons List and OFAC's Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, any European member state, His Majesty's Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s) or (d) any Person otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

"Sanctions" means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future statute or executive order), the United Nations Security Council, the European Union, any European member state, His Majesty's Treasury, or other relevant sanctions authority in any jurisdiction in which (a) the Borrower or any of its Subsidiaries or Affiliates is located or conducts business, (b) in which any of the proceeds of the Loans will be used, or (c) from which repayment of the Loans will be derived.

"SEC Report" means the Borrower's Form 10-K Report for the year ended December 31, 2024.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Single Employer Plan" means any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"SOFR" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Loan" means any Loan bearing interest at a rate based on Adjusted Term SOFR as provided in Section 3.1(a)(ii).

"Solvent" means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, Contingent Obligations and other commitments as they mature in the normal course of business, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature in their ordinary course, (c) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's assets would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged or is to engage, (d) the fair value of the assets of such Person is greater than the total amount of liabilities, including, without limitation, Contingent Obligations, of such Person and (e) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured.

"Specified Defaults" means any events of default and any defaults (after giving effect to any applicable grace period) in the observance or performance of any covenant under the Existing Credit

Agreement solely as a result of the occurrence of the Merger Transactions pursuant to clause (i) of the definition thereof.

“Specified Securities” means with respect to any Person, (a) all preferred Capital Stock issued by such Person and required by the terms thereof to be redeemed or for which mandatory sinking fund payments are due, (b) all securities issued by such Person that contain two distinct components, typically medium-term debt and a forward contract for the issuance of common stock prior to the debt maturity, including such securities commonly referred to by their tradenames as “FELINE PRIDES”, “PEPS”, “HITS”, “SPACES” and “DECS” and generally referred to as “equity units” and (c) all other securities issued by such Person that are similar to those described in the foregoing clauses (a) and (b).

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Borrower or a Subsidiary thereof that are reasonably customary in non-recourse securitization transactions.

“Subsidiary” means, as to any Person, (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries, and (b) any partnership, association, joint venture or other entity in which such person directly or indirectly through Subsidiaries has more than a 50% equity interest at any time. Any reference to Subsidiary herein, unless otherwise identified, shall mean a Subsidiary, direct or indirect, of the Borrower. Any reference to a Subsidiary of the Borrower herein shall not include any Subsidiary that is inactive, has minimal or no assets and does not generate revenues.

“Supplemental Indenture” has the meaning set forth in the definition of “First Mortgage Bonds”.

“Supported QFC” has the meaning set forth in Section 11.23.

“Taxes” means any present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“Term SOFR” means,

(a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to a Base Rate Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the “Base Rate Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate Term SOFR Determination Day.

“Term SOFR Adjustment” means a percentage equal to 0.10% per annum.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“TNMP Securitization” means a non-recourse securitization financing (other than with respect to Standard Securitization Undertakings) entered into by the Borrower or a Subsidiary of the Borrower relating to (A) all rights and property interests (contractual, statutory, regulatory or otherwise) authorized by law or regulation to impose on and collect from the Borrower’s customers any and all specific charges and surcharges (non-bypassable or otherwise) for the purpose of providing security for the issuance of debt obligations the proceeds of which are to be used for any one or more of (1) the repair, reconstruction or replacement of property damaged or destroyed by storm or other natural condition or occurrence, (2) the acquisition and construction of property and equipment for the control, capture, sequestration, disposal or abatement of pollution (including, without limitation, carbon dioxide or any other chemical composition), heat, solid, fluid or gaseous waste or any other chemical, waste, byproduct, element, condition, characteristic or occurrence that is, or could be, considered to be adverse to the environment, (3) remediation of any environmental occurrence or condition, or (4) any other purpose for which such securitized debt financing is authorized under Texas law or regulation; (B) the cash proceeds collected, and accounts receivable arising, from such rights and property interests; (C) all rights to assign, sell, convey or otherwise transfer any or all of such rights and property interests in connection with the issuance and sale of any debt obligations the repayment of which is to be secured by any or all of such rights and property interests and the proceeds therefrom; and (D) all cash proceeds from the issuance and sale of any such debt obligations.

“Total Assets” means all assets of the Borrower and its Subsidiaries as shown on its most recent quarterly consolidated balance sheet, as determined in accordance with GAAP.

“Type” means, with respect to a Loan, its character as a Base Rate Loan or a SOFR Loan.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time)

promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; provided, that for purposes of notice requirements in Sections 2.1(b), 2.3 and 3.3, in each case, such day is also a Business Day.

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“U.S. Special Resolution Regimes” has the meaning set forth in Section 11.23.

“U.S. Tax Compliance Certificate” has the meaning assigned thereto in Section 3.13(g).

“Voting Stock” means the Capital Stock of a Person that is then outstanding and normally entitled to vote in the election of directors and other securities of such Person convertible into or exercisable for such Capital Stock (whether or not such securities are then currently convertible or exercisable).

“Withholding Agent” means the Borrower and the Administrative Agent.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Computation of Time Periods and Other Definitional Provisions.

For purposes of computation of periods of time hereunder, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.” References in this Loan Agreement to “Articles”, “Sections”, “Schedules” or “Exhibits” shall be to Articles, Sections, Schedules or Exhibits of or to this Loan Agreement unless otherwise specifically provided. Any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof.

1.3 Accounting Terms/Calculation of Financial Covenant.

(a) Except as otherwise expressly provided herein, all accounting terms used herein or incorporated herein by reference shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Administrative Agent or the Lenders hereunder shall be prepared, in accordance with GAAP applied on a consistent basis. Notwithstanding anything to the contrary in this Loan Agreement, for purposes of calculation of the financial covenant set forth in Section 7.2, all accounting determinations and computations thereunder shall be made in accordance with GAAP as in effect as of the date of this Loan Agreement applied on a basis consistent with the application used in preparing the most recent financial statements of the Borrower referred to in Section 4.1(d). In the event that any changes in GAAP after such date are required to be applied to the Borrower and would affect the computation of the financial covenant contained in Section 7.2, such changes shall be followed only from and after the date this Loan Agreement shall have been amended to take into account any such changes.

(b) Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein, (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and, except as specifically provided in the definitions of “Consolidated Capitalization” and “Consolidated Indebtedness,” such Indebtedness shall at all times be valued at the full stated principal amount thereof and (iii) in a manner such that any obligations relating to a lease that was accounted for by a Person as an operating lease before January 19, 2019 and any similar lease entered into after January 19, 2019 by such Person shall be accounted for as obligations relating to an operating lease and not as a financing lease.

1.4 Time.

All references to time herein shall be references to Eastern Standard Time or Eastern Daylight Time, as the case may be, unless specified otherwise.

1.5 Rounding of Financial Covenant.

Any financial ratios required to be maintained by the Borrower pursuant to this Loan Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.6 References to Agreements and Requirement of Laws.

Unless otherwise expressly provided herein: (a) references to organization documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not

prohibited by any Loan Document and (b) references to any Requirement of Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Requirement of Law.

1.7 Rates.

The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 3.10(c), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Loan Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service. In connection with the use or administration of Term SOFR, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Loan Agreement or any other Loan Document. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

1.8 Divisions.

For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Capital Stock at such time.

SECTION 2

CREDIT FACILITY

2.1 Loan.

(a) Commitment. Each Lender severally agrees, on the terms and conditions of this Loan Agreement, to make a term loan in Dollars (each a “Loan” and, collectively, the “Loans”) to the Borrower in a single Borrowing during the period commencing on the Closing Date to, and including, the Commitment Termination Date (inclusive of any Borrowing on the Closing Date) in an amount equal to such Lender’s Commitment (as such Commitment shall be reduced as set forth in Section 2.5). Amounts repaid or prepaid in respect of the Loans may not be reborrowed.

(b) Method of Borrowing. By no later than (i) 12:00 p.m. on the date of the requested Borrowing if the Loans will be comprised of Base Rate Loans and (ii) 12:00 noon three (3) U.S. Government Securities Business Days prior to the date of the requested Borrowing if the Loans will be comprised of SOFR Loans, the Borrower shall submit an irrevocable written Notice of Borrowing in the form of Exhibit 2.1(b) to the Administrative Agent setting forth (A) the amount requested, (B) the date of the requested Borrowing, (C) the Type of Loan, (D) with respect to Loans that will be SOFR Loans, the Interest Period applicable thereto, (E) a certification that the Borrower has complied, or, in respect of any Borrowing that will consist of SOFR Loans, intends to comply, in all respects with Section 5.1 and (F) with respect to Loans that will be SOFR Loans, compensation provisions substantially consistent with the terms of Section 3.14. If the Borrower shall fail to specify (1) an Interest Period in the case of a SOFR Loan, then such SOFR Loan shall be deemed to have an Interest Period of one month or (2) the Type of Loan requested, then such Loan shall be deemed to be a Base Rate Loan.

(c) Funding of Loans. Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly inform the Lenders as to the terms thereof. Each such Lender shall make its Pro Rata Share of the requested Loans available to the Administrative Agent in immediately available funds at the Administrative Agent’s Office not later than 1:00 p.m. on the Business Day specified in the Notice of Borrowing. Upon satisfaction of the conditions set forth in Section 5.1, the amount of the requested Loans will then be made available to the Borrower by the Administrative Agent by wire transfer of such funds in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower or such other means agreed to by the Administrative Agent and the Borrower.

(d) Notes; First Mortgage Bonds.

(i) At the request of any Lender, the Loans made by such Lender shall be evidenced by a duly executed promissory note of the Borrower in favor of such Lender in substantially the form of Exhibit 2.1(d). Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(ii) To the extent set forth in the Supplemental Indenture and the First Mortgage Bonds, from and after the FMB Delivery Date an aggregate principal amount of First Mortgage Bonds shall have been issued and delivered to the Administrative Agent in order to provide collateral support for the principal amount of Loans borrowed and still outstanding under the Notice of Borrowing. Notwithstanding anything in this Loan

Agreement to the contrary, upon the request of the Borrower at any time that (A) no Default or Event of Default exists and (B) the Borrower shall have certified to the Administrative Agent that (x) the then current ratings for the Borrower's senior unsecured long-term debt (without third-party credit enhancement) are BBB- or higher from S&P and Baa3 or higher from Moody's and (y) all other Indebtedness of the Borrower is not (or concurrently with the release of the First Mortgage Bonds will not be) supported by any first mortgage bonds under the FMB Mortgage Documents, concurrently with the release of all other first mortgage bonds supporting such other Indebtedness the Administrative Agent will, at the Borrower's expense, take all actions reasonably requested by the Borrower to release the First Mortgage Bonds as collateral support for the Borrower Obligations (the date of such release, the "FMB Release Date"); provided that concurrently with the Borrower thereafter causing first mortgage bonds to be issued in support of other Indebtedness of the Borrower, the Borrower shall cause first mortgage bonds in an aggregate principal amount not less than the then aggregate outstanding principal amount of the Loans to be issued and delivered to the Administrative Agent.

2.2 Fees.

(a) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent pursuant to the Fee Letter.

(b) The Borrower agrees to pay to the Administrative Agent for the ratable benefit of the Lenders the following fees ("Duration Fees"), calculated as a percentage of the aggregate outstanding principal amount of the Loans on the following dates and payable on such dates to the extent the Borrower Obligations shall not have been paid in full prior to such date:

Date	Percentage
45th day after the Funding Date	0.40%
90th day after the Funding Date	0.75%
180th day after the Funding Date	0.75%
270th day after the Funding Date	1.00%

2.3 Continuations and Conversions.

Subject to the terms below, the Borrower shall have the option, on any U.S. Government Securities Business Day prior to the Maturity Date, to continue existing SOFR Loans in whole or in part for a subsequent Interest Period, to convert Base Rate Loans in whole or in part into SOFR Loans or to convert SOFR Loans in whole or in part into Base Rate Loans. By no later than 12:00 noon (a) two U.S. Government Securities Business Days prior to the date of the requested conversion of a SOFR Loan to a Base Rate Loan and (b) three Business Days prior to the date of the requested continuation of a SOFR Loan or conversion of a Base Rate Loan to a SOFR Loan, the Borrower shall provide a written Notice of Continuation/Conversion in the form of Exhibit 2.3, setting forth whether the Borrower wishes to continue or convert such Loans. Notwithstanding anything herein to the contrary, (A) except as provided in Section 3.10(b), SOFR Loans may only be continued or converted into Base Rate Loans on the last day of the Interest Period applicable thereto, (B) SOFR Loans may not be continued nor may Base Rate Loans be converted into SOFR Loans during the existence and continuation of a Default or an Event of Default and (C) any request to continue a SOFR Loan that fails to comply with the terms hereof or any failure to request

a continuation of a SOFR Loan at the end of an Interest Period shall be deemed a request to convert such SOFR Loan to a Base Rate Loan on the last day of the applicable Interest Period.

2.4 Minimum Amounts.

Each request for a borrowing, conversion or continuation shall be subject to the requirements that (a) each SOFR Loan shall be in a minimum amount of \$5,000,000 and in integral multiples of \$1,000,000 in excess thereof, (b) each Base Rate Loan shall be in a minimum amount of \$5,000,000 and in integral multiples of \$100,000 in excess thereof (or the remaining amount of outstanding Loans) and (c) no more than three (3) SOFR Loans shall be outstanding hereunder at any one time. For the purposes of this Section 2.4, separate SOFR Loans that begin and end on the same date, as well as SOFR Loans that begin and end on different dates, shall all be considered as separate SOFR Loans.

2.5 Termination of the Commitments.

(a) Upon any Lender's making of its Loans, the Commitment of such Lender shall be reduced automatically to zero. Unless previously terminated, the unused Commitments shall terminate at 5:00 p.m., New York City time, on the Commitment Termination Date.

(b) The Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent (which notice the Administrative Agent shall promptly transmit to each of the Lenders), to permanently terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that each partial reduction shall be in the aggregate amount of \$1,000,000 or an integral multiple of \$100,000 in excess thereof, or the remaining balance, if less than \$5,000,000. Once terminated, a Commitment or portion thereof may not be reinstated.

2.6 Evidence of Debt.

The Loan made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to its Borrower Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

SECTION 3

**GENERAL PROVISIONS APPLICABLE
TO LOANS**

3.1 Interest.

(a) Interest Rate. Subject to Section 3.1(b), (i) all Base Rate Loans shall accrue interest at the Adjusted Base Rate and (ii) all SOFR Loans shall accrue interest at Adjusted Term SOFR plus the Applicable Percentage.

(b) Default Rate of Interest.

(i) After the occurrence, and during the continuation, of an Event of Default pursuant to Section 9.1(a), the principal of and, to the extent permitted by Law, interest on the Loans and any other amounts owing hereunder or under the other Loan Documents (including without limitation fees and expenses) shall bear interest, payable on demand, at the Default Rate.

(ii) After the occurrence, and during the continuation, of an Event of Default (other than an Event of Default pursuant to Section 9.1(a)), at the request of the Required Lenders, the principal of and, to the extent permitted by Law, interest on the Loans and any other amounts owing hereunder or under the other Loan Documents (including without limitation fees and expenses) shall bear interest, payable on demand, at the Default Rate.

(c) Interest Payments. Interest on the Loans shall be due and payable in arrears on each Interest Payment Date.

3.2 Payments Generally.

(a) No Deductions; Place and Time of Payments. All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Notwithstanding the foregoing, if there exists a Defaulting Lender, each payment by the Borrower to such Defaulting Lender hereunder shall be applied in accordance with Section 3.16(b).

(b) Payment Dates. Subject to the definition of "Interest Period," if any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) Advances by Administrative Agent. Unless the Borrower or any Lender has notified the Administrative Agent, prior to the time any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest

thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds at the Overnight Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the “Compensation Period”) at a rate per annum equal to the Overnight Rate from time to time in effect. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender’s Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent’s demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to such Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (c) shall be conclusive, absent manifest error.

(d) Several Obligations. The obligations of the Lenders hereunder to make Loans are several and not joint. The failure of any Lender to make any Loan on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan.

(e) Funding Offices. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

3.3 Prepayments.

(a) Voluntary Prepayments. The Borrower shall have the right to prepay the Loans in whole or in part from time to time without premium or penalty; provided, however, that (i) all prepayments under this Section 3.3 shall be subject to Section 3.14, (ii) SOFR Loans may only be prepaid on three (3) U.S. Government Securities Business Days’ prior written notice to the Administrative Agent, (iii) each such partial prepayment of SOFR Loans shall be in the minimum principal amount of \$1,000,000 and integral multiples of \$1,000,000, and (iv) each such partial prepayment of Base Rate Loans shall be in the minimum principal amount of \$500,000 and integral multiples of \$100,000, or, in the case of clauses (iii) and (iv), if less than such minimum amounts, the entire principal amount thereof then outstanding. Amounts prepaid pursuant to this Section 3.3 shall be applied as the Borrower may elect based on the Lenders’ Pro Rata Shares; provided, however, if the Borrower fails to specify, such prepayment shall be applied by the Administrative Agent, subject to Section 3.7, in such manner as it deems reasonably appropriate.

(b) Mandatory Prepayments. In the event and on each occasion that any Net

Proceeds are received by or on behalf of the Borrower in respect of any Prepayment Event, the Borrower shall, (i) prior to any FMB Delivery Date, promptly and in any event within one (1) Business Day after such Net Proceeds are received, and (ii) from and after the FMB Delivery Date, simultaneously on the date such Net Proceeds are received, in each case, prepay the Loans in an aggregate amount equal to such Net Proceeds and, to the extent the Net Proceeds are not sufficient to cover accrued interest thereon and all applicable fees and expenses, including amounts payable pursuant to Section 3.14, if any, then together with such accrued interest and applicable fees and expenses. Each such prepayment under this Section 3.3(b) shall be applied ratably to the Loans of all the Lenders.

3.4 FMB Collateral Reduction.

From and after the FMB Delivery Date, any principal payment made by the Borrower prior to the Maturity Date with respect to outstanding Loans, including principal payments made pursuant to Section 3.2, Section 3.3 or otherwise (each, a “Borrower Reduction Payment”) shall satisfy and discharge the obligation of the Borrower with respect to First Mortgage Bonds under the applicable Loan Documents to the extent of the amount of the Borrower Reduction Payment as of the date of such principal payment. On the date that any Borrower Reduction Payment is made (i) the Borrower shall execute and deliver, or cause to be executed and delivered, new replacement First Mortgage Bonds in an aggregate principal amount equal to the principal balance of the then outstanding Loans after giving effect to such Borrower Reduction Payment, together with such additional documents and certificates required to be delivered under, and take such actions with respect to such replacement First Mortgage Bonds consistent with, Section 7.11, and (ii) the Administrative Agent shall simultaneously release as collateral support for the outstanding Loans under the Loan Documents, and deliver to the First Mortgage Bond Trustee for cancellation, any existing First Mortgage Bonds held by the Administrative Agent as of the date of such Borrower Reduction Payment in accordance with the applicable Loan Documents.

3.5 Payment in Full at Maturity.

On the Maturity Date, the entire outstanding principal balance of all Loans, together with accrued but unpaid interest and all fees and other sums owing under the Loan Documents, shall be due and payable in full, unless accelerated sooner pursuant to Section 9.2; provided that if the Maturity Date is not a Business Day, then such principal, interest, fees and other sums shall be due and payable in full on the next preceding Business Day.

3.6 Computations of Interest and Fees.

(a) Calculation of Interest and Fees. Except for Base Rate Loans that are based upon the Prime Rate, in which case interest shall be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, all computations of interest and fees hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days. Interest shall accrue from and including the first date of Borrowing (or continuation or conversion) to but excluding the last day occurring in the period for which such interest is payable. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) Usury. It is the intent of the Lenders and the Borrower to conform to and contract in strict compliance with applicable usury Law from time to time in effect. All agreements between the Lenders and the Borrower are hereby limited by the provisions of this subsection which shall override and control all such agreements, whether now existing or hereafter arising and whether

written or oral. In no way, nor in any event or contingency (including but not limited to prepayment or acceleration of the maturity of any Borrower Obligation), shall the interest taken, reserved, contracted for, charged, or received under this Loan Agreement, under the Notes, under the First Mortgage Bonds or otherwise, exceed the maximum nonusurious amount permissible under applicable Law. If, from any possible construction of any of the Loan Documents or any other document, interest would otherwise be payable in excess of the maximum nonusurious amount, any such construction shall be subject to the provisions of this subsection and such documents shall be automatically reduced to the maximum nonusurious amount permitted under applicable Law, without the necessity of execution of any amendment or new document. If any Lender shall ever receive anything of value which is characterized as interest on the Loans under applicable Law and which would, apart from this provision, be in excess of the maximum nonusurious amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loans and not to the payment of interest, or refunded to the Borrower or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal amount of the Loans. The right to demand payment of the Loans or any other Indebtedness evidenced by any of the Loan Documents does not include the right to accelerate the payment of any interest which has not otherwise accrued on the date of such demand, and the Lenders do not intend to charge or receive any unearned interest in the event of such demand. All interest paid or agreed to be paid to the Lenders with respect to the Loans shall, to the extent permitted by applicable Law, be amortized, prorated, allocated, and spread throughout the full stated term (including any renewal or extension) of the Loans so that the amount of interest on account of the Loans does not exceed the maximum nonusurious amount permitted by applicable Law.

3.7 Pro Rata Treatment.

Except to the extent otherwise provided herein, each Borrowing, each payment or prepayment of principal of the Loans, each payment of interest, each payment of fees (other than administrative fees, if any, paid to the Administrative Agent) and each conversion or continuation of any Loans, shall be allocated pro rata among the relevant Lenders in accordance with their Pro Rata Shares; provided that, if any Lender shall have failed to pay its Pro Rata Share of the Loans, then any amount to which such Lender would otherwise be entitled pursuant to this Section 3.7 shall instead be payable to the Administrative Agent until the share of such Loan not funded or purchased by such Lender has been repaid. In the event any principal, interest, fee or other amount paid to any Lender pursuant to this Loan Agreement or any other Loan Document is rescinded or must otherwise be returned by the Administrative Agent, (a) such principal, interest, fee or other amount that had been satisfied by such payment shall be revived, reinstated and continued in full force and effect as if such payment had not occurred and (b) such Lender shall, upon the request of the Administrative Agent, repay to the Administrative Agent the amount so paid to such Lender, with interest for the period commencing on the date such payment is returned by the Administrative Agent until the date the Administrative Agent receives such repayment at a rate per annum equal to the Overnight Rate if repaid within two (2) Business Days after such request and thereafter the Base Rate.

3.8 Sharing of Payments.

The Lenders agree among themselves that, except to the extent otherwise provided herein, in the event that any Lender shall obtain payment in respect of any Loan or any other obligation owing to such Lender under this Loan Agreement through the exercise of a right of setoff, banker's lien or counterclaim, or pursuant to a secured claim under Section 506 of the Bankruptcy Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable Debtor Relief Law or other similar Law or otherwise, or by any other means, in excess of its Pro Rata Share of such payment

as provided for in this Loan Agreement, such Lender shall promptly pay in cash or purchase from the other Lenders a participation in such Loans and other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all Lenders share such payment in accordance with their Pro Rata Shares. The Lenders further agree among themselves that if payment to a Lender obtained by such Lender through the exercise of a right of setoff, banker's lien, counterclaim or other event as aforesaid shall be rescinded or must otherwise be returned, each Lender which shall have shared the benefit of such payment shall, by payment in cash or a repurchase of a participation theretofore sold, return its share of that benefit (together with its share of any accrued interest payable with respect thereto) to each Lender whose payment shall have been rescinded or otherwise returned. The Borrower agrees that (a) any Lender so purchasing such a participation may, to the fullest extent permitted by Law, exercise all rights of payment, including setoff, banker's lien or counterclaim, with respect to such participation as fully as if such Lender were a holder of such Loan or other obligation in the amount of such participation and (b) the Borrower Obligations that have been satisfied by a payment that has been rescinded or otherwise returned shall be revived, reinstated and continued in full force and effect as if such payment had not occurred. Except as otherwise expressly provided in this Loan Agreement, if any Lender or the Administrative Agent shall fail to remit to any other Lender an amount payable by such Lender or the Administrative Agent to such other Lender pursuant to this Loan Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to the Administrative Agent or such other Lender at a rate per annum equal to the Overnight Rate. If under any applicable Debtor Relief Law or other similar Law, any Lender receives a secured claim in lieu of a setoff to which this Section 3.8 applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders under this Section 3.8 to share in the benefits of any recovery on such secured claim.

Notwithstanding the foregoing, if there exists a Defaulting Lender, all amounts received by such Defaulting Lender hereunder shall be applied in accordance with Section 3.16(b).

3.9 Capital Adequacy.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve (including pursuant to regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the FRB, as amended and in effect from time to time)), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender any other condition, cost or expense (other than Taxes) affecting this Loan Agreement or Loans made by such Lender therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan (or of maintaining its

obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender or such other Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of such Lender or other Recipient, the Borrower shall promptly pay to any such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Loan Agreement, the Commitment of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time upon written request of such Lender, the Borrower shall promptly pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or such other Recipient setting forth the amount or amounts necessary to compensate such Lender, such other Recipient or any of their respective holding companies, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error.

(d) Delay in Requests. Failure or delay on the part of any Lender or such other Recipient to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such other Recipient's right to demand such compensation; provided that the Borrower shall not be required to compensate any Lender or any other Recipient pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender or such other Recipient, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or such other Recipient's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Survival. All of the obligations of the Borrower under this Section 3.9 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(f) Similarly Situated Borrowers. Each Lender or other Recipient shall make any determination to request compensation under Section 3.9 in good faith (and not on an arbitrary or capricious basis) and consistent with similarly situated customers of the applicable Lender or Recipient after consideration of such factors as such Lender or Recipient then reasonably determines to be relevant.

3.10 Changed Circumstances.

(a) Circumstances Affecting Benchmark Availability. Subject to clause (c) below, in connection with any request for a SOFR Loan or a conversion to or continuation thereof or

otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining Adjusted Term SOFR for the applicable Interest Period with respect to a proposed SOFR Loan on or prior to the first day of such Interest Period or (ii) the Required Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that Adjusted Term SOFR does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans during such Interest Period, then, in each case, the Administrative Agent shall promptly give notice thereof to the Borrower. Upon notice thereof by the Administrative Agent to the Borrower, any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to convert any Loan to or continue any Loan as a SOFR Loan, shall be suspended (to the extent of the affected SOFR Loans or the affected Interest Periods) until the Administrative Agent (with respect to clause (ii), at the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans or the affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans in the amount specified therein and (B) any outstanding affected SOFR Loans will be deemed to have been converted into Base Rate Loans at the end of the applicable Interest Period. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.14.

(b) Laws Affecting SOFR Availability. If, after the date hereof, the introduction of, or any change in, any applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective Lending Offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective Lending Offices) to honor its obligations hereunder to make or maintain any SOFR Loan, or to determine or charge interest based upon SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Borrower and the other Lenders. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, (i) any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to convert any Loan to a SOFR Loan or continue any Loan as a SOFR Loan, shall be suspended and (ii) if necessary to avoid such illegality, the Administrative Agent shall compute the Base Rate without reference to clause (c) of the definition of “Base Rate”, in each case until each such affected Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, if necessary to avoid such illegality, upon demand from any Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all SOFR Loans to Base Rate Loans (in each case, if necessary to avoid such illegality, the Administrative Agent shall compute the Base Rate without reference to clause (c) of the definition of “Base Rate”), on the last day of the Interest Period therefor, if all affected Lenders may lawfully continue to maintain such SOFR Loans, to such day, or immediately, if any Lender may not lawfully continue to maintain such SOFR Loans to such day. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.14.

(c) Benchmark Replacement Setting.

(i) Benchmark Replacement.

(A) Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event, the Administrative Agent and the Borrower may amend this Loan Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all affected Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 3.10(c)(i)(A) will occur prior to the applicable Benchmark Transition Start Date.

(B) No Hedging Agreement shall be deemed to be a “Loan Document” for purposes of this Section 3.10(c).

(ii) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Loan Agreement or any other Loan Document.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will promptly notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.10(c)(iv) and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 3.10(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Loan Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 3.10(c).

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (2) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such

Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) Benchmark Unavailability Period. Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period, with respect to a given Benchmark, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans and (B) any outstanding affected SOFR Loans will be deemed to have been converted to Base Rate Loans at the end of the applicable Interest Period. During any Benchmark Unavailability Period with respect to any Benchmark or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark that is the subject of such Benchmark Unavailability Period or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

3.11 [Reserved].

3.12 [Reserved].

3.13 Taxes.

(a) Defined Terms. For purposes of this Section 3.13, the term “Applicable Law” includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that, after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section), the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Recipient (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Recipient, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.3(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to setoff and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 3.13, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.13(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material

unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from United States federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

FIRST, in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN-E establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

SECOND, executed copies of IRS Form W-8ECI;

THIRD, in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit 3.13-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN-E; or

FOURTH, to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.13-2 or Exhibit 3.13-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.13-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent),

executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in United States federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to United States federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.13 (including by the payment of additional amounts pursuant to this Section 3.13), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 3.13 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the

replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

3.14 Compensation Indemnity.

The Borrower hereby indemnifies each of the Lenders against any loss, cost or expense (including any loss, cost or expense arising from the liquidation or reemployment of funds or from any fees payable) which may arise, be attributable to or result due to or as a consequence of (a) any failure by the Borrower to make any payment when due of any amount due hereunder in connection with a SOFR Loan, (b) any failure of the Borrower to borrow or continue a SOFR Loan or convert to a SOFR Loan on a date specified therefor in a Notice of Borrowing or Notice of Continuation/Conversion, (c) any failure of the Borrower to prepay any SOFR Loan on a date specified therefor in any notice of prepayment under Section 3.3, (d) any payment, prepayment or conversion of any SOFR Loan on a date other than the last day of the Interest Period therefor (including as a result of an Event of Default) or (e) the assignment of any SOFR Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 11.20. A certificate of such Lender setting forth the basis for determining such amount or amounts necessary to compensate such Lender shall be forwarded to the Borrower through the Administrative Agent and shall be conclusively presumed to be correct save for manifest error. All of the obligations of the Borrower under this Section 3.14 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

3.15 Determination and Survival of Provisions.

All determinations by the Administrative Agent or a Lender of amounts owing under Sections 3.9 through 3.14, inclusive, shall, absent manifest error, be conclusive and binding on the parties hereto and all amounts owing thereunder shall be due and payable within ten (10) Business Days of demand therefor. In determining such amount, the Administrative Agent or such Lender may use any reasonable averaging and attribution methods. Section 3.9 through 3.14, inclusive, shall survive the termination of this Loan Agreement and the payment of all Borrower Obligations.

3.16 Defaulting Lenders.

Notwithstanding anything to the contrary contained in this Loan Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(a) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Loan Agreement shall be restricted as set forth in Section 11.6.

(b) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, or otherwise, and including any amounts made available to the Administrative Agent for the account of such Defaulting Lender pursuant to Section 11.2), shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion

thereof as required by this Loan Agreement, as determined by the Administrative Agent; third, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of such Defaulting Lender to fund Loans under this Loan Agreement; fourth, to the payment of any amounts owing to the Administrative Agent or the Lenders as a result of any judgment of a court of competent jurisdiction obtained by the Administrative Agent or any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Loan Agreement; fifth, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Loan Agreement; and sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (i) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share and (ii) such Loans were made at a time when the conditions set forth in Section 5.1 were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 3.16(b) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(c) [Reserved].

(d) Defaulting Lender Cure. If the Borrower and the Administrative Agent agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans to be held on a pro rata basis by the Lenders in accordance with their Pro Rata Shares, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

3.17 Mitigation Obligations.

If any Lender requests compensation under Section 3.9, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.13 or if any Lender gives a notice pursuant to Section 3.10(b), then, at the request of the Borrower, such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.9 or Section 3.13, as the case may be, in the future or eliminate the need for the notice pursuant to Section 3.10(b), as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

SECTION 4

CONDITIONS PRECEDENT

4.1 Closing Conditions.

The obligation of the Lenders to enter into this Loan Agreement and to make Loans is subject to satisfaction of the following conditions:

(a) Executed Loan Documents. Receipt by the Administrative Agent of duly executed copies of: (i) this Loan Agreement, (ii) the requested Notes and (iii) all other Loan Documents set forth in clause (a) of the definition thereof, each in form and substance reasonably acceptable to the Lenders in their sole discretion.

(b) Authority Documents. Receipt by the Administrative Agent of the following:

(i) Organizational Documents. Copies of the articles of incorporation of the Borrower certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its formation and copies of the bylaws of the Borrower certified by a secretary or assistant secretary (or the equivalent) of the Borrower to be true and correct as of the Closing Date.

(ii) Resolutions. Copies of resolutions of the board of directors of the Borrower approving and adopting this Loan Agreement and the other Loan Documents to which it is a party, the transactions contemplated herein and therein and authorizing execution and delivery hereof and thereof, certified by a secretary or assistant secretary (or the equivalent) of the Borrower to be true and correct and in full force and effect as of the Closing Date.

(iii) Good Standing. A copy of a certificate of good standing, existence or its equivalent with respect to the Borrower certified as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its formation.

(iv) Incumbency. An incumbency certificate of the Borrower certified by a secretary or assistant secretary (or the equivalent) of the Borrower to be true and correct as of the Closing Date.

(c) Opinions of Counsel. Receipt by the Administrative Agent of opinions of counsel from counsel to the Borrower (which may include in-house counsel with respect to matters of Texas law), in form and substance acceptable to the Administrative Agent, addressed to the Administrative Agent and the Lenders and dated as of the Closing Date.

(d) Financial Statements. Receipt by the Administrative Agent of a copy of (i) the annual consolidated financial statements (including balance sheets, income statements and cash flow statements) of the Parent and its Subsidiaries for Fiscal Years 2023 and 2024, audited by independent public accountants of recognized national standing, (ii) the consolidated balance sheet, income statement, and statement of cash flows of the Borrower and its Subsidiaries for the Fiscal Years ending 2023 and 2024, together with a year to date statement of cash flows and (iii) such other financial information regarding the Borrower as the Administrative Agent may reasonably request. The Administrative Agent acknowledges that the items described in clauses (i) and (ii)

above have been posted on the Borrower's website at the website address listed on Schedule 11.1 and are therefore deemed to have been received by the Administrative Agent.

(e) [Reserved].

(f) Material Adverse Effect. Since December 31, 2024, except as disclosed in the SEC Report, (i) there shall have been no development or event relating to or affecting the Borrower or any of its Subsidiaries that has had or would be reasonably expected to have a Material Adverse Effect, and (ii) no Material Adverse Change in the facts and information regarding the Borrower and its Subsidiaries shall have occurred.

(g) Litigation. There shall not exist any material order, decree, judgment, ruling or injunction or any material pending or threatened action, suit, investigation or proceeding against the Borrower or any of its Subsidiaries except as disclosed in the SEC Report.

(h) Consents. All necessary governmental, shareholder and third party consents and approvals, if any, with respect to this Loan Agreement and the Loan Documents and the FMB Mortgage Documents and the transactions contemplated herein and therein have been received (except for such consents, approvals, authorizations, orders and registrations or qualifications as may be required to enforce the Lien of the FMB Mortgage Documents, exercise remedies under the FMB Mortgage Documents, or use, operate, assign, lease or transfer property of the Borrower in connection therewith), and no condition or Requirement of Law exists which would reasonably be likely to restrain, prevent or impose any material adverse conditions on the transactions contemplated hereby and by the other Loan Documents and the FMB Mortgage Documents.

(i) Officer's Certificates. Receipt by the Administrative Agent of a certificate or certificates executed by a Financial Officer or an Authorized Officer of the Borrower as of the Closing Date stating that (i) the Borrower and each of its Subsidiaries are in compliance in all material respects with all existing material financial obligations (other than Specified Defaults) and all material Requirements of Law, (ii) there does not exist any material order, decree, judgment, ruling or injunction or any material pending or threatened action, suit, investigation or proceeding against the Borrower or any of its Subsidiaries except as disclosed in the SEC Report, (iii) the financial statements and information delivered to the Administrative Agent on or before the Closing Date were prepared in good faith and in accordance with GAAP and (iv) immediately after giving effect to this Loan Agreement and the other Loan Documents and all the transactions contemplated herein or therein to occur on such date, (A) the Borrower is Solvent, (B) no Default or Event of Default exists, (C) all representations and warranties contained herein and in the other Loan Documents are true and correct in all material respects, (D) since December 31, 2024, except as disclosed in the SEC Report, there has been no development or event relating to or affecting the Borrower or any of its Subsidiaries that has had or would be reasonably expected to have a Material Adverse Effect, and there exists no event, condition or state of facts that would result in or reasonably be expected to result in a Material Adverse Change and (E) the Borrower is in compliance with the financial covenant set forth in Section 7.2, as of December 31, 2024, as demonstrated in the Covenant Compliance Worksheet attached to such certificate.

(j) Account Designation Letter. Receipt by the Administrative Agent of an executed counterpart of the Account Designation Letter.

(k) PATRIOT Act. The Borrower shall have provided to the Administrative Agent and the Lenders the documentation and other information reasonably requested by the

Administrative Agent in order to comply with requirements of any Anti-Money Laundering Laws, including the PATRIOT Act and any applicable “know your customer” rules and regulations.

(l) Beneficial Ownership Certification. The Borrower shall have delivered to the Administrative Agent, and directly to any Lender requesting the same, a Beneficial Ownership Certification in relation to it, in each case at least five (5) Business Days prior to the Closing Date.

(m) Fees and Expenses. Unless waived by the Person entitled thereto, payment by the Borrower of the fees required to be paid pursuant to the Fee Letter on the Closing Date and all attorneys’ fees and expenses owed by it to the Administrative Agent, the Arranger and the Lenders on or before the Closing Date, including, without limitation, as set forth in the Fee Letter.

(n) Other. Receipt by the Lenders of such other documents, instruments, agreements or information as reasonably requested by any Lender.

Without limiting the generality of the provisions of Section 10.4, for purposes of determining compliance with the conditions specified in this Section, each Lender that has signed this Loan Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

SECTION 5

CONDITIONS TO FUNDING OF LOANS

5.1 Funding Requirements. In addition to the conditions precedent set forth in Section 4.1 of this Loan Agreement, the Lenders shall not be obligated to make the Loans unless the following conditions are satisfied as of the date of each Borrowing:

(a) Notice. The Borrower shall have delivered a Notice of Borrowing, duly executed and completed by the time specified in Section 2.1.

(b) Representations and Warranties. The representations and warranties made by the Borrower in any Loan Document (other than the representation and warranties in Section 6.7(a) (but only with respect to clause (a) of the definition of Material Adverse Effect) and Section 6.9 of the Loan Agreement) and, from and after the FMB Delivery Date (except during any FMB Release Period), in the FMB Mortgage are true and correct in all material respects (except that any representation and warranty that is qualified by materiality, Material Adverse Effect or Material Adverse Change shall be true and correct in all respects) at and as if made as of such date except to the extent they expressly and exclusively relate to an earlier date.

(c) No Default. No Default or Event of Default shall exist and be continuing either prior to or after giving effect to the requested Borrowing.

The delivery of the Notice of Borrowing shall constitute a representation and warranty by the Borrower of the correctness of the matters specified in subsections (b) and (c) above.

SECTION 6

REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Loan Agreement and to induce the Lenders to extend the credit contemplated hereby, the Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

6.1 Organization and Good Standing.

The Borrower and its Subsidiaries (a) are duly organized, validly existing and in good standing under the laws of the respective jurisdictions of their organization, (b) are duly qualified and in good standing as a foreign entity authorized to do business in every other jurisdiction where the failure to so qualify would have a Material Adverse Effect and (c) have the requisite power and authority to own their respective properties and to carry on their respective business as now conducted and as proposed to be conducted. Neither the Borrower nor any of its Subsidiaries is an Affected Financial Institution or a Covered Party.

6.2 Due Authorization.

The Borrower and any of its Subsidiaries party to any Loan Document (a) have the requisite corporate power and authority to execute, deliver and perform this Loan Agreement, the FMB Mortgage and the other Loan Documents to which it is a party and to incur the obligations herein and therein provided for and (b) has been authorized by all necessary action to execute, deliver and perform this Loan Agreement, the FMB Mortgage and the other Loan Documents to which it is a party.

6.3 No Conflicts.

Neither the execution and delivery of this Loan Agreement, the FMB Mortgage and the other Loan Documents, nor the consummation of the transactions contemplated herein and therein, nor performance of and compliance with the terms and provisions hereof and thereof by the Borrower will (a) violate or conflict with any provision of its organizational documents, (b) violate, contravene or conflict with any law, regulation (including without limitation, Regulation U and Regulation X), order, writ, judgment, injunction, decree or permit applicable to it, (c) violate, contravene or conflict with contractual provisions of, or cause an event of default under, any indenture, loan agreement, mortgage, deed of trust, contract or other agreement or instrument to which it is a party or by which it may be bound, the violation of which would have or would be reasonably expected to have a Material Adverse Effect or (d) result in or require the creation of any Lien upon or with respect to its properties (except the Lien of the FMB Mortgage Documents in favor of the First Mortgage Bond Trustee).

6.4 Consents.

No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance of this Loan Agreement, the FMB Mortgage or any of the other Loan Documents that has not been obtained or completed, except for such consents, approvals, authorizations, orders or registrations or qualifications as may be required to enforce the Lien of the FMB Mortgage Documents, exercise remedies under the FMB Mortgage Documents, or use, operate, assign, lease or transfer property of the Borrower in connection therewith.

6.5 Enforceable Obligations.

This Loan Agreement, the FMB Mortgage and the other Loan Documents to which it is a party have been duly executed and delivered and constitute the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as may be limited by Debtor Relief Laws or similar laws affecting creditors' rights generally or by general equitable principles.

6.6 Financial Condition.

The financial statements delivered to the Lenders pursuant to Section 4.1(d) and pursuant to Sections 7.1(a) and (b): (i) have been prepared in accordance with GAAP except that the quarterly financial statements are subject to year-end adjustments and have fewer footnotes than annual statements and (ii) present fairly the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries as of such date and for such periods. No opinion provided with respect to the Borrower's financial statements pursuant to Section 4.1(d) or 7.1(a) (or as to any prior annual financial statements) has been withdrawn.

6.7 No Material Change.

(a) Since December 31, 2024, except as disclosed in the SEC Report, there has been no development or event relating to or affecting the Borrower or any of its Subsidiaries which would have or would reasonably be expected to have a Material Adverse Effect.

(b) Since December 31, 2024, except as disclosed in the SEC Report, there has been no sale, transfer or other disposition by the Borrower or any of its Subsidiaries of any material part of its business or property, and no purchase or other acquisition by the Borrower or any of its Subsidiaries of any business or property (including the Capital Stock of any other Person) material in relation to the financial condition of the Borrower or any of its Subsidiaries, in each case which is not (i) reflected in the most recent financial statements delivered to the Lenders pursuant to Section 4.1(d) or 7.1 or in the notes thereto or (ii) otherwise permitted by the terms of this Loan Agreement and communicated to the Lenders.

6.8 No Default.

Neither the Borrower nor any of its Subsidiaries is in default in any respect under any contract, lease, loan agreement, indenture, mortgage, security agreement or other agreement or obligation to which it is a party or by which any of its properties is bound which default would have or would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default presently exists and is continuing.

6.9 Litigation.

Except as disclosed in the SEC Report, there are no actions, suits, investigations or legal, equitable, arbitration or administrative proceedings, pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries which would have or would reasonably be expected to have a Material Adverse Effect.

6.10 Taxes.

The Borrower and its Subsidiaries have filed, or caused to be filed, all material Tax returns (federal, state, local and foreign) required to be filed and paid all amounts of Taxes shown thereon to be due (including interest and penalties) and has paid all other Taxes, fees, assessments and other governmental charges (including mortgage recording Taxes, documentary stamp taxes and intangibles taxes) owing by it, except for such Taxes (i) the amount of which, individually or in the aggregate, is not material or (ii) which are not yet delinquent or that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP.

6.11 Compliance with Law.

The Borrower and its Subsidiaries are in compliance with all laws, rules, regulations, orders and decrees applicable to it or to its properties, unless such failure to comply would not have or would not reasonably be expected to have a Material Adverse Effect.

6.12 ERISA.

Except as would not result or reasonably be expected to result in a Material Adverse Effect:

(a) During the five-year period prior to the date on which this representation is made or deemed made: (i) no ERISA Event has occurred, and, to the best knowledge of the Borrower, no event or condition has occurred or exists as a result of which any ERISA Event would be reasonably expected to occur, with respect to any Plan; (ii) each Plan has been maintained, operated, and funded in compliance with its own terms and in material compliance with the provisions of ERISA, the Code, and any other applicable federal or state laws; and (iii) no Lien in favor of the PBGC or a Plan has arisen or is reasonably likely to arise on account of any Plan.

(b) The actuarial present value of all “benefit liabilities” under each Single Employer Plan (determined within the meaning of Section 401(a)(2) of the Code, utilizing the actuarial assumptions used to fund such Plans), whether or not vested, did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the current value of the assets of such Plan allocable to such accrued liabilities, except as disclosed in the Borrower’s financial statements.

(c) Neither the Borrower, its Subsidiaries nor any ERISA Affiliate has incurred, or, to the best knowledge of the Borrower, is reasonably expected to incur, any withdrawal liability under ERISA to any Multiemployer Plan or Multiple Employer Plan. Neither the Borrower, its Subsidiaries, nor any ERISA Affiliate has received any notification that any Multiemployer Plan is insolvent (within the meaning of Section 4245 of ERISA), or has been terminated (within the meaning of Title IV of ERISA), and no Multiemployer Plan is, to the best knowledge of the Borrower, reasonably expected to be insolvent or terminated.

(d) No prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility has occurred with respect to a Plan which has subjected or would be reasonably likely to subject the Borrower or any ERISA Affiliate to any liability under Sections 406, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which the Borrower or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability.

(e) The present value (determined using actuarial and other assumptions which are reasonable with respect to the benefits provided and the employees participating) of the liability of the Borrower, its Subsidiaries, and each ERISA Affiliate for post-retirement welfare benefits to be provided to their current and former employees under Plans which are welfare benefit plans (as defined in Section 3(1) of ERISA), net of all assets under all such Plans allocable to such benefits, are reflected on the financial statements referenced in Section 7.1 in accordance with FASB 106.

(f) Each Plan which is a welfare plan (as defined in Section 3(1) of ERISA) to which Sections 601-609 of ERISA and Section 4980B of the Code apply has been administered in compliance in all material respects with such sections.

6.13 Use of Proceeds; Margin Stock.

The proceeds of the Borrowings hereunder will be used solely for the purposes specified in Section 7.9. None of such proceeds will be used (a) for the purpose of (i) purchasing or carrying any Margin Stock, (ii) reducing or retiring any Indebtedness which was originally incurred to purchase or carry Margin Stock, or (iii) any other purpose that might constitute this transaction a “purpose credit” within the meaning of Regulation U or (b) for the acquisition of another Person unless the board of directors (or other comparable governing body) or stockholders, as appropriate, of such Person has approved such acquisition.

6.14 Government Regulation.

The Borrower is not an “investment company” registered or required to be registered under the Investment Company Act of 1940, as amended, or controlled by such a company.

6.15 Solvency.

The Borrower is and, after the consummation of the transactions contemplated by this Loan Agreement, will be Solvent.

6.16 Disclosure.

Neither this Loan Agreement nor any financial statements delivered to the Administrative Agent or the Lenders nor any other document, certificate or statement furnished to the Administrative Agent or the Lenders by or on behalf of the Borrower in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein, taken as a whole, not misleading. As of the Closing Date, all of the information included in the Beneficial Ownership Certification is true and correct.

6.17 Environmental Matters.

Except as would not result or reasonably be expected to result in a Material Adverse Effect: (a) each of the properties of the Borrower and its Subsidiaries (the “Properties”) and all operations at the Properties are in substantial compliance with all applicable Environmental Laws, (b) there is no undocumented or unreported violation of any Environmental Laws with respect to the Properties or the businesses operated by the Borrower and its Subsidiaries (the “Businesses”) that the Borrower is aware of, and (c) there are no conditions relating to the Businesses or Properties that have given rise to or would reasonably be expected to give rise to a liability under any applicable Environmental Laws.

6.18 First Mortgage Bonds Validly Issued.

From and after the FMB Delivery Date, the First Mortgage Bonds have been duly authorized and executed by the Borrower, authenticated by the First Mortgage Bond Trustee in accordance with the FMB Mortgage and the Supplemental Indenture and validly issued and delivered, pursuant to the terms of a FMB Delivery Agreement, to the Administrative Agent, and the First Mortgage Bonds constitute valid and binding obligations of the Borrower entitled to the benefits and security of the FMB Mortgage and the Supplemental Indenture and are enforceable against the Borrower in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law). From and after the FMB Delivery Date, the FMB Mortgage, as supplemented by the Supplemental Indenture, complies as to form with the requirements of the Trust Indenture Act of 1939, as amended. From and after the FMB Delivery Date, the First Mortgage Bonds are not required to be registered under the Securities Act. The issuance to the Administrative Agent of the First Mortgage Bonds as described in this Loan Agreement did and does not violate any provision of the FMB Mortgage, as supplemented by the Supplemental Indenture. In addition, the issuance to the Administrative Agent of the First Mortgage Bonds as described in this Loan Agreement did and does not violate any provision of any other agreement or instrument or any law or regulation, or judicial or regulatory order, judgment or decree to which the Borrower or any of its Subsidiaries is a party or by which any of the foregoing is bound, the violation of which would have or would be reasonably expected to have a Material Adverse Effect. Notwithstanding anything herein to the contrary, this Section 6.18 shall not apply during any FMB Release Period.

6.19 First Priority Mortgage.

The Borrower has good and indefeasible title to (or valid rights to lease or use, by easement or otherwise) all real property comprising the Mortgaged Property, and good and valid title to (or valid rights to use, by easement or otherwise) all fixtures and personal property comprising the Mortgaged Property, and (i) all such Mortgaged Property is subject to the Lien of the FMB Mortgage Documents, and (ii) all such Mortgaged Property acquired by the Borrower after the respective dates of the FMB Mortgage and the Supplemental Indenture have become or will, upon such acquisition, become, subject to the Lien thereof. The FMB Mortgage constitutes a valid direct first deed of trust lien and security interest upon all Mortgaged Property, subject only to "Permitted Liens" (as such term is defined in the FMB Mortgage). From and after the FMB Delivery Date, the rights, powers, Liens and privileges purported to be created pursuant to the FMB Mortgage Documents in favor of the Administrative Agent, as the holder of the First Mortgage Bonds for the benefit of the Lenders, shall be equal and ratable with the holders of other bonds issued pursuant to the FMB Mortgage Documents. Notwithstanding anything herein to the contrary, this Section 6.19 shall not apply during any FMB Release Period.

6.20 Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.

(a) None of (i) the Borrower, any Subsidiary or, to the knowledge of the Borrower or such Subsidiary, any of their respective directors, officers, employees or Affiliates, or (ii) to the knowledge of the Borrower, any agent or representative of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the Borrowings, (A) is a Sanctioned Person or currently the subject or target of any Sanctions, (B) has its assets located in a Sanctioned Country, (C) is under administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws,

or (D) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons.

(b) Each of the Borrower and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower and its Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

(c) Each of the Borrower and its Subsidiaries, and to the knowledge of the Borrower, director, officer, employee, agent and Affiliate of Borrower and each such Subsidiary, is in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions in all material respects.

(d) No proceeds of any Borrowings have been used, directly or indirectly, by the Borrower, any of its Subsidiaries or any of its or their respective directors, officers, employees and agents in violation of Section 7.9(b).

6.21 Covered Foreign Persons; Covered Activities.

. Neither the Borrower nor any of its Subsidiaries is a “covered foreign person” as that term is used in the Outbound Investment Rules. Neither the Borrower nor any of its Subsidiaries currently engages, or has any present intention to engage in the future, directly or indirectly, in (i) a “covered activity” or a “covered transaction”, as each such term is defined in the Outbound Investment Rules, (ii) any activity or transaction that would constitute a “covered activity” or a “covered transaction”, as each such term is defined in the Outbound Investment Rules, if the Borrower were a U.S. Person or (iii) any other activity that would cause the Administrative Agent or any Lender to be in violation of the Outbound Investment Rules or cause the Administrative Agent or any Lender to be legally prohibited by the Outbound Investment Rules from performing under this Loan Agreement.

SECTION 7

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that, until the termination of the Commitments and the payment in full of all of the Borrower Obligations:

7.1 Information Covenants.

The Borrower will furnish, or cause to be furnished, to the Lenders:

(a) Annual Financial Statements. As soon as available, and in any event within 120 days after the close of each Fiscal Year of the Borrower commencing with the 2025 Fiscal Year, a consolidated balance sheet and income statement of the Borrower and its Subsidiaries, as of the end of such Fiscal Year, together with the related consolidated statements of income and of cash flows for such Fiscal Year, setting forth in comparative form figures for the preceding Fiscal Year, all such financial information described above to be in reasonable form and detail and, in each case, audited by independent certified public accountants of recognized national standing reasonably acceptable to the Required Lenders and whose opinion shall be furnished to the Lenders, and shall be to the effect that such financial statements have been prepared in accordance with GAAP (except

for changes with which such accountants concur) and shall not be limited as to the scope of the audit or qualified in any respect.

(b) Quarterly Financial Statements. As soon as available, and in any event within 60 days after the close of each Fiscal Quarter of the Borrower commencing with the Fiscal Quarter ending March 31, 2025 (other than the fourth Fiscal Quarter), a consolidated balance sheet and income statement of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter, together with the related consolidated statement of income for such Fiscal Quarter and a year to date statement of cash flows, in each case setting forth in comparative form figures for the corresponding period of the preceding Fiscal Year, all such financial information described above to be in reasonable form and detail and reasonably acceptable to the Required Lenders, and, in each case, accompanied by a certificate of a Financial Officer of the Borrower to the effect that such quarterly financial statements fairly present in all material respects the financial condition of such Person and have been prepared in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments and except that the quarterly financial statements have fewer footnotes than annual statements.

(c) Officer's Certificate. At the time of delivery of the financial statements provided for in Sections 7.1(a) and 7.1(b) above, a certificate of a Financial Officer substantially in the form of Exhibit 7.1(c): (i) setting forth calculations demonstrating compliance by the Borrower with the financial covenant set forth in Section 7.2 as of the end of such fiscal period and (ii) stating that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action the Borrower proposes to take with respect thereto.

(d) Reports. Notice of the filing by the Borrower of any Form 10-Q, Form 10-K or Form 8-K with the SEC promptly upon the filing thereof and copies of all financial statements, proxy statements, notices and reports as the Borrower shall send to its shareholders concurrently with the mailing of any such statements, notices or reports to its shareholders.

(e) Notices. Upon the Borrower obtaining knowledge thereof, the Borrower will give written notice to the Administrative Agent within ten (10) days of (i) the occurrence of a Default or Event of Default, specifying the nature and extent thereof and what action the Borrower proposes to take with respect thereto, (ii) the occurrence of any of the following with respect to the Borrower or any of its Subsidiaries (A) the pendency or commencement of any litigation, arbitration or governmental proceeding against the Borrower or any of its Subsidiaries which, if adversely determined, would have or would reasonably be expected to have a Material Adverse Effect, (B) one or more judgments, orders, or decrees shall be entered against the Borrower or any of its Subsidiaries involving a liability of \$5,000,000 or more, in the aggregate or (C) the institution of any proceedings against the Borrower or any of its Subsidiaries with respect to, or the receipt of notice by such Person of potential liability or responsibility for violation or alleged violation of, any federal, state or local law, rule or regulation (including, without limitation, any Environmental Laws), the violation of which would have or would reasonably be expected to have a Material Adverse Effect and (iii) the First Mortgage Bond Trustee resigning as trustee under the FMB Mortgage.

(f) ERISA. Upon the Borrower, any of its Subsidiaries, or any ERISA Affiliate obtaining knowledge thereof, the Borrower will give written notice to the Administrative Agent promptly (and in any event within ten days) of any of the following which would result in or reasonably would be expected to result in a Material Adverse Effect: (i) any event or condition, including, but not limited to, any Reportable Event, that constitutes, or would be reasonably

expected to lead to, an ERISA Event; (ii) with respect to any Multiemployer Plan, the receipt of notice as prescribed in ERISA or otherwise of any withdrawal liability assessed against the Borrower, any of its Subsidiaries, or any ERISA Affiliate, or of a determination that any Multiemployer Plan is insolvent (both within the meaning of Title IV of ERISA); (iii) the failure to make full payment on or before the due date (including extensions) thereof of all amounts which the Borrower or any of its Subsidiaries or ERISA Affiliates is required to contribute to each Plan pursuant to its terms and as required to meet the minimum funding standard set forth in ERISA and the Code with respect thereto; or (iv) a change in the funding status of any Plan, in each case together with a description of any such event or condition or a copy of any such notice and a statement by an officer of the Borrower briefly setting forth the details regarding such event, condition, or notice, and the action, if any, which has been or is being taken or is proposed to be taken with respect thereto. Promptly upon request, the Borrower shall furnish the Lenders with such additional information concerning any Plan as may be reasonably requested, including, but not limited to, copies of each annual report/return (Form 5500 series), as well as all schedules and attachments thereto required to be filed with the Department of Labor and/or the Internal Revenue Service pursuant to ERISA and the Code, respectively, for each “plan year” (within the meaning of Section 3(39) of ERISA).

(g) Debt Ratings. Prompt notice of any change in the Debt Ratings of the Borrower.

(h) KYC; Anti-Money Laundering Laws; Anti-Corruption Laws. Promptly upon the request thereof, such other information and documentation required under applicable “know your customer” rules and regulations, the PATRIOT Act or any applicable Anti-Money Laundering Laws or Anti-Corruption Laws, in each case as from time to time reasonably requested by the Administrative Agent or any Lender.

(i) Other Information. With reasonable promptness upon any such request, such other information regarding the business, properties or financial condition of the Borrower as the Lenders may reasonably request.

Documents required to be delivered pursuant to Section 7.1(a), (b) or (d) (to the extent any such documents are included in materials otherwise filed with the Securities and Exchange Commission) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Parent posts such documents, or provides a link thereto on the Parent’s website on the Internet at the website address listed on Schedule 11.1; or (ii) on which such documents are posted on the Borrower’s behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (A) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (B) the Borrower shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (*i.e.*, soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Officer’s Certificate required by Section 7.1(c) to the Administrative Agent. Except for such Officer’s Certificate, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

7.2 Financial Covenant.

The ratio of (i) Consolidated Indebtedness of the Borrower to (ii) Consolidated Capitalization of the Borrower shall be less than or equal to 0.65 to 1.0 as of the last day of any Fiscal Quarter of the Borrower.

7.3 Preservation of Existence and Franchises.

(a) Except in a transaction permitted by Section 8.2, the Borrower will do (and will cause each of its Subsidiaries to do) all things necessary to preserve and keep in full force and effect its existence and material rights, franchises and authority.

(b) The Borrower will maintain (and will cause each of its Subsidiaries to maintain) its properties in good working order and condition and not waste or otherwise permit such properties to deteriorate, reasonable wear and tear excepted; provided that this Section 7.3(b) shall not prevent the Borrower or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Borrower has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

7.4 Books and Records.

The Borrower will keep (and will cause each of its Subsidiaries to keep) complete and accurate books and records of its transactions in accordance with good accounting practices on the basis of GAAP (including the establishment and maintenance of appropriate reserves).

7.5 Compliance with Law.

(a) The Borrower will comply (and will cause each of its Subsidiaries to comply) with all laws (including, without limitation, all Environmental Laws and ERISA laws), rules, regulations and orders, and all applicable restrictions imposed by all Governmental Authorities, applicable to it and its properties, if the failure to comply would have or would reasonably be expected to have a Material Adverse Effect.

(b) Without limiting clause (a) above, the Borrower will, and will cause each of its Subsidiaries to, ensure that no person who owns a controlling interest in or otherwise controls the Borrower or any Subsidiary is or shall be a Sanctioned Person.

(c) The Borrower will (i) maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions, (ii) notify the Administrative Agent and each Lender that previously received a Beneficial Ownership Certification (or a certification that the Borrower qualifies for an express exclusion to the “legal entity customer” definition under the Beneficial Ownership Regulation) of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Borrower ceasing to fall within an express exclusion to the definition of “legal entity customer” under the Beneficial Ownership Regulation) and (iii) promptly upon the reasonable request of the Administrative Agent or any Lender, provide the Administrative Agent or directly to such Lender, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

7.6 Payment of Taxes and Other Indebtedness.

The Borrower will (and will cause each of its Subsidiaries to) pay, settle or discharge (a) all Taxes, assessments and governmental charges or levies imposed upon it, or upon its income or profits, or upon any of its properties, before they shall become delinquent, (b) all lawful claims (including claims for labor, materials and supplies) which, if unpaid, might give rise to a Lien upon any of its properties, and (c) all of its other Indebtedness as it shall become due (to the extent such repayment is not otherwise prohibited by this Loan Agreement); provided, however, that the Borrower and its Subsidiaries shall not be required to pay any such Tax, assessment, charge, levy, claim or Indebtedness which is being contested in good faith by appropriate proceedings and as to which adequate reserves therefor have been established in accordance with GAAP, unless the failure to make any such payment (i) would give rise to an immediate right to foreclose or collect on a Lien securing such amounts or (ii) would have or would be reasonably expected to have a Material Adverse Effect.

7.7 Insurance.

The Borrower will (and will cause each of its Subsidiaries to) at all times maintain in full force and effect insurance (including worker's compensation insurance and general liability insurance) in such amounts, covering such risks and liabilities and with such deductibles or self-insurance retentions as are in accordance with normal industry practice.

7.8 Performance of Obligations.

The Borrower will perform (and will cause each of its Subsidiaries to perform) in all material respects all of its obligations under the terms of the Supplemental Indenture, the First Mortgage Bonds, and all other material agreements, indentures, mortgages, security agreements or other debt instruments to which it is a party or by which it is bound; provided that the Specified Defaults will not constitute such a failure to perform for purposes of this Section 7.8.

7.9 Use of Proceeds.

(a) The proceeds of the Borrowings may be used solely (i) to repurchase any and all of the Borrower's first mortgage bonds originally issued pursuant to the FMB Mortgage prior to the Closing Date and repurchased by the Borrower in connection with one or more offers to purchase all of such outstanding first mortgage bonds to be commenced promptly after the Closing Date and in accordance with the FMB Mortgage, and (ii) to pay fees and expenses required by the Loan Documents.

(b) The Borrower shall not request any Borrowing, and the Borrower shall not use, and shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing directly or, to the knowledge of the Borrower, indirectly (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

7.10 Audits/Inspections.

Upon reasonable notice and during normal business hours and subject to the Borrower's applicable safety protocols, the Borrower will permit representatives appointed by the Administrative Agent or the Lenders, including, without limitation, independent accountants, agents, attorneys, and appraisers to visit and inspect the Borrower's property, including its books and records, its accounts receivable and inventory, the Borrower's facilities and its other business assets, and to make photocopies or photographs thereof and to write down and record any information such representative obtains and shall permit the Administrative Agent or such Lender or its representatives to investigate and verify the accuracy of information provided to it and to discuss all such matters with the officers, employees and representatives of the Borrower; provided, that an officer or authorized agent of the Borrower shall be present during any such discussions between the officers, employees or representatives of the Borrower and the representatives of the Administrative Agent or any Lender.

7.11 First Mortgage Bond Delivery. On or before the FMB Delivery Date, the Borrower will:

(a) execute and deliver, or cause to be executed and delivered, each of the Supplemental Indenture, the First Mortgage Bonds and the FMB Delivery Agreement;

(b) together with the documents required under clause (a), deliver to the Administrative Agent a duly executed certificate or certificates executed by a Financial Officer or an Authorized Officer of the Borrower as of such date of delivery stating that (i) the Borrower and each of its Subsidiaries are in compliance in all material respects with all existing material financial obligations (other than the Specified Defaults) and all material Requirements of Law, (ii) there does not exist any material order, decree, judgment, ruling or injunction or any material pending or threatened action, suit, investigation or proceeding against the Borrower or any of its Subsidiaries except as disclosed in the SEC Report, and (iii) (A) the Borrower is Solvent, (B) no Default or Event of Default exists, and (C) all representations and warranties contained herein and in the other Loan Documents and the FMB Mortgage Documents are true and correct in all material respects; and

(c) to the extent requested by the Administrative Agent, deliver copies of each document (including any Uniform Commercial Code financing statement) required by the FMB Mortgage Documents to be filed, registered or recorded in order to create in favor of the First Mortgage Bond Trustee for the benefit of the holders of the First Mortgage Bonds, including the Administrative Agent, for the benefit of the Lenders, a valid direct first deed of trust lien and security interest on the Mortgaged Property, in each case, in proper form for filing, registration or recordation.

SECTION 8

NEGATIVE COVENANTS

Unless otherwise approved in writing by the Required Lenders, the Borrower covenants and agrees that, until the termination of the Commitments and the payment in full of all the Borrower Obligations:

8.1 Nature of Business.

The Borrower will not materially alter the character of its business from that conducted as of the Closing Date.

8.2 Consolidation and Merger.

The Borrower will not (a) merge with or into any other Person or (b) consolidate, liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); provided that, so long as no Default or Event of Default shall exist or be caused thereby, a Person may be merged or consolidated with or into the Borrower so long as the Borrower shall be the continuing or surviving Person; and provided further that the Merger Transactions pursuant to clause (i) of the definition thereof will not constitute a violation of this Section 8.2.

8.3 Sale or Lease of Assets.

The Borrower will not (nor will it permit its Subsidiaries to) sell, lease, transfer or otherwise dispose of, any of its assets (including, without limitation, all or substantially all of its assets, whether in one transaction or a series of related transactions) except (a) sales or transfers of accounts receivable and related rights to payment in connection with a TNMP Securitization, (b) sales or other transfers of assets for fair value, if the aggregate value of all such transactions in any calendar year, does not exceed 25% of the book value of Total Assets of the Borrower, as calculated as of the end of the most recent Fiscal Quarter, and (c) sales, leases, transfers or other dispositions, at less than fair value, of any other assets of the Borrower and its Subsidiaries, provided that the aggregate book value of such assets shall not exceed \$10,000,000 in any calendar year.

8.4 Affiliate Transactions.

The Borrower will not enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any Affiliate other than on terms and conditions substantially as favorable as would be obtainable in a comparable arm's-length transaction with a Person other than an Affiliate.

8.5 Liens.

The Borrower will not (nor will it permit its Subsidiaries to) contract, create, incur, assume or permit to exist any Lien with respect to any of its property or assets of any kind (whether real or personal, tangible or intangible), whether now owned or hereafter acquired, securing any Indebtedness other than the following: (a) Liens securing the Borrower Obligations, (b) Liens for taxes not yet due or Liens for taxes being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established (and as to which the property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof), (c) Liens in respect of property imposed by law arising in the ordinary course of business such as materialmen's, mechanics', warehousemen's, carrier's, landlords' and other nonconsensual statutory Liens which are not yet due and payable, which have been in existence less than 90 days or which are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established (and as to which the property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof), (d) pledges or deposits made in the ordinary course of business to secure payment of worker's compensation insurance, unemployment insurance, pensions or social security programs, (e) Liens arising from good faith deposits in connection with or to secure performance of tenders, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of

business (other than obligations in respect of the payment of borrowed money), (f) Liens arising from good faith deposits in connection with or to secure performance of statutory obligations and surety and appeal bonds, (g) easements, rights-of-way, restrictions (including zoning restrictions), minor defects or irregularities in title and other similar charges or encumbrances not, in any material respect, impairing the use of the encumbered property for its intended purposes, (h) judgment Liens that would not constitute an Event of Default, (i) Liens arising by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights as to deposit accounts or other funds maintained with a creditor depository institution, (j) any Lien created or arising over any property which is acquired, constructed or created by the Borrower or its Subsidiaries, but only if (i) such Lien secures only principal amounts (not exceeding the cost of such acquisition, construction or creation) raised for the purposes of such acquisition, construction or creation, together with any costs, expenses, interest and fees incurred in relation thereto or a guarantee given in respect thereof, (ii) such Lien is created or arises on or before 180 days after the completion of such acquisition, construction or creation, (iii) such Lien is confined solely to the property so acquired, constructed or created and any improvements thereto and (iv) the aggregate principal amount of all Indebtedness at any one time outstanding that is secured by such Liens shall not exceed \$50,000,000, (k) any Lien on Margin Stock, (l) the assignment of, or Liens on, demand, energy or wheeling revenues, or on capacity reservation or option fees, payable to the Borrower or any of its Subsidiaries with respect to any wholesale electric service or transmission agreements, the assignment of, or Liens on, revenues from energy services contracts, and the assignment of, or Liens on, capacity reservation or option fees payable to the Borrower or such Subsidiary with respect to asset sales permitted herein, (m) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Liens referred to in the foregoing clauses (a) through (l), for amounts not exceeding the principal amount of the Indebtedness secured by the Lien so extended, renewed or replaced, provided that such extension, renewal or replacement Lien is limited to all or a part of the same property or assets that were covered by the Lien extended, renewed or replaced (plus improvements on such property or assets), (n) Liens securing obligations under Hedging Agreements entered into in the ordinary course of business and not for speculative purposes, (o) the assignment of or Liens on, accounts receivable and related rights to payment in connection with (i) a TNMP Securitization or (ii) any other accounts receivable securitization so long as such other securitization is non-recourse to the Borrower (other than with respect to Standard Securitization Undertakings) and is otherwise on commercially reasonable terms, and the filing of related financing statements under the Uniform Commercial Code of the applicable jurisdictions, (p) Liens upon any property in favor of the lenders under any Material Credit Agreement securing Indebtedness thereunder; provided that (i) the Borrower Obligations shall concurrently be secured equally and ratably with (or prior to) such Indebtedness under such Material Credit Agreement so long as such other Indebtedness shall be secured and (ii) the Borrower, the lenders or any administrative agent under such Material Credit Agreement and the Administrative Agent, for the benefit of the Lenders, shall have entered into such security agreements, collateral trust and sharing agreements, intercreditor agreements and other documentation deemed necessary by the Administrative Agent in respect of such Lien on terms and conditions acceptable to the Administrative Agent (including, without limitation, with respect to the voting of claims and release or modification of any such Lien or all or any portion of the collateral thereunder), (q) the Lien of the FMB Mortgage Documents on the Mortgaged Property, subject in each case to compliance with Section 7.2, (r) the Liens on the Mortgaged Property which would not otherwise be permitted under this Section 8.5 and which are "Permitted Liens" (as such term is defined in the FMB Mortgage as in effect on the date hereof) and (s) Liens on Property, in addition to those otherwise permitted by clauses (a) through (r) above, securing, directly or indirectly, Indebtedness or obligations of the Borrower and its Subsidiaries arising pursuant to other agreements entered into in the ordinary course of business which do not exceed, in the aggregate at any one time outstanding, \$50,000,000.

8.6 Accounting Changes.

The Borrower will not (nor will it permit any of its Subsidiaries to) make or permit, any change in accounting policies or reporting practices, except as required by GAAP, or as permitted by GAAP, if the amounts involved are not material.

8.7 Covered Foreign Persons; Covered Activities.

The Borrower will not, and will not permit any of its Subsidiaries to, (a) be or become a “covered foreign person”, as that term is defined in the Outbound Investment Rules, or (b) engage, directly or indirectly, in (i) a “covered activity” or a “covered transaction”, as each such term is defined in the Outbound Investment Rules, (ii) any activity or transaction that would constitute a “covered activity” or a “covered transaction”, as each such term is defined in the Outbound Investment Rules, if the Borrower were a U.S. Person or (iii) any other activity that would cause the Administrative Agent or any Lender to be in violation of the Outbound Investment Rules or cause the Administrative Agent or any Lender to be legally prohibited by the Outbound Investment Rules from performing under this Loan Agreement

SECTION 9

EVENTS OF DEFAULT

9.1 Events of Default.

An Event of Default with respect to the Borrower shall exist upon the occurrence of any of the following specified events (each an “Event of Default”):

(a) Payment. The Borrower shall: (i) default in the payment when due of any principal of any of the Loans; or (ii) default, and such default shall continue for five (5) or more Business Days, in the payment when due of any interest on the Loans or of any fees, including any Duration Fees, or other amounts owing hereunder, under any of the other Loan Documents or in connection herewith or therewith.

(b) Representations. Any representation, warranty or statement made or deemed to be made by the Borrower herein or in any of the other Loan Documents, or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove untrue in any material respect on the date as of which it was deemed to have been made.

(c) Covenants. The Borrower shall:

(i) default in the due performance or observance of any term, covenant or agreement contained in Sections 7.1(e)(i), 7.2, 7.3(a) (solely with respect to the existence of the Borrower), 7.9, 7.10 or 8.1 through 8.6, inclusive; or

(ii) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in subsections (a), (b) or (c)(i) of this Section 9.1) contained in this Loan Agreement or any other Loan Document and the default shall continue unremedied for a period of at least thirty (30) days after the earlier of an Authorized Officer of the Borrower becoming aware of such default or notice thereof given by the Administrative Agent.

(d) Loan Documents; FMB Mortgage. Any Loan Document or, from and after the FMB Delivery Date, the FMB Mortgage shall fail to be in force and effect or the Borrower shall so assert or any Loan Document or the FMB Mortgage shall fail to give the Administrative Agent or the Lenders, or the First Mortgage Bond Trustee, as applicable, the material rights, powers, liens and privileges purported to be created thereby; provided that it shall not be a Default or Event of Default hereunder if the FMB Mortgage or any other FMB Mortgage Document fails to be in force or effect during any FMB Release Period.

(e) Bankruptcy, etc. The occurrence of any of the following with respect to the Borrower or any of its Subsidiaries (i) a court or governmental agency having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower or any of its Subsidiaries in an involuntary case under any applicable Debtor Relief Law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Borrower or any of its Subsidiaries or for any substantial part of their property or ordering the winding up or liquidation of its affairs; or (ii) an involuntary case under any applicable Debtor Relief Law now or hereafter in effect is commenced against the Borrower or any of its Subsidiaries and such petition remains unstayed and in effect for a period of sixty (60) consecutive days; or (iii) the Borrower or any of its Subsidiaries shall commence a voluntary case under any applicable Debtor Relief Law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of such Person or any substantial part of its property or make any general assignment for the benefit of creditors; or (iv) the Borrower or any of its Subsidiaries admit in writing its inability to pay its debts generally as they become due or any action shall be taken by any Person in furtherance of any of the aforesaid purposes.

(f) Defaults under Other Agreements.

(i) The Borrower or any of its Subsidiaries shall default in the due performance or observance (beyond the applicable grace period with respect thereto) of any material obligation or condition of any contract or lease to which it is a party, if such default would have or would reasonably be expected to have a Material Adverse Effect.

(ii) With respect to any Indebtedness of the Borrower or any of its Subsidiaries (other than Indebtedness outstanding under this Loan Agreement) in excess of \$20,000,000 in the aggregate (A) the Borrower or any of its Subsidiaries shall (x) default in any payment (beyond the applicable grace period with respect thereto, if any) with respect to such Indebtedness, or (y) default (after giving effect to any applicable grace period) in the observance or performance of any covenant or agreement relating to such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event or condition shall occur or condition exist (other than a Specified Default), the effect of which default or other event or condition is to cause or permit the holder or the holders of such Indebtedness (or any trustee or agent on behalf of such holders) to cause (determined without regard to whether any notice or lapse of time is required) such Indebtedness to become due prior to its stated maturity; or (B) such Indebtedness shall be declared due and payable, or required to be prepaid other than by a regularly scheduled required prepayment prior to the stated maturity thereof; or (C) such Indebtedness shall mature and remain unpaid.

(g) Judgments. Any judgment, order or decree involving a liability of \$20,000,000 or more, or one or more judgments, orders, or decrees involving a liability of \$40,000,000 or more, in

the aggregate, shall be entered against the Borrower or any of its Subsidiaries and such judgments, orders or decrees shall continue unsatisfied, undischarged and unstayed for a period ending on the first to occur of (i) the last day on which such judgment, order or decree becomes final and unappealable and, where applicable, with the status of a judicial lien or (ii) 60 days; provided that if such judgment, order or decree provides for periodic payments over time then the Borrower or such Subsidiary shall have a grace period of 30 days with respect to each such periodic payment.

(h) ERISA. The occurrence of any of the following events or conditions if any of the same would have or would be reasonably expected to have a Material Adverse Effect: (i) the Borrower, any of its Subsidiaries or any ERISA Affiliate fails to make full payment when due of all amounts which under the provisions of any Plan or Section 412 or 430 of the Code, the Borrower, any of its Subsidiaries or any ERISA Affiliate is required to pay as contributions thereto; (ii) an ERISA Event shall occur with respect to a Single Employer Plan which is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA; (iii) an ERISA Event shall occur with respect to a Multiemployer Plan or Multiple Employer Plan which is, in the reasonable opinion of the Required Lenders, likely to result in (A) the termination of such Single Employer Plan for purposes of Title IV of ERISA, or (B) the Borrower, any of its Subsidiaries, or any ERISA Affiliate incurring any liability in connection with a withdrawal from or insolvency (within the meaning of Section 4245 of ERISA) of such Plan; or (iv) any prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility shall occur which would be reasonably expected to subject the Borrower, any of its Subsidiaries, or any ERISA Affiliate to any liability under Sections 406, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which the Borrower, any of its Subsidiaries, or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability.

(i) Change of Control. There shall occur a Change of Control.

(j) First Mortgage Bonds. From and after the FMB Delivery Date, during any period other than a FMB Release Period, (i) the aggregate outstanding principal amount of the First Mortgage Bonds shall be less than the aggregate outstanding principal amount of the Loans; or (ii) the First Mortgage Bonds shall cease to be equally and ratably secured under the terms of the FMB Mortgage by a valid direct first deed of trust lien and security interest upon all Mortgaged Property, subject only to "Permitted Liens" (as such term is defined in the FMB Mortgage); or (iii) the Borrower shall deny in writing that it has any liability or obligation under any First Mortgage Bonds or purport to revoke, terminate, rescind or redeem any First Mortgage Bonds (other than in accordance with the terms of the First Mortgage Bonds and the FMB Mortgage).

9.2 Acceleration; Remedies.

Upon the occurrence and during the continuation of an Event of Default, the Administrative Agent may or, upon the request and direction of the Required Lenders, shall take the following actions without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against the Borrower, except as otherwise specifically provided for herein:

(a) Acceleration of Loans. Declare the unpaid principal of and any accrued interest in respect of all Loans and any and all other Borrower Obligations of any and every kind owing by the Borrower to the Administrative Agent or the Lenders under the Loan Documents to be due, whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

(b) Termination of Commitments. Declare the Commitments of each Lender terminated, whereupon the Commitments of each Lender shall be immediately terminated.

(c) Enforcement of Rights. To the extent permitted by Law, enforce any and all rights and interests created and existing under applicable Law and under the Loan Documents, and, from and after the FMB Delivery Date, the FMB Mortgage.

Notwithstanding the foregoing, if an Event of Default specified in Section 9.1(e) shall occur, then all Loans, all accrued interest in respect thereof, all accrued and unpaid fees and other Borrower Obligations owing to the Administrative Agent and the Lenders hereunder shall immediately become due and payable and all Commitments of the Lenders shall immediately terminate, in each case without the giving of any notice or other action by the Administrative Agent or the Lenders, which notice or other action is expressly waived by the Borrower.

Notwithstanding the fact that enforcement powers reside primarily with the Administrative Agent, each Lender has, to the extent permitted by Law, a separate right of payment and shall be considered a separate “creditor” holding a separate “claim” within the meaning of Section 101(5) of the Bankruptcy Code or any other insolvency statute.

9.3 Allocation of Payments After Event of Default.

Notwithstanding any other provisions of this Loan Agreement, after the occurrence and during the continuation of an Event of Default, all amounts collected or received by the Administrative Agent or any Lender on account of amounts outstanding under any of the Loan Documents shall be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including the reasonable fees and expenses of legal counsel) of the Administrative Agent or any of the Lenders in connection with enforcing the rights of the Administrative Agent and the Lenders under the Loan Documents, ratably among them in proportion to the amounts described in this clause “FIRST” payable to them;

SECOND, to payment of any fees owed to the Administrative Agent or any Lender, ratably among them in proportion to the amounts described in this clause “SECOND” payable to them;

THIRD, to the payment of all accrued interest payable to the Lenders hereunder, ratably among them in proportion to the amounts described in this clause “THIRD” payable to them;

FOURTH, to the payment of the outstanding principal amount of the Loans, ratably among them in proportion to the amounts described in this clause “FOURTH” payable to them;

FIFTH, to all other Borrower Obligations which shall have become due and payable under the Loan Documents and not repaid pursuant to clauses “FIRST” through “FOURTH” above, ratably among the holders of such Borrower Obligations in proportion to the amounts described in this clause “FIFTH” payable to them; and

SIXTH, the payment of the surplus, if any, to whomever may be lawfully entitled to receive such surplus.

SECTION 10

AGENCY PROVISIONS

10.1 Appointment and Authority.

Each of the Lenders hereby irrevocably appoints Wells Fargo Bank, National Association to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and the FMB Mortgage and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section are solely for the benefit of the Administrative Agent, the Lenders and their respective Related Parties, and neither the Borrower nor any Subsidiary thereof shall have any rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” as used herein or in any other Loan Documents (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

10.2 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust, financial advisory, underwriting, capital markets or other business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders or to provide notice to or consent of the Lenders with respect thereto.

10.3 Exculpatory Provisions.

The Administrative Agent, the Arranger and their respective Related Parties shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder and thereunder shall be administrative in nature, and the FMB Mortgage. Without limiting the generality of the foregoing, the Administrative Agent, the Arranger and their respective Related Parties:

(a) shall not be subject to any agency, trust, fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents or the FMB Mortgage that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document, the FMB Mortgage or applicable Law, including, for the avoidance of doubt any action

that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law;

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, its Subsidiaries or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity;

(d) shall not, have any duty to disclose, and shall not be liable for the failure to disclose to any Lender or any other Person, any credit or other information relating concerning the business, prospects, operations, properties, assets, financial or other condition or creditworthiness of the Borrower or any of its Subsidiaries or Affiliates that is communicated to, obtained by or otherwise in the possession of the Person serving as the Administrative Agent, the Arranger or their respective Related Parties in any capacity, except for notices, reports and other documents that are required to be furnished by the Administrative Agent to the Lenders pursuant to the express provisions of this Loan Agreement; and

(e) shall not be required to account to any Lender for any sum or profit received by the Administrative Agent for its own account.

The Administrative Agent shall not be liable for any action taken or not taken by it (a) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.6 and 9.2) or (b) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by a final and non-appealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default and indicating that such notice is a "Notice of Default" is given to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent, the Arranger or their respective Related Parties shall not be responsible for or have any duty or obligations to any Lender or Participant or any other Person to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Loan Agreement or any other Loan Document or the FMB Mortgage, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Loan Agreement, any other Loan Document, the FMB Mortgage Documents or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 4, Section 5 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.4 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person and shall be fully protected in relying and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, that by its terms

must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. Each Lender that has signed this Loan Agreement or a signature page to an Assignment and Assumption or any other Loan Document pursuant to which it is to become a Lender hereunder shall be deemed to have consented to, approved and accepted and shall be deemed satisfied with each document or other matter required thereunder to be consented to, approved or accepted by such Lender or that is to be acceptable or satisfactory to such Lender.

10.5 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document or under the FMB Mortgage by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

10.6 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank or financial institution reasonably experienced in serving as administrative agent on syndicated bank facilities with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law, by notice in writing to the Borrower and such Person, remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the “Removal Effective Date”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and the FMB Mortgage (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents or under the FMB Mortgage, as applicable (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents and the FMB Mortgage, as applicable, the provisions of this Article and Section 11.5 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent or relating to its duties as Administrative Agent that are carried out following its retirement or removal.

10.7 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender expressly acknowledges that none of the Administrative Agent, the Arranger or any of their respective Related Parties has made any representations or warranties to it and that no act taken or failure to act by the Administrative Agent, the Arranger or any of their respective Related Parties, including any consent to, and acceptance of any assignment or review of the affairs of the Borrower and its Subsidiaries or Affiliates shall be deemed to constitute a representation or warranty of the Administrative Agent, the Arranger or any of their respective Related Parties to any Lender as to any matter, including whether the Administrative Agent, the Arranger or any of their respective Related Parties have disclosed material information in their (or their respective Related Parties') possession. Each Lender expressly acknowledges, represents and warrants to the Administrative Agent and the Arranger that (a) the Loan Documents set forth the terms of a commercial lending facility, (b) it is engaged in making, acquiring, purchasing or holding commercial loans in the ordinary course and is entering into this Loan Agreement and the other Loan Documents to which it is a party as a Lender for the purpose of making, acquiring, purchasing and/or holding the commercial loans set forth herein as may be applicable to it, and not for the purpose of investing in the general performance or operations of the Borrower and its Subsidiaries, or for the purpose of making, acquiring, purchasing or holding any other type of financial instrument such as a security, (c) it is sophisticated with respect to decisions to make, acquire, purchase or hold the commercial loans applicable to it and either it or the Person exercising discretion in making its decisions to make, acquire, purchase or hold such commercial loans is experienced in making, acquiring, purchasing or holding commercial loans, (d) it has, independently and without reliance upon the Administrative Agent, the Arranger, any other Lender or any of their respective Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and appraisal of, and investigations

into, the business, prospects, operations, property, assets, liabilities, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, all applicable bank or other regulatory applicable Laws relating to the transactions contemplated by this Loan Agreement and the other Loan Documents and (e) it has made its own independent decision to enter into this Loan Agreement and the other Loan Documents to which it is a party and to extend credit hereunder and thereunder. Each Lender also acknowledges and agrees that (i) it will, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender or any of their respective Related Parties (A) continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Loan Agreement, any other Loan Document, the FMB Mortgage or any related agreement or any document furnished hereunder or thereunder based on such documents and information as it shall from time to time deem appropriate and its own independent investigations and (B) continue to make such investigations and inquiries as it deems necessary to inform itself as to the Borrower and its Subsidiaries and (ii) it will not assert any claim under any federal or state securities law or otherwise in contravention of this Section 10.7.

10.8 No Other Duties, Etc.

Anything herein to the contrary notwithstanding, none of the bookrunners, the Arranger or agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Loan Agreement or any of the other Loan Documents or the FMB Mortgage, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder, but each such Person shall have the benefit of the indemnities and exculpatory provisions hereof.

10.9 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Borrower Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Section 11.5) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 11.5.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Borrower Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Loan Agreement.

10.10 Status of Lenders.

The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender.

10.11 ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans or the Commitments or this Loan Agreement;

(ii) the prohibited transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable so as to exempt from the prohibitions of Section 406 of ERISA and Section 4975 of the Code such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Loan Agreement;

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Loan Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Loan Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Loan Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that none of the Administrative Agent, the Arranger and their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Loan Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Loan Agreement, any Loan Document or any documents related hereto or thereto).

10.12 Erroneous Payments.

(a) Each Lender and any other party hereto hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Lender (Affiliate thereof) or any other Person that has received funds from the Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Lender (each such recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 10.12(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "Erroneous Payment"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require the Administrative Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Administrative Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and upon demand from the Administrative Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than two Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent at the Overnight Rate.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an “Erroneous Payment Return Deficiency”), then at the sole discretion of the Administrative Agent and upon the Administrative Agent’s written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the “Erroneous Payment Impacted Class”) to the Administrative Agent or, at the option of the Administrative Agent, the Administrative Agent’s applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the “Erroneous Payment Deficiency Assignment”) plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Administrative Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 11.3 and (3) the Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person.

(e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Payment Recipient from any source, against any amount due to the Administrative Agent under this Section 10.12 or under the indemnification provisions of this Loan Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Loan Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Borrower Obligations, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower for the purpose of making a payment on the Borrower Obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Borrower Obligations, the Borrower Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been

received, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower for the purpose of making a payment on the Borrower Obligations.

(f) Each party's obligations under this Section 10.12 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Borrower Obligations (or any portion thereof) under any Loan Document.

(g) Nothing in this Section 10.12 will constitute a waiver or release of any claim of the Administrative Agent hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

SECTION 11

MISCELLANEOUS

11.1 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) if to the Borrower or the Administrative Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 11.1; and

(ii) if to any other Lender, to the address of such Lender set forth on the Register with respect to deliveries of notices and other documentation that may contain material non-public information.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Section 2 if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor, provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or other communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Administrative Agent's Office. The Administrative Agent hereby designates its office located at the address set forth on Schedule 11.1, or any subsequent office which shall have been specified for such purpose by written notice to the Borrower and the Lenders, as the Administrative Agent's Office referred to herein, to which payments due are to be made and at which Loans will be disbursed.

(d) Borrower Materials/The Platform. The parties hereto hereby acknowledge that (i) the Administrative Agent and/or the Arranger may, but shall not be obligated to, make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on Debt Domain, Intralinks, SyndTrak or a substantially similar electronic transmission system (the "Platform"). THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet (including the Platform), except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrower, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages, losses or expenses (as opposed to direct or actual damages, losses or expenses).

(e) Change of Address, Etc. The Borrower and the Administrative Agent may change its respective address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Borrower and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(f) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Notices of Borrowing) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.2 Right of Set-Off.

In addition to any rights now or hereafter granted under applicable Law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default and the commencement of remedies described in Section 9.2, each Lender is authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind (all of which rights being hereby expressly waived), to set-off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Lender (including, without limitation, branches, agencies or Affiliates of such Lender wherever located) to or for the credit or the account of the Borrower against obligations and liabilities of the Borrower to the Lenders hereunder, under the Notes, the First Mortgage Bonds, the other Loan Documents, the FMB Mortgage or otherwise, irrespective of whether the Administrative Agent or the Lenders shall have made any demand hereunder and although such obligations, liabilities or claims, or any of them, may be contingent or unmatured, and any such set-off shall be deemed to have been made immediately upon the occurrence of an Event of Default even though such charge is made or entered on the books of such Lender subsequent thereto. The Borrower hereby agrees that any Person purchasing a participation in the Loans and Commitments hereunder pursuant to Sections 3.8 or 11.3(d) may exercise all rights of set-off with respect to its participation interest as fully as if such Person were a Lender hereunder.

11.3 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Loan Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Loan Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Loan Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Loan Agreement (including all or a portion of its Commitments and its Loans (at the time owing to it)); provided that:

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified below in the aggregate or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed, and the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five Business Days after having received written notice thereof);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Loan Agreement with respect to the Commitments and Loans assigned;

(iii) no consent shall be required for any assignment to an Eligible Assignee except to the extent required by paragraph (b)(i) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided, that the Borrower shall be deemed to have given its consent five (5) Business Days after the date written notice thereof has been delivered by the assigning Lender (through the Administrative Agent) unless such consent is expressly refused by the Borrower prior to such fifth (5th) Business Day; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 for each assignment; provided, that (A) only one such fee will be payable in connection with simultaneous assignments to two or more related Approved Funds by a Lender and (B) the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment,

and the assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Ineligible Institutions. No such assignment shall be made to any Ineligible Institution.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested, but not funded by, the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Loan Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Loan Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Loan Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Loan Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Loan Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.9, 3.13, 3.14, and 11.5(b) with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Loan Agreement that does not comply with this subsection shall be treated for purposes of this Loan Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section (other than a purported assignment to a natural Person or the Borrower or any of the Borrower's Subsidiaries or Affiliates, which shall be null and void).

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments and the principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Loan Agreement, notwithstanding notice to the

contrary. The Register shall be available for inspection by the Borrower and any Lender (but only to the extent of entries in the Register that are applicable to such Lender), at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than an Ineligible Institution) (each, a “Participant”) in all or a portion of such Lender’s rights and/or obligations under this Loan Agreement (including all or a portion of its Commitments and Loans owing to it); provided that (i) such Lender’s obligations under this Loan Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Loan Agreement. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Commitments and Loans or other obligations under the Loan Documents (the “Participant Register”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant’s interest in any loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Loan Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Loan Agreement and to approve any amendment, modification or waiver of any provision of this Loan Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 11.6 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.9, 3.13 and 3.14 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 3.7 as though it were a Lender, provided such Participant agrees to be subject to Section 3.8 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.9, 3.13, or 3.14 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower’s prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.13 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.13(g) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Loan Agreement (including under its Note, if any) to

secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any other central banking authority; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledge or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include Electronic Signatures 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, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

11.4 No Waiver; Remedies Cumulative.

No failure or delay on the part of the Administrative Agent or any Lender in exercising any right, power or privilege hereunder or under any other Loan Document and no course of dealing between the Borrower and the Administrative Agent or any Lender shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies which the Administrative Agent or any Lender would otherwise have. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or the Lenders to any other or further action in any circumstances without notice or demand.

11.5 Attorney Costs, Expenses, Taxes and Indemnification by Borrower.

(a) The Borrower agrees (i) to pay or reimburse the Administrative Agent and the Arranger for all costs and expenses incurred in connection with the development, preparation, negotiation and execution of this Loan Agreement and the other Loan Documents and the FMB Mortgage and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all reasonable fees and expenses of legal counsel, and (ii) to pay or reimburse the Administrative Agent and each Lender for all costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Loan Agreement or the other Loan Documents or the FMB Mortgage (including all such costs and expenses incurred during any “workout” or restructuring in respect of the Borrower Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all reasonable fees and expenses of legal counsel. The foregoing costs and expenses shall include all search, filing, recording, and appraisal charges and fees and taxes related thereto, and other out-of-pocket expenses incurred by the Administrative Agent and the Arranger and the cost of independent public accountants and other outside experts retained by the Administrative Agent, the Arranger or any Lender. Other than costs and expenses payable in connection with the closing of the transactions contemplated by this Loan Agreement pursuant to this Section 11.5(a) (which shall be payable on the Closing Date unless otherwise agreed by the Administrative Agent and the Arranger), all amounts due under this Section 11.5 shall be payable within ten (10) Business Days after demand

therefor. The agreements in this Section shall survive the termination of the Commitments and repayment of all other Borrower Obligations.

(b) Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify and hold harmless each Related Party, each Lender and their respective Affiliates, directors, officers, employees, counsel, agents, advisors and attorneys-in-fact (collectively the “Indemnitees”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including the reasonable fees and expenses of legal counsel) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnatee in any way relating to or arising out of or in connection with (i) the execution, delivery, enforcement, performance or administration of any Loan Document, the FMB Mortgage or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (ii) any Commitment, any Loan or the use or proposed use of the proceeds therefrom, or (iii) any actual or alleged presence or release of Hazardous Substances on or from any property currently or formerly owned or operated by the Borrower, any Subsidiary of the Borrower, or any Environmental Claim related in any way to the Borrower or any Subsidiary of the Borrower, (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding), whether brought by a third party or by the Borrower or any of its Subsidiaries, and regardless of whether any Indemnatee is a party thereto or (v) any civil penalty or fine assessed by OFAC against, and all reasonable costs and expenses (including counsel fees and disbursements) incurred in connection with defense thereof, by the Administrative Agent or any Lender as a result of conduct of the Borrower that violates a sanction enforced by OFAC (all the foregoing, collectively, the “Indemnified Liabilities”), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnatee; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee. No Indemnatee shall be liable for any damages arising from the use by others of any information or other materials obtained through any Platform in connection with this Loan Agreement, nor shall any Indemnatee have any liability for any special, punitive, indirect or consequential damages relating to this Loan Agreement or any other Loan Document or the FMB Mortgage or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date).

(c) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender’s Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 3.2(d).

All amounts due under this Section 11.5 shall be payable within ten (10) Business Days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Borrower Obligations.

11.6 Amendments, Etc.

Except as set forth below or as specifically provided in any Loan Document (including Section 3.10(c)), no amendment or waiver of any provision of this Loan Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.1 or 5.1 without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to the terms of this Loan Agreement) without the written consent of such Lender;

(c) postpone any date fixed by this Loan Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled or mandatory reduction of the Loans hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation to pay interest at the Default Rate;

(e) change Section 3.8 or Section 9.3 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(f) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender;

(g) release the Borrower from its obligations, or consent to the assignment or transfer by the Borrower of any of its rights and obligations under (or in respect of) the Loan Documents or, except to the extent described in Section 2.1(d)(ii), the FMB Mortgage without the written consent of each Lender; or

(h) except to the extent described in Section 2.1(d)(ii), authorize the Administrative Agent to vote in favor of the release of all or substantially all of the collateral securing the First Mortgage Bonds without the written consent of each Lender;

and, provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Loan Agreement or any other Loan Document (including, without limitation, under Section 3.16) or, except to the extent expressly set forth in Section 2.1(d)(ii), the FMB Mortgage; and (ii) a Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder.

11.7 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed signature page of this Loan Agreement by facsimile transmission or other secure electronic format (pdf) shall be effective as delivery of a manually executed counterpart hereof.

(b) Electronic Execution. The words “execute,” “execution,” “signed,” “signature,” “delivery” and words of like import in or related to this Loan Agreement, any other Loan Document or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Loan Agreement or any other Loan Document or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Administrative Agent, 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 or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided that without limiting the foregoing, (a) to the extent the Administrative Agent has agreed to accept such Electronic Signature from any party hereto, the Administrative Agent and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (b) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders and any of the Credit Parties, electronic images of this Loan Agreement or any other Loan Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of

the Loan Documents based solely on the lack of paper original copies of any Loan Documents, including with respect to any signature pages thereto.

11.8 Headings.

The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Loan Agreement.

11.9 Survival of Indemnification and Representations and Warranties.

(a) Survival of Indemnification. All indemnities set forth herein shall survive the execution and delivery of this Loan Agreement, the making of any Loan and the repayment of the Loans and other Borrower Obligations and the termination of the Commitments hereunder.

(b) Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or Event of Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Borrower Obligation hereunder shall remain unpaid or unsatisfied.

11.10 Governing Law; Venue; Service.

(a) THIS LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THE SUPPLEMENTAL INDENTURE AND THE FIRST MORTGAGE BONDS) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT EXCLUDING ALL OTHER CHOICE OF LAW AND CONFLICTS OF LAW RULES). Any legal action or proceeding with respect to this Loan Agreement or any other Loan Document (other than the Supplemental Indenture and the First Mortgage Bonds) may be brought in the courts of the State of New York or of the United States for the Southern District of New York and appellate courts thereof, and, by execution and delivery of this Loan Agreement, the Borrower hereby irrevocably accepts for itself and in respect of its Property, generally and unconditionally, the jurisdiction of such courts.

(b) The Borrower irrevocably consents to the service of process in any action or proceeding with respect to this Loan Agreement or any other Loan Document by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address for notices pursuant to Section 11.1, such service to become effective ten days after such mailing. Nothing herein shall affect the right of a Lender to serve process in any other manner permitted by Law.

11.11 Waiver of Jury Trial; Waiver of Consequential Damages.

EACH OF THE PARTIES TO THIS LOAN AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM

ARISING OUT OF OR RELATING TO THIS LOAN AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY. Each of the parties to this Loan Agreement agrees not to assert any claim against any other party hereto, Administrative Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys or agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to any of the transactions contemplated herein and in the other Loan Documents and in the FMB Mortgage; provided that nothing contained in this Section 11.11 shall limit the Borrower's indemnification and reimbursement obligations set forth in Section 11.5.

11.12 Severability.

If any provision of any of the Loan Documents is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

11.13 Further Assurances.

The Borrower agrees, upon the request of the Administrative Agent, to promptly take such actions, as reasonably requested, as is necessary to carry out the intent of this Loan Agreement and the other Loan Documents.

11.14 Confidentiality.

Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by, or required to be disclosed to, any rating agency or regulatory authority purporting to have jurisdiction over it or an Affiliate (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Loan Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Loan Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facilities provided for herein, (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary, provided that, in the case of information received from the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to

have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS LOAN AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS LOAN AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

11.15 Entirety.

This Loan Agreement together with the other Loan Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to the Loan Documents or the transactions contemplated herein and therein.

11.16 Binding Effect; Continuing Agreement.

(a) This Loan Agreement shall become effective at such time when all of the conditions set forth in Section 4.1 have been satisfied or waived by the Lenders and it shall have been executed by the Borrower and the Administrative Agent, and the Administrative Agent shall have received copies hereof (telefaxed or otherwise) which, when taken together, bear the signatures of each Lender, and thereafter this Loan Agreement shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and assigns.

(b) This Loan Agreement shall be a continuing agreement and shall remain in full force and effect until all Loans, interest, fees and other Borrower Obligations have been paid in full and Commitments have been terminated. Upon termination, the Borrower shall have no further obligations (other than the indemnification provisions and other provisions that by their terms survive) under the Loan Documents; provided that should any payment, in whole or in part, of the Borrower Obligations be rescinded or otherwise required to be restored or returned by the Administrative Agent or any Lender, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, then the Loan Documents shall automatically be reinstated and all

amounts required to be restored or returned and all costs and expenses incurred by the Administrative Agent or any Lender in connection therewith shall be deemed included as part of the Borrower Obligations.

11.17 [Reserved].

11.18 USA Patriot Act Notice; Anti-Corruption Laws.

The Administrative Agent and each Lender hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act or any other Anti-Corruption Laws, each of them is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the PATRIOT Act or such Anti-Corruption Laws.

11.19 Acknowledgment.

Section 7 and Section 8 of this Loan Agreement contain affirmative and negative covenants applicable to the Borrower. Each of the parties to this Loan Agreement acknowledges and agrees that any such covenants that require the Borrower to cause any of its Subsidiaries to take or to refrain from taking specified actions will be enforceable unless prohibited by applicable law or regulatory requirement.

11.20 Replacement of Lenders.

If (a) any Lender requests compensation under Section 3.9, or the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.13, (and, in each case, such Lender has declined or is unable to designate a different Lending Office in accordance with Section 3.17), (b) a Lender (a “Non-Consenting Lender”) does not consent to a proposed change, waiver, discharge or termination with respect to any Loan Document that has been approved by the Required Lenders as provided in Section 11.6 but requires unanimous consent of all Lenders or all Lenders directly affected thereby (as applicable) or (c) any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.3), all of its interests, rights and obligations under this Loan Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 11.3(b);

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.14) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.9 or payments required to be made pursuant to Section 3.13, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable Laws; and

(v) in the case of any such assignment resulting from a Non-Consenting Lender's failure to consent to a proposed change, waiver, discharge or termination with respect to any Loan Document, the applicable replacement bank, financial institution or Fund consents to the proposed change, waiver, discharge or termination; provided that the failure by such Non-Consenting Lender to execute and deliver an Assignment and Assumption shall not impair the validity of the removal of such Non-Consenting Lender and the mandatory assignment of such Non-Consenting Lender's Commitments and outstanding Loans pursuant to this Section shall nevertheless be effective without the execution by such Non-Consenting Lender of an Assignment and Assumption.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

11.21 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Loan Agreement provided by the Administrative Agent, the Arranger and the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Arranger and the Lenders, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) each of the Administrative Agent, the Arranger and the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person; (iii) none of the Administrative Agent, the Arranger or the Lenders has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether the Arranger or Lender has advised or is currently advising the Borrower or any of its Affiliates on other matters) and none of the Administrative Agent, the Arranger or the Lenders has any obligation to the Borrower or any of its Affiliates with respect to the financing transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) each of the Administrative Agent, the Arranger and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and none of the Administrative Agent, the Arranger or the Lenders has any obligation to disclose any of such interests by virtue of any advisory, agency, or fiduciary relationship; and (v) the Administrative Agent, the Arranger and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Borrower has consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate.

The Borrower acknowledges and agrees that each Lender, the Arranger and any Affiliate thereof may lend money to, invest in, and generally engage in any kind of business with, any of the Borrower, any Affiliate thereof or any other person or entity that may do business with or own securities of any of the foregoing, all as if such Lender, the Arranger or such Affiliate thereof were not a Lender or the Arranger

or an Affiliate thereof (or an agent or any other person with any similar role under the Loan Agreement) and without any duty to account therefor to any other Lender, the Arranger, the Borrower or any Affiliate of the foregoing. Each Lender, the Arranger and any Affiliate thereof may accept fees and other consideration from the Borrower or any Affiliate thereof for services in connection with this Loan Agreement, the Borrowings or otherwise without having to account for the same to any other Lender, the Arranger, the Borrower or any Affiliate of the foregoing.

11.22 Acknowledgement and Consent to Bail-In of Affected Financial Institutions.

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Loan Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

11.23 Acknowledgement Regarding Any Supported QFCs.

To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support, “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 11.23, the following terms have the following meanings:

“**BHC Act Affiliate**” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“**Covered Entity**” means any of the following:

(i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

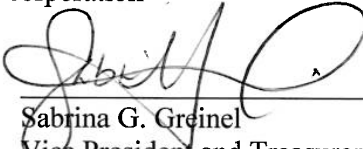
“**QFC**” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Each of the parties hereto has caused a counterpart of this Loan Agreement to be duly executed and delivered as of the date first above written.

BORROWER:

TEXAS-NEW MEXICO POWER COMPANY,
a Texas corporation

By: 

Name: Sabrina G. Greinel

Title: Vice President and Treasurer

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: 
Name: Whitney Shellenberg
Title: Executive Director

LENDERS:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Lender

By: 
Name: Whitney Shellenberg
Title: Executive Director

SCHEDULE 1.1(a)
PRO RATA SHARES

Lender	Commitment	Pro Rata Share
Wells Fargo Bank, National Association	\$1,505,000,000.00	100%
TOTAL	\$1,505,000,000.00	100%

SCHEDULE 11.1
NOTICES

Borrower:

Texas-New Mexico Power Company
414 Silver Ave. SW, MS0905
Albuquerque, New Mexico 87102-3289
Attention: Sabrina G. Greinel, Vice President and Treasurer
Telephone No.: (505) 241-4683
Fax No.: (505) 241-4343
E-mail: cashdesk@txnmenergy.com
sabrina.greinel@txnmenergy.com

Address for notices as Administrative Agent:

Wells Fargo Bank, National Association
1525 West W.T. Harris Blvd.
Mail Code: D1109-019
Charlotte, NC 28262
Attention: Syndication Agency Services
Telephone No.: (704) 590-2706
Telecopy No.: (704) 590-2790
E-mail: agencyservices.requests@wellsfargo.com

Address for notices as Credit Contact:

Wells Fargo Bank, National Association
90 S. Seventh Street, 15th Floor
Minneapolis, MN 55402
MAC N9305-156
Attention: Whitney Shellenberg
Telephone No.: (612) 667-5878
Email: whitney.l.shellenberg@wellsfargo.com

Administrative Agent Wiring Instructions:

On file with the Borrower and the Administrative Agent.

EXHIBIT 2.1(b)

FORM OF
NOTICE OF BORROWING

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

RE: Term Loan Agreement dated as of May 18, 2025 among Texas-New Mexico Power Company (the "Borrower"), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (the "Administrative Agent") (as the same may be amended, modified, extended or restated from time to time, the "Loan Agreement").

DATE: _____, 202__

1. This Notice of Borrowing is made pursuant to the terms of the Loan Agreement. All capitalized terms used herein unless otherwise defined shall have the meanings set forth in the Loan Agreement.

2. Please be advised that the Borrower is requesting a Loan on the terms set forth below:

(a) Principal amount of requested
Loan \$ _____

(b) Date of requested
Loan (the "Borrowing Date") _____

(c) Interest rate applicable to the
requested Loan:

(i) _____ Adjusted Base Rate

(ii) _____ Adjusted Term SOFR for an Interest Period of:

_____ one month
_____ three months
_____ six months

3. The undersigned hereby certifies that the following statements will be true on the Borrowing Date:

(a) The representations and warranties made by the undersigned in any Loan Document (other than the representation and warranties in Section 6.7(a) (but only with respect to clause (a) of the definition of Material Adverse Effect) and Section 6.9 of the Loan Agreement) and, from and after the FMB Delivery Date (except during any FMB Release Period), in the FMB Mortgage are true and correct in all material respects (except that any representation and warranty that is qualified by materiality shall be true and correct in all respects) at and as if made as of such date except to the extent they expressly and exclusively relate to an earlier date.

- (b) No Default or Event of Default exists or shall be continuing either prior to or after giving effect to the Loan made pursuant to this Notice of Borrowing.
 - (c) Subsequent to the funding of the requested Loan, the aggregate principal amount of the Loans will not exceed the aggregate amount of the Lenders' Commitments.
4. The undersigned hereby acknowledges and agrees that the Borrower shall indemnify each Lender in accordance with Section 3.14 against any loss, cost or expense incurred by such Lender as a result of any failure by the Borrower to borrow the Loan requested by the Borrower in this Notice of Borrowing on the Borrowing Date.

TEXAS-NEW MEXICO POWER COMPANY, a Texas
corporation

By: _____
Name: _____
Title: _____

EXHIBIT 2.1(d)

FORM OF TERM NOTE

Lender: _____, 202__

FOR VALUE RECEIVED, TEXAS-NEW MEXICO POWER COMPANY, a Texas corporation (the "Borrower"), hereby promises to pay to the Lender referenced above (the "Lender"), at the Administrative Agent's Office set forth in that certain Term Loan Agreement dated as of May 18, 2025 (as amended, modified, extended or restated from time to time, the "Loan Agreement") among the Borrower, the Lenders party thereto (including the Lender) and Wells Fargo Bank, National Association, as administrative agent (the "Administrative Agent") (or at such other place or places as the holder of this Note may designate), the aggregate unpaid principal amount of the Loan made by the Lender to the Borrower under the Loan Agreement, in lawful money and in immediately available funds, on the dates and in the principal amounts provided in the Loan Agreement (but, in any event, no later than the Maturity Date), and to pay interest on the unpaid principal amount of the Loan made by the Lender, at such office, in like money and funds, for the period commencing on the date of the Loan until such Loan shall be paid in full, at the rates per annum and on the dates provided in the Loan Agreement.

This Note is one of the Notes referred to in the Loan Agreement and evidences the Loan made by the Lender to the Borrower thereunder. Capitalized terms used in this Note have the respective meanings assigned to them in the Loan Agreement and the terms and conditions of the Loan Agreement are expressly incorporated herein and made a part hereof.

The Loan Agreement provides for the acceleration of the maturity of the Loan evidenced by this Note upon the occurrence of certain events (and for payment of collection costs in connection therewith) and for prepayment of the Loan upon the terms and conditions specified therein. In the event this Note is not paid when due at any stated or accelerated maturity, the Borrower agrees to pay, in addition to principal and interest, all costs of collection, including reasonable attorney fees.

The date, amount, type, interest rate and duration of Interest Period (if applicable) of the Loan made by the Lender to the Borrower, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books; provided that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Borrower to make a payment when due of any amount owing under the Loan Agreement or under this Note in respect of the Loan to be evidenced by this Note, and each such recordation or endorsement shall be prima facie evidence of such information, absent manifest error.

Except as permitted by Section 11.3(b) of the Loan Agreement, this Note may not be assigned by the Lender to any other Person.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[signature page follows]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the date first above written.

TEXAS-NEW MEXICO POWER COMPANY,
a Texas corporation

By: _____
Name: _____
Title: _____

EXHIBIT 2.3

FORM OF
NOTICE OF CONTINUATION/CONVERSION

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

RE: Term Loan Agreement dated as of May 18, 2025 among Texas-New Mexico Power Company (the "Borrower"), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (the "Administrative Agent") (as the same may be amended, modified, extended or restated from time to time, the "Loan Agreement").

DATE: _____, 202__

-
1. This Notice of Continuation/Conversion is made pursuant to the terms of the Loan Agreement. All capitalized terms used herein unless otherwise defined shall have the meanings set forth in the Loan Agreement.
 2. Please be advised that the Borrower is requesting that a portion of the current outstanding Loan in the amount of \$_____, currently accruing interest at _____, be extended or converted as of _____, 202_ at the interest rate option set forth in paragraph 3 below.
 3. The interest rate option applicable to the extension or conversion of all or part of the existing Loan referenced above shall be:
 - a. _____ the Adjusted Base Rate
 - b. _____ the Adjusted Term SOFR for an Interest Period of:
 _____ one month
 _____ three months
 _____ six months
 4. As of the date hereof, no Default or Event of Default has occurred and is continuing.

[signature page follows]

TEXAS-NEW MEXICO POWER COMPANY,
a Texas corporation

By: _____
Name: _____
Title: _____

EXHIBIT 3.13-1

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE (NON-PARTNERSHIP FOREIGN
LENDERS)**

Reference is hereby made to the Term Loan Agreement dated as of May 18, 2025, among Texas-New Mexico Power Company, a Texas corporation (the “Borrower”), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (the “Administrative Agent”) (as amended, modified, extended or restated from time to time, the “Loan Agreement”).

Pursuant to the provisions of Section 3.13 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF LENDER]

By: _____

Name: _____

Title: _____

Date: _____, 20[]

EXHIBIT 3.13-2

FORM OF U.S. TAX COMPLIANCE CERTIFICATE (NON-PARTNERSHIP FOREIGN PARTICIPANTS)

Reference is hereby made to the Term Loan Agreement dated as of May 18, 2025, among Texas-New Mexico Power Company, a Texas corporation (the “Borrower”), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (as amended, modified, extended or restated from time to time, the “Loan Agreement”).

Pursuant to the provisions of Section 3.13 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF PARTICIPANT]

By: _____

Name: _____

Title: _____

Date: _____, 20[]

EXHIBIT 3.13-3

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE (FOREIGN PARTICIPANT
PARTNERSHIPS)**

Reference is hereby made to the Term Loan Agreement dated as of May 18, 2025, among Texas-New Mexico Power Company, a Texas corporation (the “Borrower”), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (as amended, modified, extended or restated from time to time, the “Loan Agreement”).

Pursuant to the provisions of Section 3.13 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by a withholding statement together with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF PARTICIPANT]

By: _____

Name: _____

Title: _____

Date: _____, 20[]

EXHIBIT 3.13-4

FORM OF U.S. TAX COMPLIANCE CERTIFICATE (FOREIGN LENDER PARTNERSHIPS)

Reference is hereby made to the Term Loan Agreement dated as of May 18, 2025, among Texas-New Mexico Power Company, a Texas corporation (the "Borrower"), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (the "Administrative Agent") (as amended, modified, extended or restated from time to time, the "Loan Agreement").

Pursuant to the provisions of Section 3.13 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any promissory note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Loan Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by a withholding statement together with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF LENDER]

By: _____

Name: _____

Title: _____

Date: _____, 20[]

EXHIBIT 4.1(j)

FORM OF
ACCOUNT DESIGNATION LETTER

[Date]

Wells Fargo Bank, National Association
[address]
Attention: [_____]

Ladies and Gentlemen:

This Account Designation Letter is delivered to you by TEXAS-NEW MEXICO POWER COMPANY (the “Borrower”), a Texas corporation, under Section 4.1(j) of the Term Loan Agreement, dated as of May 18, 2025 (as amended, restated or otherwise modified from time to time, the “Loan Agreement”), by and among the Borrower, the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (the “Administrative Agent”).

[The Administrative Agent is hereby authorized to disburse all Loan proceeds into the following account, unless the Borrower shall designate, in writing to the Administrative Agent, one or more other accounts:

A/C# _____
ABA _____
Reference:]

IN WITNESS WHEREOF, the undersigned has executed this Account Designation Letter this ____ day of _____, 20__.

TEXAS-NEW MEXICO POWER COMPANY, a Texas corporation

By: _____
Name: _____
Title: _____

EXHIBIT 7.1(c)

FORM OF
COMPLIANCE CERTIFICATE

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION as Administrative Agent

RE: Term Loan Agreement dated as of May 18, 2025 among Texas-New Mexico Power Company (the "Borrower"), Wells Fargo Bank, National Association (the "Administrative Agent"), and the Lenders identified therein (as the same may be amended, modified, extended or restated from time to time, the "Loan Agreement").

DATE: _____, 202__

Pursuant to the terms of the Loan Agreement, I, _____, [Title of Financial Officer] of Texas-New Mexico Power Company, hereby certify on behalf of the Borrower that, as of the [Fiscal Quarter] [Fiscal Year] ended _____, 202__, the statements below are accurate and complete in all respects (all capitalized terms used below shall have the meanings set forth in the Loan Agreement):

a. Attached hereto as Schedule 1 are calculations (calculated as of the date of the annual financial statements delivered in accordance with Section 7.1(a) of the Loan Agreement or as of the date of the quarterly financial statements referred to in paragraph c. below) demonstrating compliance by the Borrower with the financial covenant contained in Section 7.2 of the Loan Agreement.

b. No Default or Event of Default exists under the Loan Agreement, except as indicated on a separate page attached hereto, together with an explanation of the action taken or proposed to be taken by the Borrower with respect thereto.

c. [Attached hereto as Schedule 2 are the quarterly financial statements for the fiscal quarter ended _____, 202__ and such quarterly financial statements] [The quarterly financial statements for the fiscal quarter ended _____, 202__, delivered electronically pursuant to the last paragraph of Section 7.1 of the Loan Agreement,] fairly present in all material respects the financial condition of the Borrower and its Subsidiaries and have been prepared in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments and except that the quarterly financial statements have fewer footnotes than annual statements]¹.

[signature page follows]

¹ Use the first bracketed language when delivering paper copies of quarterly financial statements and the second bracketed language when delivering quarterly financial statements electronically.

TEXAS-NEW MEXICO POWER COMPANY, a Texas
corporation

By:_____

Name:_____

Title:_____

SCHEDULE 1
TO EXHIBIT 7.1(c)

FINANCIAL COVENANT CALCULATIONS

A. Debt Capitalization

1. Consolidated Indebtedness of the Borrower	\$ _____
2. Consolidated Capitalization of the Borrower	\$ _____
3. Debt to Capitalization Ratio (Line A1 ÷ A2)	_____ to 1.0
<i>Maximum Permitted</i>	<i>.65 to 1.0</i>

SCHEDULE 2

TO EXHIBIT 7.1(c)

[QUARTERLY][ANNUAL] FINANCIAL STATEMENTS

[Attached]

EXHIBIT 11.3(b)

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between _____ (the “Assignor”) and _____ (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Term Loan Agreement identified below (as amended, the “Loan Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Schedule 1 attached hereto (the “Standard Terms and Conditions”) are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Loan Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (a) all of the Assignor’s rights and obligations in its capacity as a Lender under the Loan Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below and (b) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Loan Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (a) above (the rights and obligations sold and assigned pursuant to clauses (a) and (b) above being referred to herein collectively as, the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____
and is an Affiliate/Approved Fund of _____
3. Borrower: Texas-New Mexico Power Company, a Texas corporation
4. Administrative Agent: Wells Fargo Bank, National Association, as the
Administrative Agent under the Loan Agreement
5. Loan Agreement: Term Loan Agreement dated as of May 18, 2025 among
the Borrower, the Administrative Agent, and the Lenders
identified therein
6. Assigned Interest:

Aggregate Amount of Commitments/Loans for all Lenders	Amount of Commitment/Loan Assigned	Percentage Assigned of Commitment/Loan
\$	\$	%

7. After giving effect to the foregoing assignment, the Assignor and the Assignee shall have the following Commitments, Pro Rata Shares and outstanding Loans:

	Commitments	Pro Rata Share	Outstanding Loans
Assignor			
Assignee			

8. Trade Date: _____

Effective Date: _____, 202__

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

Consented to and Accepted if applicable:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name: _____
Title: _____

Consented to if applicable:

TEXAS-NEW MEXICO POWER COMPANY,
a Texas corporation

By: _____
Name: _____
Title: _____

SCHEDULE 1
TO EXHIBIT 11.3(b)

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Loan Agreement, (ii) it meets all requirements of an Eligible Assignee under the Loan Agreement (subject to receipt of such consents as may be required under the Loan Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Loan Agreement, together with copies of the most recent financial statements delivered pursuant to Section 7.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a foreign lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Loan Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy

shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

TXNM Backstop Facility

JA Revised Exhibit HEM-7

Is contained in the following 118 pages.

EXECUTION VERSION

\$910,000,000

CREDIT AGREEMENT

among

TXNM ENERGY, INC.,
as Borrower,

THE LENDERS IDENTIFIED HEREIN,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

DATED AS OF MAY 18, 2025

WELLS FARGO SECURITIES, LLC,
as Sole Lead Arranger and Bookrunner

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EXHIBITS

Exhibit 2.1(b)	Form of Notice of Revolving Borrowing
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Exhibit 2.3	Form of Notice of Continuation/Conversion
Exhibit 3.13-1	Form of U.S. Tax Compliance Certificate (Non-Partnership Foreign Lenders)
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Exhibit 3.13-3	Form of U.S. Tax Compliance Certificate (Foreign Participant Partnerships)
Exhibit 3.13-4	Form of U.S. Tax Compliance Certificate (Foreign Lender Partnerships)
Exhibit 4.1(k)	Form of Account Designation Letter
Exhibit 7.1(c)	Form of Compliance Certificate
Exhibit 11.3(b)	Form of Assignment and Assumption

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this “Credit Agreement”) is entered into as of May 18, 2025 among TXNM ENERGY, INC., a New Mexico corporation, as Borrower, the Lenders and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent.

RECITALS

The Borrower has requested, and subject to the terms and conditions set forth in this Credit Agreement, the Administrative Agent and the Lenders have agreed to extend, certain credit facilities to the Borrower.

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1

DEFINITIONS AND ACCOUNTING TERMS

1.1 Definitions. The following terms shall have the meanings specified herein unless the context otherwise requires. Defined terms herein shall include in the singular number the plural and in the plural the singular:

“Account Designation Letter” means the Notice of Account Designation Letter dated the Closing Date from the Borrower to the Administrative Agent in substantially the form of Exhibit 4.1(k).

“Adjusted Base Rate” means the Base Rate plus the Applicable Percentage for Base Rate Loans.

“Adjusted Term SOFR” means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

“Administrative Agent” means Wells Fargo Bank, National Association (including its branches and Affiliates as may be required to administer the duties), as administrative agent under this Credit Agreement, or any successor administrative agent appointed pursuant to Section 10.6.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 11.1 or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

“Administrative Fees” has the meaning set forth in Section 3.4(d).

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling (including but not limited to all directors and officers of such Person), controlled by or under direct or indirect common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power (a) to vote 10% or more of the securities having ordinary voting power for the election of directors of such other Person or (b) to direct or cause direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

“Aggregate Availability” means, as of any date of determination, the sum of (i) the Existing Revolving Availability as of such date, plus (ii) the TXNM June 2023 Term Loan Availability, plus (iii) the TNMP Revolver Availability as of such date.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction from time to time concerning or relating to bribery or corruption, including the United States Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder and the U.K. Bribery Act 2010 and the rules and regulations thereunder.

“Anti-Money Laundering Laws” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules related to terrorism financing, money laundering, any predicate crime to money laundering or any financial record keeping, including any applicable provision of the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act,” 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

“Applicable Percentage” means, for SOFR Loans, Base Rate Loans and Commitment Fees, the appropriate applicable percentages, in each case (subject to the exception indicated below), corresponding to the Debt Rating of the Borrower in effect as of the most recent Calculation Date as shown below:

Pricing Level	Debt Rating	Applicable Percentage for SOFR Loans	Applicable Percentage for Base Rate Loans	Applicable Percentage for Commitment Fees
I	≥ BBB/Baa2	1.250%	0.250%	0.200%
II	BBB-/Baa3	1.500%	0.500%	0.250%
III	≤BB+ or unrated/Ba1 or unrated	1.750%	0.750%	0.300%

The Applicable Percentage shall be determined and adjusted on the date (each a “Calculation Date”) one Business Day after the date on which the Borrower’s Debt Rating is upgraded or downgraded in a manner which requires a change in the then applicable Pricing Level set forth above. If at any time there is a split in the Borrower’s Debt Ratings between S&P and Moody’s, the Applicable Percentage shall be determined by the higher of the two Debt Ratings (i.e. the lower pricing), provided that if the two Debt Ratings are more than one level apart, the Applicable Percentage shall be based on the Debt Rating which is one level lower than the higher rating. If the Borrower does not have a Debt Rating from either S&P or Moody’s, then, Pricing Level III shall apply. Each Applicable Percentage shall be effective from one Calculation Date until the next Calculation Date. Any adjustment in the Applicable Percentage shall be applicable to all existing SOFR Loans as well as any new SOFR Loans made. The applicable Pricing Level for Applicable Percentage, as of the Closing Date, is Pricing Level II.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arranger” means Wells Fargo Securities, LLC, together with its successors and/or assigns.

“Assignment and Assumption” means an Assignment and Assumption substantially in the form of Exhibit 11.3(b).

“Authorized Officer” means any of the president, vice president, chief executive officer, chief financial officer or treasurer of the Borrower.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Credit Agreement, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 3.10(c)(iv).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bankruptcy Code” means the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

“Base Rate” means, for any day, a fluctuating rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day, plus 0.50% and (c) Adjusted Term SOFR for a one-month tenor in effect on such day plus 1.00%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or Adjusted Term SOFR, as applicable (provided that clause (c) shall not be applicable during any period in which Adjusted Term SOFR is unavailable or unascertainable). Notwithstanding the foregoing, in no event shall the Base Rate be less than 1.0%.

“Base Rate Loan” means any Loan bearing interest at a rate determined by reference to the Base Rate.

“Base Rate Term SOFR Determination Day” has the meaning assigned thereto in the definition of “Term SOFR”.

“Benchmark” means, initially, with respect to any Revolving Loan, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.10(c)(i).

“Benchmark Replacement” means, with respect to any Benchmark Transition Event, for any then-current Benchmark, the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for such Benchmark giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Credit Agreement and the other Credit Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) have been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, if such Benchmark is a term rate, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, if such Benchmark is a term rate, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Start Date” means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

“Benchmark Unavailability Period” means, with respect to any then-current Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date, with respect to such Benchmark, has occurred if, at such time, no Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Credit Document in accordance with Section 3.10(c)(i) and (y) ending at the time that a Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Credit Document in accordance with Section 3.10(c)(i).

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Borrower” means TXNM Energy, Inc., a New Mexico corporation, together with its successors and permitted assigns.

“Borrower Obligations” means, without duplication, all of the obligations of the Borrower to the Lenders and the Administrative Agent, whenever arising, under this Credit Agreement, the Notes, or any of the other Credit Documents.

“Borrowing” means a borrowing consisting of simultaneous Revolving Loans of the same Type and, in the case of SOFR Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.1.

“Business Day” means any day that (a) is not a Saturday, Sunday or other day on which the Federal Reserve Bank of New York is closed and (b) is not a day on which commercial banks in Charlotte, North Carolina are closed.

“Capital Stock” means (a) in the case of a corporation, all classes of capital stock of such corporation, (b) in the case of a partnership, partnership interests (whether general or limited), (c) in the case of a limited liability company, membership interests and (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person; including, in each case, all warrants, rights or options to purchase any of the foregoing.

“Change in Law” means the occurrence, after the date of this Credit Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, promulgation, implementation or application thereof by any Governmental Authority, (c) the adoption or taking effect of any request, rule, guideline or directive, policy or directive (whether or not having the force of law) by any Governmental Authority or (d) any change in any request, rule, guideline, policy or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in implementation thereof shall be deemed to be a “Change in Law”, regardless of the date enacted, adopted, implemented or issued and (ii) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, implemented or issued.

“Change of Control” means the occurrence of any of the following: (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all Capital Stock that such person or

group has the right to acquire (other than pursuant to the Merger Agreement) (such right, an “option right”), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of twenty-five percent (25%) of the Capital Stock of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); (b) during any period of twenty-four (24) consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; (c) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall (other than pursuant to the Merger Agreement) have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of Borrower, or control over the Voting Stock of the Borrower on a fully-diluted basis (and taking into account all such Voting Stock that such Person or group has the right to acquire pursuant to any option right) representing twenty-five percent (25%) or more of the combined voting power of such Voting Stock; or (d) any event or condition relating to a change of control of the Borrower (including any “fundamental change” or “make-whole fundamental change” or similar occurrence; but excluding the entering into of the Merger Agreement) which permits the holder or holders of Indebtedness or other securities (including any Equity Preferred Securities, Hybrid Securities or Replacement Securities) of the Borrower or any of its Subsidiaries or any Hybrid Vehicle, as applicable, in an aggregate principal amount of \$40,000,000 or more, or any agent or trustee for such holder or holders, to require payment, purchase, redemption or defeasance of such Indebtedness prior to its maturity.

“Closing Date” means May 18, 2025.

“Code” means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder, as amended, modified, succeeded or replaced from time to time.

“Commitment” means, as to each Lender, its obligation to make Revolving Loans to the Borrower pursuant to Section 2.1, in an aggregate principal amount at any one time outstanding not to exceed such Lender’s Pro Rata Share of the Revolving Committed Amount as set forth opposite such Lender’s name on Schedule 1.1 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Credit Agreement.

“Compensation Period” has the meaning set forth in Section 3.2(c)(ii).

“Compliance Certificate” means a fully completed and duly executed officer’s certificate in the form of Exhibit 7.1(c), together with a Covenant Compliance Worksheet.

“Conforming Changes” means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests

or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 3.14 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Credit Agreement and the other Credit Documents).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Capitalization” means, without duplication, the sum of (a) all of the shareholders’ equity or net worth of the Borrower and its Subsidiaries, as determined in accordance with GAAP plus (b) Consolidated Indebtedness plus (c) the outstanding principal amount of Preferred Stock that is not a component of a Mandatory Security plus (d) solely to the extent not included in the calculation of Consolidated Indebtedness, the outstanding principal amount of Equity Preferred Securities of the Borrower and its Subsidiaries plus (e) the aggregate outstanding stated or principal amount of Mandatory Securities plus (f) solely to the extent not included in the calculation of Consolidated Indebtedness, the outstanding principal amount of Hybrid Securities minus (g) Securitization Equity.

“Consolidated Indebtedness” means, without duplication, as of any date of determination, with respect to the Borrower and its Subsidiaries on a consolidated basis, an amount equal to (a) all Indebtedness of the Borrower and its Subsidiaries as of such date (other than reimbursement obligations of the Borrower and its Subsidiaries with respect to surety bonds in an aggregate principal amount not to exceed \$500,000) minus (b) an amount equal to the outstanding principal amount of Hybrid Securities and the outstanding principal amount of Equity Preferred Securities of the Borrower and its Subsidiaries, provided that the amount deducted pursuant to this clause (b) shall not exceed an amount equal to 15% of the Consolidated Capitalization of the Borrower and its Subsidiaries minus (c) Non-Recourse Securitization Indebtedness minus (e) the aggregate outstanding principal amount of Specified Indebtedness.

“Contingent Obligation” means, with respect to any Person, any direct or indirect liability of such Person with respect to any Indebtedness, liability or other obligation (the “primary obligation”) of another Person (the “primary obligor”), whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor in respect thereof to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss or failure or inability to perform in respect thereof; provided, however, that, with respect to the Borrower and its Subsidiaries, the term Contingent Obligation shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation of any Person shall be deemed to be an amount equal to the maximum amount of such Person’s liability with respect to the stated or determinable amount of the primary obligation for which such Contingent Obligation is incurred or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder).

“Covenant Compliance Worksheet” means a fully completed worksheet in the form of Schedule I to Exhibit 7.1(c).

“Covered Party” has the meaning assigned thereto in Section 11.23(a).

“Credit Agreement” has the meaning set forth in the Preamble hereof.

“Credit Documents” means this Credit Agreement, the Notes, any Notice of Borrowing, any Notice of Continuation/Conversion, and any other document, agreement or instrument entered into or executed in connection with the foregoing.

“Credit Exposure” has the meaning set forth in the definition of “Required Lenders”.

“Credit Extension” means a Borrowing.

“Debt Rating” means, with respect to any Person, the long term, senior, unsecured non-credit enhanced debt rating of such Person by S&P or Moody’s, as applicable; provided, however, that if neither S&P nor Moody’s issues a long term, senior, unsecured non-credit enhanced rating of such Person, then (a) the Debt Rating shall be such Person’s issuer corporate credit rating by S&P or Moody’s, as applicable, and (b) for purposes of determining the applicable pricing level in the definition of Applicable Percentage, the Debt Rating of the Borrower shall be deemed to be the lesser of (x) the actual Debt Rating of the Borrower and (y) one level lower than the Debt Rating of PSNM (e.g., if the Debt Rating of PSNM by S&P is BBB then the Debt Rating of the Borrower by S&P pursuant to this clause (b) can be no greater than BBB-).

“Debtor Relief Laws” means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

“Default Rate” means an interest rate equal to two percent (2%) plus the rate that otherwise would be applicable (or if no rate is applicable, the Base Rate plus two percent (2%) per annum).

“Defaulting Lender” means any Lender that (a) has failed to fund any portion of the Revolving Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s good faith determination that one or more of the conditions precedent to funding (each of which conditions precedent, together with any applicable Default, shall be specifically identified in such writing) has not been satisfied, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with any of its funding obligations hereunder or has made a public statement to that effect with respect to its funding obligations hereunder (unless such writing or public statement states that such position is based on such Lender’s good faith determination that a condition precedent to funding (which condition precedent, together with any applicable Default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has notified the Borrower, the Administrative Agent or any other Lender in writing that it does not intend to comply with any of its funding obligations hereunder or has made a public statement to the effect that it does not intend to comply or has failed to comply with its funding obligations hereunder, or (d) has become or is insolvent or has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver,

conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment, or has become the subject of a Bail-In Action.

“Dollars” and “\$” means dollars in lawful currency of the United States of America.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any credit institution or investment firm established in any EEA Member Country.

“Electronic Record” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Electronic Signature” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Eligible Assignee” means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund and (d) any other Person (other than a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person)) approved by the Administrative Agent and the Borrower (such approval not to be unreasonably withheld or delayed); provided that (i) the Borrower’s consent is not required during the existence and continuation of a Default or an Event of Default, (ii) approval by the Borrower shall be deemed given if no objection is received by the assigning Lender and the Administrative Agent from the Borrower within five Business Days after written notice of such proposed assignment has been delivered to the Borrower and (iii) no Ineligible Institution shall be an Eligible Assignee.

“Environmental Claims” means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, accusations, allegations, notices of noncompliance or violation, investigations (other than internal reports prepared by any Person in the ordinary course of its business and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any permit issued, or any approval given, under any such Environmental Law (collectively, “Claims”), including, without limitation, (a) any and all Claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Substances or arising from alleged injury or threat of injury to human health or the environment.

“Environmental Laws” means any and all federal, state and local laws, statutes, ordinances, rules, regulations, permits, licenses, approvals, rules of common law and orders of courts or Governmental

Authorities, relating to the protection of human health or occupational safety or the environment, now or hereafter in effect and in each case as amended from time to time, including, without limitation, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Substances.

“Equity Preferred Securities” means, with respect to any Person, any trust preferred securities or deferrable interest subordinated debt securities issued by such Person or other financing vehicle of such Person that (a) have an original maturity of at least twenty years, and (b) require no repayments or prepayments and no mandatory redemptions or repurchases (other than any customary requirement to repurchase any such convertible security upon the occurrence of a “fundamental change” or any conversion in connection with a “make-whole fundamental change” or other Change of Control), in each case, prior to the first anniversary of the latest Maturity Date; provided that “Equity Preferred Securities” shall exclude any Hybrid Securities. As used in this definition, “mandatory redemption” shall not include conversion of a security (i) into common stock of the Borrower or a Replacement Security, with any cash payment at the option of the Borrower, or (ii) by the holder following receipt of a notice of optional redemption by the Borrower, in the case of each of clause (i) and (ii), in accordance with the terms of such convertible security.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute, and all rules and regulations from time to time promulgated thereunder.

“ERISA Affiliate” means any Person who together with the Borrower or any of its Subsidiaries is treated as a single employer within the meaning of Sections 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA.

“ERISA Event” means the occurrence of any of the following which, individually or in the aggregate, has resulted or could reasonably be expected to result, within a reasonable period of time, in liability of the Borrower in an aggregate amount in excess of the Threshold Amount: (a) a Reportable Event with respect to a Single Employer Plan or a Multiemployer Plan, (b) a complete or partial withdrawal by the Borrower, any of its Subsidiaries or any ERISA Affiliate from a Multiemployer Plan if withdrawal liability is asserted by such plan, or the receipt by the Borrower, any of its Subsidiaries or any ERISA Affiliate of notice from a Multiemployer Plan that it is insolvent pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA, (c) the distribution by the Borrower, any of its Subsidiaries or any ERISA Affiliate under Section 4041 or 4041A of ERISA of a notice of intent to terminate any Single Employer Plan or Multiemployer Plan or the taking of any action to terminate any Single Employer Plan or Multiemployer Plan if the plan assets are not sufficient to pay all plan liabilities, (d) the commencement of proceedings by the PBGC under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Single Employer Plan, or the receipt by the Borrower, any of its Subsidiaries or any ERISA Affiliate of a notice from any Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan, (e) the determination that any Single Employer Plan or Multiemployer Plan is considered an at-risk plan or plan in endangered or critical status within the meaning of Sections 430, 431 or 432 of the Code or Sections 303, 304 or 305 of ERISA; (f) the imposition upon the Borrower, any of its Subsidiaries or any ERISA Affiliate of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, or the imposition or threatened imposition of any Lien upon any assets of the Borrower, any of its Subsidiaries or any ERISA Affiliate as a result of any alleged failure to comply with the Code or ERISA in respect of any Single Employer Plan or Multiemployer Plan, or (g) the withdrawal of the Borrower, any of its Subsidiaries or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a substantial employer (as such term is defined in Section 4001(a)(2) of ERISA), or a cessation of operations that is treated as such a withdrawal or the

termination of a Multiple Employer Plan, where the Borrower, a Subsidiary or an ERISA Affiliate has liability under Section 4062 or 4063 of ERISA.

“Erroneous Payment” has the meaning assigned thereto in Section 10.11(a).

“Erroneous Payment Deficiency Assignment” has the meaning assigned thereto in Section 10.11(d).

“Erroneous Payment Impacted Class” has the meaning assigned thereto in Section 10.11(d).

“Erroneous Payment Return Deficiency” has the meaning assigned thereto in Section 10.11(d).

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor thereto), as in effect from time to time.

“Event of Default” has the meaning set forth in Section 9.1.

“Exchange Act” means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, as amended, modified, succeeded or replaced from time to time.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, United States federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 11.20) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.13, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.13(g) and (d) any United States federal withholding Taxes imposed under FATCA.

“Existing Revolving Availability” means, as of any date of determination,

(a) at any time prior to the earlier of the Existing Revolving Credit Agreement Termination Date and the Existing Revolving Credit Agreement Waiver Date, an amount equal to (i) the “Revolving Committed Amount” (as defined in the Existing Revolving Credit Agreement) as of such date, minus (ii) Existing Revolving Credit Exposure as of such date;

(b) from and after the Existing Revolving Credit Agreement Waiver Date, \$0; and

(c) concurrently with and after the Existing Revolving Credit Agreement Termination Date, \$300,000,000.

“Existing Revolving Credit Agreement” means that certain \$300,000,000 Twelfth Amendment to and Restatement of Credit Agreement, dated as of April 1, 2024, among the Borrower, the lenders identified therein, and the Administrative Agent, as amended by that certain Thirteenth Amendment to Credit Agreement, dated as of June 24, 2024, and as otherwise amended or modified as of the date hereof.

“Existing Revolving Credit Agreement Termination Date” means the date on which all “Borrower Obligations” shall have been paid in full in cash with a Revolving Loan or otherwise (including any requirement to “Cash Collateralize” any outstanding “L/C Obligations” thereunder) and the “Commitments” under (and as such terms are defined in) the Existing Revolving Credit Agreement shall be concurrently terminated therewith.

“Existing Revolving Credit Agreement Waiver Date” means the date on which all of the Specified Defaults under the Existing Revolving Credit Agreement shall have been waived in accordance with Section 11.6 of the Existing Revolving Credit Agreement.

“Existing Revolving Credit Exposure” means, as of any date of determination, the sum of (a) the aggregate principal amount of outstanding “Revolving Loans” (as defined in the Existing Revolving Credit Agreement) as of such date plus (b) the aggregate principal amount of outstanding “L/C Obligations” (as defined in the Existing Revolving Credit Agreement) as of such date plus (c) the aggregate principal amount of outstanding “Swing Line Loans” (as defined in the Existing Revolving Credit Agreement) as of such date.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date hereof, (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any applicable intergovernmental agreements entered into by the United States that implement the foregoing.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if such rate is not so published for any day which is a Business Day, the Federal Funds Rate for such day shall be the average of the quotation for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent. Notwithstanding the foregoing, if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Credit Agreement.

“Fee Letter” means that certain letter agreement, dated as of May 18, 2025, between the Borrower and the Administrative Agent, as amended, modified, supplemented or restated from time to time.

“Financial Officer” means the chief financial officer, principal accounting officer or treasurer of the Borrower.

“Fiscal Quarter” means each of the calendar quarters ending as of the last day of each March, June, September and December.

“Fiscal Year” means the calendar year ending December 31.

“Floor” means a rate of interest equal to 0.00%.

“Foreign Lender” means any Lender that is not a U.S. Person.

“Forward” has the meaning set forth in the definition of “Mandatory Security”.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession) or that are promulgated by any Governmental Authority having appropriate jurisdiction.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Granting Lender” has the meaning specified in Section 11.3(h).

“Hazardous Substances” means any substances or materials (a) that are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants or toxic substances under any Environmental Law, (b) that are defined by any Environmental Law as toxic, explosive, corrosive, ignitable, infectious, radioactive, mutagenic or otherwise hazardous, (c) the presence of which require investigation or response under any Environmental Law, (d) that constitute a nuisance, trespass or health or safety hazard to Persons or neighboring properties, (e) that consist of underground or aboveground storage tanks, whether empty, filled or partially filled with any substance, or (f) that contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or wastes, crude oil, nuclear fuel, natural gas or synthetic gas.

“Hedging Agreements” means, collectively, interest rate protection agreements, equity index agreements, foreign currency exchange agreements, option agreements or other interest or exchange rate or commodity price hedging agreements (other than (i) a Mandatory Security (or any component thereof) or any security convertible or exchangeable into Capital Stock of the Borrower (or cash in lieu thereof) and (ii) forward contracts for the delivery of power or gas written by the Borrower to its jurisdictional and wholesale customers in the ordinary course of business).

“Hybrid Securities” means, on any date, any securities, other than common stock, issued by the Borrower or a Hybrid Vehicle that meet the following criteria: (a) at the time of issuance and at the time of any amendment, restatement or other modification of the related indenture or other operative documentation in respect of such securities, such securities are classified as possessing a minimum of “intermediate equity content” by S&P (or any successor) and Basket M equity credit by Moody’s (or any successor) (or the equivalent classifications then in effect by such agencies) and (b) such securities require no repayments or prepayments and no mandatory redemptions or repurchases (other than any customary requirement to repurchase any such convertible security upon the occurrence of a “fundamental change” or any conversion in connection with a “make-whole fundamental change” or other Change of Control), in each case prior the 91st day after the later of (i) the latest Maturity Date and (ii) payment in full of all Borrower Obligations. As used in this definition, “mandatory redemption” shall

not include conversion of a security (A) into common stock of the Borrower or a Replacement Security, with any cash payment at the option of the Borrower or the applicable Hybrid Vehicle, or (B) by the holder following receipt of a notice of optional redemption by the Borrower or the applicable Hybrid Vehicle, in the case of each of clause (A) and (B), in accordance with the terms of such convertible security.

“Hybrid Vehicle” means a special purpose subsidiary directly owned by the Borrower, or a trust formed by the Borrower, in each case for the sole purpose of issuing Hybrid Securities and which conducts no business other than the issuance of Hybrid Securities and activities incidental thereto.

“Indebtedness” means with respect to any Person (without duplication), (a) all indebtedness and obligations of such Person for borrowed money or in respect of loans or advances of any kind, (b) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments, (c) all reimbursement obligations of such Person with respect to surety bonds, letters of credit and bankers’ acceptances (in each case, whether or not drawn or matured and in the stated amount thereof), (d) all obligations of such Person to pay the deferred purchase price of property or services, (e) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, (f) all obligations of such Person as lessee under leases that are or are required to be, in accordance with GAAP, recorded as capital leases, to the extent such obligations are required to be so recorded, (g) the net termination obligations of such Person under any Hedging Agreements, calculated as of any date as if such agreement or arrangement were terminated as of such date in accordance with the applicable rules under GAAP, (h) all Contingent Obligations of such Person, (i) all obligations and liabilities of such Person incurred in connection with any transaction or series of transactions providing for the financing of assets through one or more securitizations or in connection with, or pursuant to, any synthetic lease or similar off-balance sheet financing, (j) the aggregate amount of uncollected accounts receivable of such Person subject at the time of determination to a sale of receivables (or similar transaction) to the extent such transaction is effected with recourse to such Person (whether or not such transaction would be reflected on the balance sheet of such Person in accordance with GAAP), (k) all Equity Preferred Securities, (l) all Hybrid Securities and (m) all indebtedness referred to in clauses (a) through (l) above secured by any Lien on any property or asset owned or held by such Person regardless of whether the indebtedness secured thereby shall have been assumed by such Person or is nonrecourse to the credit of such Person.

“Indemnified Liabilities” has the meaning set forth in Section 11.5(b).

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Credit Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Indemnitees” has the meaning set forth in Section 11.5(b).

“Ineligible Institution” means (a) a natural person, (b) a Defaulting Lender or any of its Subsidiaries, (c) the Borrower, any of its Subsidiaries or any of its Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

“Interest Payment Date” means, (a) as to any SOFR Loan, the last day of each Interest Period applicable to such Loan, the date of any prepayment of such Loan pursuant to Section 3.3 and the Maturity Date; provided, however, that if any Interest Period for a SOFR Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be

Interest Payment Dates and (b) as to any Base Rate Loan, the third Business Day after the end of each Fiscal Quarter, the date of any prepayment of such Loans pursuant to Section 3.3 and the Maturity Date.

“Interest Period” means, as to any SOFR Loan, the period commencing on the date such SOFR Loan is disbursed or converted to or continued as a SOFR Loan and ending on the date one (1), three (3) or six (6) months thereafter, in each case as selected by the Borrower in its Notice of Revolving Borrowing or Notice of Continuation/Conversion, subject to availability; provided that:

(a) the Interest Period shall commence on the date of advance of or conversion to any SOFR Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided that if any Interest Period would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(c) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month at the end of such Interest Period;

(d) no Interest Period shall extend beyond the Maturity Date;

(e) there shall be no more than seven (7) Interest Periods in effect at any time; and

(f) no tenor that has been removed from this definition pursuant to Section 3.10(c)(iv) shall be available for specification in any Notice of Revolving Borrowing or Notice of Continuation/Conversion.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lender” means any of the Persons identified as a “Lender” on the signature pages hereto, any Eligible Assignee which may become a Lender by way of assignment in accordance with the terms hereof.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

“Lien” means any mortgage, pledge, hypothecation, assignment, security interest, lien (statutory or otherwise), preference, priority, charge or other encumbrance of any nature, whether voluntary or involuntary, including, without limitation, the interest of any vendor or lessor under any conditional sale

agreement, title retention agreement, capital lease or any other lease or arrangement having substantially the same effect as any of the foregoing.

“Loans” means the collective reference to the Revolving Loans and “Loan” means any of such Loans.

“Mandatory Security” means a security that is a unit consisting of (a) a contract to purchase Capital Stock of the Borrower (whether expressed as a “purchase contract,” “forward contract” or otherwise) (the “Forward”) and (b) either (1) Indebtedness of the Borrower or a Subsidiary or (2) Preferred Stock of the Borrower (whether or not convertible into Capital Stock of the Borrower), where such Indebtedness or Preferred Stock is pledged by the holder of such unit to secure its obligations under the Forward; provided that “Mandatory Security” shall exclude any Hybrid Security.

“Margin Stock” has the meaning ascribed to such term in Regulation U.

“Material Adverse Change” means a material adverse change in the condition (financial or otherwise), operations, business, performance, properties or assets of the Borrower and its Subsidiaries, taken as a whole.

“Material Adverse Effect” means a material adverse effect upon (a) the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries, taken as a whole, (b) the ability of the Borrower to perform its obligations under this Credit Agreement or any of the other Credit Documents or (c) the legality, validity or enforceability of this Credit Agreement or any of the other Credit Documents or the rights and remedies of the Administrative Agent and the Lenders hereunder and thereunder, provided, however, that a Material Adverse Effect shall not include the effect of (i) a shutdown or closure of the Four Corners Power Plant, provided that the Borrower remains in compliance with Section 7.2 of this Credit Agreement, (ii) a Merger Transaction pursuant to clause (i) of the definition thereof or (iii) the Specified Defaults.

“Material Credit Agreement” means any agreement(s) creating or evidencing indebtedness for borrowed money existing on or entered into after the Closing Date by the Borrower or any Subsidiary of the Borrower, or in respect of which the Borrower or any Subsidiary of the Borrower is an obligor or otherwise provides a guarantee or other credit support (a “Credit Facility”), in a principal amount outstanding or available for borrowing equal to or greater than \$50,000,000 (or the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of the Credit Facility based on the exchange rate of such other currency); and if no Credit Facility or Credit Facilities equal or exceed such amounts (subject to the aggregate limit in the preceding clause), then the agreement(s) creating or evidencing the largest Credit Facility shall be deemed to be a Material Credit Agreement, as such agreement or Credit Facility may be amended, modified, supplemented, restated, extended or refinanced from time to time.

“Maturity Date” means the earliest of (a) the consummation of the Merger Transactions, (b) the occurrence of a Prepayment Event and (c) May 15, 2026.

“Merger Agreement” has the meaning ascribed to such term in the definition of “Merger Transactions”.

“Merger Transactions” means (i) the entering into of that certain Agreement and Plan of Merger, dated as of May 18, 2025 (together with the exhibits and disclosure schedules thereto, but without giving effect to any amendment, waiver or consent that is materially adverse to the interests of the Lenders in their respective capacities as such without the consent of the Administrative Agent, the “Merger

Agreement”), among Troy ParentCo LLC (“Parent”), Troy Merger Sub Inc. (“Merger Sub”) and the Borrower, pursuant to which Merger Sub will be merged with and into the Borrower, the Borrower will be the surviving entity in the merger and the Borrower will become a subsidiary of Parent, and (ii) the consummation of the transactions set forth in the Merger Agreement.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Multiemployer Plan” means any “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA to which the Borrower, any of its Subsidiaries or any ERISA Affiliate makes, is making or is accruing an obligation to make contributions or has made or been obligated to make contributions within the preceding seven (7) years.

“Multiple Employer Plan” means a Single Employer Plan to which the Borrower, any of its Subsidiaries or any ERISA Affiliate and at least one employer other than the Borrower, any of its Subsidiaries or any ERISA Affiliate are contributing sponsors.

“Non-Recourse Securitization Indebtedness” means, as of any date of determination, (a) all Indebtedness related to State Approved Securitizations up to a maximum amount of \$750,000,000 at any one time and (b) all Indebtedness related to a TNMP Securitization up to a maximum amount of \$750,000,000 at any one time; provided that, in each case, such Indebtedness is non-recourse to the Borrower, other than with respect to Standard Securitization Undertakings.

“Notes” means the promissory notes of the Borrower in favor of each of the Lenders evidencing the Revolving Loans provided pursuant to Section 2.1, individually or collectively, as appropriate, as such promissory notes may be amended, modified, supplemented, extended, renewed or replaced from time to time and as evidenced in the form of Exhibit 2.1(e).

“Notice of Borrowing” means a Notice of Revolving Borrowing.

“Notice of Revolving Borrowing” means a request by the Borrower for a Revolving Loan in the form of Exhibit 2.1(b).

“Notice of Continuation/Conversion” means a request by the Borrower to continue an existing SOFR Loan to a new Interest Period or to convert a SOFR Loan to a Base Rate Loan or a Base Rate Loan to a SOFR Loan, in the form of Exhibit 2.3.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

“Other Taxes” means all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 11.20).

“Outbound Investment Rules” means the regulations administered and enforced, together with any related public guidance issued, by the United States Treasury Department under U.S. Executive Order 14105 of August 9, 2023, or any similar law or regulation, as of the date of this Credit Agreement, and as codified at 31 C.F.R. § 850.101 et seq.

“Overnight Rate” means, for any day, the greater of (a) the Federal Funds Rate and (b) an overnight rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

“PBGC” means the Pension Benefit Guaranty Corporation and any successor thereto.

“Participant” has the meaning set forth in Section 11.3(d).

“Participant Register” has the meaning set forth in Section 11.3(d).

“Participation Interest” means the purchase by a Lender of a participation in any Revolving Loan as provided in Section 3.8.

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended.

“Payment Recipient” has the meaning assigned thereto in Section 10.11(a).

“Periodic Term SOFR Determination Day” has the meaning assigned thereto in the definition of “Term SOFR”.

“Person” means any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise (whether or not incorporated), or any Governmental Authority.

“Preferred Stock” means, with respect to any Person, all preferred Capital Stock issued by such Person in which the terms thereof do not require such Capital Stock to be redeemed for cash or to make mandatory sinking fund payments.

“Prepayment Event” means the receipt by the Borrower of a duly executed and enforceable waiver and/or amendment, as applicable, with respect to each Specified Default arising under the Specified Agreements identified in clauses (a) through (e) of the definition thereof from each of the Required Lenders (as defined therein).

“Prime Rate” means, at any time, the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The parties hereto acknowledge that the rate announced publicly by the Administrative Agent as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

“Pro Rata Share” means, with respect to each Lender at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Commitment of such Lender at such time and the denominator of which is the amount of the Revolving Committed Amount at such time; provided that if the Commitment of each Lender to make Loans has been terminated pursuant to Section 9.2 or otherwise, then the Pro Rata Share of each Lender shall be determined based on such Lender’s percentage ownership of the aggregate amount of outstanding Loans.

The initial Pro Rata Share of each Lender is set forth opposite the name of such Lender on Schedule 1.1 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Property” means any right, title or interest in or to any property or asset of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

“PSNM” means Public Service Company of New Mexico, a New Mexico corporation.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Recipient” means (a) the Administrative Agent or (b) any Lender, as applicable.

“Register” has the meaning set forth in Section 11.3(c).

“Regulations T, U and X” means Regulations T, U and X, respectively, of the FRB, and any successor regulations.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the FRB or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the FRB or the Federal Reserve Bank of New York, or any successor thereto.

“Replacement Security” shall mean preferred stock or junior deferrable interest subordinated debt securities issued by the Borrower or a Hybrid Vehicle upon conversion of any convertible security issued by the Borrower or such Hybrid Vehicle, having (a) an aggregate liquidation amount or principal amount equal to the security being converted and (b) a mandatory redemption date or maturity date not earlier than the later of (i) the 91st day after the later of (A) the latest Maturity Date and (B) payment in full of all Borrower Obligations, and (ii) the maturity date of the security being converted.

“Reportable Event” means (a) any “reportable event” within the meaning of Section 4043(c) of ERISA for which the notice under Section 4043(a) of ERISA has not been waived by the PBGC (including any failure to meet the minimum funding standard of, or timely make any required installment under, Section 412 of the Code or Section 302 of ERISA, regardless of the issuance of any waivers in accordance with Section 412(d) of the Code), (b) any such “reportable event” subject to advance notice to the PBGC under Section 4043(b)(3) of ERISA, (c) any application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code, and (d) a cessation of operations described in Section 4062(e) of ERISA.

“Required Lenders” means, at any time, Lenders whose aggregate Credit Exposure (as hereinafter defined) constitutes more than 50% of the Credit Exposure of all Lenders at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time then there shall be excluded from the determination of Required Lenders the aggregate principal amount of Credit Exposure of such Lender at such time. For purposes of the preceding sentence, the term “Credit Exposure” as applied to each Lender shall mean (a) at any time prior to the termination of the Commitments, the Pro Rata Share of such Lender of the Revolving Committed Amount multiplied by the Revolving Committed Amount and (b) at any time after the termination of the Commitments, the principal balance of the outstanding Loans

of such Lender. Notwithstanding the foregoing, the Credit Exposure held or deemed held by any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Requirement of Law” means, with respect to any Person, the organizational documents of such Person and any Law applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject or otherwise pertaining to any or all of the transactions contemplated by this Credit Agreement and the other Credit Documents.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Revolving Committed Amount” means NINE HUNDRED TEN MILLION DOLLARS (\$910,000,000) or such other amount, as it may be reduced from time to time in accordance with Section 2.1(d).

“Revolving Loans” has the meaning set forth in Section 2.1(a).

“S&P” means Standard & Poor’s Ratings Services, a division of S&P Global Inc. and any successor thereto.

“Sanctioned Country” means at any time, a country, region or territory which is itself (or whose government is) the subject or target of any Sanctions (including, as of the Closing Date, Cuba, Iran, North Korea, Syria, Venezuela and Crimea).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including OFAC’s Specially Designated Nationals and Blocked Persons List and OFAC’s Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, any European member state, His Majesty’s Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s) or (d) any Person otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“Sanctions” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future statute or executive order), the United Nations Security Council, the European Union, any European member state, His Majesty’s Treasury, or other relevant sanctions authority in any jurisdiction in which (a) the Borrower or any of its Subsidiaries or Affiliates is located or conducts business, (b) in which any of the proceeds of the Credit Extensions will be used, or (c) from which repayment of the Credit Extensions will be derived.

“SEC Report” means the Annual Report on Form 10-K of the Borrower for the Fiscal Year ended December 31, 2024.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Securitization Equity” means, as of any date of determination, with respect to a Subsidiary of the Borrower formed for the purpose of entering into a State Approved Securitization or a TNMP Securitization, all of the equity of such Subsidiary, as determined in accordance with GAAP.

“Single Employer Plan” means any “employee pension benefit plan” (within the meaning of Section 3(2) of ERISA) which is covered by Title IV of ERISA, but which is not a Multiemployer Plan and which the Borrower, any Subsidiary or any ERISA Affiliate has maintained, funded or administered for employees at any time within the preceding seven (7) years.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Loan” means any Revolving Loan bearing interest at a rate based on Adjusted Term SOFR as provided in Section 3.1(a)(ii).

“Solvent” means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, Contingent Obligations and other commitments as they mature in the normal course of business, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay as such debts and liabilities mature in their ordinary course, (c) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s assets would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged or is to engage, (d) the fair value of the assets of such Person is greater than the total amount of liabilities, including, without limitation, Contingent Obligations, of such Person and (e) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured.

“SPC” has the meaning set forth in Section 11.3(h).

“Specified Agreements” mean each of (a) the Existing Revolving Credit Agreement, (b) the TXNM June 2023 Term Loan Agreement and (c) the TNMP Credit Agreement, as amended or modified as of the date hereof.

“Specified Defaults” means any events of default and any defaults (after giving effect to any applicable grace period) in the observance or performance of any covenant under the Specified Agreements solely as a result of the occurrence of a Merger Transaction pursuant to clause (i) of the definition thereof.

“Specified Indebtedness” means (a) any Indebtedness that is mandatorily redeemable at maturity for Capital Stock of the Borrower or (b) any Indebtedness that is a component of a Mandatory Security (it being understood that if such Indebtedness is no longer a component of a Mandatory Security, including following settlement of the related Forward, a remarketing of such Indebtedness, or substituting such Indebtedness with other collateral for the related Forward, then such Indebtedness shall not constitute Specified Indebtedness); provided that “Specified Indebtedness” shall exclude any Hybrid Securities.

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Borrower or a Subsidiary thereof that are reasonably customary in non-recourse securitization transactions.

“State Approved Securitization” means a securitization financing entered into by PSNM pursuant to existing or future New Mexico statutory authority and regulatory approval by the New Mexico Public Regulation Commission (or any successor commission) (the “NMPRC”) authorizing the imposition on electric customers of a charge to permit the recovery over time of costs identified by a financing order issued by the NMPRC pursuant to statutory authority.

“Subsidiary” means, as to any Person, (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries, and (b) any partnership, association, joint venture or other entity in which such person directly or indirectly through Subsidiaries has more than a 50% equity interest at any time. Any reference to Subsidiary herein, unless otherwise identified, shall mean a Subsidiary, direct or indirect, of the Borrower. Any reference to a Subsidiary of the Borrower herein shall not include any Subsidiary that is inactive, has minimal or no assets and does not generate revenues.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“Term SOFR” means,

(a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to a Base Rate Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the “Base Rate Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate Term SOFR Determination Day.

“Term SOFR Adjustment” means a percentage equal to 0.10% per annum.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Threshold Amount” means \$20,000,000.

“TNMP” means Texas-New Mexico Power Company, a Texas corporation.

“TNMP Credit Agreement” means that certain \$200,000,000 Credit Agreement, dated as of April 1, 2024, among TNMP, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, as amended, modified, supplemented or restated from time to time.

“TNMP Credit Agreement Termination Date” means the date on which all “Borrower Obligations” shall have been paid in full in cash with a Revolving Loan or otherwise (including any requirement to “Cash Collateralize” any outstanding “L/C Obligations” thereunder) and the “Commitments” under (and as such terms are defined in) the TNMP Credit Agreement shall be concurrently terminated therewith.

“TNMP Credit Agreement Waiver Date” means the date on which all of the Specified Defaults under the TNMP Credit Agreement shall have been waived in accordance with Section 11.6 of the TNMP Credit Agreement.

“TNMP Existing Revolving Credit Exposure” means, as of any date of determination, the sum of (a) the aggregate principal amount of outstanding “Revolving Loans” (as defined in the TNMP Credit Agreement) as of such date plus (b) the aggregate principal amount of outstanding “L/C Obligations” (as defined in the TNMP Credit Agreement) as of such date plus (c) the aggregate principal amount of outstanding “Swing Line Loans” (as defined in the TNMP Credit Agreement) as of such date.

“TNMP Revolver Availability” means, as of any date of determination,

(a) at any time prior to the earlier of the TNMP Credit Agreement Termination Date and the TNMP Credit Agreement Waiver Date, an amount equal to (i) the “Revolving Committed Amount” (as defined in the TNMP Credit Agreement) as of such date, minus (ii) TNMP Existing Revolving Credit Exposure as of such date;

(b) from and after the TNMP Credit Agreement Waiver Date, \$0; and

(c) concurrently with and after the TNMP Credit Agreement Termination Date, \$200,000,000.

“TNMP First Mortgage Bonds” means those certain first mortgage bonds issued pursuant to the First Mortgage Indenture dated as of March 23, 2009, between TNMP and Union Bank, N.A. (successor to The Bank of New York Mellon Trust Company, N.A.), as trustee thereunder, as it may be supplemented and amended from time to time.

“TNMP Securitization” means a securitization financing entered into by TNMP or a Subsidiary of TNMP relating to (A) all rights and property interests (contractual, statutory, regulatory or otherwise) authorized by law or regulation to impose on and collect from TNMP’s customers any and all specific charges and surcharges (non-bypassable or otherwise) for the purpose of providing security for the

issuance of debt obligations the proceeds of which are to be used for any one or more of (1) the repair, reconstruction or replacement of property damaged or destroyed by storm or other natural condition or occurrence, (2) the acquisition and construction of property and equipment for the control, capture, sequestration, disposal or abatement of pollution (including, without limitation, carbon dioxide or any other chemical composition), heat, solid, fluid or gaseous waste or any other chemical, waste, byproduct, element, condition, characteristic or occurrence that is, or could be, considered to be adverse to the environment, (3) remediation of any environmental occurrence or condition, or (4) any other purpose for which such securitized debt financing is authorized under Texas law or regulation; (B) the cash proceeds collected, and accounts receivable arising, from such rights and property interests; (C) all rights to assign, sell, convey or otherwise transfer any or all of such rights and property interests in connection with the issuance and sale of any debt obligations the repayment of which is to be secured by any or all of such rights and property interests and the proceeds therefrom; and (D) all cash proceeds from the issuance and sale of any such debt obligations.

“Total Assets” means all assets of the Borrower and its Subsidiaries as shown on its most recent quarterly consolidated balance sheet, as determined in accordance with GAAP.

“TXNM June 2023 Term Loan Agreement” means that certain \$500,000,000 Term Loan Agreement, dated as of June 30, 2023, by and among the Borrower, the lenders identified therein and the Administrative Agent, as amended or modified as of the date hereof.

“TXNM June 2023 Term Loan Availability” means, as of any date of determination,

(a) unless the TXNM June 2023 Term Loan Waiver Date shall have occurred prior to such date, concurrently with and after the TXNM June 2023 Term Loan Termination Date, \$410,000,000; and

(b) at all other times (including from and after the TXNM June 2023 Term Loan Waiver Date), \$0.

“TXNM June 2023 Term Loan Termination Date” means the date on which all “Borrower Obligations” under (and as such term is defined in) the TXNM June 2023 Term Loan Agreement shall be paid in full in cash with a Revolving Loan or otherwise and the TXNM June 2023 Term Loan Agreement shall be concurrently terminated therewith.

“TXNM June 2023 Term Loan Waiver Date” means the date on which all of the Specified Defaults under the TXNM June 2023 Term Loan Agreement shall have been waived in accordance with Section 11.6 of the TXNM June 2023 Term Loan Agreement.

“Type” means, with respect to a Revolving Loan, its character as a Base Rate Loan or a SOFR Loan.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“Unused Revolving Commitment” means, for any date of determination, the amount by which (a) the aggregate Revolving Committed Amount on such date exceeds (b) the aggregate principal amount of outstanding Revolving Loans on such date.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; provided, that for purposes of notice requirements in Sections 2.1(b), 2.1(d), 2.3 and 3.3(a), in each case, such day is also a Business Day.

“U.S. Person” means (i) for purposes of the definition of “Foreign Lender” and Section 3.13, any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code and (ii) for purposes of Sections 6.18 and 8.7, any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States, including any foreign branch of any such entity, or any person in the United States.

“U.S. Tax Compliance Certificate” has the meaning assigned thereto in Section 3.13(g).

“VIE” has the meaning set forth in Section 1.3(c).

“Voting Stock” means the Capital Stock of a Person that is then outstanding and normally entitled to vote in the election of directors and other securities of such Person convertible into or exercisable for such Capital Stock (whether or not such securities are then currently convertible or exercisable).

“Withholding Agent” means the Borrower and the Administrative Agent.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Computation of Time Periods and Other Definitional Provisions.

For purposes of computation of periods of time hereunder, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.” References in this Credit Agreement to “Articles”, “Sections”, “Schedules” or “Exhibits” shall be to Articles, Sections, Schedules or Exhibits of or to this Credit Agreement unless otherwise specifically provided.

1.3 Accounting Terms/Calculation of Financial Covenant.

(a) Except as otherwise expressly provided herein, all accounting terms used herein or incorporated herein by reference shall be interpreted, and all financial statements and

certificates and reports as to financial matters required to be delivered to the Administrative Agent or the Lenders hereunder shall be prepared, in accordance with GAAP applied on a consistent basis. Notwithstanding anything to the contrary in this Credit Agreement, for purposes of calculation of the financial covenant set forth in Section 7.2, all accounting determinations and computations thereunder shall be made in accordance with GAAP as in effect as of the date of this Credit Agreement applied on a basis consistent with the application used in preparing the most recent financial statements of the Borrower referred to in Section 4.1(d). In the event that any changes in GAAP after such date are required to be applied to the Borrower and would affect the computation of the financial covenant contained in Section 7.2, such changes shall be followed only from and after the date this Credit Agreement shall have been amended to take into account any such changes.

(b) Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein, (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and, except as specifically provided in the definitions of “Consolidated Capitalization” and “Consolidated Indebtedness”, such Indebtedness shall at all times be valued at the full stated principal amount thereof and (iii) in a manner such that any obligations relating to a lease that was accounted for by a Person as an operating lease before January 1, 2019 and any similar lease entered into after January 1, 2019 by such Person shall be accounted for as obligations relating to an operating lease and not as a financing lease.

(c) All references herein to consolidated financial statements of the Borrower and its Subsidiaries or to the determination of any amount for the Borrower and its Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity (“VIE”) that the Borrower is required to consolidate pursuant to FASB Accounting Standards Codification Topic 810 – Consolidation – Variable Interest Entities as if such variable interest entity were a Subsidiary as defined herein; provided that the financial covenant in Section 7.2 shall be calculated without consolidation of any VIE to the extent the Borrower or its consolidated Subsidiaries have entered into power purchase agreements with such VIE to serve retail customers as a result of the shutdown or closure of the San Juan Generating Station or the Four Corners Power Plant.

1.4 Time.

All references to time herein shall be references to Eastern Standard Time or Eastern Daylight Time, as the case may be, unless specified otherwise.

1.5 Rounding of Financial Covenant.

Any financial ratios required to be maintained by the Borrower pursuant to this Credit Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.6 References to Agreements and Requirement of Laws.

Unless otherwise expressly provided herein: (a) references to organization documents, agreements (including the Credit Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Credit Document and (b) references to any Requirement of Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Requirement of Law.

1.7 [Reserved].

1.8 Rates.

The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 3.10(c), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Credit Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service. In connection with the use or administration of any Benchmark, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Credit Agreement or any other Credit Document. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of any Benchmark.

1.9 Divisions.

For all purposes under the Credit Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Capital Stock at such time.

SECTION 2

CREDIT FACILITY

2.1 Revolving Loans.

(a) Revolving Loan Commitment. Subject to the terms and conditions set forth herein, each Lender severally agrees to make revolving loans (each a “Revolving Loan” and collectively the “Revolving Loans”) in Dollars to the Borrower, at any time and from time to time, during the period from and including the Closing Date to but not including the Maturity Date (or such earlier date if the Commitments have been terminated as provided herein); provided, however, that after giving effect to any Borrowing (i) the aggregate principal amount of outstanding Revolving Loans shall not exceed the Revolving Committed Amount, (ii) with respect to each individual Lender, the aggregate principal amount of outstanding Revolving Loans of such Lender shall not exceed such Lender’s Commitment and (iii) the aggregate principal amount of outstanding Revolving Loans shall not exceed the Aggregate Availability as of such date. Subject to the terms of this Credit Agreement (including Section 3.3), the Borrower may borrow, repay and reborrow Revolving Loans.

(b) Method of Borrowing for Revolving Loans. By no later than (i) 12:00 noon on the date of the requested Borrowing of Revolving Loans that will be Base Rate Loans and (ii) 12:00 noon three U.S. Government Securities Business Days prior to the date of the requested Borrowing of Revolving Loans that will be SOFR Loans (or such shorter period as mutually agreed between the Administrative Agent and the Borrower with respect to any Borrowing on the Closing Date), the Borrower shall submit a written Notice of Revolving Borrowing in the form of Exhibit 2.1(b) to the Administrative Agent setting forth (A) the amount requested, (B) the date of the requested Borrowing, (C) the Type of Revolving Loan, (D) with respect to Revolving Loans that will be SOFR Loans, the Interest Period applicable thereto, and (E) certification that the Borrower has complied in all respects with Section 5. If the Borrower shall fail to specify (1) an Interest Period in the case of a SOFR Loan, then such SOFR Loan shall be deemed to have an Interest Period of one month or (2) the Type of Revolving Loan requested, then such Revolving Loan shall be deemed to be a Base Rate Loan. All Revolving Loans made on the Closing Date shall be Base Rate Loans. Thereafter, all or any portion of the Revolving Loans may be converted into SOFR Loans in accordance with the terms of Section 2.3.

(c) Funding of Revolving Loans. Upon receipt of a Notice of Revolving Borrowing, the Administrative Agent shall promptly inform the Lenders as to the terms thereof. Each such Lender shall make its Pro Rata Share of the requested Revolving Loans available to the Administrative Agent in immediately available funds at the Administrative Agent’s Office not later than 1:00 p.m. on the Business Day specified in the applicable Notice of Revolving Borrowing. Upon satisfaction of the conditions set forth in Section 5, the amount of the requested Revolving Loans will then be made available to the Borrower by the Administrative Agent by wire transfer of such funds in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower or such other means agreed to by the Administrative Agent and the Borrower.

(d) Reductions of Revolving Committed Amount.

(i) Upon at least three U.S. Government Securities Business Days’ notice, the Borrower shall have the right to permanently terminate or reduce the aggregate unused amount of the Revolving Committed Amount at any time or from time to time;

provided that (i) each partial reduction shall be in an aggregate amount at least equal to \$5,000,000 and in integral multiples of \$1,000,000 above such amount and (ii) no reduction shall be made which would reduce the Revolving Committed Amount to an amount less than the aggregate principal amount of outstanding Loans. Any reduction in (or termination of) the Revolving Committed Amount shall be permanent and may not be reinstated.

(ii) The Revolving Committed Amount shall be automatically and permanently reduced (A) as of the Existing Revolving Credit Agreement Waiver Date, in an aggregate amount equal to the “Revolving Committed Amount” under (and as defined in) the Existing Revolving Credit Agreement as of such date, (B) as of the TXNM June 2023 Term Loan Waiver Date, in an aggregate amount equal to the aggregate principal amount of outstanding “Loans” (as defined in the TXNM June 2023 Term Loan Agreement) as of such date, and (C) as of the TNMP Credit Agreement Waiver Date, in an aggregate amount equal to the “Revolving Committed Amount” under (and as defined in) the TNMP Credit Agreement as of such date, and the Borrower shall concurrently comply with the requirements of Section 3.3(b) in connection with any such reduction of the Revolving Committed Amount under this Section 2.1(d)(ii).

(iii) Any reduction in (or termination of) the Revolving Committed Amount shall be permanent and may not be reinstated.

(e) Revolving Notes. At the request of any Lender, the Revolving Loans made by such Lender shall be evidenced by a duly executed promissory note of the Borrower to such Lender in substantially the form of Exhibit 2.1(e).

2.2 [Reserved].

2.3 Continuations and Conversions.

Subject to the terms below, the Borrower shall have the option, on any U.S. Government Securities Business Day prior to the Maturity Date, to continue existing SOFR Loans in whole or in part for a subsequent Interest Period, to convert Base Rate Loans in whole or in part into SOFR Loans or to convert SOFR Loans in whole or in part into Base Rate Loans. By no later than 12:00 noon (a) two U.S. Government Securities Business Days prior to the date of the requested conversion of a SOFR Loan to a Base Rate Loan and (b) three U.S. Government Securities Business Days prior to the date of the requested continuation of a SOFR Loan or conversion of a Base Rate Loan to a SOFR Loan, the Borrower shall provide a written Notice of Continuation/Conversion in the form of Exhibit 2.3, setting forth whether the Borrower wishes to continue or convert such Revolving Loans. Notwithstanding anything herein to the contrary, (A) except as provided in Section 3.10(b), SOFR Loans may only be continued or converted into Base Rate Loans on the last day of the Interest Period applicable thereto, (B) SOFR Loans may not be continued nor may Base Rate Loans be converted into SOFR Loans during the existence and continuation of a Default or an Event of Default and (C) any request to continue a SOFR Loan that fails to comply with the terms hereof or any failure to request a continuation of a SOFR Loan at the end of an Interest Period shall be deemed a request to convert such SOFR Loan to a Base Rate Loan on the last day of the applicable Interest Period.

2.4 Minimum Amounts.

Each request for a borrowing, conversion or continuation shall be subject to the requirements that (a) each SOFR Loan shall be in a minimum amount of \$3,000,000 and in integral multiples of \$1,000,000 in

excess thereof, (b) each Base Rate Loan shall be in a minimum amount of \$1,000,000 and in integral multiples of \$100,000 in excess thereof (or the remaining amount of outstanding Revolving Loans) and (c) no more than seven SOFR Loans shall be outstanding hereunder at any one time. For the purposes of this Section 2.4, separate SOFR Loans that begin and end on the same date, as well as SOFR Loans that begin and end on different dates, shall all be considered as separate SOFR Loans.

2.5 [Reserved].

2.6 Evidence of Debt.

The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Borrower Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

SECTION 3

GENERAL PROVISIONS APPLICABLE TO LOANS

3.1 Interest.

(a) Interest Rate. Subject to Section 3.1(b), (i) all Base Rate Loans shall accrue interest at the Adjusted Base Rate and (ii) all SOFR Loans shall accrue interest at Adjusted Term SOFR plus the Applicable Percentage.

(b) Default Rate of Interest.

(i) After the occurrence, and during the continuation, of an Event of Default pursuant to Section 9.1(a), the principal of and, to the extent permitted by Law, interest on the Loans and any other amounts owing hereunder or under the other Credit Documents (including without limitation fees and expenses) shall bear interest, payable on demand, at the Default Rate.

(ii) After the occurrence, and during the continuation, of an Event of Default (other than an Event of Default pursuant to Section 9.1(a)), at the request of the Required Lenders, the principal of and, to the extent permitted by Law, interest on the Loans and any other amounts owing hereunder or under the other Credit Documents (including without limitation fees and expenses) shall bear interest, payable on demand, at the Default Rate.

(c) Interest Payments. Interest on Loans shall be due and payable in arrears on each Interest Payment Date.

3.2 Payments Generally.

(a) No Deductions; Place and Time of Payments. All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Notwithstanding the foregoing, if there exists a Defaulting Lender, each payment by the Borrower to such Defaulting Lender hereunder shall be applied in accordance with Section 3.16(b).

(b) Payment Dates. Subject to the definition of "Interest Period," if any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) Advances by Administrative Agent. Unless the Borrower or any Lender has notified the Administrative Agent, prior to the time any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds at the Overnight Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the "Compensation Period") at a rate per annum equal to the Overnight Rate from time to time in effect. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to such Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (c) shall be conclusive, absent manifest error.

(d) Several Obligations. The obligations of the Lenders hereunder to make Revolving Loans and to fund or purchase Participation Interests are several and not joint. The failure of any Lender to make any Revolving Loan or to fund or purchase any Participation Interest on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Revolving Loan or fund or purchase its Participation Interest.

(e) Funding Offices. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

3.3 Prepayments.

(a) Voluntary Prepayments. The Borrower shall have the right to prepay the Revolving Loans in whole or in part from time to time without premium or penalty; provided, however, that (i) all prepayments under this Section 3.3(a) shall be subject to Section 3.14, (ii) SOFR Loans may only be prepaid on three U.S. Government Securities Business Days' prior written notice to the Administrative Agent, (iii) each such partial prepayment of SOFR Loans shall be in the minimum principal amount of \$1,000,000 and integral multiples of \$1,000,000 and (iv) each such partial prepayment of Base Rate Loans shall be in the minimum principal amount of \$500,000 and integral multiples of \$100,000, or, in the case of clauses (iii) and (iv), if less than such minimum amounts, the entire principal amount thereof then outstanding. Amounts prepaid pursuant to this Section 3.3(a) shall be applied as the Borrower may elect based on the Lenders' Pro Rata Shares; provided, however, if the Borrower fails to specify, such prepayment shall be applied by the Administrative Agent, subject to Section 3.7, in such manner as it deems reasonably appropriate.

(b) Mandatory Prepayments. If at any time the sum of the aggregate principal amount of Revolving Loans outstanding exceeds the Revolving Committed Amount, the Borrower shall immediately make a principal payment on the Loans to the Administrative Agent in a manner, in an amount and in Dollars as is necessary to be in compliance with Section 2.1 and as directed by the Administrative Agent. All amounts required to be prepaid pursuant to this Section 3.3(b) shall be applied first to Base Rate Loans and second to SOFR Loans in direct order of Interest Period maturities. All prepayments pursuant to this Section 3.3(b) shall be subject to Section 3.14.

3.4 Fees.

(a) Commitment Fees. In consideration of the Revolving Committed Amount being made available by the Lenders hereunder, the Borrower agrees to pay to the Administrative Agent, for the pro rata benefit of each Lender (other than the Defaulting Lenders, if any) based on its Pro Rata Share, a per annum fee equal to the daily average sum of the Applicable Percentage for Commitment Fees for each day during the period of determination multiplied by the Unused Revolving Commitment for each such day (the "Commitment Fees"). The Commitment Fees shall commence to accrue on the Closing Date and shall be due and payable in arrears on the third Business Day after the end of each Fiscal Quarter (as well as on the Maturity Date and on any

date that the Revolving Committed Amount is reduced) for the Fiscal Quarter (or portion thereof) then ending, beginning with the first of such dates to occur after the Closing Date.

(b) [Reserved].

(c) [Reserved].

(d) Administrative Fees. The Borrower agrees to pay to the Administrative Agent, for its own account, an annual fee as agreed to between the Borrower and the Administrative Agent (the "Administrative Fees") in the Fee Letter.

3.5 Payment in full at Maturity.

On the Maturity Date, the entire outstanding principal balance of all Loans, together with accrued but unpaid interest and all fees and other sums owing under the Credit Documents, shall be due and payable in full, unless accelerated sooner pursuant to Section 9.2; provided that if the Maturity Date is not a Business Day, then such principal, interest, fees and other sums shall be due and payable in full on the next preceding Business Day.

3.6 Computations of Interest and Fees.

(a) Calculation of Interest and Fees. Except for Base Rate Loans that are based upon the Prime Rate, in which case interest shall be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, all computations of interest and fees hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days. Interest shall accrue from and including the first date of Borrowing (or continuation or conversion) to but excluding the last day occurring in the period for which such interest is payable. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) Usury. It is the intent of the Lenders and the Borrower to conform to and contract in strict compliance with applicable usury Law from time to time in effect. All agreements between the Lenders and the Borrower are hereby limited by the provisions of this subsection which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. In no way, nor in any event or contingency (including but not limited to prepayment or acceleration of the maturity of any Borrower Obligation), shall the interest taken, reserved, contracted for, charged, or received under this Credit Agreement, under the Notes or otherwise, exceed the maximum nonusurious amount permissible under applicable Law. If, from any possible construction of any of the Credit Documents or any other document, interest would otherwise be payable in excess of the maximum nonusurious amount, any such construction shall be subject to the provisions of this subsection and such documents shall be automatically reduced to the maximum nonusurious amount permitted under applicable Law, without the necessity of execution of any amendment or new document. If any Lender shall ever receive anything of value which is characterized as interest on the Loans under applicable Law and which would, apart from this provision, be in excess of the maximum nonusurious amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loans and not to the payment of interest, or refunded to the Borrower or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal amount of the Loans. The right to demand payment of the Loans or any other Indebtedness evidenced by any of the Credit Documents does not include the right to accelerate

the payment of any interest which has not otherwise accrued on the date of such demand, and the Lenders do not intend to charge or receive any unearned interest in the event of such demand. All interest paid or agreed to be paid to the Lenders with respect to the Loans shall, to the extent permitted by applicable Law, be amortized, prorated, allocated, and spread throughout the full stated term (including any renewal or extension) of the Loans so that the amount of interest on account of the Loans does not exceed the maximum nonusurious amount permitted by applicable Law.

3.7 Pro Rata Treatment.

Except to the extent otherwise provided herein, each Borrowing, each payment or prepayment of principal of any Loan, each payment of interest, each payment of fees (other than administrative fees paid to the Administrative Agent), each conversion or continuation of any Revolving Loans and each reduction in the Revolving Committed Amount, shall be allocated pro rata among the relevant Lenders in accordance with their Pro Rata Shares; provided that, if any Lender shall have failed to pay its Pro Rata Share of any Revolving Loan or fund or purchase its Participation Interest, then any amount to which such Lender would otherwise be entitled pursuant to this Section 3.7 shall instead be payable to the Administrative Agent until the share of such Revolving Loan or such Participation Interest not funded or purchased by such Lender has been repaid, and the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender and for the benefit of the Administrative Agent to satisfy such Lender's obligations to pay its Pro Rata Share of any Loan or fund or purchase its Participation Interest and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender to pay its Pro Rata Share of any Loan or fund or purchase its Participation Interest; in the case of each of (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion. In the event any principal, interest, fee or other amount paid to any Lender pursuant to this Credit Agreement or any other Credit Document is rescinded or must otherwise be returned by the Administrative Agent, (a) such principal, interest, fee or other amount that had been satisfied by such payment shall be revived, reinstated and continued in full force and effect as if such payment had not occurred and (b) such Lender shall, upon the request of the Administrative Agent, repay to the Administrative Agent the amount so paid to such Lender, with interest for the period commencing on the date such payment is returned by the Administrative Agent until the date the Administrative Agent receives such repayment at a rate per annum equal to the Overnight Rate if repaid within two (2) Business Days after such request and thereafter the Base Rate.

3.8 Sharing of Payments.

The Lenders agree among themselves that, except to the extent otherwise provided herein, in the event that any Lender shall obtain payment in respect of any Revolving Loan or any other obligation owing to such Lender under this Credit Agreement through the exercise of a right of setoff, banker's lien or counterclaim, or pursuant to a secured claim under Section 506 of the Bankruptcy Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable Debtor Relief Law or other similar Law or otherwise, or by any other means, in excess of its Pro Rata Share of such payment as provided for in this Credit Agreement, such Lender shall promptly pay in cash or purchase from the other Lenders a participation in such Revolving Loans and other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all Lenders share such payment in accordance with their Pro Rata Shares. The Lenders further agree among themselves that if payment to a Lender obtained by such Lender through the exercise of a right of setoff, banker's lien, counterclaim or other event as aforesaid shall be rescinded or must otherwise be returned, each Lender which shall have shared the benefit of such payment shall, by payment in cash or a repurchase of a participation theretofore sold, return its share of that benefit (together with its share of any

accrued interest payable with respect thereto) to each Lender whose payment shall have been rescinded or otherwise returned. The Borrower agrees that (a) any Lender so purchasing such a participation may, to the fullest extent permitted by Law, exercise all rights of payment, including setoff, banker's lien or counterclaim, with respect to such participation as fully as if such Lender were a holder of such Revolving Loan or other obligation in the amount of such participation and (b) the Borrower Obligations that have been satisfied by a payment that has been rescinded or otherwise returned shall be revived, reinstated and continued in full force and effect as if such payment had not occurred. Except as otherwise expressly provided in this Credit Agreement, if any Lender or the Administrative Agent shall fail to remit to any other Lender an amount payable by such Lender or the Administrative Agent to such other Lender pursuant to this Credit Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to the Administrative Agent or such other Lender at a rate per annum equal to the Overnight Rate. If under any applicable Debtor Relief Law or other similar Law, any Lender receives a secured claim in lieu of a setoff to which this Section 3.8 applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders under this Section 3.8 to share in the benefits of any recovery on such secured claim.

Notwithstanding the foregoing, if there exists a Defaulting Lender, all amounts received by such Defaulting Lender hereunder shall be applied in accordance with Section 3.16(b).

3.9 Capital Adequacy.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve (including pursuant to regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the FRB, as amended and in effect from time to time)), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender any other condition, cost or expense (other than Taxes) affecting this Credit Agreement or Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender or such other Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of such Lender or other Recipient, the Borrower shall promptly pay to any such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Credit Agreement, the Commitment of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time upon written request of such Lender, the Borrower shall promptly pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or such other Recipient setting forth the amount or amounts necessary to compensate such Lender or such other Recipient or any of their respective holding companies, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error.

(d) Delay in Requests. Failure or delay on the part of any Lender or such other Recipient to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such other Recipient's right to demand such compensation; provided that the Borrower shall not be required to compensate any Lender or any other Recipient pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender or such other Recipient, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or such other Recipient's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Survival. All of the obligations of the Borrower under this Section 3.9 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Credit Document.

(f) Similarly Situated Customers. Each Lender or other Recipient shall make any determination to request compensation under this Section 3.9 in good faith (and not on an arbitrary or capricious basis) and consistent with similarly situated customers of the applicable Lender or Recipient after consideration of such factors as such Lender or Recipient then reasonably determines to be relevant.

3.10 Changed Circumstances.

(a) Circumstances Affecting Benchmark Availability. Subject to clause (c) below, in connection with any request for a SOFR Loan or a conversion to or continuation thereof or otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining Adjusted Term SOFR for the applicable Interest Period with respect to a proposed SOFR Loan on or prior to the first day of such Interest Period or (ii) the Required Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that Adjusted Term SOFR does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Revolving Loans during such Interest Period, then the

Administrative Agent shall promptly give notice thereof to the Borrower. Upon notice thereof by the Administrative Agent to the Borrower, any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to convert any Revolving Loan to or continue any Revolving Loan as a SOFR Loan, shall be suspended (to the extent of the affected SOFR Loans or the affected Interest Periods) until the Administrative Agent (with respect to clause (ii), at the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans or the affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans in the amount specified therein and (B) any outstanding affected SOFR Loans will be deemed to have been converted into Base Rate Loans at the end of the applicable Interest Period. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.14.

(b) Laws Affecting SOFR Availability. If, after the date hereof, the introduction of, or any change in, any applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective Lending Offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective Lending Offices) to honor its obligations hereunder to make or maintain any SOFR Loan, or to determine or charge interest based upon SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Borrower and the other Lenders. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, (i) any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to convert any Revolving Loan to a SOFR Loan or continue any Revolving Loan as a SOFR Loan, shall be suspended and (ii) if necessary to avoid such illegality, the Administrative Agent shall compute the Base Rate without reference to clause (c) of the definition of “Base Rate”, in each case until each such affected Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, if necessary to avoid such illegality, upon demand from any Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all SOFR Loans to Base Rate Loans (in each case, if necessary to avoid such illegality, the Administrative Agent shall compute the Base Rate without reference to clause (c) of the definition of “Base Rate”), on the last day of the Interest Period therefor, if all affected Lenders may lawfully continue to maintain such SOFR Loans, to such day, or immediately, if any Lender may not lawfully continue to maintain such SOFR Loans to such day. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.14.

(c) Benchmark Replacement Setting.

(i) Benchmark Replacement.

(A) Notwithstanding anything to the contrary herein or in any other Credit Document, upon the occurrence of a Benchmark Transition Event, the Administrative Agent and the Borrower may amend this Credit Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such

amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all affected Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 3.10(c)(i)(A) will occur prior to the applicable Benchmark Transition Start Date.

(B) No Hedging Agreement shall be deemed to be a “Credit Document” for purposes of this Section 3.10(c).

(ii) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Credit Agreement or any other Credit Document.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will promptly notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.10(c)(iv) and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 3.10(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Credit Agreement or any other Credit Document, except, in each case, as expressly required pursuant to this Section 3.10(c).

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Credit Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (2) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark

(including a Benchmark Replacement), then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) Benchmark Unavailability Period. Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a given Benchmark, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans and (B) any outstanding affected SOFR Loans will be deemed to have been converted to Base Rate Loans at the end of the applicable Interest Period. During any Benchmark Unavailability Period with respect to any Benchmark or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark that is subject of such Benchmark Unavailability Period or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

3.11 [Reserved].

3.12 [Reserved].

3.13 Taxes.

(a) Defined Terms. For purposes of this Section 3.13, the term “applicable Law” includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Credit Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that, after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section), the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability

delivered to the Borrower by a Recipient (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Recipient, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.3(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Credit Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to setoff and apply any and all amounts at any time owing to such Lender under any Credit Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 3.13, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.13(g)(ii)(A), (B) and (D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Credit Agreement (and from time to time thereafter

upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from United States federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Credit Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, executed copies of IRS Form W-8BEN-E establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, IRS Form W-8BEN-E establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit 3.13-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.13-2 or Exhibit 3.13-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.13-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Credit Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the

Administrative Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in United States federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Credit Document would be subject to United States federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Credit Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.13 (including by the payment of additional amounts pursuant to this Section 3.13), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 3.13 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Credit Document.

3.14 Compensation Indemnity.

The Borrower hereby indemnifies each of the Lenders against any loss, cost or expense (including any loss, cost or expense arising from the liquidation or reemployment of funds or from any fees payable) which may arise, be attributable to or result due to or as a consequence of (a) any failure by the Borrower to make any payment when due of any amount due hereunder in connection with a SOFR Loan, (b) any failure of the Borrower to borrow or continue a SOFR Loan or convert to a SOFR Loan on a date specified therefor in a Notice of Borrowing or Notice of Continuation/Conversion, (c) any failure of the Borrower to prepay any SOFR Loan on a date specified therefor in any notice of prepayment under Section 3.3, (d) any payment, prepayment or conversion of any SOFR Loan on a date other than the last day of the Interest Period therefor (including as a result of an Event of Default) or (e) the assignment of any SOFR Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 11.20. A certificate of such Lender setting forth the basis for determining such amount or amounts necessary to compensate such Lender shall be forwarded to the Borrower through the Administrative Agent and shall be conclusively presumed to be correct save for manifest error. All of the obligations of the Borrower under this Section 3.14 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Credit Document.

3.15 Determination and Survival of Provisions.

All determinations by the Administrative Agent or a Lender of amounts owing under Sections 3.9 through 3.14, inclusive, shall, absent manifest error, be conclusive and binding on the parties hereto and all amounts owing thereunder shall be due and payable within ten Business Days of demand therefor. In determining such amount, the Administrative Agent or such Lender may use any reasonable averaging and attribution methods. Section 3.9 through 3.14, inclusive, shall survive the termination of this Credit Agreement and the payment of all Borrower Obligations.

3.16 Defaulting Lenders.

Notwithstanding anything to the contrary contained in this Credit Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(a) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Credit Agreement shall be restricted as set forth in Section 11.6.

(b) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, or otherwise, and including any amounts made available to the Administrative Agent for the account of such Defaulting Lender pursuant to Section 11.2), shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, as the Borrower may request (so long as no Default or

Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Credit Agreement, as determined by the Administrative Agent; third, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of such Defaulting Lender to fund Loans under this Credit Agreement; fourth, to the payment of any amounts owing to the Administrative Agent or the Lenders as a result of any judgment of a court of competent jurisdiction obtained by the Administrative Agent or any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Credit Agreement; fifth, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Credit Agreement; and sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (i) such payment is a payment of the principal amount of any Revolving Loans in respect of which such Defaulting Lender has not fully funded its appropriate share and (ii) such Revolving Loans were made at a time when the conditions set forth in Section 5 were satisfied or waived, such payment shall be applied solely to pay the Revolving Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Revolving Loans of such Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 3.16(b) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(c) [Reserved].

(d) [Reserved].

(e) [Reserved].

(f) Certain Fees. For any period during which such Lender is a Defaulting Lender, such Defaulting Lender shall not be entitled to receive any Commitment Fee pursuant to Section 3.4 (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to such Defaulting Lender).

(g) Defaulting Lender Cure. If the Borrower and the Administrative Agent agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase that portion of outstanding Revolving Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Revolving Loans to be held on a pro rata basis by the Lenders in accordance with their Pro Rata Shares (without giving effect to Section 3.16(c)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

3.17 Mitigation Obligations.

If any Lender requests compensation under Section 3.9, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.13 or if any Lender gives a notice pursuant to Section 3.10(b), then, at the request of the Borrower, such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.9 or Section 3.13, as the case may be, in the future or eliminate the need for the notice pursuant to Section 3.10(b), as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

SECTION 4

CONDITIONS PRECEDENT TO CLOSING

4.1 Closing Conditions.

The obligation of the Lenders to enter into this Credit Agreement and make Loans is subject to satisfaction of the following conditions:

(a) Executed Credit Documents. Receipt by the Administrative Agent of duly executed copies of: (i) this Credit Agreement, (ii) the Notes, and (iii) all other Credit Documents, each in form and substance reasonably acceptable to the Lenders in their sole discretion.

(b) Authority Documents. Receipt by the Administrative Agent of the following:

(i) Organizational Documents. Copies of the articles of incorporation of the Borrower certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its formation and copies of the bylaws of the Borrower certified by a secretary or assistant secretary (or the equivalent) of the Borrower to be true and correct as of the Closing Date.

(ii) Resolutions. Copies of resolutions of the board of directors of the Borrower approving and adopting this Credit Agreement and the other Credit Documents to which it is a party, the transactions contemplated herein and therein and authorizing execution and delivery hereof and thereof, certified by a secretary or assistant secretary (or the equivalent) of the Borrower to be true and correct and in full force and effect as of the Closing Date.

(iii) Good Standing. Copies of a certificate of good standing, existence or its equivalent with respect to the Borrower certified as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its formation.

(iv) Incumbency. An incumbency certificate of the Borrower certified by a secretary or assistant secretary (or the equivalent) of the Borrower to be true and correct as of the Closing Date.

(c) Opinions of Counsel. Receipt by the Administrative Agent of opinions of counsel from counsel to the Borrower (which may include in-house counsel with respect to

matters of New Mexico law), in form and substance acceptable to the Administrative Agent, addressed to the Administrative Agent and the Lenders and dated as of the Closing Date.

(d) Financial Statements. Receipt by the Administrative Agent of a copy of (i) the annual consolidated financial statements (including balance sheets, income statements and cash flow statements) of the Borrower and its Subsidiaries for Fiscal Years 2023 and 2024, audited by independent public accountants of recognized national standing and (ii) such other financial information regarding the Borrower as the Administrative Agent may reasonably request. The Administrative Agent acknowledges that the items described in clauses (i) and (ii) above have been posted on the Borrower's website address listed on Schedule 11.1 and are therefore deemed to have been received by the Administrative Agent.

(e) [Reserved].

(f) Material Adverse Effect. Since December 31, 2024, except as disclosed in the SEC Report, (i) there shall have been no development or event relating to or affecting the Borrower or any of its Subsidiaries that has had or could be reasonably expected to have a Material Adverse Effect and (ii) no Material Adverse Change shall have occurred in the facts and information regarding the Borrower and its Subsidiaries as disclosed in the SEC Report.

(g) [Reserved].

(h) Litigation. There shall not exist any material order, decree, judgment, ruling or injunction or any material pending or threatened action, suit, investigation or proceeding against the Borrower or any of its Subsidiaries except as disclosed in the SEC Report.

(i) Consents. All necessary governmental, shareholder and third party consents and approvals, if any, with respect to this Credit Agreement and the Credit Documents and the transactions contemplated herein and therein have been received and no condition or Requirement of Law exists which would reasonably be likely to restrain, prevent or impose any material adverse conditions on the transactions contemplated hereby and by the other Credit Documents.

(j) Officer's Certificates. Receipt by the Administrative Agent of a certificate or certificates executed by a Financial Officer or an Authorized Officer of the Borrower as of the Closing Date stating that (i) the Borrower and each of its Subsidiaries are in compliance in all material respects with all existing material financial obligations (other than the Specified Defaults) and all material Requirements of Law, (ii) there does not exist any material order, decree, judgment, ruling or injunction or any material pending or threatened action, suit, investigation or proceeding against the Borrower or any of its Subsidiaries, except as disclosed in the SEC Report, (iii) the financial statements and information delivered to the Administrative Agent on or before the Closing Date were prepared in good faith and in accordance with GAAP and (iv) immediately after giving effect to this Credit Agreement, the other Credit Documents and all the transactions contemplated herein or therein to occur on such date, (A) the Borrower is Solvent, (B) no Default or Event of Default exists, (C) all representations and warranties contained herein and in the other Credit Documents are true and correct in all material respects, (D) since December 31, 2024, except as disclosed in the SEC Report, there has been no development or event relating to or affecting the Borrower or any of its Subsidiaries that has had or could be reasonably expected to have a Material Adverse Effect and no Material Adverse Change has occurred in the facts and information regarding the Borrower and its Subsidiaries as disclosed in the SEC Report and (E) the Borrower is in compliance with the financial covenant

set forth in Section 7.2, as of December 31, 2024, as demonstrated in the Covenant Compliance Worksheet attached to such certificate.

(k) Account Designation Letter. Receipt by the Administrative Agent of an executed counterpart of the Account Designation Letter.

(l) PATRIOT Act. The Borrower shall have provided to the Administrative Agent and the Lenders the documentation and other information reasonably requested by the Administrative Agent in order to comply with requirements of any Anti-Money Laundering Laws, including the PATRIOT Act and any applicable “know your customer” rules and regulations.

(m) Beneficial Ownership Certification. The Borrower shall have delivered to the Administrative Agent, and directly to any Lender requesting the same, a Beneficial Ownership Certification in relation to it, in each case at least five (5) Business Days prior to the Closing Date.

(n) Fees and Expenses. Unless waived by the Person entitled thereto, payment by the Borrower of all fees and expenses owed by them to the Administrative Agent and the Lenders on or before the Closing Date, including, without limitation, as set forth in the Fee Letter.

(o) Other. Receipt by the Lenders of such other documents, instruments, agreements or information as reasonably requested by any Lender.

Without limiting the generality of the provisions of Section 10.4, for purposes of determining compliance with the conditions specified in this Section, each Lender that has signed this Credit Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

SECTION 5

CONDITIONS TO ALL EXTENSIONS OF CREDIT

5.1 Funding Requirements.

In addition to the conditions precedent stated elsewhere herein, the Lenders shall not be obligated to make Loans unless:

(a) Notice. The Borrower shall have delivered a Notice of Revolving Borrowing, duly executed and completed, by the time specified in Section 2.1.

(b) Representations and Warranties. The representations and warranties made by the Borrower in any Credit Document (other than the representation and warranties in Section 6.7(a) (but only with respect to clause (a) of the definition of Material Adverse Effect) and Section 6.9 of the Credit Agreement) are true and correct in all material respects (except to the extent that any representation and warranty that is qualified by materiality, Material Adverse Effect or Material Adverse Change shall be true and correct in all respects) at and as if made as of such date except to the extent they expressly and exclusively relate to an earlier date.

(c) No Default. No Default or Event of Default shall exist and be continuing either prior to or after giving effect to such Credit Extension.

(d) Availability. Immediately after giving effect to such Credit Extension (and the application of the proceeds thereof), (i) the aggregate principal amount of outstanding Revolving Loans shall not exceed the Revolving Committed Amount and (ii) with respect to each individual Lender, the outstanding principal amount of Revolving Loans of such Lender shall not exceed such Lender's Pro Rata Share of the Revolving Committed Amount.

The delivery of each Notice of Borrowing shall constitute a representation and warranty by the Borrower of the correctness of the matters specified in subsections (b), (c) and (d) above.

SECTION 6

REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Credit Agreement and to induce the Lenders to extend the credit contemplated hereby, the Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

6.1 Organization and Good Standing.

Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) is duly qualified and in good standing as a foreign entity authorized to do business in every other jurisdiction where the failure to so qualify would have a Material Adverse Effect and (c) has the requisite power and authority to own its properties and to carry on its business as now conducted and as proposed to be conducted. Neither the Borrower nor any of its Subsidiaries is an Affected Financial Institution or a Covered Party.

6.2 Due Authorization.

The Borrower (a) has the requisite corporate power and authority to execute, deliver and perform this Credit Agreement and the other Credit Documents and to incur the obligations herein and therein provided for and (b) has been authorized by all necessary action to execute, deliver and perform this Credit Agreement and the other Credit Documents.

6.3 No Conflicts.

Neither the execution and delivery of this Credit Agreement and the other Credit Documents, nor the consummation of the transactions contemplated herein and therein, nor performance of and compliance with the terms and provisions hereof and thereof by the Borrower will (a) violate or conflict with any provision of its organizational documents, (b) violate, contravene or conflict with any law, regulation (including without limitation, Regulation U and Regulation X), order, writ, judgment, injunction, decree or permit applicable to it, (c) violate, contravene or conflict with contractual provisions of, or cause an event of default under, any indenture, loan agreement, mortgage, deed of trust, contract or other agreement or instrument to which it is a party or by which it may be bound, the violation of which would have or would be reasonably expected to have a Material Adverse Effect or (d) result in or require the creation of any Lien upon or with respect to its properties.

6.4 Consents.

No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance of this Credit Agreement or any of the other Credit Documents that has not been obtained or completed.

6.5 Enforceable Obligations.

This Credit Agreement and the other Credit Documents have been duly executed and delivered and constitute the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as may be limited by Debtor Relief Laws or similar laws affecting creditors' rights generally or by general equitable principles.

6.6 Financial Condition.

The financial statements delivered to the Lenders pursuant to Section 4.1(d) and pursuant to Sections 7.1(a) and 7.1(b): (i) have been prepared in accordance with GAAP except that the quarterly financial statements are subject to year-end adjustments and have fewer footnotes than annual statements and (ii) present fairly the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries as of such date and for such periods. No opinion provided with respect to the Borrower's financial statements pursuant to Section 7.1 (or as to any prior annual financial statements) has been withdrawn.

6.7 No Material Change.

(a) Since December 31, 2024, except as disclosed in the SEC Report, there has been no development or event relating to or affecting the Borrower or any of its Subsidiaries which would have or would reasonably be expected to have a Material Adverse Effect.

(b) Since December 31, 2024, except as disclosed in the SEC Report, there has been no sale, transfer or other disposition by the Borrower or any of its Subsidiaries of any material part of its business or property, and no purchase or other acquisition by the Borrower or any of its Subsidiaries of any business or property (including the Capital Stock of any other Person) material in relation to the financial condition of the Borrower or any of its Subsidiaries, in each case which is not (i) reflected in the most recent financial statements delivered to the Lenders pursuant to Section 4.1(d) or 7.1 or in the notes thereto or (ii) otherwise permitted by the terms of this Credit Agreement and communicated to the Lenders.

6.8 No Default.

Neither the Borrower nor any of its Subsidiaries is in default in any respect under any contract, lease, loan agreement, indenture, mortgage, security agreement or other agreement or obligation to which it is a party or by which any of its properties is bound which default would have or would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default presently exists and is continuing.

6.9 Litigation.

Except as disclosed in the SEC Report, there are no actions, suits, investigations or legal, equitable, arbitration or administrative proceedings, pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries which would have or would reasonably be expected to have a Material Adverse Effect.

6.10 Taxes.

Each of the Borrower and its Subsidiaries has filed, or caused to be filed, all material tax returns (federal, state, local and foreign) required to be filed and paid all amounts of taxes shown to be due (including interest and penalties) and has paid all other taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owed by it, except for such taxes (i) the amount of which, individually or in the aggregate, is not material, or (ii) which are not yet delinquent or that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP.

6.11 Compliance with Law.

Each of the Borrower and its Subsidiaries is in compliance with all laws, rules, regulations, orders and decrees applicable to it or to its properties, unless such failure to comply would not have or would not reasonably be expected to have a Material Adverse Effect.

6.12 ERISA.

(a) Except as would not result or reasonably be expected to result in a Material Adverse Effect:

(i) Each Single Employer Plan has been maintained, operated, and funded in compliance with its own terms and in material compliance with the provisions of ERISA, the Code, and any other applicable federal or state laws, regulations and published interpretations thereunder, except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired. Each Single Employer Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the IRS to be so qualified, and each trust related to such plan has been determined to be exempt under Section 501(a) of the Code except for such plans that have not yet received determination letters but for which the remedial amendment period for submitting a determination letter has not yet expired. No liability has been incurred by the Borrower or any ERISA Affiliate which remains unsatisfied for any taxes or penalties assessed with respect to any Single Employer Plan or any Multiemployer Plan except for a liability that could not reasonably be expected to have a Material Adverse Effect;

(ii) No ERISA Event has occurred or is reasonably expected to occur;

(iii) No prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility has occurred with respect to a Single Employer Plan which has subjected or would be reasonably likely to subject the Borrower or any ERISA Affiliate to any liability under Sections 406, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which the Borrower or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability.

(iv) No proceeding, claim (other than a benefits claim in the ordinary course of business), lawsuit and/or investigation is existing or, to the best of the knowledge of the Borrower after due inquiry, threatened concerning or involving (i) any employee welfare benefit plan (as defined in Section 3(1) of ERISA) currently maintained or

contributed to by the Borrower or any ERISA Affiliate (a “Welfare Plan”), (ii) any Single Employer Plan or (iii) any Multiemployer Plan.

(v) Each Welfare Plan to which Sections 601-609 of ERISA and Section 4980B of the Code apply has been administered in compliance in all material respects with such sections.

(b) The Borrower represents and warrants as of the Closing Date that the Borrower is not and will not be using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Commitments.

6.13 Use of Proceeds; Margin Stock.

The proceeds of the Credit Extensions hereunder will be used solely for the purposes specified in Section 7.9. None of such proceeds will be used (a)(i) for the purpose of purchasing or carrying any Margin Stock or (ii) for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry Margin Stock, or (iii) for any other purpose that might constitute this transaction a “purpose credit” within the meaning of Regulation U or (b) for the acquisition of another Person unless the board of directors (or other comparable governing body) or stockholders, as appropriate, of such Person has approved such acquisition.

6.14 Government Regulation.

The Borrower is not an “investment company” registered or required to be registered under the Investment Company Act of 1940, as amended, or controlled by such a company.

6.15 Solvency.

The Borrower is and, after the consummation of the transactions contemplated by this Credit Agreement, will be Solvent.

6.16 Disclosure.

Neither this Credit Agreement nor any financial statements delivered to the Administrative Agent or the Lenders nor any other document, certificate or statement furnished to the Administrative Agent or the Lenders by or on behalf of the Borrower in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein, taken as a whole, not misleading. As of the Closing Date, all of the information included in the Beneficial Ownership Certification is true and correct.

6.17 Environmental Matters.

Except as would not result or reasonably be expected to result in a Material Adverse Effect: (a) each of the properties of the Borrower and its Subsidiaries (the “Properties”) and all operations at the Properties are in substantial compliance with all applicable Environmental Laws, (b) there is no undocumented or unreported violation of any Environmental Law with respect to the Properties or the businesses operated by the Borrower and its Subsidiaries (the “Businesses”) that the Borrower is aware of, and (c) there are no conditions relating to the Businesses or Properties that have given rise to or would reasonably be expected to give rise to a liability under any applicable Environmental Laws or to any Environmental Claim.

6.18 Covered Foreign Persons; Covered Activities. Neither the Borrower nor any of its Subsidiaries is a “covered foreign person” as that term is used in the Outbound Investment Rules. Neither the Borrower nor any of its Subsidiaries currently engages, or has any present intention to engage in the future, directly or indirectly, in (i) a “covered activity” or a “covered transaction”, as each such term is defined in the Outbound Investment Rules, (ii) any activity or transaction that would constitute a “covered activity” or a “covered transaction”, as each such term is defined in the Outbound Investment Rules, if the Borrower were a U.S. Person or (iii) any other activity that would cause the Administrative Agent or any Lender to be in violation of the Outbound Investment Rules or cause the Administrative Agent or any Lender to be legally prohibited by the Outbound Investment Rules from performing under this Credit Agreement.

6.19 [Reserved].

6.20 Anti-Corruption Laws; Anti-Money Laundering Laws; and Sanctions.

(a) None of (i) the Borrower, any Subsidiary or, to the knowledge of the Borrower or such Subsidiary, any of their respective directors, officers, employees or Affiliates, or (ii) to the knowledge of the Borrower, any agent or representative of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the Credit Extensions, (A) is a Sanctioned Person or currently the subject or target of any Sanctions, (B) has its assets located in a Sanctioned Country, (C) is under administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws, or (D) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons.

(b) Each of the Borrower and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower and its Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

(c) Each of the Borrower and its Subsidiaries, and to the knowledge of the Borrower, director, officer, employee, agent and Affiliate of Borrower and each such Subsidiary, is in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions in all material respects.

(d) No proceeds of any Credit Extensions have been used, directly or indirectly, by the Borrower, any of its Subsidiaries or any of its or their respective directors, officers, employees and agents in violation of Section 7.9(b).

SECTION 7

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that, until the termination of the Commitments and the payment in full of all Borrower Obligations:

7.1 Information Covenants.

The Borrower will furnish, or cause to be furnished, to the Lenders:

(a) Annual Financial Statements. As soon as available, and in any event within 120 days after the close of each Fiscal Year of the Borrower (commencing with the Fiscal Year ending December 31, 2025), a consolidated balance sheet and income statement of the Borrower and its Subsidiaries, as of the end of such Fiscal Year, together with the related consolidated statements of income and of cash flows for such Fiscal Year, setting forth in comparative form figures for the preceding Fiscal Year, all such financial information described above to be in reasonable form and detail and, in each case, audited by independent certified public accountants of recognized national standing reasonably acceptable to the Required Lenders and whose opinion shall be furnished to the Lenders, and shall be to the effect that such financial statements have been prepared in accordance with GAAP (except for changes with which such accountants concur) and shall not be limited as to the scope of the audit or qualified in any respect. To the extent that any VIEs have been consolidated with the Borrower in the preparation of the financial statements furnished pursuant to this Section 7.1(a) (as contemplated in Section 1.3(c)), the Borrower shall deliver to the Administrative Agent with such financial statements a reconciliation of such financial statements that excludes the impact of such consolidation.

(b) Quarterly Financial Statements. As soon as available, and in any event within 60 days after the close of each Fiscal Quarter of the Borrower (other than the fourth Fiscal Quarter) (commencing with the Fiscal Quarter ending March 31, 2025), a consolidated balance sheet and income statement of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter, together with the related consolidated statement of income for such Fiscal Quarter and a year to date statement of cash flows, in each case setting forth in comparative form figures for the corresponding period of the preceding Fiscal Year, all such financial information described above to be in reasonable form and detail and reasonably acceptable to the Required Lenders, and, in each case, accompanied by a certificate of a Financial Officer of the Borrower to the effect that such quarterly financial statements fairly present in all material respects the financial condition of such Person and have been prepared in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments and except that the quarterly financial statements have fewer footnotes than annual statements. To the extent that any VIEs have been consolidated with the Borrower in the preparation of the financial statements furnished pursuant to this Section 7.1(b) (as contemplated in Section 1.3(c)), the Borrower shall deliver to the Administrative Agent with such financial statements a reconciliation of such financial statements that excludes the impact of such consolidation.

(c) Officer's Certificate. At the time of delivery of the financial statements provided for in Sections 7.1(a) and 7.1(b) above, a certificate of a Financial Officer substantially in the form of Exhibit 7.1(c): (i) setting forth calculations demonstrating compliance by the Borrower with the financial covenant set forth in Section 7.2 as of the end of such fiscal period and (ii) stating that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action the Borrower proposes to take with respect thereto.

(d) Reports. Notice of the filing by the Borrower of any Form 10-Q, Form 10-K or Form 8-K with the SEC promptly upon the filing thereof and copies of all financial statements, proxy statements, notices and reports as the Borrower shall send to its shareholders concurrently with the mailing of any such statements, notices or reports to its shareholders.

(e) Notices. Upon the Borrower obtaining knowledge thereof, the Borrower will give written notice to the Administrative Agent within ten days of (i) the occurrence of a Default or Event of Default, specifying the nature and extent thereof and what action the Borrower proposes to take with respect thereto and (ii) the occurrence of any of the following with respect

to the Borrower or any of its Subsidiaries (A) the pendency or commencement of any litigation, arbitration or governmental proceeding against the Borrower or any of its Subsidiaries which, if adversely determined, would have or would reasonably be expected to have a Material Adverse Effect, (B) one or more judgments, orders, or decrees shall be entered against the Borrower or any of its Subsidiaries involving a liability of \$20,000,000 or more, in the aggregate or (C) the institution of any proceedings against the Borrower or any of its Subsidiaries with respect to, or the receipt of notice by such Person of potential liability or responsibility for violation or alleged violation of, any federal, state or local law, rule or regulation (including, without limitation, any Environmental Law), the violation of which would have or would reasonably be expected to have a Material Adverse Effect.

(f) ERISA. Upon the Borrower or any ERISA Affiliate obtaining knowledge thereof, the Borrower will give written notice to the Administrative Agent promptly (and in any event within ten days) of any of the following which would result in or reasonably would be expected to result in a Material Adverse Effect: (i) any unfavorable determination letter from the IRS regarding the qualification of a Single Employer Plan under Section 401(a) of the Code (along with a copy thereof), (ii) all notices received by the Borrower or any ERISA Affiliate of the PBGC's intent to terminate any Single Employer Plan or to have a trustee appointed to administer any Single Employer Plan, (iii) with respect to any Multiemployer Plan, the receipt of notice as prescribed in ERISA or otherwise of any withdrawal liability assessed against the Borrower or any of its ERISA Affiliates, or of a determination that any Multiemployer Plan is insolvent (within the meaning of Title IV of ERISA); or (iv) the Borrower obtaining knowledge or reason to know that the Borrower or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any Single Employer Plan under a distress termination within the meaning of Section 4041(c) of ERISA. Promptly upon request, the Borrower shall furnish the Lenders with such additional information concerning any Single Employer Plan as may be reasonably requested, including, but not limited to, copies of each annual report/return (Form 5500 series), as well as all schedules and attachments thereto required to be filed with the Department of Labor and/or the Internal Revenue Service pursuant to ERISA and the Code, respectively, for each "plan year" (within the meaning of Section 3(39) of ERISA).

(g) Debt Ratings. Prompt notice of any change in its Debt Ratings.

(h) KYC; Anti-Money Laundering Laws; Anti-Corruption Laws. Promptly upon the request thereof, such other information and documentation required under applicable "know your customer" rules and regulations, the PATRIOT Act or any applicable Anti-Money Laundering Laws or Anti-Corruption Laws, in each case as from time to time reasonably requested by the Administrative Agent or any Lender.

(i) Other Information. With reasonable promptness upon any such request, such other information regarding the business, properties or financial condition of the Borrower as the Lenders may reasonably request.

Documents required to be delivered pursuant to Section 7.1(a), 7.1(b) or 7.1(d) (to the extent any such documents are included in materials otherwise filed with the Securities and Exchange Commission) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 11.1; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (A) the Borrower shall deliver paper copies of such documents to

the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (B) the Borrower shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Officer's Certificate required by Section 7.1(c) to the Administrative Agent. Except for such Officer's Certificate, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

7.2 Financial Covenant.

The ratio of (a) Consolidated Indebtedness to (b) Consolidated Capitalization shall be less than or equal to 0.70 to 1.0 as of the last day of any Fiscal Quarter.

7.3 Preservation of Existence and Franchises.

(a) The Borrower will do (and will cause each of its Subsidiaries to do) all things necessary to preserve and keep in full force and effect its existence and material rights, franchises and authority.

(b) The Borrower will maintain (and will cause each of its Subsidiaries to maintain) its properties in good condition and not waste or otherwise permit such properties to deteriorate, reasonable wear and tear excepted; provided that this Section 7.3(b) shall not prevent the Borrower or any Subsidiary from discontinuing the operation or the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Borrower has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

7.4 Books and Records.

The Borrower will keep (and will cause each of its Subsidiaries to keep) complete and accurate books and records of its transactions in accordance with good accounting practices on the basis of GAAP (including the establishment and maintenance of appropriate reserves).

7.5 Compliance with Law.

(a) The Borrower will comply (and will cause each of its Subsidiaries to comply) with all laws (including, without limitation, all Environmental Laws and ERISA laws), rules, regulations and orders, and all applicable restrictions imposed by all Governmental Authorities, applicable to it and its properties, if the failure to comply would have or would reasonably be expected to have a Material Adverse Effect.

(b) Without limiting clause (a) above, the Borrower will, and will cause each of its Subsidiaries to, ensure that no person who owns a controlling interest in or otherwise controls the Borrower or any Subsidiary is or shall be a Sanctioned Person.

(c) The Borrower will (i) maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors,

officers, employees and agents with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions, (ii) notify the Administrative Agent and each Lender that previously received a Beneficial Ownership Certification (or a certification that the Borrower qualifies for an express exclusion to the “legal entity customer” definition under the Beneficial Ownership Regulation) of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Borrower ceasing to fall within an express exclusion to the definition of “legal entity customer” under the Beneficial Ownership Regulation) and (iii) promptly upon the reasonable request of the Administrative Agent or any Lender, provide the Administrative Agent or directly to such Lender, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

7.6 Payment of Taxes and Other Indebtedness.

The Borrower will (and will cause each of its Subsidiaries to) pay, settle or discharge (a) all taxes, assessments and governmental charges or levies imposed upon it, or upon its income or profits, or upon any of its properties, before they shall become delinquent, (b) all lawful claims (including claims for labor, materials and supplies) which, if unpaid, might give rise to a Lien upon any of its properties, and (c) all of its other Indebtedness as it shall become due (to the extent such repayment is not otherwise prohibited by this Credit Agreement); provided, however, that the Borrower and its Subsidiaries shall not be required to pay any such tax, assessment, charge, levy, claim or Indebtedness which is being contested in good faith by appropriate proceedings and as to which adequate reserves therefor have been established in accordance with GAAP, unless the failure to make any such payment (i) would give rise to an immediate right to foreclose or collect on a Lien securing such amounts or (ii) would have or would be reasonably expected to have a Material Adverse Effect.

7.7 Insurance.

The Borrower will (and will cause each of its Subsidiaries to) at all times maintain in full force and effect insurance (including worker’s compensation insurance and general liability insurance) in such amounts, covering such risks and liabilities and with such deductibles or self-insurance retentions as are in accordance with normal industry practice.

7.8 Performance of Obligations.

The Borrower will perform (and will cause each of its Subsidiaries to perform) in all material respects all of its obligations under the terms of all material agreements, indentures, mortgages, security agreements or other debt instruments to which it is a party or by which it is bound; provided that the Specified Defaults will not constitute such a failure to perform for purposes of this Section 7.8.

7.9 Use of Proceeds.

(a) The proceeds of the Credit Extensions may be used solely (a) to refinance Indebtedness of the Borrower and TNMP, (b) to pay fees and expenses required by the Credit Documents and (c) for general corporate purposes of the Borrower (including, but not limited to, working capital and capital expenditures).

(b) The Borrower shall not request any Credit Extensions, and the Borrower shall not use, and shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Credit Extensions, directly or, to the knowledge of the Borrower, indirectly, (i) in furtherance of an offer, payment, promise to pay, or authorization

of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

7.10 Audits/Inspections.

Upon reasonable notice and during normal business hours, and subject to the Borrower's applicable safety protocols, the Borrower will permit representatives appointed by the Administrative Agent or the Lenders, including, without limitation, independent accountants, agents, attorneys, and appraisers to visit and inspect the Borrower's property, including its books and records, its accounts receivable and inventory, the Borrower's facilities and its other business assets, and to make photocopies or photographs thereof and to write down and record any information such representative obtains and shall permit the Administrative Agent or such Lender or its representatives to investigate and verify the accuracy of information provided to it and to discuss all such matters with the officers, employees and representatives of the Borrower; provided, that an officer or authorized agent of the Borrower shall be present during any such discussions between the officers, employees or representatives of the Borrower and the representatives of the Administrative Agent or any Lender.

7.11 Ownership of Certain Subsidiaries.

The Borrower shall at all times, (a) own and control 100% of the Voting Stock of PSNM and (b) own and control, directly or indirectly, 100% of the Voting Stock of TNMP.

SECTION 8

NEGATIVE COVENANTS

Unless otherwise approved in writing by the Required Lenders, the Borrower covenants and agrees that, until the termination of the Commitments and the payment in full of all Borrower Obligations:

8.1 Nature of Business.

The Borrower will not materially alter the character of its business from that conducted as of the Closing Date.

8.2 Consolidation and Merger.

The Borrower will not (a) merge with or into any other Person or (b) consolidate, liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); provided that, so long as no Default or Event of Default shall exist or be caused thereby, a Person may be merged or consolidated with or into the Borrower so long as the Borrower shall be the continuing or surviving Person; and provided further that the Merger Transactions pursuant to clause (i) of the definition thereof will not constitute a violation of this Section 8.2.

8.3 Sale or Lease of Assets.

The Borrower will not (nor will it permit its Subsidiaries to) sell, lease, transfer or otherwise dispose of, any of its assets (including, without limitation, all or substantially all of its assets, whether in one transaction or a series of related transactions) except (a) sales or transfers of accounts receivable and

related rights to payment in connection with a State Approved Securitization, sales or transfers of accounts receivable and related rights to payment in connection with a TNMP Securitization and other sales and transfers of accounts receivable and related rights to payment so long as such other sales and transfers are non-recourse to the Borrower (other than with respect to Standard Securitization Undertakings) and are otherwise on commercially reasonable terms; (b) sales of assets (excluding those permitted in clause (a) hereof) for fair value, if the aggregate value of all such transactions in any calendar year, does not exceed 25% of the book value of Total Assets, as calculated as of the end of the most recent Fiscal Quarter; and (c) the sale, lease, transfer or other disposition, at less than fair value, of any other assets, provided that the aggregate book value of such assets shall not exceed \$20,000,000 in any calendar year.

8.4 Affiliate Transactions.

The Borrower will not enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any Affiliate other than on terms and conditions substantially as favorable as would be obtainable in a comparable arm's-length transaction with a Person other than an Affiliate.

8.5 Liens.

The Borrower will not (nor will it permit its Subsidiaries to) contract, create, incur, assume or permit to exist any Lien with respect to any of its property or assets of any kind (whether real or personal, tangible or intangible), whether now owned or hereafter acquired, securing any Indebtedness other than the following: (a) Liens securing Borrower Obligations, (b) Liens for taxes not yet due or Liens for taxes being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established (and as to which the property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof), (c) Liens in respect of property imposed by law arising in the ordinary course of business such as materialmen's, mechanics', warehousemen's, carrier's, landlords' and other nonconsensual statutory Liens which are not yet due and payable, which have been in existence less than 90 days or which are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established (and as to which the property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof), (d) pledges or deposits made in the ordinary course of business to secure payment of worker's compensation insurance, unemployment insurance, pensions or social security programs, (e) Liens arising from good faith deposits in connection with or to secure performance of tenders, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (other than obligations in respect of the payment of borrowed money), (f) Liens arising from good faith deposits in connection with or to secure performance of statutory obligations and surety and appeal bonds, (g) easements, rights-of-way, restrictions (including zoning restrictions), minor defects or irregularities in title and other similar charges or encumbrances not, in any material respect, impairing the use of the encumbered property for its intended purposes, (h) judgment Liens that would not constitute an Event of Default, (i) Liens arising by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights as to deposit accounts or other funds maintained with a creditor depository institution, (j) any Lien created or arising over any property which is acquired, constructed or created by the Borrower or its Subsidiaries, but only if (i) such Lien secures only principal amounts (not exceeding the cost of such acquisition, construction or creation) raised for the purposes of such acquisition, construction or creation, together with any costs, expenses, interest and fees incurred in relation thereto or a guarantee given in respect thereof, (ii) such Lien is created or arises on or before 180 days after the completion of such acquisition, construction or creation, (iii) such Lien is confined solely to the property so acquired, constructed or created and any improvements thereto and (iv) the aggregate principal amount of all Indebtedness secured by such Liens shall not exceed \$75,000,000 at any one time outstanding, (k) any Lien on Margin Stock, (l) the

assignment of, or Liens on, accounts receivable, stranded costs and related rights to payment in connection with (i) a State Approved Securitization, (ii) a TNMP Securitization and (iii) any other accounts receivable securitization so long as such other securitization is non-recourse to the Borrower (other than with respect to Standard Securitization Undertakings) and is otherwise on commercially reasonable terms, and the filing of related financing statements under the Uniform Commercial Code of the applicable jurisdictions, (m) the assignment of, or Liens on, demand, energy or wheeling revenues, or on capacity reservation or option fees, payable to the Borrower or any of its Subsidiaries with respect to any wholesale electric service or transmission agreements, the assignment of, or Liens on, revenues from energy services contracts, and the assignment of, or Liens on, capacity reservation or option fees payable to the Borrower or such Subsidiary with respect to asset sales permitted herein, (n) Liens on assets of TNMP to the extent such Liens are not prohibited by (i) the TNMP First Mortgage Bonds or the indenture pursuant to which the TNMP First Mortgage Bonds are issued, as the TNMP First Mortgage Bonds or such indenture may be amended, supplemented, refunded or replaced from time to time, or (ii) the TNMP Credit Agreement, as such TNMP Credit Agreement may be amended, restated or replaced from time to time, but subject in each case to compliance with Section 7.2 of this Credit Agreement, (o) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Liens referred to in the foregoing clauses (a) through (n), for amounts not exceeding the principal amount of the Indebtedness secured by the Lien so extended, renewed or replaced, provided that such extension, renewal or replacement Lien is limited to all or a part of the same property or assets that were covered by the Lien extended, renewed or replaced (plus improvements on such property or assets), (p) Liens on Property that is subject to a lease that is classified as an operating lease as of the Closing Date but which is subsequently converted to a capital lease, (q) Liens securing obligations under Hedging Agreements entered into in the ordinary course of business and not for speculative purposes, (r) Liens upon any property in favor of the lenders under any Material Credit Agreement securing Indebtedness thereunder; provided that (i) the Borrower Obligations shall concurrently be secured equally and ratably with (or prior to) such Indebtedness under such Material Credit Agreement so long as such other Indebtedness shall be secured and (ii) the Borrower, the lenders or any administrative agent under such Material Credit Agreement and the Administrative Agent, for the benefit of the Lenders, shall have entered into such security agreements, collateral trust and sharing agreements, intercreditor agreements and other documentation deemed necessary by the Administrative Agent in respect of such Lien on terms and conditions acceptable to the Administrative Agent (including, without limitation, with respect to the voting of claims and release or modification of any such Lien or all or any portion of the collateral thereunder), and (t) Liens on Property, in addition to those otherwise permitted by clauses (a) through (r) above, securing, directly or indirectly, Indebtedness or obligations arising pursuant to other agreements entered into in the ordinary course of business which do not exceed, in the aggregate at any one time outstanding, \$50,000,000.

8.6 Accounting Changes.

The Borrower will not (nor will it permit any of its Subsidiaries to) make or permit, any change in accounting policies or reporting practices, except as required by GAAP, or as permitted by GAAP, if the amounts involved are not material.

8.7 Covered Foreign Persons; Covered Activities.

The Borrower will not, and will not permit any of its Subsidiaries to, (a) be or become a “covered foreign person”, as that term is defined in the Outbound Investment Rules, or (b) engage, directly or indirectly, in (i) a “covered activity” or a “covered transaction”, as each such term is defined in the Outbound Investment Rules, (ii) any activity or transaction that would constitute a “covered activity” or a “covered transaction”, as each such term is defined in the Outbound Investment Rules, if the Borrower were a U.S. Person or (iii) any other activity that would cause the Administrative Agent or any Lender to be in

violation of the Outbound Investment Rules or cause the Administrative Agent or any Lender to be legally prohibited by the Outbound Investment Rules from performing under this Credit Agreement.

SECTION 9

EVENTS OF DEFAULT

9.1 Events of Default.

An Event of Default shall exist upon the occurrence of any of the following specified events (each an “Event of Default”):

(a) Payment. The Borrower shall: (i) default in the payment when due of any principal of any of the Loans; or (ii) default, and such default shall continue for three or more Business Days, in the payment when due of any interest on the Loans or of any fees or other amounts owing hereunder, under any of the other Credit Documents or in connection herewith or therewith.

(b) Representations. Any representation, warranty or statement made or deemed to be made by the Borrower herein, in any of the other Credit Documents, or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove untrue in any material respect on the date as of which it was deemed to have been made.

(c) Covenants. The Borrower shall:

(i) default in the due performance or observance of any term, covenant or agreement contained in Sections 7.1(e)(i), 7.2, 7.3(a) (solely with respect to the existence of the Borrower), 7.9, 7.10, 7.11 or 8.1 through 8.6 inclusive; or

(ii) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in subsections (a), (b) or (c)(i) of this Section 9.1) contained in this Credit Agreement or any other Credit Document and such default shall continue unremedied for a period of at least 30 days after the earlier of an Authorized Officer of the Borrower becoming aware of such default or notice thereof given by the Administrative Agent.

(d) Credit Documents. Any Credit Document shall fail to be in force and effect or the Borrower shall so assert or any Credit Document shall fail to give the Administrative Agent or the Lenders the rights, powers, liens and privileges purported to be created thereby.

(e) Bankruptcy, etc. The occurrence of any of the following with respect to the Borrower or any of its Subsidiaries (i) a court or governmental agency having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower or any of its Subsidiaries in an involuntary case under any applicable Debtor Relief Law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Borrower or any of its Subsidiaries or for any substantial part of their property or ordering the winding up or liquidation of its affairs; or (ii) an involuntary case under any applicable Debtor Relief Law now or hereafter in effect is commenced against the Borrower or any of its Subsidiaries and such petition remains unstayed and in effect for a period of 60 consecutive days; or (iii) the Borrower or any of its Subsidiaries shall commence a voluntary case under any applicable Debtor Relief Law now or hereafter in effect, or consent to the entry of an

order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of such Person or any substantial part of its property or make any general assignment for the benefit of creditors; or (iv) the Borrower or any of its Subsidiaries admit in writing its inability to pay its debts generally as they become due or any action shall be taken by any Person in furtherance of any of the aforesaid purposes.

(f) Defaults under Other Agreements.

(i) The Borrower or any of its Subsidiaries shall default in the due performance or observance (beyond the applicable grace period with respect thereto) of any material obligation or condition of any contract or lease to which it is a party, if such default would have or would reasonably be expected to have a Material Adverse Effect.

(ii) With respect to any Indebtedness of the Borrower or any of its Subsidiaries (other than Indebtedness outstanding under this Credit Agreement) in excess of \$40,000,000 in the aggregate (A) the Borrower or such Subsidiary shall (x) default in any payment (beyond the applicable grace period with respect thereto, if any) with respect to such Indebtedness, or (y) default (after giving effect to any applicable grace period) in the observance or performance of any covenant or agreement relating to such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event or condition shall occur or condition exist (other than a Specified Default), the effect of which default or other event or condition is to cause or permit the holder or the holders of such Indebtedness (or any trustee or agent on behalf of such holders) to cause (determined without regard to whether any notice or lapse of time is required) such Indebtedness to become due prior to its stated maturity; or (B) such Indebtedness shall be declared due and payable, or required to be prepaid other than by a regularly scheduled required prepayment prior to the stated maturity thereof; or (C) such Indebtedness shall mature and remain unpaid; provided that the foregoing clause (A) through (C) shall exclude (1) any event that permits (a) holders of any convertible Indebtedness of the Borrower to submit such Indebtedness for conversion, exchange or exercise into common stock of the Borrower, a Replacement Security of the Borrower or the applicable Hybrid Vehicle, cash or a combination thereof, in accordance with their terms or (b) the actual conversion, exchange or exercise into common stock of the Borrower, a Replacement Security of the Borrower or the applicable Hybrid Vehicle, cash or a combination thereof, of such Indebtedness pursuant to its terms, unless, in either case such occurrence, conversion, exchange or exercise results from an event of default under such Indebtedness or an event of the type that constitutes (or with the passage of time would constitute) an Event of Default, and (2) any termination of any swap or hedging instrument related to such Indebtedness.

(g) Judgments. Any judgment, order or decree involving a liability of \$40,000,000 or more, or one or more judgments, orders, or decrees involving a liability of \$80,000,000 or more, in the aggregate, shall be entered against the Borrower or any of its Subsidiaries and such judgments, orders or decrees shall continue unsatisfied, undischarged and unstayed for a period ending on the first to occur of (i) the last day on which such judgment, order or decree becomes final and unappealable and, where applicable, with the status of a judicial lien or (ii) 60 days; provided that if such judgment, order or decree provides for periodic payments over time then the Borrower or such Subsidiary shall have a grace period of 30 days with respect to each such periodic payment.

(h) ERISA. The occurrence of any of the following events or conditions (i) an ERISA Event or (ii) the Borrower or any ERISA Affiliate fails to make full payment when due of all amounts which, under the provisions of any Single Employer Plan or Sections 412 or 430 of the Code, the Borrower or any ERISA Affiliate is required to pay as contributions thereto and which are in excess of the Threshold Amount.

(i) Change of Control. There shall occur a Change of Control.

9.2 Acceleration; Remedies.

Upon the occurrence and during the continuation of an Event of Default, the Administrative Agent may or, upon the request and direction of the Required Lenders, shall take the following actions without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against the Borrower, except as otherwise specifically provided for herein:

(a) Termination of Commitments. Declare the Commitments terminated whereupon the Commitments shall be immediately terminated.

(b) Acceleration of Loans. Declare the unpaid principal of and any accrued interest in respect of all Loans and any and all other Borrower Obligations of any and every kind owing by the Borrower to the Administrative Agent or the Lenders under the Credit Documents to be due, whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

(c) Enforcement of Rights. To the extent permitted by Law enforce any and all rights and interests created and existing under applicable Law and under the Credit Documents, including, without limitation, all rights of set-off.

Notwithstanding the foregoing, if an Event of Default specified in Section 9.1(e) shall occur, then the Commitments shall automatically terminate and all Loans, all accrued interest in respect thereof, all accrued and unpaid fees and other Borrower Obligations owing to the Administrative Agent and the Lenders hereunder shall immediately become due and payable without the giving of any notice or other action by the Administrative Agent or the Lenders, which notice or other action is expressly waived by the Borrower.

Notwithstanding the fact that enforcement powers reside primarily with the Administrative Agent, each Lender has, to the extent permitted by Law, a separate right of payment and shall be considered a separate “creditor” holding a separate “claim” within the meaning of Section 101(5) of the Bankruptcy Code or any other insolvency statute.

9.3 Allocation of Payments After Event of Default.

Notwithstanding any other provisions of this Credit Agreement, after the occurrence and during the continuation of an Event of Default, all amounts collected or received by the Administrative Agent or any Lender on account of amounts outstanding under any of the Credit Documents shall be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including the reasonable fees and expenses of legal counsel) of the Administrative Agent or any of the Lenders in connection with enforcing the rights of the Administrative Agent and the Lenders under the

Credit Documents, ratably among them in proportion to the amounts described in this clause “FIRST” payable to them;

SECOND, to payment of any fees owed to the Administrative Agent or any Lender, ratably among them in proportion to the amounts described in this clause “SECOND” payable to them;

THIRD, to the payment of all accrued interest payable to the Lenders hereunder, ratably among them in proportion to the amounts described in this clause “THIRD” payable to them;

FOURTH, to the payment of the outstanding principal amount of the Revolving Loans, ratably among them in proportion to the amounts described in this clause “FOURTH” payable to them;

FIFTH, to all other Borrower Obligations which shall have become due and payable under the Credit Documents and not repaid pursuant to clauses “FIRST” through “FOURTH” above, ratably among the holders of such Borrower Obligations in proportion to the amounts described in this clause “FIFTH” payable to them; and

SIXTH, the payment of the surplus, if any, to whomever may be lawfully entitled to receive such surplus.

SECTION 10

AGENCY PROVISIONS

10.1 Appointment and Authority.

Each of the Lenders hereby irrevocably appoints Wells Fargo Bank, National Association to act on its behalf as the Administrative Agent hereunder and under the other Credit Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section are solely for the benefit of the Administrative Agent, the Lenders and their respective Related Parties, and neither the Borrower nor any Subsidiary thereof shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Credit Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

10.2 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust, financial advisory, underwriting, capital markets or other business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders or to provide notice to or consent of the Lenders with respect thereto.

10.3 Exculpatory Provisions.

The Administrative Agent, the Arranger and their respective Related Parties shall not have any duties or obligations except those expressly set forth herein and in the other Credit Documents, and its duties hereunder and thereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent, the Arranger and their respective Related Parties:

(a) shall not be subject to any agency, trust, fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Credit Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Credit Document or applicable Law, including, for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law;

(c) shall not, except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, its Subsidiaries or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity;

(d) shall not, have any duty to disclose, and shall not be liable for the failure to disclose to any Lender or any other Person, any credit or other information relating concerning the business, prospects, operations, properties, assets, financial or other condition or creditworthiness of the Borrower or any of its Subsidiaries or Affiliates that is communicated to, obtained by or otherwise in the possession of the Person serving as the Administrative Agent, the Arranger or their respective Related Parties in any capacity, except for notices, reports and other documents that are required to be furnished by the Administrative Agent to the Lenders pursuant to the express provisions of this Credit Agreement; and

(e) shall not be required to account to any Lender for any sum or profit received by the Administrative Agent for its own account.

The Administrative Agent shall not be liable for any action taken or not taken by it (a) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.6 and 9.2) or (b) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by a final and non-appealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default and indicating that such notice is a "Notice of Default" is given to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent, the Arranger or their respective Related Parties shall not be responsible for or have any duty or obligations to any Lender or Participant or any other Person to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Credit Agreement or any

other Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Credit Agreement, any other Credit Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 4 or Section 5 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.4 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person and shall be fully protected in relying and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. Each Lender that has signed this Credit Agreement or a signature page to an Assignment and Assumption or any other Credit Document pursuant to which it is to become a Lender hereunder shall be deemed to have consented to, approved and accepted and shall be deemed satisfied with each document or other matter required thereunder to be consented to, approved or accepted by such Lender or that is to be acceptable or satisfactory to such Lender.

10.5 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

10.6 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank or financial institution reasonably experienced in serving as administrative agent on syndicated bank facilities with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring

Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law, by notice in writing to the Borrower and such Person, remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the “Removal Effective Date”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Credit Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent’s resignation or removal hereunder and under the other Credit Documents, the provisions of this Article and Section 11.5 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent or relating to its duties as Administrative Agent that are carried out following its retirement or removal.

10.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender expressly acknowledges that none of the Administrative Agent, the Arranger or any of their respective Related Parties has made any representations or warranties to it and that no act taken or failure to act by the Administrative Agent, the Arranger or any of their respective Related Parties, including any consent to, and acceptance of any assignment or review of the affairs of the Borrower and its Subsidiaries or Affiliates shall be deemed to constitute a representation or warranty of the Administrative Agent, the Arranger or any of their respective Related Parties to any Lender as to any matter, including whether the Administrative Agent, the Arranger or any of their respective Related Parties have disclosed material information in their (or

their respective Related Parties') possession. Each Lender expressly acknowledges, represents and warrants to the Administrative Agent and the Arranger that (a) the Credit Documents set forth the terms of a commercial lending facility, (b) it is engaged in making, acquiring, purchasing or holding commercial loans in the ordinary course and is entering into this Credit Agreement and the other Credit Documents to which it is a party as a Lender for the purpose of making, acquiring, purchasing and/or holding the commercial loans set forth herein as may be applicable to it, and not for the purpose of investing in the general performance or operations of the Borrower and its Subsidiaries, or for the purpose of making, acquiring, purchasing or holding any other type of financial instrument such as a security, (c) it is sophisticated with respect to decisions to make, acquire, purchase or hold the commercial loans applicable to it and either it or the Person exercising discretion in making its decisions to make, acquire, purchase or hold such commercial loans is experienced in making, acquiring, purchasing or holding commercial loans, (d) it has, independently and without reliance upon the Administrative Agent, the Arranger, any other Lender or any of their respective Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and appraisal of, and investigations into, the business, prospects, operations, property, assets, liabilities, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, all applicable bank or other regulatory applicable Laws relating to the Transactions and the transactions contemplated by this Credit Agreement and the other Credit Documents and (e) it has made its own independent decision to enter into this Credit Agreement and the other Credit Documents to which it is a party and to extend credit hereunder and thereunder. Each Lender also acknowledges and agrees that (i) it will, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender or any of their respective Related Parties (A) continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Credit Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder based on such documents and information as it shall from time to time deem appropriate and its own independent investigations and (B) continue to make such investigations and inquiries as it deems necessary to inform itself as to the Borrower and its Subsidiaries and (ii) it will not assert any claim under any federal or state securities law or otherwise in contravention of this Section 10.7.

10.8 No Other Duties, Etc.

Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers or agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Credit Agreement or any of the other Credit Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder, but each such Person shall have the benefit of indemnities and exculpatory provisions hereof.

10.9 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Borrower Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their

respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 3.4 and 11.5) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 3.4 and 11.5.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Borrower Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

10.10 ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans or the Commitments or this Credit Agreement;

(ii) the prohibited transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable so as to exempt from the prohibitions of Section 406 of ERISA and Section 4975 of the Code such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Credit Agreement;

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Credit Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Credit Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best

knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Credit Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that none of the Administrative Agent, the Arranger and their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Credit Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Credit Agreement, any Credit Document or any documents related hereto or thereto).

10.11 Erroneous Payments.

(a) Each Lender and any other party hereto hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Lender (Affiliate thereof) or any other Person that has received funds from the Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Lender (each such recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 10.11(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "Erroneous Payment"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require the Administrative Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Administrative Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and upon demand from the Administrative Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than two Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent at the Overnight Rate.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an “Erroneous Payment Return Deficiency”), then at the sole discretion of the Administrative Agent and upon the Administrative Agent’s written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the “Erroneous Payment Impacted Class”) to the Administrative Agent or, at the option of the Administrative Agent, the Administrative Agent’s applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the “Erroneous Payment Deficiency Assignment”) plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Administrative Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 11.3 and (3) the Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person.

(e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Credit Document, or otherwise payable or distributable by the Administrative Agent to such Payment Recipient from any source, against any amount due to the Administrative Agent under this Section 10.11 or under the indemnification provisions of this Credit Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Credit Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Borrower Obligations, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower for the purpose of making a payment on the

Borrower Obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Borrower Obligations, the Borrower Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower for the purpose of making a payment on the Borrower Obligations.

(f) Each party's obligations under this Section 10.11 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Borrower Obligations (or any portion thereof) under any Credit Document.

(g) Nothing in this Section 10.11 will constitute a waiver or release of any claim of the Administrative Agent hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

10.12 Status of Lenders. The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender.

SECTION 11

MISCELLANEOUS

11.1 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) if to the Borrower, the Administrative Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 11.1; and

(ii) if to any other Lender, to the address of such Lender set forth on the Register with respect to deliveries of notices and other documentation that may contain material non-public information.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and

Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Section 2 if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or other communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Administrative Agent's Office. The Administrative Agent hereby designates its office located at the address set forth on Schedule 11.1, or any subsequent office which shall have been specified for such purpose by written notice to the Borrower and Lenders, as the Administrative Agent's Office referred to herein, to which payments due are to be made and at which Loans will be disbursed.

(d) Borrower Materials/The Platform. The parties hereto hereby acknowledges that (i) the Administrative Agent and/or the Arranger may, but shall not be obligated to, make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on Debt Domain, Intralinks, SyndTrak or a substantially similar electronic transmission system (the "Platform"). THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet (including the Platform), except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrower, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages, losses or expenses (as opposed to direct or actual damages, losses or expenses).

(e) Change of Address, Etc. Each of the Borrower and the Administrative Agent may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(f) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Notices of Borrowing) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.2 Right of Set-Off.

In addition to any rights now or hereafter granted under applicable Law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default and the commencement of remedies described in Section 9.2, each Lender is authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind (all of which rights being hereby expressly waived), to set-off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Lender (including, without limitation, branches, agencies or Affiliates of such Lender wherever located) to or for the credit or the account of the Borrower against obligations and liabilities of the Borrower to the Lenders hereunder, under the Notes, the other Credit Documents or otherwise, irrespective of whether the Administrative Agent or the Lenders shall have made any demand hereunder and although such obligations, liabilities or claims, or any of them, may be contingent or unmatured, and any such set-off shall be deemed to have been made immediately upon the occurrence of an Event of Default even though such charge is made or entered on the books of such Lender subsequent thereto. The Borrower hereby agrees that any Person purchasing a participation in the Revolving Loans and Commitments hereunder pursuant to Sections 3.8 or 11.3(d) may exercise all rights of set-off with respect to its participation interest as fully as if such Person were a Lender hereunder.

11.3 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Credit Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section, or (iv) to an SPC in accordance with the

provisions of subsection (h) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Credit Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Credit Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Credit Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified below in the aggregate or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed, and the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five Business Days after having received written notice thereof);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Credit Agreement with respect to the Loans or the Commitment assigned;

(iii) no consent shall be required for any assignment to an Eligible Assignee except to the extent required by paragraph (b)(i) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided, that the Borrower shall be deemed to have given its consent five (5) Business Days after the date written notice thereof has been delivered by the assigning Lender (through the Administrative Agent) unless such consent is expressly refused by the Borrower prior to such fifth (5th) Business Day; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 for each assignment; provided that (A) only one such fee will be payable in connection with simultaneous assignments to two or more related Approved Funds by a Lender and (B) the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment, and the assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Ineligible Institutions. No such assignment shall be made to any Ineligible Institution.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested, but not funded by, the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Credit Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Credit Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Credit Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Credit Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Credit Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.9, 3.13, 3.14, and 11.5(b) with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Credit Agreement that does not comply with this subsection shall be treated for purposes of this Credit Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section (other than a purported assignment to a natural Person or the Borrower or any of the Borrower's Subsidiaries or Affiliates, which shall be null and void).

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Credit Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender (but only to the extent of entries in the Register that are applicable to such Lender), at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent sell participations to any Person (other than an Ineligible Institution) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Credit Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Credit Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Credit Agreement. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Credit Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Credit Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Credit Agreement and to approve any amendment, modification or waiver of any provision of this Credit Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 11.6 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.9, 3.13, and 3.14 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 3.7 as though it were a Lender, provided such Participant agrees to be subject to Section 3.8 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.9, 3.13, or 3.14 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant

that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.13 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.13(g) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Credit Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any other central banking authority; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include Electronic Signatures 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 or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Special Purpose Funding Vehicles. Notwithstanding anything to the contrary contained herein, any Lender (a “Granting Lender”) may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower (an “SPC”) the option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make pursuant to this Credit Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. Each party hereto hereby agrees that (i) neither the grant to any SPC nor the exercise by any SPC of such option shall increase the costs or expenses or otherwise increase or change the obligations of the Borrower under this Credit Agreement (including its obligations under Section 3.9 and 3.14), (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Credit Agreement for which a Lender would be liable, and (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Credit Document, remain the lender of record hereunder. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Credit Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior debt of any SPC, it will not institute against, or join any other Person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under the laws of the United States or any State thereof. Notwithstanding anything to the contrary contained herein, any SPC may (A) with notice to, but without prior consent of the Borrower and the Administrative Agent and with the payment of a processing fee in the amount of \$2,500, assign all or any portion of its right to receive payment with respect to any Loan to the Granting Lender and (B) disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or guarantee or credit or liquidity enhancement to such SPC.

11.4 No Waiver; Remedies Cumulative.

No failure or delay on the part of the Administrative Agent or any Lender in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between the Borrower and the Administrative Agent or any Lender shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies which the Administrative Agent or any Lender would otherwise have. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or the Lenders to any other or further action in any circumstances without notice or demand.

11.5 Attorney Costs, Expenses, Taxes and Indemnification by Borrower.

(a) The Borrower agrees (i) to pay or reimburse the Administrative Agent and the Arranger for all costs and expenses incurred in connection with the development, preparation, negotiation and execution of this Credit Agreement and the other Credit Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all reasonable fees and expenses of legal counsel, and (ii) to pay or reimburse the Administrative Agent and each Lender for all costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Credit Agreement or the other Credit Documents (including all such costs and expenses incurred during any “workout” or restructuring in respect of the Borrower Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all reasonable fees and expenses of legal counsel. The foregoing costs and expenses shall include all search, filing, recording, and appraisal charges and fees and taxes related thereto, and other out-of-pocket expenses incurred by the Administrative Agent and the Arranger and the cost of independent public accountants and other outside experts retained by the Administrative Agent, the Arranger or any Lender. Other than costs and expenses payable in connection with the closing of the transactions contemplated by this Credit Agreement pursuant to this Section 11.5(a) (which shall be payable on the Closing Date unless otherwise agreed by the Administrative Agent and the Arranger), all amounts due under this Section 11.5 shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the termination of the Commitments and repayment of all other Borrower Obligations.

(b) Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify and hold harmless each Related Party, each Lender and their respective Affiliates, directors, officers, employees, counsel, agents and attorneys-in-fact (collectively the “Indemnitees”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including the reasonable fees and expenses of legal counsel) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (i) the execution, delivery, enforcement, performance or administration of any Credit Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (ii) any Commitment or Loan or the use or proposed use of the proceeds therefrom or (iii) any actual or alleged presence or release of Hazardous Substances on or from any property currently or formerly owned or operated by the Borrower, any Subsidiary of the

Borrower, or any Environmental Claim related in any way to the Borrower or any Subsidiary of the Borrower, (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding), whether brought by a third party or by the Borrower or any Subsidiary, and regardless of whether any Indemnitee is a party thereto or (v) any penalty or fine assessed by OFAC against, and all reasonable costs and expenses (including counsel fees and disbursements) incurred in connection with defense thereof, by the Administrative Agent or any Lender as a result of conduct of the Borrower that violates a sanction enforced by OFAC (all the foregoing, collectively, the “Indemnified Liabilities”), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through any Platform in connection with this Credit Agreement, nor shall any Indemnitee have any liability for any special, punitive, indirect or consequential damages relating to this Credit Agreement or any other Credit Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date).

(c) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender’s Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party thereof acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 3.2(d).

All amounts due under this Section 11.5 shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Borrower Obligations.

11.6 Amendments, Etc.

Except as set forth below or as specifically provided in any Credit Document (including Section 3.10(c)), no amendment or waiver of any provision of this Credit Agreement or any other Credit Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.1 without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 9.2) without the written consent of such Lender;

(c) postpone any date fixed by this Credit Agreement or any other Credit Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled or mandatory reduction of the Revolving Committed Amount hereunder or under any other Credit Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or (subject to clause (v) of the second proviso to this Section 11.6) any fees or other amounts payable hereunder or under any other Credit Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of “Default Rate” or to waive any obligation to pay interest at the Default Rate;

(e) change Section 3.8 or Section 9.3 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(f) change any provision of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender; or

(g) release the Borrower from its obligations, or consent to the assignment or transfer by the Borrower of any of its rights and obligations under (or in respect of) the Credit Documents without the written consent of each Lender;

and, provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Credit Agreement or any other Credit Document; (ii) Section 11.3(h) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification; and (iii) a Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

11.7 Counterparts; Electronic Execution.

(a) Counterparts. This Credit Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed signature page of this Credit Agreement by facsimile transmission or other secure electronic format (.pdf) shall be effective as delivery of a manually executed counterpart hereof.

(b) Electronic Execution. The words “execute,” “execution,” “signed,” “signature,” “delivery” and words of like import in or related to this Credit Agreement, any other Credit Document or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in

connection with this Credit Agreement or any other Credit Document or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Administrative Agent, 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 or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided that without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept such Electronic Signature from any party hereto, the Administrative Agent and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders and the Borrower, electronic images of this Credit Agreement or any other Credit Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (B) waives any argument, defense or right to contest the validity or enforceability of the Credit Documents based solely on the lack of paper original copies of any Credit Documents, including with respect to any signature pages thereto.

11.8 Headings.

The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Credit Agreement.

11.9 Survival of Indemnification and Representations and Warranties.

(a) Survival of Indemnification. All indemnities set forth herein shall survive the execution and delivery of this Credit Agreement, the making of any Credit Extension and the repayment of the Loans and other Borrower Obligations and the termination of the Commitments hereunder.

(b) Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Credit Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the

Administrative Agent or any Lender may have had notice or knowledge of any Default or Event of Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Borrower Obligation hereunder shall remain unpaid or unsatisfied.

11.10 Governing Law; Venue; Service.

(a) THIS CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT EXCLUDING ALL OTHER CHOICE OF LAW AND CONFLICTS OF LAW RULES). Any legal action or proceeding with respect to this Credit Agreement or any other Credit Document may be brought in the courts of the State of New York or of the United States for the Southern District of New York and appellate courts thereof, and, by execution and delivery of this Credit Agreement, the Borrower hereby irrevocably accepts for itself and in respect of its Property, generally and unconditionally, the jurisdiction of such courts.

(b) The Borrower irrevocably consents to the service of process in any action or proceeding with respect to this Credit Agreement or any other Credit Document by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address for notices pursuant to Section 11.1, such service to become effective ten days after such mailing. Nothing herein shall affect the right of a Lender to serve process in any other manner permitted by Law.

11.11 Waiver of Jury Trial; Waiver of Consequential Damages.

EACH OF THE PARTIES TO THIS CREDIT AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS CREDIT AGREEMENT, ANY OF THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY. Each of the parties to this Credit Agreement agrees not to assert any claim against any other party hereto, Administrative Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys or agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to any of the transactions contemplated herein and in the other Credit Documents; provided that nothing contained in this Section 11.11 shall limit the Borrower's indemnification and reimbursement obligations set forth in Section 11.5.

11.12 Severability.

If any provision of any of the Credit Documents is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

11.13 Further Assurances.

The Borrower agrees, upon the request of the Administrative Agent, to promptly take such actions, as reasonably requested, as is necessary to carry out the intent of this Credit Agreement and the other Credit Documents.

11.14 Confidentiality.

Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by, or required to be disclosed to, any rating agency or regulatory authority purporting to have jurisdiction over it or an Affiliate (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Credit Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Credit Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facilities provided for herein, (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary, provided that, in the case of information received from the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS CREDIT AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS CREDIT AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

11.15 Entirety.

This Credit Agreement together with the other Credit Documents and the Fee Letter represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to the Credit Documents or the transactions contemplated herein and therein.

11.16 Binding Effect; Continuing Agreement.

(a) This Credit Agreement shall become effective at such time when all of the conditions set forth in Section 4.1 have been satisfied or waived by the Lenders and it shall have been executed by the Borrower and the Administrative Agent, and the Administrative Agent shall have received copies hereof (telefaxed or otherwise) which, when taken together, bear the signatures of each Lender, and thereafter this Credit Agreement shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and assigns.

(b) This Credit Agreement shall be a continuing agreement and shall remain in full force and effect until all Loans, interest, fees and other Borrower Obligations have been paid in full and all Commitments have been terminated. Upon termination, the Borrower shall have no further obligations (other than the indemnification provisions and other provisions that by their terms survive) under the Credit Documents; provided that should any payment, in whole or in part, of the Borrower Obligations be rescinded or otherwise required to be restored or returned by the Administrative Agent or any Lender, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, then the Credit Documents shall automatically be reinstated and all amounts required to be restored or returned and all costs and expenses incurred by the Administrative Agent or any Lender in connection therewith shall be deemed included as part of the Borrower Obligations.

11.17 Regulatory Statement.

Pursuant to the terms of an order issued by the New Mexico Public Regulation Commission and a stipulation that has been approved by the New Mexico Public Regulation Commission, the Borrower is required to include the following separateness covenants in any debt instrument:

The Borrower and PSNM are being operated as separate corporate and legal entities. In agreeing to make loans to the Borrower, the Borrower's lenders are relying solely on the creditworthiness of the Borrower based on the assets owned by the Borrower, and the repayment of the loan will be made solely from the assets of the Borrower and not from any assets of PSNM; and the Borrower's lenders will not take any steps for the purpose of procuring the appointment of an administrative receiver or the making of an administrative order for instituting any bankruptcy, reorganization, insolvency, wind up or liquidation or any like proceeding under applicable Law in respect of PSNM.

11.18 USA Patriot Act Notice; Anti-Corruption Laws.

The Administrative Agent and each Lender hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act or any other Anti-Corruption Laws, each of them is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the PATRIOT Act or such Anti-Corruption Laws.

11.19 Acknowledgment.

Section 7 and Section 8 of this Credit Agreement contain affirmative and negative covenants applicable to the Borrower. Each of the parties to this Credit Agreement acknowledges and agrees that any such covenants that require the Borrower to cause any of its Subsidiaries to take or to refrain from taking specified actions will be enforceable unless prohibited by applicable Law or regulatory requirement.

11.20 Replacement of Lenders.

If (a) any Lender requests compensation under Section 3.9, or the Borrower is required to pay any Indemnified Taxes or any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.13, (and, in each case, such Lender has declined or is unable to designate a different Lending Office in accordance with Section 3.17) or (b) a Lender (a “Non-Consenting Lender”) does not consent to a proposed change, waiver, discharge or termination with respect to any Credit Document that has been approved by the Required Lenders as provided in Section 11.6 but requires unanimous consent of all Lenders or all Lenders directly affected thereby (as applicable) or (c) any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.3), all of its interests, rights and obligations under this Credit Agreement and the related Credit Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 11.3(b);

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Credit Documents (including any amounts under Section 3.14) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.9 or payments required to be made pursuant to Section 3.13, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable Laws; and

(v) in the case of any such assignment resulting from a Non-Consenting Lender’s failure to consent to a proposed change, waiver, discharge or termination with respect to any Credit Document, the applicable replacement bank, financial institution or Fund consents to the proposed change, waiver, discharge or termination; provided that the failure by such Non-Consenting Lender to execute and deliver an Assignment and Assumption shall not impair the validity of the removal of such Non-Consenting Lender and the mandatory assignment of such Non-Consenting Lender’s Commitments and outstanding Loans pursuant to this Section shall nevertheless be effective without the execution by such Non-Consenting Lender of an Assignment and Assumption.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

11.21 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Credit Document), the Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Credit Agreement provided by the Administrative Agent, the Arranger and the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Arranger and the Lenders, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents; (ii) each of the Administrative Agent, the Arranger and the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person; (iii) none of the Administrative Agent, the Arranger or the Lenders has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Credit Document (irrespective of whether the Arranger or Lender has advised or is currently advising the Borrower or any of its Affiliates on other matters) and none of the Administrative Agent, the Arranger or the Lenders has any obligation to the Borrower or any of its Affiliates with respect to the financing transactions contemplated hereby except those obligations expressly set forth herein and in the other Credit Documents; and (iv) each of the Administrative Agent, the Arranger and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and none of the Administrative Agent, the Arranger or the Lenders has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Administrative Agent, the Arranger and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Credit Document) and the Borrower has consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate.

The Borrower acknowledges and agrees that each Lender, the Arranger and any Affiliate thereof may lend money to, invest in, and generally engage in any kind of business with, any of the Borrower, any Affiliate thereof or any other person or entity that may do business with or own securities of any of the foregoing, all as if such Lender, the Arranger or such Affiliate thereof were not a Lender or the Arranger or an Affiliate thereof (or an agent or any other person with any similar role under the Credit Agreement) and without any duty to account therefor to any other Lender, the Arranger, the Borrower or any Affiliate of the foregoing. Each Lender, the Arranger and any Affiliate thereof may accept fees and other consideration from the Borrower or any Affiliate thereof for services in connection with this Credit Agreement, the Credit Extensions or otherwise without having to account for the same to any other Lender, the Arranger, the Borrower or any Affiliate of the foregoing.

11.22 Acknowledgement and Consent to Bail-In of Affected Financial Institutions.

Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Credit Document, to the extent such liability is

unsecured, may be subject to the Write-Down and Conversion Powers of an applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Credit Agreement or any other Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any applicable Resolution Authority.

11.23 Acknowledgement Regarding Any Supported QFCs. To the extent that the Credit Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support, “QFC Credit Support” and, each such QFC, a “Supported QFC”) the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Credit Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Credit Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Credit Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 11.23, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

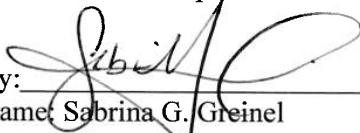
“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Each of the parties hereto has caused a counterpart of this Credit Agreement to be duly executed and delivered as of the date first above written.

BORROWER:

TXNM ENERGY, INC.,
a New Mexico corporation

By: 
Name: Sabrina G. Greinel
Title: Vice President and Treasurer

LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
individually in its capacity as a Lender and in its capacity as
Administrative Agent

By: 
Name: Whitney Shellenberg
Title: Executive Director

SCHEDULE 1.1

COMMITMENTS AND PRO RATA SHARES

Lender	Commitment	Pro Rata Share
Wells Fargo Bank, National Association	\$910,000,000.00	100%
TOTAL	\$910,000,000.00	100%

SCHEDULE 11.1

NOTICES

Borrower:

TXNM Energy, Inc.
414 Silver Ave. SW, MS1205
Albuquerque, New Mexico 87102-3289
Attention: Sabrina G. Greinel, Vice President and Treasurer
Telephone No.: (505) 241-4683
Fax No.: (505) 241-4343
E-mail: sabrina.greinel@txnmenergy.com

Address for notices as Administrative Agent:

Wells Fargo Bank, National Association
1525 West W.T. Harris Blvd.
Mail Code: D1109-019
Charlotte, NC 28262
Attention: Syndication Agency Services
Telephone No.: (704) 590-2706
Telecopy No.: (704) 590-2790
E-mail: agencyservices.requests@wellsfargo.com

Address for notices as Credit Contact:

Wells Fargo Bank, National Association
90 S. 7th Street, 15th Floor
Mail Code: N9305-156
Minneapolis, MN 55402
Attention: Whitney Shellenberg
Telephone No.: (612) 667-5878
Email: whitney.l.shellenberg@wellsfargo.com

Administrative Agent Wiring Instructions:

On file with the Borrower and the Administrative Agent.

EXHIBIT 2.1(b)

FORM OF
NOTICE OF REVOLVING BORROWING

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

RE: Credit Agreement dated as of May 18, 2025 among TXNM Energy, Inc. (the "Borrower"), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (as amended, modified, extended or restated from time to time, the "Credit Agreement").

DATE: _____, 202__

1. This Notice of Revolving Borrowing is made pursuant to the terms of the Credit Agreement. All capitalized terms used herein unless otherwise defined shall have the meanings set forth in the Credit Agreement.

2. Please be advised that the Borrower is requesting a Revolving Loan on the terms set forth below:

(a) Principal amount of requested
Revolving Loan \$ _____

(b) Date of requested
Revolving Loan (the "Borrowing Date") _____

(c) Interest rate applicable to the
requested Revolving Loan:

(i) _____ Adjusted Base Rate

(ii) _____ Adjusted Term SOFR for an Interest Period of:

_____ one month
_____ three months
_____ six months

3. The undersigned hereby certifies that the following statements will be true on the Borrowing Date:

(a) The representations and warranties made by the undersigned in any Credit Document (other than the representation and warranties in Section 6.7(a) (but only with respect to clause (a) of the definition of Material Adverse Effect) and Section 6.9 of the Credit Agreement) are true and correct in all material respects (except that any representation and warranty that is qualified by materiality shall be true and correct in all respects) at and as if made as of such date except to the extent they expressly and exclusively relate to an earlier date.

(b) No Default or Event of Default exists or shall be continuing either prior to or after giving effect to the Revolving Loan made pursuant to this Notice of Revolving Borrowing.

(c) Subsequent to the funding of the requested Revolving Loan, the aggregate principal amount of outstanding Revolving Loans shall not exceed the Revolving Committed Amount.

4. The undersigned hereby acknowledges and agrees that the Borrower shall indemnify each Lender to the extent provided in Section 3.14 as a result of any failure by the Borrower to borrow the Revolving Loan requested by the Borrower in this Notice of Revolving Borrowing on the Borrowing Date.

TXNM ENERGY, INC., a New Mexico corporation

By:_____

Name:_____

Title:_____

EXHIBIT 2.1(e)

FORM OF REVOLVING NOTE

Lender: _____, 202__

FOR VALUE RECEIVED, TXNM ENERGY, INC., a New Mexico corporation (the “Borrower”), hereby promises to pay to the Lender referenced above (the “Lender”), at the Administrative Agent’s Office set forth in that certain Credit Agreement dated as of May 18, 2025 (as amended, modified, extended or restated from time to time, the “Credit Agreement”) among the Borrower, the Lenders party thereto (including the Lender) and Wells Fargo Bank, National Association, as administrative agent (or at such other place or places as the holder of this Note may designate), the aggregate unpaid principal amount of the Revolving Loan made by the Lender to the Borrower under the Credit Agreement, in lawful money and in immediately available funds, on the dates and in the principal amounts provided in the Credit Agreement (but, in any event, no later than the Maturity Date), and to pay interest on the unpaid principal amount of the Revolving Loan made by the Lender, at such office, in like money and funds, for the period commencing on the date of the Revolving Loan until such Revolving Loan shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement and evidences the Revolving Loan made by the Lender to the Borrower thereunder. Capitalized terms used in this Note have the respective meanings assigned to them in the Credit Agreement and the terms and conditions of the Credit Agreement are expressly incorporated herein and made a part hereof.

The Credit Agreement provides for the acceleration of the maturity of the Revolving Loan evidenced by this Note upon the occurrence of certain events (and for payment of collection costs in connection therewith) and for prepayment of the Revolving Loan upon the terms and conditions specified therein. In the event this Note is not paid when due at any stated or accelerated maturity, the Borrower agrees to pay, in addition to principal and interest, all costs of collection, including reasonable attorney fees.

The date, amount, type, interest rate and duration of Interest Period (if applicable) of the Revolving Loan made by the Lender to the Borrower, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books; provided that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Borrower to make a payment when due of any amount owing under the Credit Agreement or under this Note in respect of the Revolving Loan to be evidenced by this Note, and each such recordation or endorsement shall be prima facie evidence of such information, absent manifest error.

Except as permitted by Section 11.3(b) of the Credit Agreement, this Note may not be assigned by the Lender to any other Person.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[signature page follows]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the date first above written.

TXNM ENERGY, INC.,
a New Mexico corporation

By: _____
Name: _____
Title: _____

EXHIBIT 2.3

FORM OF
NOTICE OF CONTINUATION/CONVERSION

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

RE: Credit Agreement dated as of May 18, 2025 among TXNM Energy, Inc. (the "Borrower"), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (as amended, modified, extended or restated from time to time, the "Credit Agreement").

DATE: _____, 202__

-
1. This Notice of Continuation/Conversion is made pursuant to the terms of the Credit Agreement. All capitalized terms used herein unless otherwise defined shall have the meanings set forth in the Credit Agreement.
 2. Please be advised that the Borrower is requesting that a portion of the current outstanding Revolving Loan in the amount of \$_____, currently accruing interest at _____, be extended or converted as of _____, 202_ at the interest rate option set forth in paragraph 3 below.
 3. The interest rate option applicable to the extension or conversion of all or part of the existing Revolving Loan referenced above shall be:
 - a. _____ the Adjusted Base Rate
 - b. _____ Adjusted Term SOFR for an Interest Period of:

_____ one month

_____ three months

_____ six months
 4. As of the date hereof, no Default or Event of Default has occurred and is continuing.

[signature page follows]

TXNM ENERGY, INC.,
a New Mexico corporation

By: _____
Name: _____
Title: _____

EXHIBIT 3.13-1

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE (NON-PARTNERSHIP FOREIGN
LENDERS)**

Reference is hereby made to the Credit Agreement dated as of May 18, 2025, among TXNM Energy, Inc., a New Mexico corporation (the “Borrower”), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (the “Administrative Agent”) (as amended, modified, extended or restated from time to time, the “Credit Agreement”).

Pursuant to the provisions of Section 3.13 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name: _____

Title: _____

Date: _____, 20[]

EXHIBIT 3.13-2

FORM OF U.S. TAX COMPLIANCE CERTIFICATE (NON-PARTNERSHIP FOREIGN PARTICIPANTS)

Reference is hereby made to the Credit Agreement dated as of May 18, 2025, among TXNM Energy, Inc., a New Mexico corporation (the “Borrower”), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (as amended, modified, extended or restated from time to time, the “Credit Agreement”).

Pursuant to the provisions of Section 3.13 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name: _____

Title: _____

Date: _____, 20[]

EXHIBIT 3.13-3

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE (FOREIGN PARTICIPANT
PARTNERSHIPS)**

Reference is hereby made to the Credit Agreement dated as of May 18, 2025, among TXNM Energy, Inc., a New Mexico corporation (the “Borrower”), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (as amended, modified, extended or restated from time to time, the “Credit Agreement”).

Pursuant to the provisions of Section 3.13 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by a withholding statement together with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name: _____

Title: _____

Date: _____, 20[]

EXHIBIT 3.13-4

FORM OF U.S. TAX COMPLIANCE CERTIFICATE (FOREIGN LENDER PARTNERSHIPS)

Reference is hereby made to the Credit Agreement dated as of May 18, 2025, among TXNM Energy, Inc., a New Mexico corporation (the “Borrower”), the Lenders identified therein and Wells Fargo Bank, National Association, as administrative agent (the “Administrative Agent”) (as amended, modified, extended or restated from time to time, the “Credit Agreement”).

Pursuant to the provisions of Section 3.13 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any promissory note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Credit Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by a withholding statement together with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name: _____

Title: _____

Date: _____, 20[]

EXHIBIT 4.1(k)

FORM OF
ACCOUNT DESIGNATION LETTER

[Date]

Wells Fargo Bank, National Association
1525 W. W.T. Harris Blvd.
Charlotte, North Carolina 28226
Attention: Syndication Agency Services

Ladies and Gentlemen:

This Account Designation Letter is delivered to you by TXNM ENERGY, INC. (the “Borrower”), a New Mexico corporation, under Section 4.1(k) of the Credit Agreement, dated as of May 18, 2025 (as amended, restated or otherwise modified from time to time, the “Credit Agreement”), by and among the Borrower, the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (the “Administrative Agent”).

[The Administrative Agent is hereby authorized to disburse all Loan proceeds into the following account, unless the Borrower shall designate, in writing to the Administrative Agent, one or more other accounts:

A/C# _____
ABA _____
Reference:]

IN WITNESS WHEREOF, the undersigned has executed this Account Designation Letter this ____ day of _____, 20__.

TXNM ENERGY, INC., a New Mexico corporation

By: _____
Name: _____
Title: _____

EXHIBIT 7.1(c)

FORM OF
COMPLIANCE CERTIFICATE

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION as Administrative Agent

RE: Credit Agreement dated as of May 18, 2025 among TXNM Energy, Inc. (the "Borrower"), Wells Fargo Bank, National Association, as administrative agent, and the Lenders identified therein (as amended, modified, extended or restated from time to time, the "Credit Agreement").

DATE: _____, 202__

Pursuant to the terms of the Credit Agreement, I, _____, [Title of Financial Officer] of TXNM Energy, Inc., hereby certify on behalf of the Borrower that, as of the [Fiscal Quarter] [Fiscal Year] ended _____, 202__, the statements below are accurate and complete in all respects (all capitalized terms used below shall have the meanings set forth in the Credit Agreement):

a. Attached hereto as Schedule 1 are calculations (calculated as of the date of the annual financial statements delivered in accordance with Section 7.1(a) of the Credit Agreement or as of the date of the quarterly financial statements referred to in paragraph c. below) demonstrating compliance by the Borrower with the financial covenant contained in Section 7.2 of the Credit Agreement.

b. No Default or Event of Default exists under the Credit Agreement, except as indicated on a separate page attached hereto, together with an explanation of the action taken or proposed to be taken by the Borrower with respect thereto.

c. [Attached hereto as Schedule 2 are the quarterly financial statements for the fiscal quarter ended _____, 202__ and such quarterly financial statements] [The quarterly financial statements for the fiscal quarter ended _____, 202__, delivered electronically pursuant to the last paragraph of Section 7.1 of the Credit Agreement,] fairly present in all material respects the financial condition of the Borrower and its Subsidiaries and have been prepared in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments and except that the quarterly financial statements have fewer footnotes than annual statements]¹.

[signature page follows]

¹ Use the first bracketed language when delivering paper copies of quarterly financial statements and the second bracketed language when delivering quarterly financial statements electronically.

TXNM ENERGY, INC., a New Mexico corporation

By:_____

Name:_____

Title:_____

SCHEDULE 1
TO EXHIBIT 7.1(c)

FINANCIAL COVENANT CALCULATIONS

A. Debt Capitalization²

1. Consolidated Indebtedness of the Borrower	\$ _____
2. Consolidated Capitalization of the Borrower	\$ _____
3. Debt to Capitalization Ratio (Line A1 ÷ A2)	_____ to 1.0
<i>Maximum Permitted</i>	<i>.70 to 1.0</i>

² In accordance with Section 1.3(c) of the Credit Agreement, the above calculations include the debt (\$____) and equity (\$____) of the third-party variable interest entity (VIE) that owns the Valencia Energy Facility.

SCHEDULE 2

TO EXHIBIT 7.1(c)

[QUARTERLY][ANNUAL] FINANCIAL STATEMENTS

[Attached]

EXHIBIT 11.3(b)

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between _____ (the “Assignor”) and _____ (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Schedule 1 attached hereto (the “Standard Terms and Conditions”) are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (a) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below and (b) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (a) above (the rights and obligations sold and assigned pursuant to clauses (a) and (b) above being referred to herein collectively as, the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____
and is an Affiliate/Approved Fund of _____
3. Borrower: TXNM Energy, Inc., a New Mexico corporation
4. Administrative Agent: Wells Fargo Bank, National Association, as the
Administrative Agent under the Credit Agreement
5. Credit Agreement: Credit Agreement dated as of May 18, 2025 among the
Borrower, the Administrative Agent and the Lenders
identified therein
6. Assigned Interest:

Aggregate Amount of Commitments/Loans for all Lenders	Amount of Commitment/Loan Assigned	Percentage Assigned of Commitment/Loan
\$	\$	%

7. After giving effect to the foregoing assignment, the Assignor and the Assignee shall have the following Commitments, Pro Rata Shares and outstanding Loans:

	Commitments	Pro Rata Share	Outstanding Loans
Assignor			
Assignee			

8. Trade Date: _____

Effective Date: _____, 202__

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

Consented to and Accepted if applicable:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name: _____
Title: _____

Consented to if applicable:

TXNM ENERGY, INC.,
a New Mexico corporation

By: _____
Name: _____
Title: _____

SCHEDULE 1
TO EXHIBIT 11.3(b)

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 7.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a foreign lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy

shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **HENRY E. MONROY**, Senior Vice President and Chief Financial Officer, Public Service Company of New Mexico, upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Revised Testimony and Exhibits of Henry E. Monroy In Support of the Revised Application and co-sponsored exhibits** which are true and correct based on my personal knowledge and belief.

DATED this 15th day of September, 2026.

/s/ Henry E. Monroy
HENRY E. MONROY

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

REVISED TESTIMONY AND EXHIBIT

OF

SEBASTIEN SHERMAN

IN SUPPORT OF THE REVISED APPLICATION

SEPTEMBER 15, 2026

NMPRC CASE NO. 25-00060-UT
INDEX TO THE REVISED TESTIMONY OF
SEBASTIEN SHERMAN
IN SUPPORT OF THE REVISED APPLICATION

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JA REVISED EXHIBIT SS-1 Résumé of Sebastien Sherman

SELF AFFIRMATION

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name and business address.

A. My name is Sebastien Sherman. My business address is 345 Park Avenue, 16th Floor, New York, NY 10154.

Q. By whom are you employed and what is your position?

A. I am employed by Blackstone Inc. (“Blackstone”), a publicly traded investment firm listed on the New York Stock Exchange (NYSE: BX), as a Senior Managing Director. In that role, I lead the team within Blackstone that focuses on investments made by Blackstone Infrastructure¹ in the utilities and transportation sectors in North America.

Q. On whose behalf are you submitting this testimony?

A. I am submitting this revised testimony (“Revised Testimony”) on behalf of Troy ParentCo LLC (“Troy”), and I am familiar with and will provide information about Blackstone Infrastructure and the role that it will play in the future ownership structure of Public Service Company of New Mexico (“PNM” or the “Company”) if the transaction proposed in this case (the “Acquisition”) is approved.

¹ Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in Revised Application Exhibit F, the Revised 2026 General Diversification Plan, filed in this matter.

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

1 **Q. Please briefly describe your professional experience and your educational**
2 **qualifications.**

3 **A.** Attached to this Revised Testimony as JA Revised Exhibit SS-1 is my resume, which
4 contains details of my education and professional experience. I have an Honours BA
5 (Economics) from Queen’s University, and I am a Chartered Financial Analyst
6 Charterholder. Since joining Blackstone, I have been involved in the execution of several
7 Blackstone Infrastructure investments or acquisitions, including NIPSCO Holdings II LLC
8 (“NIPSCO”), FirstEnergy Corp. (“FirstEnergy”), Carrix, Inc. and Applegreen Limited. I
9 also serve on the boards of several of Blackstone Infrastructure’s portfolio companies.

10
11 Before joining Blackstone, I spent 14 years with the OMERS Infrastructure, the
12 infrastructure investment advisor and manager of the Ontario Municipal Employees
13 Retirement System, including most recently as its Head of the Americas region. Over the
14 course of my career, I have led investments in numerous sectors, including utilities, LNG
15 import infrastructure, power generation, high-speed rail infrastructure, airports, ports, toll
16 roads, motorway service areas, land registry and satellites. Prior to OMERS Infrastructure,
17 I spent seven years in the banking industry.

18
19 **Q. Have you previously filed testimony before the New Mexico Public Regulation**
20 **Commission (“Commission”) or any other regulatory authorities?**

21 **A.** Yes. I have previously filed the following testimony before the Commission in this case:
22 • August 25, 2025 – Direct Testimony in support of the Joint Application (“Direct
23 Testimony”).

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

- 1 • March 17, 2026 – Supplemental Testimony in Response to the Hearing Examiners’
2 March 3, 2026 – First Bench Request to Joint Applicants (“Supplemental
3 Testimony”).²
- 4 • April 6, 2026 – Direct Testimony pursuant to Hearing Examiners’ March 11, 2026
5 Order Directing Joint Applicants to Show Cause.
6

7 **Q. What is the purpose of this Revised Testimony in support of the Revised Application?**

8 **A.** The purpose of my Revised Testimony is to support the Revised Application that Troy,
9 PNM, and TXNM (the “Joint Applicants”) filed requesting approval of the Acquisition
10 from the New Mexico Public Regulation Commission (“Commission”). This Revised
11 Testimony updates my Direct Testimony to reflect changes to the Joint Application
12 (“Original Application”) resulting from the Show Cause Final Order³ and factual updates
13 to reflect the Joint Applicants’ experience over the last year engaging with PNM
14 stakeholders and communities. This Revised Testimony is intended to completely replace
15 my Direct Testimony.
16

17 **Q. How is the rest of your testimony organized?**

18 **A.** In Section II of this Revised Testimony, I will describe Blackstone Infrastructure in greater
19 detail, focusing on the Blackstone Infrastructure entities’ involvement in the Acquisition,
20 and I will describe some of the other investments of the Blackstone Infrastructure Funds.
21 In Section III of this Revised Testimony, I will describe Blackstone Infrastructure’s
22 investment philosophy and history, including what makes Blackstone Infrastructure

² Due to the volume of information in my Supplemental Testimony, my Supplemental Testimony—which, pursuant to the Protective Order, can be found in this docket—is incorporated by reference.

³ *Final Order on Show Cause Proceeding*, Docket No. 25-00060-UT (Jul. 2, 2026) (“Show Cause Final Order”).

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

different from other investors, how investment decisions are made at Blackstone Infrastructure, and additional detail on the experience key members of the Blackstone Infrastructure team have in the utility sector. In Section IV of this Revised Testimony, I will discuss the Acquisition and ways in which Blackstone Infrastructure can be good partners for PNM as a result of the Acquisition. In Section V, I summarize my Revised Testimony and explain why the Revised Application is in the public interest.

Q. Do you co-sponsor any Exhibits in this testimony?

A. Yes. In addition to JA Revised Exhibit SS-1 attached to my Revised Testimony, I co-sponsor Revised Application Exhibit A (Corporate structure charts), Revised Application Exhibit F (Revised 2026 General Diversification Plan), and Revised Application Exhibit G (Letter Agreement, Consent and Waiver).

II. BLACKSTONE INFRASTRUCTURE ENTITIES AND OWNERSHIP

Q. Please describe the organizational structure that will be used to hold PNM.

A. The structure described in this Revised Testimony is reflected in Revised Application Exhibit A. PNM is a wholly owned subsidiary of TXNM Energy, Inc. ("TXNM"). Upon closing of the Acquisition, TXNM will become a wholly owned subsidiary of Troy and PNM will become an indirect, wholly owned subsidiary of Troy and thus indirectly wholly owned and controlled by the entities I refer to as "Blackstone Infrastructure."

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

1 **Q. Please define Blackstone Infrastructure.**

2 **A.** “Blackstone Infrastructure” is an umbrella term used to refer collectively to Blackstone
3 Infrastructure Management and the investment funds and accounts directly or indirectly
4 controlled by them, including the Blackstone Infrastructure Funds.

5
6 “Blackstone Infrastructure Management” refers to four entities, BIA GP L.P., BIA GP NQ
7 L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C. “Blackstone
8 Infrastructure Funds” refers to Blackstone Infrastructure Partners L.P. and its parallel funds
9 and accounts (“BIP”) and Blackstone Infrastructure Strategies L.P. and its parallel funds
10 and accounts (“BXINFRA”).

11
12 **Q. What is the relationship between Blackstone Infrastructure and Blackstone?**

13 **A.** While Blackstone Infrastructure is ultimately controlled by Blackstone, the actions of
14 Blackstone Infrastructure do not require approval by the Board of Directors or shareholders
15 of Blackstone, and only certain material investments require approval by the Blackstone
16 Infrastructure investment committee, as further described below. The day-to-day
17 operations of Blackstone Infrastructure are managed by Sean Klimczak, who is also
18 providing testimony in support of the Revised Application, and the other Senior Managing
19 Directors on the Blackstone Infrastructure team, including myself and Witness Boyd.

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

1 **Q. Will other funds participate in the funding of the Acquisition besides the Blackstone**
2 **Infrastructure Funds?**

3 **A.** Although the Blackstone Infrastructure Funds have the financial capacity to consummate
4 the Acquisition, as is customary in similar transactions, we anticipate that a minority of the
5 total investment will be funded by passive co-investors that are aligned with the Blackstone
6 Infrastructure Funds' long-term goals for TXNM through investment funds or accounts
7 that are also controlled by Blackstone Infrastructure Management (the "Blackstone
8 Infrastructure TXNM Co-Investment Funds"). We refer to this process as "syndication,"
9 and it is common to most, if not all, investments or acquisitions made by Blackstone
10 Infrastructure and by similarly situated investors. The Blackstone Infrastructure TXNM
11 Co-Investment Funds are passive co-investors and will not have any right to appoint
12 directors or otherwise control PNM. To be clear, the Blackstone Infrastructure Funds will
13 be the majority investor in PNM, and Blackstone Infrastructure Management will retain
14 control over all of the indirect investment in PNM. For the avoidance of doubt, Blackstone
15 Infrastructure, as used in the Revised Application, includes Blackstone Infrastructure
16 Management, the Blackstone Infrastructure Funds and the Blackstone Infrastructure
17 TXNM Co-Investment Funds.

18
19 **Q. Please describe the Blackstone Infrastructure Funds you mentioned earlier.**

20 **A.** BIP has an open-ended, perpetual life structure, meaning that there is no specific end date
21 for the fund or any fund investment and can continue to raise and invest money which
22 allows us to continue investing in businesses indefinitely, providing ongoing equity
23 support. This enables a long-term buy-and-hold investment approach that fosters

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

1 responsible stewardship and stakeholder engagement, creating value for its investors and
2 the communities in which it invests. BIP invests in leading infrastructure companies,
3 including utilities, energy, transportation, digital infrastructure, water and waste sectors,
4 among others.

5
6 BXINFRA is a private fund that provides qualified individual investors the ability to invest
7 in Blackstone Infrastructure's strategies. Like BIP, BXINFRA is structured as a perpetual-
8 life fund. Blackstone Infrastructure has more than \$90 billion in assets under management
9 and owns interests in 25 portfolio companies.

10
11 **Q. Can you please explain why Blackstone Infrastructure is organized in this fashion in**
12 **terms of the various entities and investment funds that comprise Blackstone**
13 **Infrastructure?**

14 **A.** The corporate organization used by Blackstone Infrastructure is a common management
15 structure typically used to comply with U.S. pension plan requirements and to enable
16 certain investors to invest in a tax-efficient manner. As discussed in the testimony of
17 Witness Talley, organizational structures of this kind are widely used by infrastructure
18 funds and will not affect the Commission's ability to perform its oversight duties.

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

1 **Q.** **Having now identified the various Blackstone Infrastructure entities related to the**
2 **Acquisition, can you please provide the key takeaways from your description of these**
3 **entities.**

4 **A.** The key takeaways are that (i) Blackstone Infrastructure Management will control TXNM
5 through Troy, (ii) the Blackstone Infrastructure Funds—principally BIP and BXINFRA—
6 which are indirectly controlled by Blackstone Infrastructure Management, will indirectly
7 be the majority investor in TXNM through Troy, and (iii) the Blackstone Infrastructure
8 TXNM Co-Investment Funds, which are indirectly controlled by Blackstone Infrastructure
9 Management, will indirectly be minority investors in TXNM through Troy. But to reiterate
10 the point, the investors in the Blackstone Infrastructure Funds and the Blackstone
11 Infrastructure TXNM Co-Investment Funds are passive co-investors in Troy and will not
12 have any right to appoint directors or otherwise control PNM.

13
14 **III. BLACKSTONE INFRASTRUCTURE’S INVESTMENT**

15 **PHILOSOPHY AND HISTORY**

16 **Q.** **Please describe the investment philosophy of Blackstone Infrastructure.**

17 **A.** The investment philosophy of Blackstone Infrastructure is to focus on a diversified mix of
18 investments across all infrastructure sectors, including energy, transportation, digital, water
19 and waste. Blackstone Infrastructure seeks to apply a long-term, buy-and-hold strategy to
20 large-scale infrastructure companies with a focus on delivering stable, long-term capital
21 appreciation that compounds over time.

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

1 **Q. Can you further explain Blackstone Infrastructure’s perpetual capital focus,**
2 **including how it is beneficial for the Acquisition?**

3 **A.** Yes. The primary thing that sets Blackstone Infrastructure apart from many other
4 investment firms is the open-ended structure of the Blackstone Infrastructure Funds, their
5 long-term investment horizon, and their access to perpetual capital at scale. Blackstone
6 Infrastructure uses its open-ended model to partner with the companies in which we invest
7 to support their growth for the long-term without the pressure to provide short-term
8 liquidity or results.

9
10 One of the key attributes of our funds is that we have no obligation to sell our investments
11 after a certain period of time and can continue to raise and invest money in our portfolio
12 companies indefinitely, providing ongoing equity support. This means we can support the
13 capital-intensive needs of utility companies like PNM that provide distribution,
14 transmission and generation. Our investors trust us to invest meaningful capital over the
15 long term, ensuring business funding needs can be met irrespective of any potential
16 volatility in the broader capital markets environment. This stability allows our portfolio
17 companies to focus on the core operations of their businesses without undue pressure to
18 achieve short-term financial results.

19
20 Our team understands that investments in utilities like PNM come with significant public
21 responsibility and that PNM’s customer rates and returns on investment are governed by
22 the decisions of the Commission. Our perpetual capital focus allows us to prioritize
23 building strong relationships with local stakeholders and communities where our portfolio

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

1 companies operate. For example, during this Acquisition process, we have sought out
2 opportunities to engage with stakeholders and the communities that PNM serves to
3 facilitate an open and ongoing dialogue, which we look forward to continuing in the future.
4 Moreover, the Show Cause proceeding strengthened our belief in creating open dialogues
5 in the communities we work in and emphasized the need to establish and maintain a
6 relationship with stakeholders such as the Utility Division Staff (“Staff”). Under
7 Blackstone Infrastructure ownership, I can assure the Commission and stakeholders that it
8 will be a priority for PNM management to continue to strengthen these relationships and
9 to work with Staff.

10
11 **Q. What is an open-ended fund and why is that desirable?**

12 **A.** An open-ended investment fund is an investment fund without a fixed expiration date or
13 requirement to return capital to its investors. We also have the flexibility to provide
14 ongoing equity support by continuously raising and investing money. This approach is
15 desirable because it allows for sustained investment in infrastructure without the pressure
16 to sell assets for profit. It aligns with our perpetual capital approach, focusing on steady
17 growth and value creation over a long-term investment horizon.

18
19 For customers, this means that Blackstone Infrastructure does not have pressure to increase
20 capital spending unreasonably to secure short-term gains. Instead, Blackstone
21 Infrastructure is committed to investing in improvements and growth while prioritizing
22 long-term stability. Our perpetual capital approach, as compared to a closed-ended fund,
23 enables us to make investments thoughtfully, supporting an investment plan that benefits

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

1 customers without the rush for short- or medium-term returns. This commitment helps our
2 companies, like PNM, focus on sustainable growth and reliable service for the communities
3 they serve.

4
5 **Q. Please elaborate on Blackstone Infrastructure's track record of investment.**

6 **A.** Blackstone Infrastructure's track record of investment reflects who we are and what we
7 prioritize. Our experiences with utilities and other highly regulated, critical infrastructure
8 investments demonstrate that we rely on local management for day-to-day operations,
9 which allows us to support communities.

10
11 The way we operate our investment committee also plays a crucial role in our decision-
12 making process. The investment committee is responsible for ensuring that every
13 investment, whether it is a new investment or a follow-on equity commitment of over \$100
14 million⁴ to an existing portfolio company, is thoroughly evaluated.

15
16 Overall, Blackstone Infrastructure looks for opportunities that align with our values of
17 stability, growth, and community support, with the goal that our investments benefit
18 everyone involved. In connection with the Acquisition, we have been through a careful
19 diligence process and have gotten to know the PNM management team and are confident
20 this partnership checks all the boxes in terms of what we look for in a Blackstone
21 Infrastructure investment.

⁴ As Witness Klimczak discusses, for follow-on investments under \$100 million, approval authority may be delegated to a sub-committee composed of certain officers of Blackstone Infrastructure.

**REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT**

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23

Q. What experience does Blackstone Infrastructure’s team have in the utility sector?

A. Blackstone Infrastructure has internal and external resources with experience in the utility sector. For example, all three Troy witnesses in this proceeding have experience serving on boards of utilities located in other parts of the country and will be able to bring the knowledge and perspective they have gained in these roles to help PNM address challenges and learn from the experiences of other utilities. Witness Klimczak, for example, served on the board of Transmission Developers Inc., a developer of clean energy transmission infrastructure which includes the Champlain Hudson Power Express (“CHPE”), a transmission line from the U.S.-Canadian border to New York City. The CHPE project delivers hydropower to New York City, reducing greenhouse gas emissions and lowering electricity costs. Witness Klimczak also served on the board of FirstEnergy and was a member of the Investment Committee that supported Blackstone Infrastructure’s investments in FirstEnergy and NIPSCO.

Since 2024, Witness Boyd has served on the board of FirstEnergy, a utility that serves over 6 million customers across six states in the Midwest and Eastern US. Prior to joining Blackstone Infrastructure, Witness Boyd was a member of the Macquarie team responsible for the firm’s investment activities in the utility sector. While at Macquarie, Witness Boyd undertook due diligence on more than five U.S. utilities and managed its investment in Cleco Power, a Louisiana electric utility that serves approximately 300,000 customers and Puget Sound Energy, a Washington State utility that serves approximately 1.2 million electric and 900,000 natural gas customers.

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1
2 Since 2024, I have served on the board of NIPSCO, a utility that serves 900,000 natural
3 gas customers and 500,000 electric customers in Northern Indiana. Prior to joining
4 Blackstone Infrastructure, I was the Head of Americas region at pension plan investor
5 OMERS Infrastructure, responsible for managing its investments in Oncor, a Texas electric
6 utility that serves over 4.1 million customers, and Bruce Power, an 8-unit 6,555 MW
7 nuclear power generating station that serves Ontario, Canada. While at OMERS, I was
8 also responsible for managing its investment in Scotia Gas Networks, the second largest
9 gas distribution network in the United Kingdom serving approximately 5.9 million
10 customers.

11
12 Both Witness Boyd and I have been actively involved in Blackstone Infrastructure's
13 negotiations with TXNM, leading up to execution of the Merger Agreement, and we expect
14 to continue to be involved as members of PNM's Board of Directors ("PNM Board") after
15 Closing.

16
17 Separately, Blackstone Infrastructure has retained a number of outside subject matter
18 experts that it can draw on for strategic advice. This group includes retired officers of large
19 utilities with decades of operational experience in the utility sector. Blackstone
20 Infrastructure often taps retired officers that are subject matter experts to serve on boards
21 of companies in which Blackstone Infrastructure invests.

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1 **Q. Please describe some of the Blackstone Infrastructure Funds’ other investments**
2 **focused on the utility sector.**

3 **A.** Blackstone Infrastructure Funds have had a successful history of investing in multi-faceted
4 utilities that gives them the necessary experience and expertise to partner with PNM and
5 work with management to help accomplish its vision for the coming years. Blackstone
6 Infrastructure Funds own interests in 25 portfolio companies, two of which involve
7 minority investments in investor-owned utilities: NIPSCO and FirstEnergy, both of which
8 are engaged in the generation, transmission, and distribution of energy at the wholesale (in
9 the Midcontinent Independent System Operator Inc. and PJM Interconnection, LLC
10 systems, respectively) and retail levels. In addition, Blackstone Infrastructure has a
11 partnership (Invitium Energy, LLC) with PPL Corporation (“PPL”) to pursue the
12 development of new generation projects in Pennsylvania.⁵ We look forward to exploring
13 opportunities through this partnership to develop much needed new generation in
14 Pennsylvania.

15
16 **Q. Please further describe Blackstone Infrastructure Funds’ investment in NIPSCO.**

17 **A.** In December 2023, BIP invested \$1.7 billion in equity to acquire a 19.9% stake in NIPSCO,
18 Indiana’s largest natural gas utility and the second-largest electric utility. NIPSCO serves
19 nearly 1.4 million customers across northern Indiana. Since closing on our investment on
20 December 31, 2023, we have subsequently funded approximately \$285 million in follow-
21 on equity to support NIPSCO’s ongoing capital expenditure needs. NIPSCO,

⁵ This joint venture does not involve PPL Electric Utilities or PPL’s other regulated subsidiaries.

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1 headquartered in Merrillville, Indiana, owns or controls approximately 3,967 MW of
2 installed generating capacity and approximately 3,000 miles of electric transmission lines
3 and distributes electricity to approximately 500,000 retail customers and provides natural
4 gas distribution services to approximately 900,000 retail customers across northern
5 Indiana. BIP is supporting NIPSCO's investment plans that have resulted in a roughly
6 125% increase in its total renewable generation capacity from 2023 to 2025.

7
8 **Q. As the other active utility investment, can you please also discuss Blackstone**
9 **Infrastructure Funds' investment in FirstEnergy?**

10 **A.** Since December 2021, Blackstone Infrastructure has held an approximately 5% minority
11 ownership in FirstEnergy, an electric utility serving over 6 million customers across six
12 states. FirstEnergy, headquartered in Akron, Ohio, is a public utility holding company
13 whose shares are publicly traded on the New York Stock Exchange. Through its
14 subsidiaries, FirstEnergy owns or contractually controls approximately 3,600 MW of
15 generation capacity and approximately 24,000 miles of electric transmission lines, serving
16 more than 6 million retail customers in Ohio, Pennsylvania, New Jersey, West Virginia,
17 Maryland, and New York. At FirstEnergy our investment funded an equity issuance that
18 supported balance sheet improvement that led to FirstEnergy being upgraded from sub-
19 investment grade to investment grade at all three major credit rating agencies.

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1 **Q. The prior Blackstone Infrastructure utility investments you have described are**
2 **minority investments. Can you explain why Blackstone Infrastructure wants to**
3 **acquire a majority interest in PNM?**

4 **A.** Blackstone Infrastructure has been looking for the right company for a majority interest
5 investment. Our ideal transaction is to acquire a small- to mid-cap size electric utility, in
6 a state or region whose economy is growing, and in a state or region that is focused on
7 developing transmission and clean energy solutions. PNM fits these criteria, and we are
8 excited about the opportunity.

IV. THE ACQUISITION

11 **Q. Turning now to the Acquisition, how will the Joint Applicants provide for continued**
12 **local operational control and management at PNM?**

13 **A.** Blackstone Infrastructure does not handle the day-to-day operations of its portfolio
14 companies. As evidenced by the revised regulatory commitments that Witness Boyd
15 discusses in her testimony (“Revised Regulatory Commitments”), we believe maintaining
16 the existing PNM senior management team is vital to the success of our investment, as we
17 expect that PNM management will continue operating the utility in its usual course and
18 responsibly execute their management responsibilities. The support from Blackstone
19 Infrastructure will serve as an additional resource, providing benefits for customers while
20 helping PNM meet its goals of setting reasonable rates for customers, enhancing reliability,
21 and aligning with the policy objectives of New Mexico. Blackstone Infrastructure will
22 offer this support through appointment of experienced, professional board members, a
23 majority of whom will be independent of both TXNM and Troy and their affiliates—at

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1 least three of whom will be residents of New Mexico—in addition to the CEO of PNM and
2 another director with utility executive experience, all of whom will collaborate with other
3 directors and current PNM management. This collaborative oversight supports execution
4 of PNM’s business plan efficiently and with stability.

5
6 **Q. Please discuss how Blackstone Infrastructure has given back to the communities in**
7 **which it invests.**

8 **A.** Blackstone Infrastructure has a long history of contributing to the communities in which it
9 is located. Across Blackstone funds, portfolio companies have hired over 100,000
10 veterans, spouses, and caregivers through the Blackstone Veterans Program, demonstrating
11 our commitment to supporting military families. Additionally, the Blackstone Charitable
12 Foundation annually supports over 25,000 first-generation and low-income students in
13 career readiness, connecting hundreds to paid internships, funding regional programs to
14 drive workforce development, and supporting community engagement. PNM management
15 and Blackstone Infrastructure are still developing their strategies as they relate to career
16 readiness internships, funding for workforce development and employment opportunities
17 for veterans in New Mexico and have committed funds that can be used for this purpose as
18 part of the tangible and quantifiable benefits included in the Revised Regulatory
19 Commitments.

20
21 After significant interactions with stakeholders and community leaders for more than a
22 year, PNM management and Troy have refined their thinking regarding local union labor
23 supportive programs and policies, career readiness through local internships and

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1 apprenticeships, and funding local workforce development and employment opportunities
2 in New Mexico. As Witness Boyd discusses, the Revised Regulatory Commitments reflect
3 significant improvements related to those topics relative to the regulatory commitments in
4 the Original Application.

5
6 Finally, Blackstone Infrastructure portfolio companies have contributed over \$128 million
7 to charitable causes over the last two years. As Witness Boyd discusses, the Joint
8 Applicants are committing that PNM will maintain its historical level of charitable giving
9 after closing of the Acquisition.

10
11 **Q. Can you please discuss your understanding of the setting of electric rates in New**
12 **Mexico and how your support will benefit customers?**

13 **A.** To begin with, we understand that rates are set by the Commission and that the Commission
14 must balance the interests of customers and shareholders when setting rates. Ultimately,
15 when PNM files rate cases in the future, we know that it will be PNM's burden to show
16 that the costs that PNM seeks to recover are prudent. PNM's management will be
17 responsible for advising the PNM Board on the pace and scope of capital investments
18 needed for New Mexico and on the need for and content of rate case filings. The PNM
19 Board—with the benefit of a director with utility experience and disinterested directors of
20 varying backgrounds, including New Mexico residents—will work with PNM
21 management to make sure that the capital investments will benefit customers and enhance
22 the strength of PNM's grid.

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1 Within this context, PNM needs to make significant investments in the coming years to
2 modernize its grid and to meet the requirements of the Energy Transition Act. This will
3 place pressure on rates regardless of whether or when the Acquisition closes. That being
4 said, we are committed to supporting PNM management in seeking smart and prudent
5 economic development that has the potential to mitigate potential rate pressure felt by
6 customers and to helping mitigate increases in rates by providing investment support and
7 managerial and financial expertise to PNM as it faces these challenges. We at Blackstone
8 Infrastructure recognize that utility affordability is critical to customers and to continued
9 economic development in New Mexico. Maintaining affordable rates is our long-term goal
10 and the extensive network of senior advisors at Blackstone will be available, at no cost, to
11 provide PNM management strategic advice and a broader national perspective.

12
13 At Blackstone Infrastructure, our investment strategy is to invest for the benefit of PNM
14 and its customers and to achieve for our investors a return on investment as approved by
15 the Commission. We are investing in the communities and customers of PNM for the long-
16 term, and we will work with PNM to keep rates as low as possible while providing safe
17 and reliable service to PNM's customers.

18
19 **Q. Please discuss a couple of the ways PNM and its customers will benefit from**
20 **Blackstone Infrastructure's ownership of PNM.**

21 **A.** Blackstone Infrastructure can facilitate access to the benefits of scale associated with
22 Blackstone's broader investment portfolio (over 270 companies that employ nearly
23 700,000 people). This scale has led Blackstone to develop centralized expertise and

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1 capabilities in key functional areas that it leverages to assist the management teams of its
2 portfolio companies. Blackstone has a dedicated portfolio operations team comprised of
3 functional experts who, when called upon by portfolio company leadership, will work to
4 identify improvement opportunities and implement best practices across a wide array of
5 disciplines. Areas where Blackstone's portfolio operations team has provided beneficial
6 support to Blackstone portfolio companies in the past, with no compensation received by
7 Blackstone, include: participation in group purchasing programs, spend tracking and
8 planning, procurement bidding process enhancement, software system implementation,
9 negotiation assistance with third-party vendors, cybersecurity evaluation, sustainability
10 capability and workforce development, and community engagement program
11 development.

12
13 **Q. Can you give a few examples of what this operational support looks like in practice?**

14 **A.** Yes.

- 15 • In cybersecurity, Blackstone has run free cybersecurity incident simulations for
16 several portfolio companies.
- 17 • In spend tracking and planning, Blackstone's portfolio operations team has
18 benchmarked categories of spend against a broader database of Blackstone
19 portfolio company vendor agreements to identify opportunities to leverage
20 Blackstone preferred vendors that can offer more favorable pricing, terms and
21 service. Blackstone also manages Request for Proposal processes and supplier
22 auctions alongside the portfolio company to foster competition in the supplier base
23 and diversify suppliers as needed.

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- 1 • In software system implementation, Blackstone's team has provided free advisory
2 engagements to portfolio companies on system rollouts that included project
3 management support to ensure projects are completed on time as well as assistance
4 with scoping and negotiation of contracts with third party software vendors.
- 5 • In sustainability, Blackstone's dedicated team can support portfolio companies that
6 would like help securing grant funding, enhancing reporting and piloting new
7 technologies.

8 These examples highlight the breadth of capabilities Blackstone's portfolio operations
9 organization offers, free of cost to portfolio companies.

10
11 **Q. Can you discuss any other benefits available to portfolio companies through**
12 **Blackstone Infrastructure ownership?**

13 **A.** Yes. As discussed briefly above, Blackstone has an extensive network of senior advisors
14 comprised of experienced executives who offer advice and support to management teams
15 to positively impact the performance of their businesses, hone long-term strategies and
16 execute on key initiatives. This network includes senior leaders of utilities, power
17 generation, engineering and construction and energy equipment companies that may have
18 relevant insights that PNM can leverage in coming years as it addresses challenges related
19 to growing demand and the energy transition. Blackstone will not receive compensation
20 for providing TXNM access to this type of informal advice from its senior advisor network.

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1 **Q. Are there also potential benefits related to access to capital markets?**

2 **A.** Yes. Blackstone also has a team dedicated to capital markets which focuses full-time on
3 supporting Blackstone investment professionals and portfolio company leadership with
4 debt financing. This capital markets platform allows portfolio companies to leverage
5 Blackstone's scale in managing lenders and optimizing terms, while also providing
6 expertise to help management teams understand and evaluate which financing options
7 available in the market are best suited to drive positive outcomes for the businesses.

8
9 **Q. At the beginning of your Revised Testimony you referred to the Show Cause Final**
10 **Order. Who discusses the background on that proceeding?**

11 **A.** Witness Tarry provides the background on the Show Cause Final Order, including the
12 events that led to that order. To his description I will add that, in finding the Financing
13 Transaction violated the statute and was void and of no effect, the Commission recognized
14 "that the Financing Transaction was publicly disclosed and [did] not find that Joint
15 Applicants concealed the transaction, acted with a subjective intent to violate the law, or
16 deliberately disregarded a known statutory obligation." Blackstone Infrastructure and Troy
17 did not conceal the Financing Transaction and did not realize that the Financing
18 Transaction may have violated New Mexico law. Once the Commission made a
19 determination on that issue, Blackstone Infrastructure and Troy respected the decision and
20 immediately began working to promptly comply with the Show Cause Final Order.

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1 Q. How have the Joint Applicants complied so far with the Show Cause Final Order?

2 A. As Witness Tarry discusses, on July 27, 2026, the Joint Applicants filed Joint Applicants'
3 Compliance Report to Effectuate the Final Order on the Show Cause, which they amended
4 on August 10, 2026 ("Amended Compliance Report" and, collectively, "Compliance
5 Reports").

6
7 **Q. Have you reviewed the filed responses to the Compliance Reports?**

8 A. Yes.

9
10 **Q. Do you have any comments on the responses to the Compliance Reports?**

11 A. Yes. Staff and certain intervenors urged the Commission to require the Joint Applicants to
12 update the Original Application to include discussion of additional information since the
13 Original Application was filed. As discussed further below, this Revised Application
14 updates the Original Application with all the necessary information to evaluate the terms
15 of the Acquisition as they stand now.

16
17 I also would like to briefly comment in more detail on the Staff's response. Staff concluded
18 that the Joint Applicants had complied or substantially complied with the Show Cause Final
19 Order. Additionally, Staff requested that the Commission require the Joint Applicants to
20 supplement the record with information regarding the equity raised to repay the term loan,
21 repayment of the dividends and certain tax information, and certain costs associated with
22 the Financing Transaction and its unwinding and make certain demonstrations in PNM's
23 next rate case. While Witness Monroy addresses those requests and other responses filed

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1 in greater detail, I reiterate that Blackstone Infrastructure and Troy have no objection to
2 Staff's requests for information and reporting and that, if the Acquisition is approved, we
3 will make sure that PNM provides any and all information the Commission asks for.

4
5 Staff concluded its analysis by stating "[w]ith this supplementation, Staff believes that,
6 notwithstanding any outstanding petitioned Show Cause orders, the evidentiary record can
7 remain sufficient to proceed with further evaluation of the proposed acquisition."

8
9 **Q. Did Staff have any specific recommendations regarding the Revised**
10 **Application?**

11 **A.** Yes. In paragraphs 26 and 27, Staff provided the following recommendations:

12 *26. Staff believes the present record should be supplemented to*
13 *account for developments relating to the Financing Transaction,*
14 *the Show Cause proceeding, and the actions undertaken to comply*
15 *with the Final Order. The supplementation should address any*
16 *effects on the proposed acquisition's financial viability, timing,*
17 *regulatory commitments, and claimed benefits and costs.*

18
19 *27. In addition, nearly one year has passed since the Joint*
20 *Applicants filed their direct testimony. Staff encourages the Joint*
21 *Applicants to update their testimony and supporting evidence to*
22 *reflect current circumstances. Updated submissions should*
23 *address both time-sensitive changes—such as the status and*

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1 *assurances associated with PNM's capital-expenditure plan if new*
2 *ownership may not begin until 2027—and discretionary changes,*
3 *including offered benefits and customer-protection commitments*
4 *associated with the acquisition.*

5
6 **Q. Have the Joint Applicants followed Staff's recommendation?**

7 **A.** Yes. Witness Monroy testifies regarding PNM's perspective. From Troy's perspective,
8 the Revised Application provides the information that Staff identified should be in the
9 update to the Original Application.

10
11 **Q. In your view, did the quick action taken by the Joint Applicants to comply with the**
12 **Show Cause Final Order demonstrate that the Commission will be able to regulate**
13 **PNM under Blackstone Infrastructure and Troy ownership?**

14 **A.** Yes. The Joint Applicants and Blackstone Infrastructure are committed to following the
15 Commission's directives and orders. The Show Cause proceeding has shown the strength
16 of the Commission's jurisdiction over Troy and its affiliate, TopCo. Troy and TopCo
17 complied with the Show Cause Final Order by quickly returning the stock and dividends
18 to TXNM, timely paying the fines imposed on Troy and TopCo, and working with TXNM
19 to provide the comprehensive Compliance Reports to the Commission ahead of the
20 deadline imposed in the Show Cause Final Order.

21
22 **Q. Has the Show Cause proceeding experience and the Show Cause Final Order affected**
23 **how you intend to approach governance of PNM if the Acquisition is approved?**

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1 **A.** Yes. While Witness Tarry testifies in detail about the preservation of Commission
2 jurisdiction, I want to start by emphasizing that, from the Blackstone Infrastructure and
3 Troy perspectives, the Commission's ability to regulate PNM will continue to be strong if
4 the Acquisition is approved. From a governance perspective, as a person who will likely
5 be on the PNM Board if the Acquisition is approved, the Show Cause Final Order has
6 emphasized to me the need to be diligent in ensuring management not only complies with
7 Commission rules and directives but has an established and open dialogue with Staff that
8 allows management to consult with Staff on issues.

9
10 To the extent that provisions of the Public Utility Act or the Commission's rules apply to
11 PNM's owners, we will be diligent in ensuring that Blackstone Infrastructure, Troy and the
12 other holding companies comply with those requirements. Open dialogue with Staff will
13 help in those efforts and, more broadly, will help inform PNM's regulatory decisions
14 moving forward.

15
16 I want to be clear on this point—all of the representatives from Troy understand and
17 appreciate the value of maintaining and improving lines of communication with Staff and
18 stakeholders.

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1 **Q. In the Procedural Order Establishing Affirmatively Relevant Topics,⁶ the**
2 **Commission asked about the relationship between the purchase price paid for PNM**
3 **and expectations for revenue, recovery, and return. What is your response?**

4 **A.** Blackstone Infrastructure believes that the market was undervaluing TXNM and,
5 indirectly, PNM and TNMP. The purchase price Troy agreed to pay reflects its view of
6 the actual value of TXNM, including PNM and TNMP (including return on equity,
7 permitted equity layer, rate base and its growth prospects).

8
9 **Q. In summary, do you believe Blackstone Infrastructure and Troy are good partners**
10 **for PNM?**

11 **A.** Yes, like Witnesses Klimczak and Boyd, I have spent considerable time with the PNM
12 management team. I am impressed with their engagement in the community and the open
13 way in which they have communicated with Blackstone Infrastructure about PNM's needs
14 and the advantages they see in partnering with Blackstone Infrastructure. We have had
15 significant interaction with stakeholders and community leaders for more than a year and
16 have seen the passion and commitment New Mexicans have for the State. I know I speak
17 for the broader Blackstone Infrastructure team when I say that I look forward to working
18 in the State and with PNM's stakeholders to meet the challenges facing PNM over the
19 coming years and decades. With the support of Blackstone Infrastructure's commitment
20 and talents, PNM will be well-positioned to continue to provide safe, clean, affordable, and
21 reliable electric service and support to the local community for the long term.

⁶ *Procedural Order Establishing Affirmatively Relevant Topics*, Docket No. 25-00060-UT at ¶ E (Jan. 15, 2026) ("Relevant Topics Order").

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V. SUMMARY AND CONCLUSION

Q. Please summarize your Revised Testimony.

A. Blackstone Infrastructure is an open-ended, perpetual life fund with a proven track record of investing in utilities. We are excited about the opportunity to invest in New Mexico and partner with the strong management team at PNM to help realize their goals over the next decade and beyond.

Q. Do you believe the Acquisition benefits PNM's customers and is in the public interest?

A. Yes, for the reasons stated in my Revised Testimony, and in the revised testimonies of Witnesses Klimczak and Boyd, the Acquisition results in significant net benefits to the customers of PNM and passes the statutory test of being in the public interest.

Q. Does this conclude your direct testimony?

A. Yes.

GCG#535784

Résumé of Sebastien Sherman

JA Revised Exhibit SS-1

Is contained in the following 1 page.

Sebastien Sherman

experience

2017-Present	BLACKSTONE INFRASTRUCTURE PARTNERS (BIP) Senior Managing Director, Head of Utilities and Transportation Senior member of BIP investment team who leads investment and origination in the transportation and utilities sectors in the Americas.	NEW YORK, NY
	<u>Transaction Experience</u> • NIPSCO. Led the acquisition of a 19.9% stake in and serves on the Board of Directors of NIPSCO, the Indiana-based electric and gas distribution company for [\$2.15Bn]. (2023) • Applegreen. Led the acquisition and serves on the Board of Directors of Applegreen, one of the largest motorway service area and roadside convenience retailers across Ireland, the U.K. and the U.S. (2021) • FirstEnergy Primary Equity Issuance. Led execution of \$1Bn investment in FirstEnergy, a large fully-regulated electric transmission and distribution utility. (2021) • Carrix. Acquisition of the largest container terminal operator in the Americas. Serves as Chairman of the Board of Directors and supports management with ongoing strategic initiatives, with a focus on M&A, succession planning, and capital structure. (2019, 2021)	
2003-2017	OMERS INFRASTRUCTURE Senior Managing Director, Head of Americas Over the course of 14 years at OMERS, in separate periods, led the Americas and Europe investment regions. Served as a member of the global management committee, reviewing ~25 binding bids and over 100 indicative bids. Managed bid teams conducting due diligence and completing utility, transport, midstream, and power generation investments in the United States, Canada, Europe, and Latin America. Served on the boards of 8 companies that collectively represented over \$30Bn of enterprise value.	TORONTO, CA & LONDON, ENGLAND
	<u>Select Transaction Experience</u> • Bruce Power. Board member of the largest single-site nuclear energy facility in the world (6,400 MW) and part of ownership and management team that negotiated contract supporting a US\$10Bn investment to refurbish 6 of its units. (2015-17) • Oncor Electric. Accountable for OMERS' investments in Americas in 2015-17 including Oncor, the largest transmission and distribution utility in Texas. (2015-17) • Quintero LNG. Served on the board and led investment diligence for the southern hemisphere's first terminal for the reception, unloading, storage and regasification of liquefied natural gas (LNG) in Chile. (2017) • Scotia Gas Networks. Served on the board for over 6 years and led business plan and diligence for the second largest gas distribution utility in the UK, with 6 million customers. (2005-13)	
2000-2002	MORGAN STANLEY Senior Associate, Corporate Finance - Investment Banking Department	TORONTO, CA
1998-2000	TD SECURITIES Associate, Mergers and Acquisitions - Investment Banking Department	TORONTO, CA
1996-1998	RBC CAPITAL MARKETS (F.K.A. RBC DOMINION SECURITIES) Analyst, Mergers and Acquisitions - Investment Banking Department	TORONTO, CA
education		
2003-2006	CFA INSTITUTE Awarded Chartered Financial Analyst Charter in 2006	VIRGINIA, US
1991-1995	QUEEN'S UNIVERSITY B.A. in Economics (Honors). Granted 4-year full tuition scholarships	ONTARIO, CA

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) **Case No. 25-00060-UT**
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **SEBASTIEN SHERMAN, Senior Managing Director of Blackstone Inc.**, upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Revised Testimony and Exhibit of Sebastien Sherman In Support of the Revised Application and co-sponsored exhibits** which are true and correct based on my personal knowledge and belief.

DATED this 15th day of September, 2026.

/s/ Sebastien Sherman
SEBASTIEN SHERMAN

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

REVISED TESTIMONY AND EXHIBITS
OF
HEIDI BOYD
IN SUPPORT OF THE REVISED APPLICATION

SEPTEMBER 15, 2026

NMPRC CASE NO. 25-00060-UT
INDEX TO THE REVISED TESTIMONY OF
HEIDI BOYD

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**REVISED TESTIMONY OF
HEIDI BOYD
CASE NO. 25-00060-UT**

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name and business address.

A. My name is Heidi Boyd. My business address is 100 Wilshire Boulevard, Suite 200, Santa Monica, California 90401.

Q. By whom are you employed?

A. I am employed by Blackstone Inc. (“Blackstone”), a publicly traded investment firm listed on the New York Stock Exchange (NYSE: BX), as a Senior Managing Director. I am a member of the team within Blackstone that focuses primarily on Blackstone Infrastructure’s¹ investments in the utilities and transportation sectors.

Q. Please describe your professional experience and your educational qualifications.

A. Since joining Blackstone in 2018, I have been involved in transactions involving key Blackstone Infrastructure investments, including Northern Indiana Public Service Company (“NIPSCO,” via investment in NIPSCO Holdings II LLC), FirstEnergy Corp. (“FirstEnergy”), Carrix, Inc., and Safe Harbor Marinas. Before joining Blackstone, I worked at Macquarie Infrastructure and Real Assets, where I was involved in transactions across the utility, energy, waste, and transportation sectors. Prior to that, I was a Consultant for the Boston Consulting Group.

¹ Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in Revised Application Exhibit F, the Revised 2026 General Diversification Plan, filed in this matter.

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1 I received a Bachelor of Arts degree in Science, Technology and Society from Stanford
2 University. In addition, I received a Master of Business Administration degree from
3 Harvard Business School. A copy of my resume is attached to this testimony as JA Revised
4 Exhibit HB-1.

5
6 **Q. On whose behalf are you submitting this testimony?**

7 **A.** I am submitting testimony on behalf of Troy ParentCo LLC (“Troy”), and I am familiar
8 with and provide information about Blackstone Infrastructure and the role that it will play
9 in the future ownership structure of Public Service Company of New Mexico (“PNM”) if
10 the transaction proposed in this case (the “Acquisition”) is approved.

11
12 **Q. Have you previously filed testimony before the New Mexico Public Regulation**
13 **Commission (“Commission”) or any other regulatory authorities?**

14 **A.** Yes. I have previously filed the following testimony before the Commission in this case:
15 • August 25, 2025 – Direct Testimony in support of the Joint Application (“Direct
16 Testimony”).
17 • February 16, 2026 – Supplemental Testimony (“Supplemental Testimony”) in
18 response to the Commission’s *Order on Affirmatively Relevant Topics*.²
19

² *Procedural Order Establishing Affirmatively Relevant Topics*, Docket No. 25-00060-UT (Jan. 15, 2026) (“Relevant Topics Order”).

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Q. Before going further, please identify what you mean when you use the terms “Troy” and “Blackstone Infrastructure” in this testimony.

A. Witness Sherman identifies Blackstone Infrastructure in his testimony at page 6. I will not repeat that testimony but will note that as Witness Sherman testifies, upon consummation of the Acquisition TXNM Energy, Inc. (“TXNM”) will become a direct wholly owned and controlled subsidiary of Troy, which will be owned and controlled by Blackstone Infrastructure, as that term is defined.

II. OVERVIEW OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my Revised Testimony is to support the revised application (“Revised Application”) filed by Troy, TXNM and PNM (the “Joint Applicants”) requesting approval of the Acquisition from the New Mexico Public Regulation Commission (“Commission”). In my testimony, I explain the benefits of the Acquisition and why it is consistent with the public interest.

This Revised Testimony reflects information the Commission required subsequent to the original application (“Original Application”) in its *Relevant Topics Order*. I have also revised my testimony based on the Joint Applicants’ experience over the last year engaging with PNM stakeholders and communities, which has resulted in the Joint Applicants’ enhanced Regulatory Commitments (“Revised Regulatory Commitments”) included in

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1 Revised Application Exhibit B-1³ and discussed in my testimony. This Revised Testimony
2 is intended to completely replace my Direct Testimony and Supplemental Testimony.

3
4 **Q. How is the rest of your testimony organized?**

5 **A.** In Section III of my testimony, I summarize my involvement in the Acquisition and discuss
6 the mechanics of the Acquisition.

7
8 In Section IV, I describe the tangible and quantifiable benefits that will accrue to customers
9 in the PNM service area as a result of the Acquisition. I also describe the Revised
10 Regulatory Commitments that the Joint Applicants will undertake to ensure that PNM is
11 ring-fenced in a way that protects customers, that PNM remains responsive to the
12 Commission and to the needs of its customers, and that customers and stakeholders receive
13 increased transparency through enhanced affiliate transaction oversight by the
14 Commission. In addition, I discuss how all of the Revised Regulatory Commitments
15 provide benefits to customers and the public.

16
17 Finally, in Section V, I summarize my testimony and specify the relief that the Joint
18 Applicants are seeking from the Commission.

19
20 **Q. Are you sponsoring any exhibits to your testimony?**

21 **A.** Yes. In addition to my resume, attached to my Revised Testimony as JA Revised Exhibit
22 HB-1, I also co-sponsor Revised Application Exhibit A (Corporate structure charts),

³ Revised Application Exhibit B-2 also contains the Revised Regulatory Commitments in a redlined form.

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1 Revised Application Exhibit B-1 (Revised Regulatory Commitments), Revised
2 Application Exhibit B-2 (Redline of Regulatory Commitments), and Application Exhibit
3 E (Agreement and Plan of Merger).

III. SUMMARY OF THE ACQUISITION

6 **Q. Do you have personal knowledge of the events that led to the agreements underlying**
7 **the Acquisition?**

8 **A.** Yes. I was personally involved in the preparation and submission of the bid that Blackstone
9 Infrastructure made for acquisition of TXNM. I was also involved in the subsequent
10 negotiations that culminated in execution of the “Agreement and Plan of Merger, dated as
11 of May 18, 2025, by and among Troy Parent, Troy Merger Sub Inc. (“Troy Merger Sub”),
12 and TXNM Energy, Inc.” (the “Merger Agreement”). The Merger Agreement is
13 Application Exhibit E.

15 **Q. Please describe the Acquisition.**

16 **A.** Under the terms of the Merger Agreement, Troy will acquire TXNM for \$61.25 per share
17 in cash, which represents a 23% premium over TXNM’s unaffected 30-day volume
18 weighted average price as of March 5, 2025, the day before the press reported the potential
19 for an acquisition of TXNM. That share price reflects a net enterprise value of
20 approximately \$11.5 billion, including debt and preferred stock. The specific details of the
21 Acquisition structure are described further below in my testimony.

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Q. How will Troy's financing plans support the credit quality and financial strength of TXNM and its utility subsidiaries?

A. Blackstone Infrastructure's financing plans demonstrate its commitment to strengthening TXNM's balance sheet, reducing financial risk and supporting TXNM and PNM's existing credit ratings. Troy intends to finance the Acquisition with only equity and the assumption or refinancing of existing debt. The Acquisition will not cause TXNM or PNM to incur any incremental debt. Troy has supported TXNM's issuance of common equity to investors unaffiliated with Blackstone Infrastructure that have raised \$975 million of equity to date to reduce indebtedness, fund investments that benefit customers and are likely to increase TXNM's share count by approximately 19%. The equity issued by TXNM will increase the number of shares outstanding that Blackstone Infrastructure has committed to acquire upon close of the Acquisition, without any Acquisition-related debt, and therefore the equity that Blackstone Infrastructure needs to fund at closing, including paying a premium over the price at which the shares that TXNM is issuing to parties other than Blackstone Infrastructure before closing of the Acquisition. These equity issuances and Blackstone Infrastructure's plan to use only equity to fund the Acquisition through Troy clearly demonstrate Blackstone Infrastructure's commitment to strengthening TXNM's balance sheet, reducing financial risk and supporting TXNM and PNM's existing credit ratings.

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1 **Q. Please describe how the Acquisition will occur if the Joint Applicants receive the**
2 **necessary approvals from this Commission and other regulatory bodies.**

3 **A.** The Merger Agreement, which is Application Exhibit E, reflects a plan of merger involving
4 TXNM, Troy, and Troy Merger Sub (a wholly owned subsidiary of Troy). As discussed
5 in detail in Witness Sherman's testimony, upon receipt of the last of the necessary
6 governmental approvals, Troy Merger Sub will be merged with and into TXNM, and the
7 separate corporate existence of Troy Merger Sub will cease. As the surviving corporation,
8 TXNM will be a direct subsidiary of Troy and thus indirectly controlled and owned by
9 Blackstone Infrastructure.² At the closing of the Acquisition, all persons and entities that
10 are TXNM shareholders will have their shares acquired at the price of \$61.25 per share.

11
12 **IV. BENEFITS AND REVISED REGULATORY COMMITMENTS**

13 **Q. What are the benefits and Revised Regulatory Commitments of this Acquisition?**

14 **A.** Revised Application Exhibit B-1 is a list of the Revised Regulatory Commitments outlining
15 the benefits and protections that the Joint Applicants are offering to undertake if the
16 Commission approves the Acquisition. In his testimony, Witness Monroy discusses in
17 detail these Revised Regulatory Commitments from his perspective as an officer of PNM.
18 Here, I will highlight certain important commitments made by the Joint Applicants from
19 the perspective of Troy and the associated benefits.

20
21 I will first discuss the Joint Applicants' commitments that will bring tangible and
22 quantifiable benefits to PNM customers if the Commission approves the Acquisition. I

² Witness Sherman describes the resulting corporate structure in more detail in his testimony.

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1 will then discuss the significant Revised Regulatory Commitments that the Joint
2 Applicants are offering with respect to, among other things, governance, financial
3 protections, regulatory jurisdiction, local control and management of PNM and increased
4 transparency through enhanced oversight of affiliate transactions.

5
6 At a high level, our goal is to present a package that leaves customers in a better position
7 than they would be without this Acquisition from the following perspectives: (i) customer
8 financial wellbeing (which we address through direct rate credits, low-income assistance,
9 economic development commitments, and commitments to non-recovery of transaction
10 costs); (ii) quality of the PNM electric grid (supported by energy transition and innovation
11 commitments, equity commitment to fund the business plan, and workforce commitments);
12 (iii) financial stability for PNM (supported by various financial ringfencing commitments
13 and delegation of authority to the independent, disinterested and local PNM Board); and
14 (iv) enhanced transparency, visibility, and accountability through Commission oversight
15 of PNM.

16
17 **A. Tangible and Quantifiable Benefits**

18 **Q. Please identify the quantifiable and tangible benefits to PNM's customers if this**
19 **Acquisition is approved.**

20 **A.** The Joint Applicants are offering a number of tangible and quantifiable benefits for PNM's
21 customers and service area. First, the Joint Applicants, solely at shareholder expense, will
22 provide a direct financial benefit to customers in the form of \$220 million in rate credits
23 over a 10-year period: \$105 million to be applied to customers' bills over a four-year period
24 following the closing of the Acquisition and \$115 million to be applied to customers' bills

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1 over the six-year period immediately following that four-year period.⁴ This rate credit is
2 approximately 10 times greater, on a total-dollar basis, than the most recently approved
3 New Mexico utility merger and 4.5 times greater, on a per-customer basis, than any recent
4 rate credit approved in a New Mexico utility merger transaction to date. Witness Monroy
5 details PNM's plans for allocation of these rate credits. As he describes, the Joint
6 Applicants propose that these rate credits will begin shortly after the Acquisition is
7 approved and consummated. None of the costs of these tangible and quantifiable benefits
8 will be passed on to customers.

9
10 **Q. Are the Joint Applicants offering any other tangible and quantifiable benefits to**
11 **PNM's customers?**

12 **A.** Yes. Joint Applicants will, solely at shareholder expense, contribute \$65 million in
13 innovative or emerging technology investments and economic development funds over a
14 period of 10 years.⁵

15
16 **Q. Please describe the innovative or emerging technology investments that the Joint**
17 **Applicants are committing to.**

18 **A.** Troy will contribute through TXNM, at no cost to customers, \$25 million to be provided
19 within 10 years for utility infrastructure targeting utility-directed virtual power plant
20 ("VPP") technology projects, subject to Commission approval of the program.⁶ If a pilot
21 project is not selected or approved, the monies will be used to offset customer costs of the

⁴ Revised Regulatory Commitment No. 1.

⁵ Revised Regulatory Commitment Nos. 2, 4.

⁶ Revised Regulatory Commitment No. 2.

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1 Grid Mod rate rider.⁷ The investment in VPP technology will create the necessary
2 infrastructure on the utility side of the meter to coordinate customer resources such as
3 electric vehicles, battery energy storage, solar, smart thermostats, and flexible equipment
4 to help meet peak demand and reduce strain on the grid. This contribution will directly
5 benefit customers by helping to offset the costs of developing and implementing cutting-
6 edge electric solutions used to serve customers, which otherwise may be included in rate
7 base. This is meant to foster the pursuit of innovative and emergent technology pilot
8 projects that can facilitate the energy transition occurring in New Mexico.

9
10 **Q. How will the remaining \$40 million in economic development funds be contributed to**
11 **benefit PNM's customers?**

12 **A.** Troy, through TXNM, will contribute \$40 million in economic development funds over 10
13 years.⁸ Of that \$40 million, \$25 million will be allocated to workforce development
14 programs that will be overseen by PNM, such as job training, apprenticeships, or
15 scholarships in utility-related areas of industry.⁹ Blackstone Infrastructure supports the
16 view that a strong educational pipeline from secondary education through college level or
17 apprenticeship programs is vital to sustaining a strong New Mexico work force that is
18 attractive to businesses seeking new opportunities and locations.

19
20 In addition, this commitment can provide funding to help drive economic development in
21 New Mexico through targeted financial support that builds on existing economic

⁷ *Id.*

⁸ Revised Regulatory Commitment No. 4.

⁹ Revised Regulatory Commitment No. 4(a).

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1 development initiatives in PNM's service areas. Blackstone Infrastructure's long-term
2 investment horizon and access to perpetual capital (meaning that there is no specific end-
3 date for the fund or any fund investment and that we have the flexibility to continue raising
4 money and investing in businesses indefinitely) allows us to become a part of the local
5 community. By supporting economic development, we are not only focused on the short-
6 term benefits but also long-term growth through attracting businesses and investors to New
7 Mexico. Additionally, as Witness Tarry discusses, economic development will ultimately
8 drive more affordable rates for all customers.

9
10 The other \$15 million will be committed to a fund to promote economic development in
11 New Mexico.¹⁰ The economic development fund monies will be disbursed ratably over 10
12 years. Witness Monroy discusses the management of, public engagement in, and reporting
13 on the economic development fund in his testimony. I confirm that the economic
14 development fund will be held and managed in accordance with Revised Regulatory
15 Commitment No. 4.

16
17 **Q. Are the Joint Applicants offering any additional contributions to PNM's Good**
18 **Neighbor Fund?**

19 **A.** Yes. Troy, through TXNM, solely at shareholder expense, will provide \$1.5 million
20 annually, over a 10-year period, to PNM's Good Neighbor Fund, with the initial funding
21 beginning after approval of the Acquisition and then subsequently each year thereafter.¹¹

¹⁰ Revised Regulatory Commitment No. 4(b).

¹¹ Revised Regulatory Commitment No. 3.

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1 As Witness Monroy testifies, the Good Neighbor Fund provides critical financial support
2 to customers who need it most, and this commitment supports affordability. The Good
3 Neighbor Fund is supported by customer and employee donations as well as PNM
4 shareholders and is used to assist low-income customers who are behind on their bills. This
5 additional annual contribution for the 10-year period will enable PNM to provide
6 approximately four and a half times the average annual funding previously made available
7 to the Good Neighbor Fund. Witness Monroy details in his testimony some of the impacts
8 this contribution could have.

9
10 **Q. What is the significance of these contributions to the evaluation of this case.**

11 **A.** Collectively, these contributions provide financial benefits to PNM's customers, to the
12 communities served by PNM, and to New Mexico. These contributions help establish that
13 the Acquisition is in the public interest and will directly benefit PNM's customers. Further,
14 because the customer rate credits, the contributions toward innovative technologies and
15 economic development, and the charitable organization contributions will be excluded
16 from ratemaking, these commitments will not have any negative impact on customer rates.

17
18 **B. Qualitative Benefit and Protection Revised Regulatory Commitments**

19 **Q. Please discuss the qualitative benefit and protection Revised Regulatory**
20 **Commitments the Joint Applicants are making.**

21 **A.** Joint Applicants commit to a significant number of Revised Regulatory Commitments to
22 protect and benefit the customers of PNM. In the following section, I identify the Revised
23 Regulatory Commitments and explain the reasoning from Troy's (and the broader
24 Blackstone Infrastructure's) point of view for these commitments. Witness Monroy also

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discusses these Revised Regulatory Commitments in his testimony, including PNM's anticipated implementation of many of the specific commitments.

1. Blackstone Infrastructure's long-term commitment to New Mexico.

Q. Is Troy making a commitment to maintain a long-term, controlling interest in PNM?

A. Yes. In addition to the monetary commitments described above, Troy commits that it will maintain a controlling interest in PNM for at least 10 years after closing of the Acquisition.¹² Consistent with this commitment, I affirm that Troy does not currently contemplate an exit or sale of this investment but rather views it as long-term, multi-decade investment. Additionally, Troy commits that TXNM's and PNM's headquarters will remain in New Mexico as long as they are owned by Troy.¹³ These commitments reinforce the long-term continuity of Troy's investment in New Mexico and are in the public interest.

2. Commitment to continued local control of PNM.

Q. Please identify the Revised Regulatory Commitments addressing continued local control and management of PNM.

A. Blackstone Infrastructure understands that experienced utility managers best understand how to run their businesses and how to serve their communities. It is also important that utility customers feel utility management is responsive to customers' needs. To address those objectives, in addition to the two commitments described immediately above, Revised Regulatory Commitment Nos. 35 and 37-41 commit to continued local control of

¹² Revised Regulatory Commitment No. 36.

¹³ Revised Regulatory Commitment No. 34.

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1 PNM and enhanced workforce opportunities and protections. Specifically, the Joint
2 Applicants commit that PNM's President and CEO and senior management will continue
3 to have day-to-day control over operation of PNM.¹⁴ There are no plans to install new
4 management at PNM.¹⁵ These commitments are intended to support the ongoing
5 interaction between PNM's local leadership and the community leadership that is the
6 foundation of effective provision of utility service.

7
8 The senior management of PNM will continue to have day-to-day control over operations,
9 the pace and scope of capital investment in the New Mexico service territory, rate case
10 filings, the development of detailed annual operating plans, and decisions to insource and
11 outsource labor and support services. The current process by which PNM management
12 develops a bottom-up budget based on operational, regulatory and financial needs will
13 continue. PNM's senior management will review and finalize that budget and will continue
14 to submit it to the PNM Board for approval. Similarly, PNM's senior management will
15 continue to determine the timing and amount of rate adjustments that will be proposed to
16 the Commission.

17
18 Additionally, to provide local operational continuity, the Joint Applicants' commit that for
19 at least three years post-closing, PNM will not implement any involuntary workforce
20 reductions (other than for cause or performance) or reductions in wages or benefits¹⁶ and

¹⁴ Revised Regulatory Commitment No. 35.

¹⁵ As discussed in the TXNM SEC Schedule DEFM14A, Proxy Statement, filed on July 21, 2025 ("Proxy Statement"), pp. 75, Ms. Collawn will terminate her employment as Executive Chairman for TXNM upon the consummation of the Acquisition. The Proxy Statement is Attachment D to the Revised Application.

¹⁶ Revised Regulatory Commitment No. 37.

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1 that PNM will continue to honor PNM’s labor contracts with the International Brotherhood
2 of Electrical Workers.¹⁷ This commitment extends by 12 months the initial 24-month
3 commitment contained in the Merger Agreement, Application Exhibit E.

4
5 **Q. How do the Revised Regulatory Commitments further enhance workforce**
6 **opportunities for New Mexicans?**

7 **A.** The work that PNM performs requires both PNM personnel and contractors to be
8 successful. Troy believes in responsible contractor practices and supports the Responsible
9 Contractor Policy (“RCP”) that guides Blackstone Infrastructure’s engagement on
10 contractor procurement practices. A copy of the RCP is attached to this testimony as JA
11 Revised Exhibit HB-2. To create high-quality jobs for local workers, PNM is committing
12 to adhere to the RCP and prioritize local, union labor whenever possible for projects
13 covered by the RCP. To reflect Troy’s commitment to “fair wages and benefits,” as
14 detailed in the RCP, PNM will require its contractors and subcontractors to pay no lower
15 than the applicable prevailing wages and fringe benefits¹⁸ for all construction crafts
16 employed on projects the RCP covers.¹⁹ In addition, PNM will, through good-faith efforts,
17 convene with the DWS to establish a process for fulsome investigation and enforcement.²⁰

18
19 **Q. Are there other Revised Regulatory Commitments that support the success of PNM**
20 **contractors?**

¹⁷ Revised Regulatory Commitment No. 38.

¹⁸ Applicable prevailing wages and fringe benefits are determined by the New Mexico Department of Workforce Solutions (“DWS”).

¹⁹ Revised Regulatory Commitment No. 39.

²⁰ Revised Regulatory Commitment No. 41.

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1 **A.** Yes. PNM will also include in its generation resource RFPs a requirement that contractors
2 and subcontractors comply with NMSA Section 62-13-16, when applicable. For
3 informational purposes only, PNM contractors and/or developers will provide PNM
4 monthly reports during construction of generation resources the PRC approves for PNM
5 and will also file the reports with DWS.²¹

6
7 In addition, to ensure local economic benefit and to align with the “Preference for New
8 Mexico Workers,” PNM will require apprentices to be sourced from programs registered
9 under the New Mexico Apprenticeship Assistance Act, to the extent available through such
10 programs. Finally, PNM contractors and subcontractors must prioritize the hiring of local,
11 New Mexico resident workers.²²

12
13 **Q.** **Please explain why these commitments are important to Blackstone Infrastructure.**

14 **A.** Blackstone Infrastructure’s model of investing is to invest in well-run companies and then
15 provide those companies with the resources they need to flourish. When the portfolio
16 company does well, its customers do well, and Blackstone Infrastructure investors receive
17 a return on their investment. For these reasons, committing to continued local control of
18 PNM and enhanced workforce opportunities and protections is a critical part of Troy’s
19 investment in PNM.

20
21

²¹ Revised Regulatory Commitment No. 40.

²² *Id.*

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1 3. Governance and Board Structure Commitments.

2 **Q. Are the Joint Applicants offering any Revised Regulatory Commitments regarding**
3 **corporate governance and board structure?**

4 **A.** Yes. The Joint Applicants are proposing a number of Revised Regulatory Commitments
5 that prescribe the forms of corporate governance and board structure going forward. These
6 are contained in Revised Regulatory Commitment Nos. 6-11 in Revised Application
7 Exhibit B-1. These commitments relate to the post-Acquisition PNM Board of Directors
8 (“PNM Board”) and include provisions addressing the composition of the PNM Board and
9 their duties. These six Revised Regulatory Commitments are intended to formalize the
10 governance and oversight of PNM as a locally governed and managed utility after closing
11 of the Acquisition. Under the proposed governance structure, PNM can remain focused on
12 its financial health and regulated utility business in order to meet customer needs.

13
14 Specifically, PNM will have a nine-member board, including at least five disinterested
15 directors. The five disinterested directors must qualify as independent from PNM,
16 Blackstone and their affiliates in all material respects in accordance with the rules and
17 regulations of New York Stock Exchange.²³ At least three of the disinterested directors
18 will be residents of New Mexico. The President and CEO of PNM will be one of the
19 directors.²⁴ At least one of the eight non-CEO directors will have utility executive
20 experience.²⁵ The PNM Board will have the duty to act, subject to applicable New Mexico

²³ Revised Regulatory Commitment No. 6.

²⁴ *Id.*

²⁵ *Id.*

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1 law, in the best interests of PNM.²⁶ Having a majority disinterested board provides an
2 independent perspective on PNM's business that, when combined with the perspectives of
3 New Mexico residents, directors with utility executive experience, and PNM's CEO, will
4 benefit PNM's business and ultimately customers.

5
6 **Q. How will the PNM Board members be selected and appointed?**

7 **A.** TXNM will use a nationally recognized executive recruiting firm to identify a slate of
8 qualified candidates for the disinterested director seats. From this list, TXNM will appoint
9 disinterested directors for the PNM Board. Each disinterested director will serve for a term
10 of two years, and their terms will be staggered so no more than three disinterested directors
11 are up for renewal each year.²⁷ The remaining three Directors will be selected by TXNM
12 and will not be required to meet independence requirements. The initial PNM Board
13 members will be identified in a PNM compliance filing within 90 days after closing the
14 Acquisition.²⁸

15
16 **Q. How will the PNM Board members be evaluated and compensated?**

17 **A.** Consistent with the process that exists today with respect to the TXNM Board of Directors,
18 all PNM Board members will be evaluated through a peer-review (*i.e.*, review by other
19 members of the PNM Board) process to provide feedback and assess their effectiveness.
20 The results of this process will be provided to TXNM. The compensation for being a PNM
21 disinterested director will not be tied to, reflect, or be related to the financial, operating, or

²⁶ Revised Regulatory Commitment No. 8.

²⁷ Revised Regulatory Commitment No. 6.

²⁸ Revised Regulatory Commitment No. 7.

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1 other performance of any entity or interest other than PNM.²⁹ The PNM Board will have
2 the power to set the compensation and benefits for being a PNM director, in the form and
3 manner it directs, subject to the approval of Troy.³⁰ In addition, any director that is a
4 Blackstone or PNM employee will not receive any compensation for their services on the
5 PNM Board.³¹ This provision reflects a commitment to retain the independence of the
6 directors by keeping their compensation independent of PNM's financial or other
7 performance metrics.

8
9 **Q. Please explain how the PNM Board will approve, disapprove or modify decisions**
10 **within PNM after the Acquisition closes.**

11 **A.** Witness Monroy discusses the current interactions between PNM senior management and
12 the TXNM Board. After the Acquisition closes, as a practical matter, the governance
13 functions currently exercised by the TXNM Board with respect to PNM will be conducted
14 by the PNM Board. Thus, after the Acquisition closes, the interactions between PNM
15 senior management and the PNM Board generally will mirror the current interactions
16 between PNM senior management and the previous TXNM Board.

17
18 **Q. What is the significance of these commitments?**

19 **A.** The PNM Board structure presents the opportunity for significant involvement by directors
20 and by individuals with utility executive experience, including the President and CEO of
21 PNM, members or representatives of Blackstone Infrastructure, and the disinterested

²⁹ Revised Regulatory Commitment No. 11.

³⁰ *Id.*

³¹ *Id.*

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1 directors. While the precise identity of the PNM Board members is not yet known, this
2 board structure supports creation of a community-based and business-knowledgeable
3 board. The proposed board structure is fundamentally more local and disinterested than
4 the current public company shareholder structure, creating a clear benefit.

5
6 **Q. Do the Revised Regulatory Commitments require that certain types of decisions be**
7 **the sole province of the PNM Board?**

8 **A.** Yes. Revised Regulatory Commitment No. 9 provides that the PNM Board will have
9 decision-making authority over PNM dividend policy, debt issuance, issuance of dividends
10 or other distributions (other than tax distributions), capital expenditures, shared services
11 fees, operation and maintenance expenditures, and appointment or removal of officers.³²
12 These PNM Board decisions cannot be overruled by Troy or any affiliate that controls
13 Troy, other than certain shareholder consent rights related to budget, dividend policy, and
14 decisions regarding officers.³³ In other words, for hiring or firing a PNM officer, adopting,
15 amending or deviating from a budget, a business plan or the dividend policy, TXNM and
16 the PNM Board must have a common agreement on approach. Consent rights like these
17 are common for shareholders and are intended to protect and enable appropriate oversight
18 of their investment without providing day-to-day control over PNM operations. These
19 provisions reflect the Joint Applicants' commitment that important decisions regarding
20 PNM's day-to-day operations will be made by the PNM Board, not by other entities.

³² Revised Regulatory Commitment No. 9.

³³ *Id.*

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1 **Q. Do the Revised Regulatory Commitments impose any limits on dividend distributions**
2 **by the PNM Board?**

3 **A.** Yes. In addition to the authority granted the PNM Board in Revised Regulatory
4 Commitment No. 9, Revised Regulatory Commitment Nos. 10, 12, and 13 limit or restrict
5 the PNM Board's ability to pay dividends. Significantly, Revised Regulatory Commitment
6 No. 10 provides:

7
8 A vote of a majority of the disinterested directors can prevent PNM from making
9 any dividends other than tax distributions, if determined in good faith to be required
10 to meet its debt-to-equity commitment. Any amendments or changes to the
11 dividend policy shall be approved by a majority vote of the PNM Board, including
12 the affirmative vote of a majority of the disinterested directors.³⁴ A vote of majority
13 of the disinterested directors of the PNM Board may prevent PNM from making
14 any dividends at any time during the five-year capex budget that is subject to
15 Revised Regulatory Commitment No. 14 if the PNM Board reduces the capital
16 expenditures below the 2026-2030 five-year plan based on limited equity financing
17 availability.

18 In addition, unless otherwise permitted by the Commission, PNM will not pay dividends,
19 except for tax distributions, if either (a) its credit rating is below investment grade or
20 (b) paying dividends would cause its credit rating to be below investment grade³⁵ and will

³⁴ As discussed above, hiring or firing a PNM officer, adopting, amending or deviating from a budget, a business plan or the dividend policy, TXNM and the PNM Board must have a common agreement on approach.

³⁵ Revised Regulatory Commitment No. 12. PNM will notify the Commission promptly of any change in its credit rating. *Id.*

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1 limit its payment of dividends, except for tax distributions, to an amount not to exceed its
2 net income as determined in accordance with GAAP.³⁶

3
4 **Q. Does the proposed PNM Board governance align with implementation of the financial**
5 **protections included in the Revised Regulatory Commitments?**

6 **A.** Yes. The PNM Board structure and governance provisions reinforce the foundational
7 protections agreed to for the financial health of the utility. As noted above, a vote of the
8 majority of the disinterested directors of the PNM Board (in other words, three of the disinterested
9 directors) can prevent PNM from making any dividends, other than tax distributions, if they
10 determine in good faith that suspension of dividend payments is required to meet agreed debt-to-
11 equity commitments.³⁷ Any amendments or changes to the dividend policy must be approved by
12 a majority vote of the PNM Board, including the affirmative vote of a majority of the disinterested
13 directors.³⁸ Further, as described below, a vote of a majority of the disinterested directors
14 of the PNM Board may prevent PNM from making any dividends at any time during the
15 first five years if the PNM Board reduces the capital expenditures below the current five-
16 year plan based on limited equity financing availability.³⁹

17
18 **Q. Please discuss Troy's Commitment to fund PNM's 2026-30 capital funding budget.**

19 **A.** First, Revised Regulatory Commitment No. 14 provides:
20

³⁶ Revised Regulatory Commitment No. 13.

³⁷ Revised Regulatory Commitment No. 10.

³⁸ *Id.*

³⁹ *Id.*

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PNM will continue to make minimum capital expenditures in an amount equal to PNM's current 2026-2030 capital budget of \$4.9 billion, subject to the following adjustments: PNM may reduce capital spending due to conditions not under PNM's control, including, without limitation, siting delays, cancellation of projects by third parties, weaker than expected economic conditions, or if PNM determines that a particular expenditure would not be prudent.

This Revised Regulatory Commitment No. 14, while subject to reasonable flexibility, demonstrates a clear intent by the Joint Applicants to meet the current 2026-2030 \$4.9 billion capital budget.

Second, as discussed above, Revised Regulatory Commitment No. 10 provides that a vote of a majority of the disinterested directors of the PNM Board may prevent PNM from making any dividends at any time during the term of the five-year capex budget that is subject to Revised Regulatory Commitment No. 14 if the PNM Board reduces PNM's capital expenditures below the 2026-2030 five-year plan based on limited equity financing availability.

Taken together, Revised Regulatory Commitment Nos. 14 and 10 tie dividends to capital funding, reinforcing the commitment that PNM's capital budget for the next five years will be fully funded by Troy. After the first five years, the disinterested directors will continue to have authority over changes in dividend policy under Revised Regulatory Commitment No. 10, subject to the consent right discussed above. These two commitments provide a framework for Troy and PNM to work together to fund PNM capital expenditures through

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2030. Beyond that, as I mentioned above, Blackstone Infrastructure’s philosophy is to fund its portfolio companies so that these companies can succeed.

Q. Explain how the proposed PNM Board can help PNM continue to meet and serve the needs of its customers.

A. The post-Acquisition PNM Board—with five disinterested directors, at least three of whom are from New Mexico, and with at least two directors with utility experience (the PNM CEO and one more director)—is intended to provide PNM with support to make prudent strategic decisions on behalf of PNM and its customers. The directors from New Mexico can provide a community-based perspective on the issues facing PNM and its customers. The utility-experienced directors, including the PNM CEO and a former executive with experience at another utility, will bring the benefits of utility experience and knowledge. Overall, the proposed PNM Board structure creates a framework that ensures guidance and input into PNM’s strategic and financial decisions from directors with diverse experience and interests.

While ultimately local management remains responsible for the operations and strategic initiatives of the company and answers to the Commission for the reasonableness of PNM’s utility rates and services, the proposed PNM Board is designed to provide a well-rounded view when considering the complexity of issues that PNM faces going forward.

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1 4. Financial and Regulatory Jurisdiction Protections

2 **Q. Please turn now to the financial and ring-fencing protections that the Joint Applicants**
3 **are proposing in this case. What types of protections are the Joint Applicants**
4 **proposing?**

5 **A.** The Joint Applicants are proposing financial and ring-fencing commitments that enable
6 PNM to operate largely as a standalone entity, thereby avoiding entanglements that could
7 threaten its financial stability. The financial and ring-fencing Revised Regulatory
8 Commitments proposed by the Joint Applicants offer protections that provide financial and
9 regulatory assurances to PNM's customers.

10
11 **Q. Please describe these protections in greater detail.**

12 **A.** First, as described above, PNM will not pay dividends, except for tax distributions, if its debt rating
13 is below investment grade, and PNM will notify the Commission promptly of any changes to its
14 credit ratings.⁴⁰ In addition, PNM will limit its payment of dividends, except for tax distributions,
15 to an amount not to exceed its net income as determined in accordance with GAAP, unless
16 otherwise approved by the Commission.⁴¹

17
18 Second, PNM will continue to make minimum capital expenditures in an amount equal to
19 PNM's current 2026-2030 capital budget of \$4.9 billion, subject to the following
20 adjustments: PNM may reduce capital spending due to conditions not under PNM's
21 control, including, without limitation, siting delays, cancellation of projects by third

⁴⁰ Revised Regulatory Commitment No. 12.

⁴¹ Revised Regulatory Commitment No. 13.

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1 parties, weaker than expected economic conditions, or if PNM determines that a particular
2 expenditure would not be prudent.⁴²

3
4 Third, PNM will maintain standalone credit ratings from at least two (2) organizations registered
5 with the Securities and Exchange Commission (“SEC”).⁴³ Maintaining standalone credit ratings
6 is important to demonstrate to regulators and stakeholders that the financial health of PNM
7 remains strong and able to meet the needs of its customers.

8
9 Fourth, as discussed previously, the PNM Board will have a majority disinterested directors, who
10 will help protect PNM’s financial stability.

11
12 **Q. Please describe the specific financial and ring-fencing Revised Regulatory**
13 **Commitments that the Joint Applicants are proposing.**

14 **A.** The Joint Applicants are proposing the following financial and ring-fencing Revised
15 Regulatory Commitments:

- 16 • PNM’s sole authorized purposes will be the provision of electric utility service and
17 ownership of any subsidiaries.⁴⁴
- 18 • PNM will maintain an identity, name, and logo that is separate and distinct from
19 the identity, name, and logos of Blackstone and its affiliates provided that the
20 Blackstone name and logo can be added to the PNM name and logo for branding
21 purposes.⁴⁵

⁴² Revised Regulatory Commitment No. 14.

⁴³ Revised Regulatory Commitment No. 29.

⁴⁴ Revised Regulatory Commitment No. 20.

⁴⁵ Revised Regulatory Commitment No. 21.

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- 1 • PNM will not pledge its assets, stock, or revenues for the benefit of any entity other
2 than PNM nor use such assets, stock or revenues as a guarantee or collateral against
3 any debt issued or liability incurred by any entity other than PNM. No debt of Troy
4 or its affiliates will be recourse to PNM.⁴⁶
- 5 • Aside from PNM's arrangements with TXNM, PNM will not engage in
6 intercompany debt or lending with Troy, or any affiliate that controls Troy, unless
7 authorized by the Commission. Notwithstanding the foregoing, PNM may borrow
8 from Troy or its affiliates on an arm's-length basis if approved by a majority of the
9 disinterested directors of the PNM Board and provided further that the Revised
10 Regulatory Commitments do not obligate Troy or any of its affiliates to lend money
11 to PNM or any of its affiliates at any time.⁴⁷
- 12 • PNM will not share credit facilities with Troy or its affiliates (other than PNM or
13 subsidiaries of PNM) except for joint revolvers where liability is several, not joint,
14 and there are no cross-default provisions applicable to any utility borrower.⁴⁸
- 15 • PNM will not commingle funds, assets, or cash flows with affiliates (other than
16 PNM or subsidiaries of PNM) except as authorized by the Commission.⁴⁹
- 17 • PNM will not include in any of its debt or credit agreements cross-default
18 provisions tied to affiliates. Under no circumstances will debt of PNM become due
19 and payable or rendered in default because of any cross-default, financial
20 covenants, rating agency triggers or similar provisions of any debt or other
21 agreements of TXNM, Troy, or any of their affiliates or subsidiaries. Further,
22 PNM's ability to utilize its credit facility will not be contingent on the financial

⁴⁶ Revised Regulatory Commitment No. 22.

⁴⁷ Revised Regulatory Commitment No. 23.

⁴⁸ Revised Regulatory Commitment No. 24.

⁴⁹ Revised Regulatory Commitment No. 25.

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status, default or credit rating of TXNM, Troy, or any of their affiliates or subsidiaries.⁵⁰

- PNM will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities separate and distinct from other entities.⁵¹
- PNM will maintain standalone credit ratings, registered with at least 2 organizations registered with the SEC.⁵²
- PNM will not take on any new debt in conjunction with the Acquisition.⁵³
- PNM will maintain a minimum equity ratio as set by the Commission in its general rate case filings based on a 13-month rolling average.⁵⁴
- PNM will not seek recovery of transaction or transition costs related to the Acquisition from customers in PNM's rates; provided that the transition costs shall not include employee time and labor.⁵⁵
- PNM will not seek recovery in rates of any transaction acquisition premium. Any goodwill associated with the Acquisition will not be included in rates, rate base, cost of capital, or operating expenses in future PNM ratemaking proceedings. Neither PNM, TXNM nor any of their affiliates will elect to apply pushdown accounting for the Acquisition and the goodwill as a result of the Acquisition will have no accounting impact on PNM's assets. Furthermore, no incremental goodwill will be allocated to or recognized in PNM's financial statements. Write-downs or write-offs of goodwill associated with the Acquisition will not be

⁵⁰ Revised Regulatory Commitment No. 26.

⁵¹ Revised Regulatory Commitment No. 28.

⁵² Revised Regulatory Commitment No. 29.

⁵³ Revised Regulatory Commitment No. 30.

⁵⁴ Revised Regulatory Commitment No. 31.

⁵⁵ Revised Regulatory Commitment No. 32.

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1 included in the calculation of net income of PNM for dividend or other distribution
2 payment purposes.⁵⁶

- 3 • Troy will obtain a non-consolidation legal opinion that provides that, in the event
4 of a bankruptcy of Troy, Blackstone Infrastructure or any of their affiliates or
5 subsidiaries (other than PNM or subsidiaries of PNM), a bankruptcy court will not
6 consolidate the assets and liabilities of PNM with TXNM, Troy, Blackstone
7 Infrastructure or any of their affiliates (other than PNM or subsidiaries of PNM).⁵⁷
 - 8 • PNM will not recover from customers any costs incurred as a result of bankruptcy
9 of any of its affiliates.⁵⁸
- 10

11 **Q. What in your opinion is the significance of these financial and ring-fencing Revised**
12 **Regulatory Commitments?**

13 **A.** Taken as a whole, these financial and ring-fencing provisions protect customers from
14 exposure to risk that any financing or debt-related actions related to TXNM, Troy or its
15 affiliates could lead to a potential change in credit ratings or increase in interest costs or
16 other liabilities at PNM. The ring-fencing measures insulate the utility from incurring non-
17 utility costs or liabilities, so that PNM is not impaired in its ability to serve present and
18 future customers.

19

⁵⁶ Revised Regulatory Commitment No. 33.

⁵⁷ Revised Regulatory Commitment No. 19.

⁵⁸ Revised Regulatory Commitment No. 27.

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1 5. Preservation of Commission Jurisdiction.

2 **Q. Do the Revised Regulatory Commitments include provisions acknowledging the**
3 **jurisdiction of the Commission over PNM?**

4 **A.** Yes. Revised Regulatory Commitment Nos. 15 and 16 acknowledge and affirm the Joint
5 Applicants' understanding that Commission jurisdiction over PNM remains unchanged
6 and will not be adversely affected by the Acquisition. PNM will continue to abide and be
7 bound by applicable Commission rules, regulations, and orders.⁵⁹ In addition, the Joint
8 Applicants hereby expressly acknowledge the Commission's jurisdiction and authority to
9 initiate a future proceeding to modify any or all of the Revised Regulatory Commitments
10 adopted as part of the final order in this proceeding.⁶⁰ While not expressed in a
11 commitment, it is understood and agreed that any amendments to these commitments shall
12 require prior Commission approval. Additionally, the Joint Applicants are bound by the
13 Commission's affiliate standards as they apply to PNM, and PNM will maintain an arm's-
14 length relationship with TXNM, Troy and Troy's affiliates, consistent with any variance
15 approved by the Commission.⁶¹

16
17 **Q. Are the Joint Applicants proposing any other Revised Regulatory Commitments that**
18 **preserve the Commission's ability to oversee the operations of PNM?**

19 **A.** Yes. The Commission will continue to have access to PNM's and its relevant affiliates'
20 books and records as needed to review affiliate transactions.⁶² The Joint Applicants also

⁵⁹ Revised Regulatory Commitment No. 15.

⁶⁰ Revised Regulatory Commitment No. 16.

⁶¹ Revised Regulatory Commitment No. 42.

⁶² Revised 2026 General Diversification Plan.

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1 make two additional reporting commitments that provide more transparency to the
2 Commission. The first commits that for all Revised Regulatory Commitments that have
3 an ongoing obligation or have not yet been completed, PNM will file annual updates as
4 part of the established reporting process.⁶³ The second commits that if PNM is not filing
5 or the subject of reports with the SEC, PNM will file with the Commission financial
6 statements in the cadence required by the SEC, including the notes thereto, and
7 Management Discussion and Analysis (substantially consistent with that included in Form
8 10-K and 10-Q filed with the SEC).⁶⁴

9
10 **Q. Are there also specific regulatory accounting treatment Revised Regulatory**
11 **Commitments to ensure customers do not bear costs associated with the Acquisition?**

12 **A.** Yes. As Witness Monroy testifies, PNM will not seek recovery in rates of any transaction
13 or transition costs related to the Acquisition from customers in PNM's rates; transition
14 costs shall not include employee time and labor.⁶⁵ Any goodwill associated with the
15 Acquisition will not be included in rates, rate base, cost of capital, or operating expenses
16 in future PNM ratemaking proceedings. Write-downs or write-offs of goodwill associated
17 with the Acquisition will not be included in the calculation of net income of PNM for
18 dividend or other distribution payment purposes.⁶⁶ PNM will not seek recovery in rates of

⁶³ Revised Regulatory Commitment No. 17.

⁶⁴ Revised Regulatory Commitment No. 18.

⁶⁵ Revised Regulatory Commitment No. 32.

⁶⁶ Revised Regulatory Commitment No. 33.

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1 any transaction acquisition premium.⁶⁷ In addition, neither PNM nor TXNM nor any of
2 their affiliates will elect to apply pushdown accounting for the Acquisition.⁶⁸

3
4 **Q. What is the significance of the jurisdictional protections in these Revised Regulatory**
5 **Commitments?**

6 **A.** These Revised Regulatory Commitments reaffirm and recommit the post-Acquisition
7 PNM to the Commission's jurisdiction. The commitments enhance Commission oversight
8 through increased transparency, visibility and accountability and bind the final
9 commitments to the Commission's authority. They protect customers from costs related
10 to the Acquisition and allow the Commission to verify that the costs are not included in
11 customer rates. The Revised Regulatory Requirements also provide transparency into the
12 progress regarding the Revised Regulatory Commitments and continued financial
13 accountability. Together these Revised Regulatory Commitments protect customers
14 through reinforcing the strength of the Commission's jurisdiction.

15
16 6. Affiliate Transactions.

17 **Q. Are the Joint Applicants offering any Revised Regulatory Commitments designed to**
18 **prevent preferential treatment of affiliates?**

19 **A.** Yes. The Joint Applicants are offering the following Revised Regulatory Commitments
20 regarding affiliates:

⁶⁷ *Id.*

⁶⁸ *Id.*

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- 1 • Commission jurisdiction over PNM remains and will not be adversely affected by
2 the Acquisition; and PNM will continue to abide and be bound by existing
3 applicable Commission rules, regulations, orders.⁶⁹
- 4 • PNM, TXNM, and Troy will abide by Commission affiliate standards and PNM
5 will maintain an arm's-length relationship with Troy and its affiliates, consistent
6 with any variance approved by the Commission. PNM will continue to engage in
7 shared services arrangements with TXNM and TXNM's subsidiaries in accordance
8 with PNM's Commission-approved Cost Allocation Manual, as annually updated.
9 PNM's annual Class I Transaction Reports shall identify and describe any purchase
10 or sale of goods or services between PNM and any Blackstone-affiliated entity,
11 including the nature and terms of the transaction, the compensation, fees or other
12 value provided, and whether the purchase or sale was subject to PNM's corporate
13 policies for procurement.⁷⁰
- 14 • PNM will not offer Blackstone Infrastructure-affiliated entities in its RFPs and
15 contracting processes terms and conditions that are more favorable than those it
16 would offer to third parties.⁷¹
- 17 • PNM will include a requirement in its RFPs and contracting processes that bidders
18 identify if they are an affiliate of Blackstone.⁷²
- 19 • In any resource portfolio procurement, PNM will have the obligation to
20 demonstrate: (a) that any affiliate-related or utility-owned resources proposed are
21 the most beneficial solution for customers, considering factors such as reliability or
22 cost; and (b) that any selected projects that are affiliate-related or utility-owned
23 were not provided any advantage or favor over all other bids received in the bidding

⁶⁹ Revised Regulatory Commitment No. 15.

⁷⁰ Revised Regulatory Commitment No. 42.

⁷¹ Revised Regulatory Commitment No. 43.

⁷² Revised Regulatory Commitment No. 44.

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process, analysis and evaluation. PNM shall have the obligation to demonstrate that if selected, contracts for such resources were reached on an arm's-length basis.⁷³

- PNM will implement policies with respect to resource acquisition RFPs requiring that all non-public information be provided simultaneously to all bidders pursuant to appropriate non-disclosure arrangements.⁷⁴

Q. Does Blackstone Infrastructure have any affiliated entities that operate in New Mexico?

A. Yes. As reflected in Revised Application Exhibit F, the Revised 2026 General Diversification Plan filed in this matter, Blackstone Infrastructure holds ownership interests in Invenergy Renewables Holdings LLC ("Invenergy") and Tallgrass Energy, LP ("Tallgrass"), which operate in New Mexico and could potentially be considered affiliates of PNM if the Acquisition closes.

Q. Please describe these two entities.

A. Invenergy is a power generation development and operations company that develops, builds, owns and operates wind, solar, and natural gas-powered generation and energy storage facilities. In New Mexico, Invenergy developed the Sagamore Wind Project and is currently developing the New Mexico North Path transmission line that will run from northeastern New Mexico to the Four Corners region of northwestern New Mexico.

⁷³ Revised Regulatory Commitment No. 45.

⁷⁴ Revised Regulatory Commitment No. 46.

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1 Tallgrass is an infrastructure company that operates over 10,000 miles of energy
2 infrastructure assets across 14 states, including New Mexico. Tallgrass operates natural
3 gas pipelines, and gas storage facilities, oil pipeline systems and oil terminal storage.⁷⁵
4 Since 2020, Tallgrass has developed a low carbon, clean energy business including the
5 company's flagship decarbonization project, TPCO2—the first integrated CO2 capture,
6 transport, and storage project since the passage of the Inflation Reduction Act in August
7 2022. The pipeline, located in Nebraska and Wyoming, is now fully operational, having
8 officially started flowing and sequestering CO2 for customers. Additionally, Tallgrass has
9 undertaken development of sustainable aviation fuel, and investment in the Escalante H₂
10 Power Station which is working to convert a retired coal-fired power plant to a clean
11 hydrogen-fired power generation facility.

12
13 **Q. Have you considered the Commission's affiliate rules in connection with Blackstone**
14 **Infrastructure's ownership interests in Invenergy and Tallgrass?**

15 **A.** Yes. Both Blackstone Infrastructure and PNM are familiar with the rules governing
16 affiliate transactions in New Mexico and commit to complying with these rules.

17
18 To the extent PNM interacts with Blackstone Infrastructure affiliates, Blackstone
19 Infrastructure understands that those interactions must be on an arm's-length basis and that
20 PNM cannot provide the Blackstone Infrastructure affiliates with any preferential
21 treatment. Both Troy and PNM are committed to complying with the affiliate code of
22 conduct and other provisions that prohibit preferential treatment of affiliates.

⁷⁵ On September 9, 2026, Tallgrass announced the sale of its oil pipeline business.

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Further, customers are afforded protection under NMSA 1978, Section 62-6-19 and Rule 17.6.450 NMAC, pursuant to which the Commission has authority to review and investigate Class I and Class II transactions as they are defined by Section 62-6-3 of the Public Utility Act. PNM will comply with all laws and Commission rules and orders governing transactions with affiliated interests. PNM will comply with reporting requirements with respect to any Class I and Class II transactions.

V. SUMMARY AND CONCLUSION

Q. Please summarize your Revised Testimony.

A. The Acquisition as proposed for approval by the Commission includes Revised Regulatory Commitments that are beneficial to and protective of the customers of PNM and will result in net benefits to and protections of the customers.

Q. Please summarize the relief that Joint Applicants seek from the Commission.

A. Joint Applicants request that the Commission approve the acquisition of TXNM on the terms and conditions discussed in the Joint Applicants' testimony as providing net benefits to the customers of PNM and as being in the public interest.

Q. Does this conclude your Revised Testimony?

A. Yes.

GCG#535785

Résumé of Heidi Boyd

JA Revised Exhibit HB-1

Is contained in the following 1 page.

HEIDI BOYD

experience

2018-Present	BLACKSTONE INFRASTRUCTURE PARTNERS (BIP) Senior Managing Director Senior member of BIP investment team with investment and origination focus on the transportation, utilities, and infrastructure services sectors in the Americas. Named a 2022 Woman of Influence in Infrastructure by Private Equity International. <u>Transaction Experience</u> • Safe Harbor Marinas. Led the \$5.65Bn acquisition of Safe Harbor Marinas, the largest marina and superyacht servicing business in the United States. Serve on the Board of Directors, working with company management to further develop their existing marinas and strategically scale their platform. (2025) • NIPSCO. Supported the acquisition of a 19.9% stake in the Indiana-based electric and gas distribution company for \$2.15Bn. (2023) • FirstEnergy Primary Equity Issuance. Led execution of \$1Bn investment in FirstEnergy, a large fully-regulated electric transmission and distribution utility. Serve on the Board of Directors and the Governance, Compensation, and Audit committees. (2021) • Carrix. Acquisition of the largest container terminal operator in the Americas. Serve on the Board of Directors and support management with ongoing strategic initiatives, with a focus on M&A, succession planning, and capital structure. (2019, 2021)	NEW YORK, NY
2012-2018	MACQUARIE INFRASTRUCTURE AND REAL ASSETS (MIRA) Vice President Responsible for evaluating and executing investment opportunities in North American infrastructure for MIRA's \$3bn private fund and \$6bn listed fund. Primary focus on utility and ports sectors, with experience both in regulated asset and GDP-linked asset investment strategies. <u>Select Transaction Experience</u> • Maher Terminals. Led diligence for acquisition of the largest container terminal in North America, in a MIRA-led acquisition from Deutsche Bank. Led shareholder agreement negotiation with 20% co-investor NYK Ports. (2016) • GFL. Led business plan and diligence for a c. 30% minority investment in a vertically-integrated waste business in Canada. (2015) • Cleco. Led valuation and business planning process for MIRA-led consortium's ~\$5.4bn take-private of a rural Louisiana electric utility. Managed advisors and consultants in the formation of the business forecast across both the regulated utility business and the cooperative wholesale power market business. (2014) • District Energy. Led sale of a ~\$25m EBITDA district cooling system in Chicago, on behalf of Macquarie Infrastructure Company (MIC), to Brookfield. Managed all aspects of sale including managing sell-side bankers, documentation, regulatory approvals, and coordination with co-shareholder John Hancock. (2014)	NEW YORK, NY
2007-2010	BOSTON CONSULTING GROUP Consultant Experience in healthcare, technology, and industrial goods in projects in market entry, growth strategies, and strategic planning. One of six Associates selected globally for exchange program in 2009.	PARIS, FRANCE / LOS ANGELES, CA
education		
2010-2012	HARVARD BUSINESS SCHOOL M.B.A. Member: Venture Capital and Private Equity and Social Entrepreneurship club.	BOSTON, MA
2003-2007	STANFORD UNIVERSITY B.A. in Science, Technology and Society and minor in Spanish. Courses included Engineering, Computer Science, Economics, Statistics, and Math. Dean of Students Outstanding Achievement Award in '06-07.	STANFORD, CA

Blackstone Infrastructure Responsible Contractor Policy

JA Revised Exhibit HB-2

Is contained in the following 1 page.

Blackstone Infrastructure Partners Responsible Contractor Policy Summary

I. Introduction

Blackstone Infrastructure Partners (“**BIP**”) has a Responsible Contractor Policy (“**RCP**”) designed to guide the selection of independent contractors, including operating company managers and their employees, and their subcontractors, where applicable (collectively the “**contractors**”) with respect to BIP’s investments and/or portfolio entities (collectively “**operating companies**”). BIP, through the RCP, supports and encourages fair wages and fair benefits for workers employed by its managers, contractors and subcontractors, subject to fiduciary principles concerning duties of loyalty and care.

BIP has a deep interest in the working conditions of its operating company managers, contractors and subcontractors and endorses small business development, market competition and control of operating costs. Consistent with the ideals espoused by labor unions and other advocates for workers’ rights, BIP believes that a diverse, adequately compensated, and trained workforce delivers a high-quality product and service. Adequate compensation includes fair wages and benefits, including healthcare and retirement benefits.

II. Applicable Investments

The RCP applies to U.S. domestic control, control-oriented and public-private partnership equity investments (and associated advisor or partner and subcontractor contracts and bids arising out of those investments) in Core and Core+ infrastructure asset classes, including partnerships, joint ventures and direct investments.

While the RCP applies in its entirety to all investments where BIP owns >50% interest, for investments in which BIP’s holdings are less than or equal to a 50% ownership interest, BIP will strongly encourage the use by its operating partners of “**Responsible Contractors**” (i.e., contractors or subcontractors who pay workers fair wages and benefits as evidenced by payroll and employee records).

III. Initial Requirements of the Responsible Contractor

Responsible Contractors are contractors that:

1. have a record of skill, experience, supervision and dependability;
2. observe and comply with all local, state, and national laws (including, without limitation, those related to insurance, withholding taxes, labor, anti-discrimination, environment, occupational health and safety, and the right of workers to join unions);
3. provide employer-paid training, which may include contributions to federal or state registered apprenticeship programs and apprenticeship readiness programs to ensure employees have skills and certifications necessary to perform assigned work;
4. maintain and consistently implement a workplace health and safety program that complies with applicable law, regulation, and contract terms, as well as industry best practices at federal and state levels; and
5. demonstrate a commitment to ethical conduct and transparent reporting of incidents and issues with the potential to materially impact the project and/or workforce to the project owner and any relevant legal or regulatory authority.

IV. Selection of Responsible Contractors

BIP has a strong preference that Responsible Contractors be hired.

V. Enforcement

- With respect to any investment, BIP will make operating company managers aware of the RCP.
- With respect to any investment, BIP will promote compliance with the RCP by operating company managers.
- If BIP becomes aware of non-compliance by an operating company manager, such manager will be placed on a watch list.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF	)
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR	)
APPROVAL OF AN ACQUISITION AND MERGER OF	) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;	)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;	)
AND ALL OTHER AUTHORIZATIONS AND	)
APPROVALS REQUIRED TO CONSUMMATE AND	)
IMPLEMENT THIS TRANSACTION	)
	)
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,	)
	)
JOINT APPLICANTS.	)

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **HEIDI BOYD, Senior Managing Director of Blackstone Inc.**, upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Revised Testimony and Exhibits of Heidi Boyd In Support of the Revised Application and co-sponsored exhibits** which are true and correct based on my personal knowledge and belief.

DATED this 15th day of September, 2026.

/s/ Heidi Boyd
HEIDI BOYD

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

REVISED TESTIMONY AND EXHIBITS

OF

ERIC L. TALLEY

September 15, 2026

CASE NO. 25-00060-UT
INDEX TO THE REVISED TESTIMONY OF
ERIC L. TALLEY

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SELF AFFIRMATION

**REVISED TESTIMONY OF
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I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name, position, and business address.

A. My name is Eric L. Talley. I am the Marc and Eva Stern Professor of Law and Business as well as the Faculty Co-Director of the Millstein Center for Global Markets and Corporate Ownership at Columbia University.¹ I am also a member of the European Corporate Governance Institute (“ECGI”). Until August 2015, I held the Rosalinde and Arthur Gilbert Endowed Chair in Law, Business and the Economy at the University of California at Berkeley, where I was the Co-Director of the Berkeley Center in Law, Business and the Economy. Prior to my appointment at Berkeley, I was the Ivadelle and Theodore Johnson Professor of Law and Business at the University of Southern California (“USC”), where I had dual appointments in the Gould School of Law and the Marshall School of Business (Finance and Business Economics), and served as Faculty Director of the USC Center in Law, Economics, and Organization, a multidisciplinary research group organized across three university departments (law, business, and economics). Also, from 2001 to 2004, I directed the USC/Caltech Olin Center for the Study of Law and Rational Choice. Simultaneous with much of my academic career, I held the position of Senior Economist (Affiliated Adjunct) at the RAND Corporation. At RAND, I conducted research on corporate governance, corporate culture, contract design, securities fraud, securities regulation, the legal and accounting professions, civil justice, business ethics,

¹ While I am currently employed by Columbia University, I am not offering testimony on behalf of Columbia University or any other organization.

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1 and private class actions. I hold a Ph.D. in economics from Stanford University as well as
2 a J.D. from Stanford Law School.

3
4 I have taught numerous classes over the course of my 30-year academic career in the areas
5 of mergers and acquisitions, corporate finance, corporate law, corporate governance,
6 economic analysis of law, business ethics, valuation, contracts, statistics, law and
7 economics, behavioral law and economics, machine learning and law, risk arbitrage, and
8 game theory. On two occasions (2017 and 2022), I have received the Willis L.M. Reese
9 Award for Excellence in Teaching from the graduating class of Columbia Law School.

10
11 In 2024, I was elected to the American Academy of Arts and Sciences, one of the oldest
12 and most prestigious learned societies in the United States. Until November 2022, I served
13 as the Immediate Past Chair of the Board of the Society of Empirical Legal Studies
14 (“SELS”), the leading academic association in the world of empirical legal scholars. I was
15 Chair of the Board of SELS from 2017 to 2019. I additionally served as co-President of
16 SELS (2013 to 2014). Additionally, I have been elected multiple times to the board of the
17 American Law and Economics Association (“ALEA”), the leading academic association
18 in the world of law and economics scholars (finishing my most recent term in May 2019).
19 I have previously served as Chair of both the American Association of Law Schools
20 (“AALS”) section on Law and Economics and the AALS section on Contracts.

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1 I frequently speak both to academic audiences and to professional associations, including
2 attorneys, utilities regulators, judges, and corporate directors. I have many times been
3 retained to provide training sessions for practitioners, judges, and regulators regarding
4 governance and valuation practices. In particular, I have for the last 18 years conducted
5 training on valuation and finance for state utilities regulators and their staff, typically
6 organized by the Institute for Regulatory Law and Economics, sponsored by University of
7 Colorado and Northwestern University.

8
9 In 2008, I was selected to deliver the annual Francis G. Pileggi Distinguished Lecture on
10 corporate law and governance before the assembled Delaware judiciary (state court and
11 federal court judges). I have testified as an expert in a variety of legal proceedings related
12 to corporate structuring, valuation, and governance in both United States courts and
13 international tribunals.

14
15 I have conducted research and published dozens of articles in areas pertaining to corporate
16 valuation, corporate governance, economic analysis of law, bargaining theory, auction
17 design, business judgment and ethics, fiduciary duties, corporate opportunities, securities
18 market regulation, and related topics. My publications have appeared in refereed journals,
19 law reviews, and edited volumes, and I am a referee for a number of academic journals in
20 my field. Many of my recent publications have focused on the architecture and structure
21 of legal texts, including (but not limited to) large transactional documents such as mergers
22 and acquisitions (“M&A”) agreements. On multiple occasions, my published scholarship

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1 has been designated as one of the “Ten Best Corporate and Securities Articles of the Year”
2 by the Corporate Practice Commentator.

3
4 A more complete summary of my educational background and professional qualifications
5 is presented in my résumé (JA Revised Exhibit ELT-1), which includes a list of my
6 publications, speaking engagements, refereeing experience, and previous expert testimony.

7
8 I am also proud to note that I am a third-generation New Mexican, having grown up in Los
9 Alamos, New Mexico where I graduated from Los Alamos High School. My father grew
10 up in Portales, New Mexico, near where his parents homesteaded with their families at the
11 beginning of the twentieth century.

12
13 **Q. Will you receive compensation for appearing in this case?**

14 **A.** With respect to this matter, I am being compensated at my usual and customary rate of
15 \$1,750 per hour. I have been assisted in this matter by staff from Cornerstone Research,
16 who worked under my direction, and for which I receive related compensation.

17
18 **Q. Will the amount of compensation you receive for appearing in this case depend in any**
19 **way on the responses you provide in your testimony?**

20 **A.** No.

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1 **Q. What is the purpose of your Revised Testimony?**

2 **A.** I originally filed direct testimony in this proceeding on August 25, 2025, the same day the
3 Joint Applicants filed the original Application in the proceeding. Joint Applicants are now
4 filing a revised application (“Revised Application”), as explained in more detail in the
5 revised testimony of Witness Tarry. I provide my revised testimony (“Revised
6 Testimony”) consistent with that Revised Application. My Revised Testimony makes only
7 a few changes to my original direct testimony previously filed on August 25, 2025. In
8 particular, my Revised Testimony brings forward and makes current certain TXNM/PNM
9 financial and investment data to include 2025, and it generally removes references to the
10 \$400 million investment in TXNM made by Troy TopCo LP (“Troy TopCo”), which has
11 since been unwound as discussed by Witness Tarry. Also, while my Revised Testimony
12 does not include any new exhibits, where I have revised exhibits provided with my original
13 direct testimony, I have so indicated in the naming convention for those revised exhibits.

14
15 The purpose of my Revised Testimony is to support the Revised Application that is the
16 subject of this proceeding.² I address issues including (i) the market environment for

² The transaction that is the subject of the Revised Application will be accomplished through a merger involving TXNM, the Blackstone Infrastructure subsidiary Troy ParentCo LLC (“Troy”), and Troy’s subsidiary Troy Merger Sub Inc. (“Troy Merger Sub”) (the “Acquisition”). Troy Merger Sub will be merged into TXNM, and the separate corporate existence of Troy Merger Sub will cease. As the surviving corporation, TXNM will be a direct subsidiary of Troy. Troy is indirectly majority owned by Blackstone Infrastructure Partners L.P. and its parallel funds and accounts (collectively, “BIP”) and Blackstone Infrastructure Strategies L.P. and its parallel funds and accounts (collectively, “BXINFRA” and, together with BIP, the “Blackstone Infrastructure Funds”). The Blackstone Infrastructure Funds are controlled by Blackstone Infrastructure Management. The entities comprising Blackstone Infrastructure Management are, in turn, indirectly controlled by Blackstone Inc. (“Blackstone”). Blackstone is a

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1 TXNM and PNM, (ii) the roles of private equity funds and private infrastructure funds in
2 financial markets, (iii) benefits of private capital and infrastructure fund ownership, and
3 (iv) long-term capital investment approaches and goals of investors.
4

5 **Q. Briefly summarize your conclusions on these issues.**

6 **A.** Nothing about the proposed Acquisition's structure or funding, nor anything about private
7 infrastructure fund ownership as contemplated by this Acquisition, should cause concern;
8 to the contrary, as I describe later in my Revised Testimony, I believe this form of
9 ownership carries distinct benefits for PNM and for the State of New Mexico. The New
10 Mexico Public Regulation Commission ("Commission") will be able to regulate PNM just
11 as it does today. The post-Acquisition structure is increasingly common in the utilities
12 sector and should not make PNM more difficult to regulate. The funding of the Acquisition
13 appears reasonable and conservative, and the financial strength of PNM is further bolstered
14 by proposed protections offered by the Joint Applicants. Ownership by private capital
15 investors, such as a private infrastructure fund, is merely a type of ownership. Such an
16 ownership structure is entirely compatible with utility operation and regulation.
17

publicly traded investment firm listed on the New York Stock Exchange ("NYSE") with the ticker "BX." Witness Sherman describes this Blackstone organizational structure in more detail in his testimony. See also diagram provided as Revised Application Exhibit A. "Blackstone Infrastructure," a term I use throughout my testimony, is an umbrella term that refers to Blackstone Infrastructure Management and the funds and accounts directly or indirectly controlled by them, including the Blackstone Infrastructure Funds. See Revised Application.

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II. ACQUISITION SETTING AND STRUCTURING

Q. Please describe the market environment for TXNM energy and PNM prior to the Acquisition.

A. TXNM is the holding company of two regulated electric utilities, PNM and Texas-New Mexico Power Company (“TNMP”), a Texas corporation.³ TXNM’s common shares are listed on the NYSE with the ticker “TXNM.”⁴ As of May 16, 2025, *i.e.*, the trading day prior to the announcement of the proposed Acquisition, TXNM had a market capitalization of \$4.9 billion and a total enterprise value (“EV”) of \$10.8 billion.⁵ JA Exhibit ELT-2 shows the daily price of TXNM’s common shares for the five years prior to May 16, 2025.

TXNM reported total 2025 assets of \$12.1 billion, of which \$7.7 billion were associated with PNM.⁶ JA Revised Exhibit ELT-3 shows TXNM and PNM assets in each of the last five years. As shown in the chart, the 2025 assets for TXNM and PNM represented year-over-year increases of 8% and 4%, respectively, as well as 7% and 5% compound annual growth rates (“CAGR”) over the last five years, respectively.

In 2025, TXNM had total revenues of \$2.2 billion and operating income of \$440 million.⁷

JA Revised Exhibit ELT-4 shows TXNM’s revenues and operating income for each of the

³ TXNM Energy, Inc., SEC Schedule DEFM14A, Proxy Statement, filed on July 21, 2025 (“Proxy Statement”), pp. 27, 112. The Proxy Statement is Attachment D to the Revised Application.

⁴ Proxy Statement, p. 27.

⁵ LSEG Workspace.

⁶ JA Revised Exhibit ELT-3. *See also* TXNM Energy, Inc., SEC Form 10-K for period ended December 31, 2025, filed on February 27, 2026 (“TXNM 2025 10-K”), pp. B-15, B-22.

⁷ JA Revised Exhibit ELT-4.

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1 last five years. As shown in the chart, the 2025 revenues (operating income) represented a
2 10% (-5%) year-over-year increase and a 4% (7%) CAGR over the last five years. TXNM
3 reported 2025 net earnings of \$1.48 per diluted share.⁸ JA Revised Exhibit ELT-5 shows
4 diluted net earnings per share for each of the last five years.

5
6 In 2025, PNM had total revenues of \$1.5 billion and operating income of \$232 million.⁹
7 JA Revised Exhibit ELT-6 shows PNM's revenues and operating income for each of the
8 last five years. As shown in the chart, the 2025 revenues (operating income) represented a
9 8% (-20%) year-over-year change and a 2% (1%) CAGR over the last five years.

10
11 In total, TXNM serves more than 830,000 residential, commercial, and industrial
12 customers in New Mexico and Texas.¹⁰ Through TNMP, TXNM has ~10,000 miles of
13 transmission and distribution lines in Texas where it serves more than 260,000 customers
14 across small to medium sized communities (mostly populations < 50,000) in three non-
15 contiguous areas of Texas.¹¹

16
17 PNM has ~15,500 miles of transmission and distribution lines in New Mexico where it serves
18 approximately 550,000 customers across "a large area of north-central New Mexico, including

⁸ JA Revised Exhibit ELT-5. *See also* TXNM 2025 10-K, p. B-44.

⁹ JA Revised Exhibit ELT-6.

¹⁰ TXNM 2025 10-K, p. A-1

¹¹ TXNM 2025 10-K, p. A-23; "At a Glance," *TXNM Energy*, <https://www.txnmenergy.com/about-us/at-a-glance.aspx>.

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1 the cities of Albuquerque, Rio Rancho, and Santa Fe, and certain areas of southern New Mexico
2 as well as 9 sovereign nations.”¹²

3
4 According to its Q1 2026 earnings release, TXNM estimated that its 2026–2030 capital
5 investment plan would require total capital expenditures of \$10.2 billion.¹³ The 2026–
6 2030 capital investment plan includes capital expenditures needed to transform PNM’s grid
7 “to deliver clean energy, support customer growth, enhance customer satisfaction, and
8 increase grid resilience.”¹⁴ In total, \$4.9 billion of the expected 2026–2030 capital
9 expenditures are associated with PNM.¹⁵

10
11 The expected capital investments as measured against multiple metrics are substantial. The
12 total expected TXNM capital expenditures of \$10.2 billion over the next five years (2026–
13 2030) represent an 89% increase relative to the prior five years (2021–2025)¹⁶ and an
14 increase of \$2.4 billion from the prior year’s five-year plan. The total TXNM capital

¹² TXNM 2025 10-K, pp. A-3, A-23; “At a Glance,” *TXNM Energy*, <https://www.txnmenergy.com/about-us/at-a-glance.aspx>.

¹³ See “TXNM Energy Reports First Quarter 2026 Results,” *TXNM Energy*, May 1, 2026, <https://www.txnmenergy.com/site-services/pdf-viewer?src=%2F%7E%2Fmedia%2FFiles%2FPNM-Resources%2Fquarterly-results%2F2026%2FTxnm-energy-reports-first-quarter-2026-earnings.pdf> (“TXNM Q1 2026 Earnings Release”).

¹⁴ TXNM Q1 2026 Earnings Release, p. 2.

¹⁵ TXNM Q1 2026 Earnings Release, p. 2.

¹⁶ Calculated as \$10.2 billion / \$5.4 billion. Total capital expenditures for 2021–2025, as measured by “[a]dditions to utility and non-utility plant” as recorded in TXNM’s financial statements, were \$5.4 billion. See TXNM 2025 10-K, p. B-13; PNM Resources, Inc., SEC Form 10-K for period ended December 31, 2023, filed on February 29, 2024 (“TXNM 2023 10-K”), p. B-13; PNM Resources, Inc., SEC Form 10-K for period ended December 31, 2022, filed on February 28, 2023 (“TXNM 2022 10-K”), p. B-13.

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1 expenditures of \$10.2 billion represent 94% of TXNM's EV,¹⁷ 208% of TXNM's market
2 capitalization,¹⁸ 84% of TXNM's 2025 total assets,¹⁹ and 464% of TXNM's 2025 total
3 revenues.²⁰ The total PNM capital expenditures of \$4.9 billion represent 64% of PNM's
4 2025 total assets²¹ and 327% of PNM's 2025 total revenues.²²

5
6 TXNM's expected capital investments are large in isolation and also substantial in relation
7 to those of TXNM's industry peers. According to capital expenditure data analyzed by
8 Prof. Damodaran as of January 2026,²³ companies in the "power" industry (which includes
9 TXNM in Prof. Damodaran's data) have an average net capital expenditure ("net capex")²⁴
10 to revenue ratio of 24% and an average net capex to EBIT²⁵ ratio of 129%.²⁶ TXNM's
11 forecasts imply that, over the next four years, TXNM's net capex ratios will be
12 substantially *above* the industry averages. As shown in JA Revised Exhibits ELT-7.A–B,
13 between 2026 and 2029, TXNM's forecasts imply that its net capex to revenue ratio will

¹⁷ Calculated as \$10.2 billion / \$10.8 billion. Based on TXNM's EV as of May 16, 2025, *i.e.*, the trading day prior to the announcement of the proposed Transaction.

¹⁸ Calculated as \$10.2 billion / \$4.9 billion. Based on TXNM's market capitalization as of May 16, 2025, *i.e.*, the trading day prior to the announcement of the proposed Transaction.

¹⁹ Calculated as \$10.2 billion / \$12.1 billion.

²⁰ Calculated as \$10.2 billion / \$2.2 billion.

²¹ Calculated as \$4.9 billion / \$7.7 billion.

²² Calculated as \$4.9 billion / \$1.5 billion.

²³ Aswath Damodaran, "Capital Expenditures by Sector (US)," *NYU Stern School of Business*, January 2026, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/capex.html.

²⁴ Net capex represents capital expenditures net of depreciation and amortization.

²⁵ EBIT is shorthand for earnings before interest and taxes. Prof. Damodaran's analysis uses an after-tax measure of EBIT calculated as $EBIT * (1-t)$, where t is the effective tax rate.

²⁶ Aswath Damodaran, "Capital Expenditures by Sector (US)," *NYU Stern School of Business*, January 2026, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/capex.html.

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1 range from 46% to 60% and that its net capex to EBIT ratio will range from 216% to
2 284%.²⁷

3
4 In order to fund this 2026–2030 capital investment plan, which has increased substantially
5 by \$2.4 billion from the 2025-2029 capital investment plan, TXNM will need to raise a
6 large amount of additional capital. As Witness Tarry discusses in his revised testimony,
7 raising equity sufficient to fund TXNM’s capital requirements is a challenge for the
8 company as TXNM’s investors pay close attention to TXNM’s equity requirements. From
9 2015 to 2024, TXNM raised a total of \$592 million in equity capital; however, buoyed by
10 the Acquisition and purchase price of the stock if the Acquisition closes, over a recent 17-
11 month period TXNM was able to successfully raise \$975 million in equity. Witness Tarry
12 attributes this ability to the positive investor impressions that the Acquisition will close,
13 and these investors will get a near-term return on their investment when their shares are
14 converted to cash at closing.²⁸ I will return to this point later in my testimony, when I
15 address some of the challenges and costs associated with secondary stock offerings.
16

²⁷ In 2030, TXNM’s forecasted net capex to revenue ratio and forecasted net capex to EBIT are projected to fall to the level of its peers and below the level of its peers, respectively.

²⁹ “Private Markets – A Growing, Alternative Asset Class,” *S&P Global*, <https://www.spglobal.com/en/research-insights/market-insights/private-markets>.

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1 **Q. Please describe the role of private capital investment funds and private infrastructure**
2 **funds in financial markets.**

3 **A.** Private capital markets represent markets for investments in privately held equity, debt, and real
4 estate, in contrast to, *e.g.*, stock, bond, and real estate investment trust (“REIT”) securities that are
5 publicly traded on domestic and international exchanges. Although smaller than global public
6 securities markets, the size of private capital markets is significant and continues to grow.
7 According to S&P Global, “[p]rivate markets are experiencing significant growth and
8 transformation, fueling investments in infrastructure, energy transition, and more.”²⁹ By the end
9 of 2023, global private market assets under management (“AUM”) had grown to ~\$12 trillion, up
10 from \$10 trillion just two years prior, with S&P Global projecting further growth to reach \$18
11 trillion by 2027. As of 2023, more than 60% of global private market AUM (~\$7.3 trillion) was
12 invested in North America.³⁰

13
14 Amongst the various classes of private-market assets noted above, equity investments comprise
15 the largest share, with global 2023 AUM of ~\$5 trillion.³¹ According to Morgan Stanley, private
16 equity “can be defined as equity or equity-like investments made into private companies or assets
17 (*i.e.*, not publicly traded or listed on a stock exchange)” and “private equity fund managers, also

²⁹ “Private Markets – A Growing, Alternative Asset Class,” *S&P Global*, <https://www.spglobal.com/en/research-insights/market-insights/private-markets>.

³⁰ “Private Markets – A Growing, Alternative Asset Class,” *S&P Global*, <https://www.spglobal.com/en/research-insights/market-insights/private-markets>.

³¹ “Private Markets – A Growing, Alternative Asset Class,” *S&P Global*, <https://www.spglobal.com/en/research-insights/market-insights/private-markets>; Hugh MacArthur et al., “Private Equity Outlook 2025: Is a Recovery Starting to Take Shape?” *Bain & Company*, March 3, 2025, <https://www.bain.com/insights/outlook-is-a-recovery-starting-to-take-shape-global-private-equity-report-2025/>.

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1 known as general partners (GPs), are analogous to the managers of mutual funds, with a key
2 difference being that these general partners construct portfolios of privately held, rather than
3 publicly traded, companies or assets.”³² Private equity funds typically hold their investments over
4 multi-year periods, with terminal dates varying by fund.³³

5
6 Within the category of private investments in equity, moreover, there are many variations. One
7 such variation involves time: While some funds are explicitly time limited, holding their
8 investments over a specified number of years (varying by fund), others are “evergreen” funds,
9 which means they are open-ended and do not have a prescribed terminal date (as is the case with
10 mutual funds which invest in publicly traded equities). Such open-ended funds have the ability to
11 raise additional equity investments from both new and existing investors.³⁴

12
13 A 2025 report from consulting firm Bain & Company shows that global private equity
14 assets under management have increased ~7x over the last 20 years (CAGR 11%).³⁵ In the
15 U.S., a Morgan Stanley analysis shows that, over the last 25 years (*i.e.*, since 2000), the

³² “An Introduction to Private Equity Basics,” *Morgan Stanley*, October 11, 2024, <https://www.morganstanley.com/im/en-us/individual-investor/insights/articles/introduction-to-private-equity-basics.html>.

³³ “An Introduction to Private Equity Basics,” *Morgan Stanley*, October 11, 2024, <https://www.morganstanley.com/im/en-us/individual-investor/insights/articles/introduction-to-private-equity-basics.html>.

³⁴ “The Compelling Case for an Allocation to Semi-Liquid Evergreen Private Equity,” *Morgan Stanley*, March 11, 2025, <https://www.morganstanley.com/im/en-us/individual-investor/insights/articles/evergreen-private-equity-funds.html>.

³⁵ Hugh MacArthur et al., “Private Equity Outlook 2025: Is a Recovery Starting to Take Shape?” *Bain & Company*, March 3, 2025, <https://www.bain.com/insights/outlook-is-a-recovery-starting-to-take-shape-global-private-equity-report-2025/>.

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1 number of private equity-backed companies has increased ~5x from just under 2,000 to
2 almost 12,000.³⁶ Over the same time period, the number of publicly listed companies in
3 the U.S. has *decreased* by more than 40%.³⁷ While public markets remain substantially
4 larger—the total market capitalization of publicly listed companies in the U.S. alone was
5 \$62 trillion in 2024—private capital markets continue to expand rapidly, and private equity
6 is a key asset class for the economy and American investors.³⁸

7
8 Investments in private capital funds are often relatively illiquid as compared to public market
9 assets such as mutual funds, and “[h]istorically, private equity has been associated primarily with
10 institutional investors and family offices that meet certain requirements for wealth, income, or
11 financial knowledge (*i.e.*, qualified purchasers) and that can tolerate illiquidity and a relatively
12 long investment horizon.”³⁹ The ability to invest in private capital assets is increasingly becoming
13 available to retail investors. For instance, in partnership with investment management firm Capital
14 Group, KKR announced in 2024 plans to create a “series of hybrid funds that will invest in both
15 publicly and privately traded assets” that will “target mass-affluent clients, or those who invest

³⁶ “The Compelling Case for an Allocation to Semi-Liquid Evergreen Private Equity,” *Morgan Stanley*, March 11, 2025, <https://www.morganstanley.com/im/en-us/individual-investor/insights/articles/evergreen-private-equity-funds.html>.

³⁷ “Listed Domestic Companies, Total - United States,” *World Bank Group*, <https://data.worldbank.org/indicator/CM.MKT.LDOM.NO?locations=US>. The data shows that the number of listed domestic companies in the U.S. peaked at just over 8,000 in 1996, before falling to ~6,900 by 2000. By 2024, the number had decreased by another ~40% to ~4,000.

³⁸ “Market Capitalization of Listed Domestic Companies (Current US\$) – United States,” *World Bank Group*, <https://data.worldbank.org/indicator/CM.MKT.LCAP.CD?locations=US>.

³⁹ “An Introduction to Private Equity Basics,” *Morgan Stanley*, October 11, 2024, <https://www.morganstanley.com/im/en-us/individual-investor/insights/articles/introduction-to-private-equity-basics.html>.

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1 between \$100,000 and \$1 million.”⁴⁰ In addition, retail investors seeking exposure to the
2 performance of private equity assets can invest in publicly traded shares of certain private equity
3 investment management companies such as Blackstone.⁴¹ A 2025 presidential executive order,
4 moreover, could also facilitate access to private capital assets for individual retirement account
5 investors (such as through defined contribution plans, often referred to as “401(k)” plans).⁴²

6
7 Another source of variation within the category of private investments in equity is industry
8 focus. Infrastructure funds, such as the Blackstone Infrastructure Funds, focus on assets
9 that are essential for economic and social activity including: (i) public-private partnership
10 assets, such as hospitals and toll roads, (ii) regulated utilities, such as gas and electric
11 utilities as well as water and waste facilities, and (iii) renewable energy assets, such as wind
12 power plants, solar power stations, and battery storage facilities.⁴³ While infrastructure
13 companies and assets differ in their risk-return characteristics,⁴⁴ relative to traditional

⁴⁰ Justin Baer, “American Funds Parent Launching Partnership With KKR to Move Into Private Assets,” *The Wall Street Journal*, May 23, 2024, <https://www.wsj.com/finance/investing/american-funds-parent-launching-partnership-with-krk-to-move-into-private-assets-114430d0>.

⁴¹ Blackstone was one of the first major private equity investment management firms to go public. Since Blackstone’s 2007 initial public offering (“IPO”), several other major private equity investment management companies have also gone public, including KKR (2010), Apollo Global (2011), The Carlyle Group (2012), EQT (2019), Bridgepoint (2021), and TPG (2022). See “Ring in Big Changes: PE Firms Weigh IPOs in 2024,” *Pitchbook*, December 14, 2023, <https://pitchbook.com/news/articles/private-equity-ipos-weekend-pitch>.

⁴² Jennifer A. Dlouhy and Allison McNeely, “Trump Signs Order Easing Path for Private Assets in 401(k)s,” *Bloomberg*, August 7, 2025, <https://www.bloomberg.com/news/articles/2025-08-07/trump-to-sign-order-easing-path-for-private-assets-in-401-k-s>.

⁴³ Maria Surina, “Powering the Future: Infrastructure Trends, Performance, and Portfolio Impact,” *Cambridge Associates*, July 2025, <https://www.cambridgeassociates.com/insight/powering-the-future-infrastructure-trends-performance-and-portfolio-impact/>.

⁴⁴ Based on their risk-return characteristics, infrastructure companies and assets can be classified as either “core,” “core-plus,” “value-add,” or “opportunistic.” Core infrastructure investments have modest capital appreciation

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1 private equity funds which typically target a fund internal rate of return (“IRR”) between
2 20% and 25%,⁴⁵ private infrastructure funds typically target lower returns (with target fund
3 IRRs of 6% to 15%).⁴⁶ Infrastructure funds’ lower but more stable returns are nonetheless
4 valuable to investors because of their relative safety and low correlation to other asset
5 classes.

6 An article from Preqin, which is a leading provider of data on private capital markets, shows that
7 2024 global private infrastructure assets under management were ~\$1.5 trillion. This figure
8 represents an increase of almost ~3x over just over 10 years (from less than \$400 billion in 2014
9 to ~\$1.5 trillion in 2024).⁴⁷ Concurrent with the rise in private infrastructure assets under
10 management, according to a report from Deloitte, “[t]he US power sector is expected to require
11 substantial and sustained capital investments over the next two to three decades to fund rising
12 electricity needs” and “[e]lectric power companies and independent power producers are
13 increasingly seeking private capital, such as private equity and infrastructure funds, to finance
14 projects.”⁴⁸ In other words, as private capital markets continue to expand rapidly, private

profiles and stable predictable cash flows supported by long-term contracts. Core-plus infrastructure investments seek higher capital appreciation than core investments which may require some growth capital expenditures. Value-add infrastructure investments seek higher capital appreciation than core-plus investments and typically require substantial growth capital expenditures and/or operational improvements. Opportunistic infrastructure investments seek higher capital appreciation than value-add investments and typically require substantial growth capital expenditures and operational improvements to generate regular cash flows. See, e.g., “Infrastructure: A Primer,” *Hamilton Lane*, <https://www.hamiltonlane.com/en-us/education/private-markets-education/infrastructure-primer>.

⁴⁵ Paul Gompers et al., “What Do Private Equity Firms Say They Do?” *Journal of Financial Economics*, 121(3), 2016, pp. 449–476 (“Gompers et al. (2016)”) at p. 450.

⁴⁶ “Infrastructure: A Primer,” *Hamilton Lane*, <https://www.hamiltonlane.com/en-us/education/private-markets-education/infrastructure-primer>.

⁴⁷ “Infrastructure in 2025: The Outlook for Fundraising, Deals, and Performance,” *Preqin*, January 16, 2025, <https://www.preqin.com/news/infrastructure-in-2025-the-outlook-for-fundraising-deals-and-performance>.

⁴⁸ Marlene Motyka et al., “Funding the Growth in the US Power Sector,” *Deloitte*, February 26, 2025, <https://www.deloitte.com/us/en/insights/industry/power-and-utilities/funding-growth-in-us-power-sector.html>.

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1 infrastructure funds are becoming a key asset class for American investors and are also providing
2 a vital source of capital in the utilities sector and the economy overall.

3
4 **Q. Please summarize the pre- and post-acquisition corporate structures of PNM and its**
5 **parent companies.**

6 **A.** Today, PNM is owned by TXNM, which is a holding company that owns two regulated
7 utilities, PNM and TNMP.⁴⁹ TXNM common stock is traded on the NYSE and is owned,
8 traded, and held by public shareholders of varying types, sizes, and configurations—both
9 known and unknown. As of July 1, 2025, TXNM's five largest shareholders were the
10 parent holding companies or subsidiaries of BlackRock, Inc., the Vanguard Group, Troy
11 TopCo,⁵⁰ FMR LLC, and T. Rowe Price Investment Management, Inc.⁵¹ After the
12 unwinding of Troy TopCo's equity investment, these large, professional investment
13 managers held approximately 32% of TXNM's common stock on behalf of their
14 investors.⁵² The remaining equity ownership is currently split amongst a vast number of
15 other investors, both retail and institutional, whose identities are not disclosed in TXNM's
16 filings.

⁴⁹ The respective structures discussed in this section are illustrated in diagrams provided as Revised Application, Ex. A.

⁵⁰ As discussed in the revised testimony of Witness Tarry, pursuant to the Commission's ruling, Troy TopCo's equity investment this transaction has been unwound. The unwinding of Troy TopCo's purchase of 8 million shares of TXNM common stock does not change my opinions in this matter.

⁵¹ Proxy Statement, p. 105.

⁵² Proxy Statement, p. 105.

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1 Post-Acquisition, PNM would continue to be owned by TXNM. However, TXNM would
2 become an indirect, wholly owned subsidiary of Troy, which itself would be indirectly wholly
3 owned and controlled by Blackstone Infrastructure. Consistent with common private capital fund
4 ownership structures, there would be some additional layers in the corporate structure so as to
5 allow for flexibility over long holding periods and to ensure limited liability to the benefit of both
6 the portfolio company and its private capital owner.⁵³ The Blackstone Infrastructure Funds, which
7 I understand will remain the majority investors in Troy, have open-ended, perpetual capital
8 structures, facilitating future capital raising and enabling a long-term investment approach, which
9 are conducive to responsible utility stewardship and can create appreciable value both for investors
10 and the New Mexico communities PNM serves.⁵⁴

11
12 To effectuate the Acquisition, Troy Merger Sub, a direct, wholly owned subsidiary of Troy, was
13 created for the sole purpose of entering into the Merger Agreement. Upon completion of the
14 Acquisition, Troy Merger Sub will cease to exist and TXNM will continue as the surviving
15 corporation. As I will expand upon in more detail below, this type of transaction structure is
16 referred to as a reverse triangular merger. Reverse triangular mergers are a common structure for
17 M&A transactions in which acquirors wish to continue operating target companies as

⁵³ Witness Sherman describes this Blackstone organizational structure in more detail in his revised testimony.

⁵⁴ See Revised Application. See also “Blackstone Infrastructure Partners Closes on \$14Bn in Commitments in its Inaugural Fundraising Phase,” *Blackstone*, June 18, 2019, <https://www.blackstone.com/news/press/blackstone-infrastructure-partners-closes-on-14bn-in-commitments-in-its-inaugural-fundraising-phase/>.

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1 subsidiaries.⁵⁵ With the target corporation surviving the merger, the reverse triangular merger
2 structure allows buyers to preserve, among other things, the target company's licenses, permits,
3 contracts, and other agreements that might otherwise be terminated or require renegotiation under
4 a direct acquisition.⁵⁶ Blackstone Infrastructure's use of the reverse triangular merger structure is
5 consistent with its expressed goal of continuing to operate TXNM independently of its other
6 portfolio companies, and it is neither surprising nor remarkable.

7
8 In short, PNM is at present owned by a publicly traded company with a vast number of
9 stockholders who hold their investments in TXNM through investment accounts, mutual funds,
10 and exchange traded funds ("ETFs"). Post-Acquisition, PNM would have several levels of
11 upstream ownership leading to Blackstone Infrastructure Management, which will manage PNM
12 on behalf of investors. While the Acquisition ostensibly adds additional layers in the corporate
13 structure between PNM and its ultimate economic owners, both the transaction structure and
14 layers of associated entities are common in private capital ownership structures as they allow for
15 flexibility over long holding periods and limited liability to the benefit of both the portfolio
16 company and its private capital owners.

⁵⁵ See, e.g., Jose Soto, "What is a Reverse Triangular Merger?" *Surfside Capital Advisors*, October 24, 2024, <https://www.surfcapadvisors.com/2024/10/24/what-is-a-reverse-triangular-merger/>; "What is a Reverse Triangular Merger?" *Woodruff Sawyer*, September 3, 2021, <https://woodruffsawyer.com/insights/spacs/reverse-triangle-merger>.
⁵⁶ See, e.g., Jose Soto, "What is a Reverse Triangular Merger?" *Surfside Capital Advisors*, October 24, 2024, <https://www.surfcapadvisors.com/2024/10/24/what-is-a-reverse-triangular-merger/>; "What is a Reverse Triangular Merger?" *Woodruff Sawyer*, September 3, 2021, <https://woodruffsawyer.com/insights/spacs/reverse-triangle-merger>.

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1 **Q. Do you believe the structure of ownership of PNM post-acquisition would be more**
2 **complex or difficult to regulate?**

3 **A.** No. Right now, PNM is a wholly owned subsidiary of TXNM. The proposed Acquisition
4 envisions that PNM's structure will be left intact as a wholly owned subsidiary of TXNM and that
5 its equity cushion will even be augmented further. The Commission's jurisdiction over PNM
6 would remain unchanged, and PNM would remain bound by existing rules, regulations, and
7 orders; PNM would also be bound by any additional regulatory requirements that the Commission
8 might promulgate in the future. TXNM will remain the holding company of PNM (just as it is
9 today), with both PNM's and TXNM's management teams and headquarters remaining in place
10 after completion of the Acquisition.⁵⁷ Finally, as noted above, the equity ownership structure of
11 TXNM will be simplified, with a single stockholder taking the place of the current population of
12 public stockholders (whose number and characteristics are indeterminate).

13
14 Regardless of whether TXNM is publicly traded or a privately held entity, the Commission would
15 continue to receive (and be able to request additional) information on PNM to fulfill its regulatory
16 mandate.⁵⁸ While, after consummation of the Acquisition, TXNM would no longer be subject to
17 Securities and Exchange Commission ("SEC") reporting requirements, the lack of such reporting
18 should not impede regulatory oversight as the purpose of regular SEC reporting is to ensure that

⁵⁷ I understand that Troy, backed by Blackstone Infrastructure, has committed to keeping TXNM and PNM's headquarters in New Mexico as long as the companies are owned by Troy. The Joint Applicants' Revised Regulatory Commitments are Exhibit B-1 to the Revised Application.

⁵⁸ I will note that numerous privately held investor-owned utilities have existed in the United States for many years; FERC and PRCs have been able to fulfill their regulatory duties regarding these utilities.

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1 investors in a company are aware of material information so they may make informed, rational
2 investment decisions.⁵⁹ Securities laws were designed to protect investors; thus, companies are
3 required to disclose information in their SEC filings that would be material to capital investors,
4 not necessarily for other stakeholders (such as customers or regulators). While there may be
5 overlap in the information that investors, customers, and regulatory bodies consider relevant, that
6 is a byproduct of the disclosure requirements which are designed to protect investors. To address
7 this disclosure mismatch, regulatory bodies such as the Federal Energy Regulatory Commission
8 (“FERC”) have specific reporting requirements for utilities above and beyond SEC filings so they
9 may receive the more targeted information necessary to fulfill their regulatory mandates. As
10 Witness Monroy discusses in his testimony, PNM will continue to meet the FERC reporting
11 requirements, which are designed to ensure that regulators have the relevant information they
12 need.

13
14 I understand that TXNM and Blackstone Infrastructure will not issue any incremental debt
15 resulting from the proposed Acquisition.⁶⁰ Additionally, it is my understanding that Blackstone

⁵⁹ Paul Munter, “Assessing Materiality: Focusing on the Reasonable Investor When Evaluating Errors,” *U.S. Securities and Exchange Commission*, March 9, 2022, <https://www.sec.gov/newsroom/speeches-statements/munter-statement-assessing-materiality-030922> (“Under our federal securities laws, public companies are required to disclose certain financial and other information to investors. The basic premise of this disclosure-based regulatory regime is that if investors have timely, accurate, and complete financial and other information, they can make informed, rational investment decisions....The Supreme Court has held that a fact is material if there is: ‘a substantial likelihood that the ... fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of information made available.’”).

⁶⁰ Witness Boyd discusses this in more detail in her testimony.

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1 Infrastructure has also allowed TXNM to raise an additional \$975 million in equity in order to
2 reduce TXNM's indebtedness and fund investments.⁶¹

3
4 My understanding is that PNM will continue to be held as a separate operating subsidiary without
5 any funds, assets, or cash flows commingled with any Blackstone Infrastructure affiliates.⁶² PNM
6 will not engage in intercompany debt, lending, or cross-default provisions with other Blackstone
7 Infrastructure affiliates and thus debt incurred by other affiliates of Blackstone Infrastructure will
8 have no recourse to PNM's assets.⁶³ The proposed Acquisition does not appear to involve or
9 contemplate the integration of PNM's operations with other operating entities.

10
11 Moreover, I understand that Troy, backed by Blackstone Infrastructure, has committed to holding
12 its investment in PNM for the long term and in any event no less than a minimum of 10 years.⁶⁴
13 This is not surprising, given the perpetual, open-ended structures of the Blackstone Infrastructure
14 Funds, and their concomitant alignment with long-term investments. As I will discuss later in my
15 testimony, one of the several benefits of private capital and private infrastructure fund ownership
16 of companies such as electrical utilities is the alignment of the long-term investment horizon of a
17 private infrastructure fund with the long-term investment needs of a portfolio company. Because

⁶¹ Witness Boyd discusses this in more detail in her testimony.

⁶² See Revised Application, Ex. B-1.

⁶³ See Revised Application, Ex. B-1.

⁶⁴ I understand that Troy is committed to holding a controlling interest in PNM for 10 years. As Troy serves as Blackstone Infrastructure's investment vehicle for TXNM, I understand that Blackstone Infrastructure cannot sell out of Troy without Commission approval, effectively committing Blackstone Infrastructure to a minimum 10-year holding period. See Revised Application, Ex. B-1.

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1 the portfolio company does not need to consider the short-term stock price impacts of its capital
2 and investment plans, it can plan for the long-term unburdened by the vagaries of stock market
3 sentiment and shareholder activists, each of which can influence management investment and
4 operational decision making in publicly traded companies such as TXNM.

5
6 **Q. Is this transaction structure common among transactions involving public utilities?**

7 **A.** My review of the documents in this case reveals a transaction structure, the reverse triangular
8 merger, that is eminently unremarkable in the M&A space generally, and the utilities space in
9 particular. It is, in fact, the principal transaction structure that I teach to my mergers and
10 acquisitions students. For a variety of reasons, a buyer (often referred to as the “parent”) will
11 prefer to accomplish an acquisition through one or more special purpose entities (“SPEs”)
12 sometimes known as “acquisition subs” or “catalysts” that are specially created for the express
13 purpose of consummating the acquisition. The ultimate transaction is then formally executed and
14 consummated as and between the target company and the acquisition sub(s), with the surviving
15 post-acquisition entity becoming a wholly owned subsidiary of the parent.

16
17 The reason for this structure emanates principally from transaction cost management goals that
18 have little to do with the issues surrounding this regulatory proceeding. Using an acquisition sub
19 is typically the easiest and most expedient way to authorize the purchase from the buyer side as
20 well as to manage a variety of contractual issues of the target firm when its assets and liabilities
21 are to remain intact with the surviving entity (as discussed above). There are often tax reasons to
22 utilize specific SPE structures for effectuating an acquisition as well. I teach my students to expect

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1 the acquisition sub structure for most types of acquisitions, regardless of whether private capital
2 buyers are involved or not.

3
4 In addition to the aforementioned rationales for consummating an acquisition through a catalyst,
5 a final attribute that is important for this transaction comes through something known as “asset
6 partitioning.” Corporations, limited liability companies (“LLCs”), limited liability partnerships
7 (“LLPs”), and other limited liability entities provide important buffers against systemic risks and
8 liability flows that can unsettle an otherwise healthy business or set of businesses. It is critical,
9 moreover, to appreciate that the benefits of limited liability run both ways. First, it shields an
10 equity owner from cataclysmic liabilities incurred at the company level. But just as important,
11 limited liability shields the *company* from cataclysmic liabilities incurred by the *owner and the*
12 *owner’s affiliate entities*.⁶⁵ As a matter of corporate law, the general rule is that the operating
13 company cannot be made to answer for debts or liabilities of its parent/affiliates, absent a showing
14 that failure to allow such “corporate veil piercing” would permit a fraud or create an injustice
15 (truly high bars and rarely invoked). Moreover, the limited liability veil operates at each level of
16 ownership in a company owned through a succession of intermediate entities. For example, if a
17 parent holding company owned 100% of a direct subsidiary A, which itself, in turn, owned 100%
18 of a “grandchild” subsidiary B, it would be extremely difficult for a creditor of the parent to access
19 the assets of the grandchild subsidiary B under standard legal prescriptions of veil piercing. To
20 do so, that creditor would have to navigate a successful “veil piercing” case twice over, first as

⁶⁵ See, e.g., Henry Hansmann and Reinier Kraakman, “The Essential Role of Organizational Law,” *Yale Law Journal*, 110(3), 2000, pp. 387–440.

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1 between the parent and subsidiary A, and then as between subsidiary A and next subsidiary B.
2 Consequently (and above and beyond the Revised Regulatory Commitments discussed below),
3 additional layers of ownership entities tend to insulate the operating company from the changes
4 in fortune associated with the parent's other obligations (or those of other affiliates further up the
5 ownership hierarchy).

6
7 As I will expand upon in more detail later in my testimony, the use of special purpose vehicles to
8 consummate an acquisition transaction is overwhelmingly the favored structural choice in M&A
9 transactions involving North American utilities companies. This is unsurprising, and it coheres
10 with what I teach my students: that SPE structures are overwhelmingly likely in all types of
11 mergers and acquisitions.

12
13 **Q. Please describe the “ring-fencing” measures committed to by the joint applicants.**

14 **A.** I have reviewed the revised regulatory commitments that Witness Boyd discusses in her
15 testimony, which are set forth in Revised Application Exhibit B-1 (“Revised Regulatory
16 Commitments”). In my opinion, and experience, these measures represent well-accepted vehicles
17 for assuring the governance, operational, and financial independence of PNM from the other
18 companies in the corporate structure. These include (*inter alia*) provisions that ensure: (i) that five
19 members of the PNM board will be disinterested directors, three of whom will be New Mexico
20 residents; (ii) the decision-making authority of PNM's Board of Directors to set, among other
21 things, PNM's dividend policy, debt issuance, capital expenditures, and operations and
22 maintenance expenses; (iii) the ability of a majority of PNM's disinterested directors to prevent

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1 PNM from making dividends if doing so would trigger debt covenants; and (iv) that the PNM
2 Board of Director compensation will not be tied to the performance—whether financial,
3 operational, or other—performance of any entity other than PNM.⁶⁶ In addition, the Joint
4 Applicants have committed to, among others: (i) not seeking recovery of transaction or transition
5 costs related to the Acquisition from customers in PNM’s rates; (ii) not seeking recovery in rates
6 of any transaction acquisition premium; (iii) PNM, TXNM, and Troy abiding by Commission
7 affiliate standards as they apply to PNM and maintain an arm's-length relationship with TXNM
8 and Troy and its affiliates, consistent with any variance accepted by the Commission; (iv) PNM
9 maintaining standalone credit ratings from at least two organizations registered with the SEC; and
10 (v) PNM maintaining accurate, appropriate, and detailed books, financial records and accounts,
11 including checking and other bank accounts, and custodial and other securities separate and
12 distinct from other entities.⁶⁷

⁶⁶ See Revised Application, Ex. B-1.

⁶⁷ See Revised Application, Ex. B-1.

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III. BENEFITS OF PRIVATE CAPITAL AND PRIVATE INFRASTRUCTURE FUND OWNERSHIP

Q. Does it appear to you that, as a policy matter, the State of New Mexico views private capital or private infrastructure fund investments as harmful or dangerous?

A. No. To the contrary, the State of New Mexico currently holds several significant private capital investments for the benefit of New Mexico citizens and retirees. According to its website, the New Mexico State Investment Council (“SIC”), which invests (among other things) the retirement funds for New Mexico state employees, has been consistently making investments in private capital funds since 1989. Currently, the SIC has a long-term allocation target of 13% for private equity investments and holds more than \$4.5 billion in private equity assets, including private infrastructure funds.⁶⁸ The SIC states that it has invested in “hundreds of private companies, through dozens of managers and more than 100 limited partnerships.”⁶⁹ Furthermore, the SIC’s 2026 Annual Investment Plan specifically states when discussing its private equity commitments that it will seek to “increase[e] 1) the number of GP relationships, 2) the size of our fund commitments, and 3) our co-investment activity through a combination of an SMA with our private equity consultant Mercer and side-by-side co-investment vehicles with our GPs”.⁷⁰ In addition, the SIC has specifically placed its trust in Blackstone and Blackstone Infrastructure. In

⁶⁸ These figures are current as of September 9, 2026. See “Private Equity Investments,” *New Mexico State Investment Council*, <https://www.sic.state.nm.us/investments/alternative-investments/private-equity-investments/>.

⁶⁹ “Private Equity Investments,” *New Mexico State Investment Council*, <https://www.sic.state.nm.us/investments/alternative-investments/private-equity-investments/>.

⁷⁰ “FY 2026 Annual Investment Plan,” *New Mexico State Investment Council*, August 2025, <https://www.sic.state.nm.us/wp-content/uploads/2025/09/FY26-Annual-Investment-Plan-final.pdf>.

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1 2018, the SIC committed to a \$100 million investment in the Blackstone Infrastructure
2 Fund BIP, thus making New Mexico citizens direct beneficiaries of the Fund's
3 investments, including the proposed investment in TXNM.⁷¹ More recently, in 2022, the
4 State of New Mexico and the SIC also committed to investing \$175 million in other
5 Blackstone private capital funds.⁷² The fact that the State of New Mexico and the SIC
6 view private capital and private infrastructure fund investments as desirable vehicles for
7 investing, and accordingly have committed billions of dollars' worth of state retiree funds
8 to investments in the space, stands as persuasive rebuttal to any categorical assertion that
9 private capital structures or private infrastructure fund investments would be unacceptably
10 risky or at odds with the state's public policy goals.

11
12 **Q. Do you find private capital or private infrastructure fund ownership of utilities to be**
13 **unusual or new?**

14 **A.** No. My understanding is that the proposed Acquisition represents a typical "going private"
15 transaction, wherein the listed company TXNM and its subsidiary PNM are proposed to be
16 sold under the statutory merger process to Troy. Troy is majority owned by the Blackstone

⁷¹ "Minutes of the New Mexico State Investment Council Meeting," *New Mexico State Investment Council*, April 24, 2018, <https://api.realfile.rtsclients.com/PublicFiles/7c4d03015a164367930068bfb95f6a0/e2ec847a-24cf-4fcb-98b9-131514adbd28/4.24.2018%20-%20SIC%20Minutes.pdf> ("April 24, 2018 SIC Meeting Minutes"), pp. 2–3. The April 24, 2018 SIC Meeting Minutes were obtained via the "2018" folder on the "Meeting Materials" tab of the New Mexico State Investment Council website at <https://www.sic.state.nm.us/council-committees/meeting-materials/>. The meeting minutes also indicate that the SIC had previously invested in four other Blackstone funds. *See* April 24, 2018 SIC Meeting Minutes, p. 2.

⁷² "For the year ended December 31, 2022, seven new commitments were made totaling approximately \$694MM: ...3. \$75MM Blackstone Real Estate Partners Asia III (Non-Core) 4. \$100MM Blackstone Real Estate Partners X (Non-Core)[.]" "FY2024 Annual Investment Plan," *New Mexico State Investment Council*, June 2023, <https://www.sic.state.nm.us/wp-content/uploads/2023/07/FY-2024-Annual-Investment-Plan-1.pdf-1.pdf>.

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1 Infrastructure Funds, which are perpetual private infrastructure funds (whose ultimate
2 parent company is itself publicly traded on national securities markets).

3
4 Going private transactions are hardly new vehicles, and indeed the acquisitions market in
5 general bears witness to a significant upturn in private capital transactions over the last
6 quarter century (as discussed in more detail earlier in my testimony).⁷³ The utilities sector
7 is no exception, and private capital ownership structures, including ownership by private
8 infrastructure funds, have become far more common in recent years here, too. By way of
9 comparison, and to get greater perspective on how private capital and private infrastructure
10 fund acquisitions interact in this space, I consulted the FactSet database, which includes a
11 widely used screening tool for assessing acquisition transactions, filterable by industry.
12 Using a look-back period of 20 years from August 2005 through July 2025,⁷⁴ I searched
13 for completed North American acquisitions in the Utilities space (FactSet Industry code
14 4700) in which the target company was a public company. The database returned 116 such
15 acquisitions, of which 33 (or 28 percent) were “going private” companies (and thus the
16 buyer was not a public company). Looking at just the ten years from August 2015 through

⁷³ See, e.g., “The Compelling Case for an Allocation to Semi-Liquid Evergreen Private Equity,” *Morgan Stanley*, March 11, 2025, <https://www.morganstanley.com/im/en-us/individual-investor/insights/articles/evergreen-private-equity-funds.html>.

⁷⁴ From July 31, 2025 (*i.e.*, transactions announced between July 31, 2005 and July 31, 2025).

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1 July 2025,⁷⁵ 39 percent of such acquisitions (19 out of 49) were “going private”
2 companies.⁷⁶

3
4 Consistent with these trends, as I will expand upon in more detail later in my testimony, it
5 is my opinion that the combination of long-term investment horizons as well as the
6 willingness and ability to deploy capital for long-term value creation makes evergreen
7 private infrastructure funds like the Blackstone Infrastructure Funds particularly well-
8 suited to steward infrastructure companies such as electric utilities.

9
10 **Q. Were the transactions in the FactSet database comparable in structure and**
11 **transaction value to the Joint Applicants’ proposed acquisition of TXNM?**

12 **A.** Yes, looking at data from acquisitions announced in the past ten years, the going-private
13 transactions in this space had an average EV of \$2.6 billion (at closing) and a median EV
14 of \$1.1 billion (again at closing), with a maximum EV of \$16.0 billion and a minimum of
15 \$2 million. This robust population of going private transactions, moreover, is quite
16 comparable to (if perhaps slightly smaller than) non-going-private acquisitions, which had
17 an average EV of \$5.7 billion and a median EV of \$5.7 billion, with a maximum EV of
18 \$26.0 billion and a minimum of \$38 million. The proposed Acquisition, which at

⁷⁵ From July 31, 2025 (*i.e.*, transactions announced between July 31, 2015 and July 31, 2025).

⁷⁶ Looking at the population of 33 utilities going-private acquisitions in the 20 years from 2005 to 2025, 11 (33 percent) appear to have been purchased by infrastructure funds. The prevalence of infrastructure funds has increased over the last decade, with 8 of the 11 transactions occurring in the 10 years from 2015 to 2025.

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1 announcement was projected to close at an EV of approximately \$12 billion, fits
2 comfortably within FactSet’s population of precedent transactions.⁷⁷

3
4 I note further that the use of special purpose vehicles to consummate an acquisition
5 transaction is overwhelmingly the favored structural choice for the utilities deals in the
6 FactSet database. Indeed, of the 11 going private deals announced in the past ten years
7 through July 31, 2025 where FactSet specifically reports on deal structure, *all of them* used
8 a structure that involves a special purpose entity (like the proposed Acquisition, all were
9 “reverse triangular mergers”). Moreover, among the entire collection of utilities
10 acquisitions (public or private), 30 of the 31 acquisitions for which FactSet reports the deal
11 structure utilized an SPE catalyst to consummate the transaction (again, all 30 of these were
12 “reverse triangular mergers”). This simply confirms what I teach my students: SPE
13 structures are overwhelmingly likely in all types of mergers and acquisitions.

14
15 **Q. Would you expect that a transition from being publicly traded to privately held would**
16 **negatively impact reliability for PNM’s customers?**

17 **A.** No. As an initial matter, and as observed above, Blackstone Infrastructure’s ultimate
18 parent, Blackstone, is itself a publicly traded company that makes quarterly and annual
19 reports to the SEC. Consistent with the above testimony regarding the regulatory oversight

⁷⁷ FactSet; TXNM Press Release, “TXNM Energy Enters Agreement to be Acquired by Blackstone Infrastructure,”
May 19, 2025, <https://www.txnmenenergy.com/~media/Files/P/PNM-Resources/press-release/Acquisition%20Investor%20Release.pdf>. Note that whereas TXNM’s press release refers to an EV of \$11.5 billion, the FactSet database reflects a \$12.6 billion enterprise value.

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1 of electric utilities that is exercised by the Commission, FERC, and others regardless of
2 whether an electric utility is publicly listed or privately held, I would not expect that the
3 proposed Acquisition will negatively impact reliability for PNM's customers.

4
5 There is empirical support for this expectation. Using data from the U.S. Energy
6 Information Administration ("EIA") on common reliability statistics—SAIDI,⁷⁸ SAIFI,⁷⁹
7 and CAIDI⁸⁰—I have conducted a statistical analysis that compares the reliability
8 performance of electric utilities that are publicly listed and those that are owned by private
9 capital investors.⁸¹ As summarized in JA Exhibits ELT-8.A–B, across these metrics and

⁷⁸ SAIDI is shorthand for System Average Interruption Duration Index, which measures the average cumulative outage duration per customer. See "Frequently Asked Questions (FAQs): Does EIA Have Information on Unplanned Disruptions or Outages of U.S. Energy Infrastructure?" *U.S. Energy Information Administration*, <https://www.eia.gov/tools/faqs/faq.php?id=1194&t=1>.

⁷⁹ SAIFI is shorthand for System Average Interruption Frequency Index, which measures the average number of electrical interruptions per customer. See "Frequently Asked Questions (FAQs): Does EIA Have Information on Unplanned Disruptions or Outages of U.S. Energy Infrastructure?" *U.S. Energy Information Administration*, <https://www.eia.gov/tools/faqs/faq.php?id=1194&t=1>.

⁸⁰ CAIDI is shorthand for Customer Average Interruption Duration Index, which measures the average number of minutes taken to restore power after an interruption. See "Frequently Asked Questions (FAQs): Does EIA Have Information on Unplanned Disruptions or Outages of U.S. Energy Infrastructure?" *U.S. Energy Information Administration*, <https://www.eia.gov/tools/faqs/faq.php?id=1194&t=1>.

⁸¹ The analysis compares averages by ownership type for each reliability statistic across all utilities with data available for each year between 2013 and 2023. Utilities that are owned by private investors include, but are not limited to, utilities owned by private infrastructure funds. The analysis is based on data reported at the utility provider and state level for 180 investor-owned utilities. For any particular utility in a particular state, data may be available in each or some of the years analyzed. Each reliability statistic can be reported with or without so-called Major Event Days ("MED"). For utilities using the Institute of Electrical and Electronics Engineers ("IEEE") standard, a MED is any day that exceeds a daily SAIDI threshold called Tmed. For utilities not using the IEEE standard, MEDs are self-determined by the reporting utility. See "Form EIA-861 Annual Electric Power Industry Report Instructions," *U.S. Energy Information Administration*, https://www.eia.gov/survey/form/eia_861/instructions.pdf; Joseph H. Eto, "Reliability/Resilience-Based Metrics and Planning," *Grid Modernization Lab Consortium of the U.S. Department of Energy*, March 4, 2020, https://eta-publications.lbl.gov/sites/default/files/5_-_eto_reliability_and_resilience_based_planning_4.pdf. The average reliability statistics by ownership type in each year were compared using the t-test, a standard statistical test used to compare averages across two groups. See, e.g., Adam Hayes, "T-Test: What It Is with Multiple Formulas and When to Use Them," *Investopedia*, May 31, 2025,

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1 the years analyzed, there does not appear to be any meaningful difference in the reliability
2 of electric utilities that are publicly listed and private capital-owned. In fact, across the
3 few metric-year combinations for which there are statistically significant differences in
4 reliability, the electric utilities that were owned by private capital exhibited *better*
5 reliability records than those that were publicly traded. Based on this evidence, there is no
6 basis to conclude that private capital ownership of electric utilities negatively impacts
7 reliability.⁸²

8
9 Furthermore, the Commission has authority to regulate and supervise utilities in the State
10 of New Mexico, regardless of whether the utility is owned by a publicly listed company or
11 private capital owned.⁸³ As such, the Commission will be able to continue actively
12 monitoring PNM's reliability metrics and will have the ability to conduct investigations
13 and demand remediations as it deems necessary.

<https://www.investopedia.com/terms/t/t-test.asp> ("A t-test is used to determine if there is a statistically significant difference between the means of two population samples. It is used in statistics for hypothesis testing and can indicate whether differences between two populations are meaningful or random.").

⁸² I note that I have only updated those data points that need to be reconciled with the revised testimony of other witnesses for consistency. I have not updated my empirical analysis in this Revised Testimony; however, updating this analysis to reflect new data available since my original testimony would provide results consistent with the results presented herein.

⁸³ See New Mexico Statutes § 62-6-4 (2024). See also, Hannah Grover, "PRC Approves New Reliability Metrics Rule," *New Mexico Political Reporter*, August 9, 2024, <https://nmpoliticalreport.com/2024/08/09/prc-approves-new-reliability-metrics-rule/>.

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1 **Q. Are there any advantages to private capital and private infrastructure fund**
2 **ownership structures?**

3 **A.** Yes. There are distinct advantages of private capital and private infrastructure fund
4 ownership structures that publicly traded ownership cannot offer, especially with respect
5 to long-term investments. And in my opinion, such economic advantages have
6 substantially driven the increased popularity of the private capital asset class as well as the
7 significant growth in the past decade of private infrastructure funds.

8
9 First, as discussed earlier in my testimony, private capital funds and private infrastructure
10 funds typically hold their investments over multi-year periods—in other words, private
11 capital is *patient* capital, with a view to long-term value creation.⁸⁴ Even when a private
12 capital fund has a stated termination date, the dynamics of market practices have induced
13 longer-term thinking.⁸⁵ Furthermore, as noted above, certain private capital funds and
14 private infrastructure funds, including the Blackstone Infrastructure Funds, are so-called
15 “perpetual” or “evergreen” funds, which means that the funds do not have an end date, can

⁸⁴ See, e.g., “Infrastructure: A Primer,” *Hamilton Lane*, <https://www.hamiltonlane.com/en-us/education/private-markets-education/infrastructure-primer>, which states that typical holding periods for “core” and “core-plus” infrastructure investments range from at least five years to ten or more years.

⁸⁵ For example, a study by Kastiel and Nili (2023) documents the growing prevalence of so-called “continuation funds,” whereby private capital funds “hold on to assets beyond the typical fund term and, instead of selling the assets to third parties, sell them to their own newly established fund.” See Kobi Kastiel and Yaron Nili, “The Rise of Private Equity Continuation Funds,” George J. Stigler Center for the Study of the Economy & the State Working Paper No. 340, 2023, p. i.

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1 hold investments even longer than traditional private equity funds, and have the ability to
2 raise additional equity investments from both new and existing investors.⁸⁶

3
4 Second, private capital investments—such as investments by private infrastructure funds—
5 often lead to better and more attentively managed companies over the long term. Much of
6 modern financial economics is predicated around structuring companies to minimize
7 problems that can occur when those who control a firm are not coterminous with its owners
8 (including stockholders and other stakeholders).⁸⁷ When this gulf between ownership and
9 control is appreciable, a variety of value destroying behaviors can manifest.⁸⁸ In widely
10 held, publicly traded companies, these sorts of “agency costs” are unavoidable, since small
11 investors have little time or inclination to keep close tabs on management.⁸⁹ By contrast,
12 in closely held companies, such as portfolio companies of private capital funds and private

⁸⁶ Per TXNM’s press release announcing the Proposed Transaction, “Blackstone Infrastructure has perpetual capital with no obligation to sell its investments, and is focused on long-term, multi-decade partnerships with the companies and communities in which it invests.” *See, e.g.*, TXNM Press Release, “TXNM Energy Enters Agreement to be Acquired by Blackstone Infrastructure,” May 19, 2025, <https://www.txnmenergy.com/~media/Files/P/PNM-Resources/press-release/Acquisition%20Investor%20Release.pdf>.

⁸⁷ *See, e.g.*, Ivo Welch, *Corporate Finance*, Fifth Edition (IAW, 2022), <https://corpfin.ivo-welch.info/read/> (“Welch (2022)”), Chapter 13, pp. 32–34 (“Another kind of bias arises when one individual has to act on behalf of others. This is called an agency problem or moral hazard. For example, it occurs in situations in which the owner of a project has to ask someone else with more information and divergent interests to execute it. ... In a small company with one owner and one employee, agency conflicts are less severe than they are in big corporations with their many layers of management and disengaged owners.”).

⁸⁸ *See, e.g.*, Welch (2022), Chapter 13, pp. 33–34 (“Agency problems exist up and down the corporate ladder. ... For example, division managers may like to have their own secretaries or even request private airplanes. Thus, they are likely to overstate the usefulness of the project ‘administrative assistance’ or ‘private plane transportation.’ ... [M]anagers often prefer not to maximize profits, but instead focus on maximizing sales. ... [Managers] may not want to take a risky but positive-NPV [value creating] project because they may get fired if it fails — and may not be rewarded enough if it succeeds.”).

⁸⁹ *See, e.g.*, Welch (2022), Chapter 13, p. 34.

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1 infrastructure funds, ownership is more concentrated and agency costs present far less of a
2 concern.⁹⁰

3
4 Another, and highly relevant, example of value destroying behaviors documented in the
5 academic literature is short-termism. Short-termism involves decisions intended to
6 maximize near-term profits or share prices (which are often beneficial for management
7 compensation) at the expense of long-term value creation.⁹¹ For instance, consider an
8 electric utility company that throttles back its investments in grid modernization in order
9 to boost its short-term cash flows, only to see that its cash flows (and valuation) decrease
10 over the longer term as the increasingly outdated grid has more frequent outages and incurs
11 ever higher maintenance and repair costs. Short-termism frustrates a central market
12 efficiency tenet of modern finance, which is that a company should make all investments
13 that have a positive net present value (“NPV”),⁹² *i.e.*, investments for which the return
14 implied by future cash flows exceeds the investment’s cost of capital.⁹³ An NPV analysis
15 considers the value of the present and future cash flows (both outlays and inflows) that a

⁹⁰ See, e.g., Welch (2022), Chapter 13, pp. 37–38 (“A very important aspect of managing moral hazard in firms is how firm owners (shareholders and creditors) deal with their firms — what rights they have. This is called corporate governance. ... Fortunately, corporate governance works pretty well for small and growing firms — and especially in private equity firms, whose business it is to run their own portfolio firms under tight supervision”).

⁹¹ For example, Graham et al. (2005) found that the vast majority (78%) of executives surveyed by the authors “admit[ted] that they would sacrifice a small, moderate or large amount of value to achieve a smoother earnings path.” See John R. Graham et al., “The Economic Implications of Corporate Financial Reporting,” *Journal of Accounting and Economics*, 40(1-3), 2005, pp. 3–73 (“Graham et al. (2005)”) at p. 47.

⁹² See, e.g., Welch (2022), Chapter 2, pp. 18–19 (“The net present value (NPV) of an investment is the present value of all its future cash flows minus the present value of its costs. ... NPV is the most important method for determining the value of projects. It is a cornerstone of finance.”).

⁹³ See, e.g., Welch (2022), Chapter 13, p. 2 (“A project creates value for the firm if its internal (expected!) rate of return exceeds its cost of capital. This is what makes it a positive NPV project.”).

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1 project is expected to produce, discounted to today's dollars with an appropriate risk-
2 adjusted discount rate. As I will expand upon in more detail later in my testimony, a
3 business unconstrained by other factors should invest capital in all projects that produce a
4 positive NPV.⁹⁴ Thus, a CEO who decides (or is compelled) to adopt a short-termist
5 mindset is defying this capital budgeting norm and failing to act as an effective steward.
6 As I will also expand upon in more detail later in my testimony, publicly listed companies
7 can attract the attention of activist investors who may demand short-termist capital
8 budgeting decisions that negatively impact long-term value creation and corporate
9 sustainability. In the case of TXNM, there is always a possibility that at some future point
10 its public shareholders could decide to pressure the Board of Directors and management
11 team to reduce or postpone its capital plans, if for example, the company underperforms or
12 there is a change in the political climate.

13
14 In many situations, the longer and more patient time horizons of private capital and private
15 infrastructure fund investors are well positioned to overcome conventional ownership-
16 versus-control hurdles such as short-termism, and therefore also best positioned for long-
17 term stewardship. This is all the more true for "evergreen" or perpetual private
18 infrastructure funds such as the Blackstone Infrastructure Funds, which can hold
19 investments over a long time period with no obligation to sell their investments at a

⁹⁴ See, e.g., Welch (2022), Chapter 2, p. 1 ("The firm should take all projects that have positive net present values and reject all projects that have negative net present values."), p. 20 ("Taking positive NPV projects increases the value of the firm. Taking negative NPV projects decreases the value of the firm").

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1 particular point in time (if at all). In my opinion, the combination of long-term investment
2 horizons as well as the willingness and ability to deploy capital for long-term value creation
3 makes private infrastructure funds especially well-suited for stewardship of infrastructure
4 companies such as electric utilities, which often find themselves needing large upfront
5 capital investments (*e.g.*, for grid modernization or new transmission lines) that will benefit
6 both customers and investors in the long-term. As described above, both TXNM and PNM
7 are in this position today as the necessary capital expenditures of \$10.2 billion at the TXNM
8 company level over the next five years (2026–2030) represent an 89% increase relative to
9 the prior five years (2021–2025).

10
11 Advantages of private infrastructure fund ownership are also documented by empirical
12 findings in the academic literature. For example, Howell et al. (2024) study “infrastructure
13 privatization in a modern, global context, focusing on airports” in order to examine “[w]hat
14 ownership model leads to the most efficient operation of these crucial assets.”⁹⁵
15 Specifically, the authors “examine not only private vs. public ownership, but also the type
16 of private ownership, and ask whether ownership changes yield improvements in service
17 quality and financial performance.”⁹⁶ The study considers four ownership types for
18 privatized airports globally: partial government, domestic private, foreign private, and
19 private infrastructure funds. The authors find that, whereas “[p]rivatization in general does

⁹⁵ See Sabrina Howell et al., “All Clear for Takeoff: Evidence from Airports on the Effects of Infrastructure Privatization,” European Corporate Governance Institute Working Paper, 2024 (“Howell et al. (2024)”), p. 1.

⁹⁶ See Howell et al. (2024), p. 1.

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1 not improve performance,” the “results suggest that when infrastructure funds acquire
2 airports, they increase volume, quality, and efficiency.”⁹⁷ For example, the authors find
3 that private infrastructure fund ownership is associated with (i) “expansions in terminal
4 size, suggesting that capital investment enables performance improvements,” (ii)
5 “improve[d] airport quality,” as evidenced by reductions in flight cancellation rates and
6 increased chances of winning awards for airport excellence, and (iii) “much larger
7 increases in the number of airlines and low-cost carriers when the airport has a state-owned
8 flag carrier, suggesting it creates value in part by reducing the flag carrier’s pre-existing
9 rents.”⁹⁸

10
11 **Q. How do private capital and private infrastructure fund ownership structures**
12 **compare to publicly traded entities in this regard?**

13 **A.** Publicly traded firm management (which by hypothesis has limited ownership stake)
14 typically has more attenuated ties to the long-term viability of the firm. Consequently,
15 rather than stewarding the company in a manner consistent with long-term growth,
16 managers of publicly held firms may be pressured to engineer and manage the short-term

⁹⁷ See Howell et al. (2024), Abstract, p. 5 (“In contrast, under non-[infrastructure fund] private ownership there are either no average improvements or strong pre-trends in event studies, pointing to a targeting mechanism. One argument for privatization focuses on political catering at government-owned firms, which may lead to excessive employment and poor investment choices at the expense of performance (Shleifer and Vishny, 1994; Boycko et al., 1996). Another view is based on managerial incentives; the firm will not operate efficiently if incentives to maximize profit are insufficiently high-powered (Vickers and Yarrow, 1988). Overall, our evidence is more consistent with the latter view, suggesting that while government ownership is not obviously inferior to private ownership in the airport setting, the high-powered incentives and access to capital that come with investor-owned infrastructure funds add value.”).

⁹⁸ See Howell et al. (2024), p. 4.

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1 stock price. A key reason for this short-term focus is the nature of public securities markets,
2 where equity ownership is mediated through anonymous market transactions and can
3 attract short-term activists purchasing appreciable stakes in order to pressure the company
4 to enhance their own immediate liquidity (e.g., through dividend payments, share
5 repurchases, and divestment of longer-term assets such as R&D capacity). Such activist
6 investors, moreover, are not especially interested in underwriting the types of investments
7 that will, over the long term, enhance the quality, dependability, and profitability of the
8 firm down the road. Their more typical *modus operandi* instead is to purchase, pressure,
9 extract, and cash out of ownership blocks in quick succession (often measured in months
10 rather than years).⁹⁹ Moreover, the academic literature has documented substantial
11 *spillover effects* of activism, whereby short-termism afflicts not only issuers targeted by

⁹⁹ See, e.g., “Activist Investor,” *Corporate Finance Institute*, <https://corporatefinanceinstitute.com/resources/equities/activist-investor/> (“An activist investor is an individual or institutional investor that seeks to acquire a controlling interest in a target company by gaining seats on the company’s board of directors.”). The article identifies three types of activist investors: (i) individual activist investors, (ii) private equity firms, and (iii) hedge funds (which “can take the approach of an individual activist investor or can act like private equity firms”). Individual activist investors and private equity firms are both “activist” investors in so far as both “are looking to make significant changes to the target company and unlock perceived hidden value within the target company.” Individual activist investors “are usually well known within the finance industry and use their influence to make structural changes to a company’s strategy. For example, if an individual activist does not believe management is allocating capital properly, they can use their influence over the board of directors to push for different capital allocation.” Examples of individual activist investors identified in the article include Bill Ackman (Pershing Capital) and Carl Icahn (Icahn Enterprises). Individual activist investors “may be able to add value for current shareholders by guiding management actions to the shareholders’ best interests.” However, “[i]ndividual activist shareholders may not share the same interests or goals as other shareholders and, therefore, may destroy shareholder value. For example, an activist shareholder may only prefer a short-term holding time horizon[.] They will influence management to make decisions that benefit the company in the short term to the detriment of shareholders with a long-term holding time horizon.” By comparison, private equity firms “use capital from various investors who are willing to invest large amounts of capital for an extended period of time” and “usually will take control of a public company with the intention of taking it private.” The article notes that “[p]rivate equity firms give many companies and startups access to liquidity and capital in situations where they might [not] be able to access to conventional financing. Additionally, private equity firms may provide value for current investors of a company that is underperforming in the public markets, allowing the company to steer away from the scrutiny of the public market.”

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1 activists but also non-targeted peer companies, whose managers rationally infer that they
2 may become the next target, and thus similarly prioritize short-term horizons.¹⁰⁰

3
4 Private capital and private infrastructure fund structures are significantly more resistant to
5 these problems. As discussed above, by concentrating ownership within a smaller group
6 of investors (not public securities markets), the private capital and private infrastructure
7 fund structures sharpen the tie between the firm's long-term health and managerial
8 incentives.¹⁰¹ Consequently, portfolio company executives must work closely with the
9 fund's investment management team and investors to make strategic, investment, and
10 operational decisions that bolster the firm's long-term value; as I discuss above, PNM has
11 significant near-term capital needs through 2030 (representing 64% of PNM's 2025 total
12 assets and 327% of PNM's 2025 total revenues) to fulfill New Mexico's long term clean
13 energy goals. A concentrated ownership better aligns managerial incentives with long-
14 term company objectives and performance.

¹⁰⁰ See, e.g., Nickolay Gantchev et al., "Governance Under the Gun: Spillover Effects of Hedge Fund Activism," *Review of Finance*, 23(6), 2019, pp. 1031–1068 ("Gantchev et al. (2019)"). See also Rachele C. Sampson and Yuan Shi, "Are U.S. Firms Becoming More Short-Term Oriented? Evidence of Shifting Firm Time Horizons from Implied Discount Rates, 1980–2013," *Strategic Management Journal*, 44(1), 2023, pp. 231–263 ("Sampson and Shi (2023)") at p. 249 ("Finally, the threat of shareholder activism has been shown to lead firms to focus on short-term returns (Fos, 2017; Qi, 2015). Given that a common objective of activists is to increase stock prices in the near term, this often leads to cost cutting and divestitures that grow stock prices in the short-term at the expense of longer-term investment and revenue growth (see, e.g., Bratton, 2010). ... Fos (2017) shows that, when the likelihood of shareholder activism increases (i.e., the threat of a proxy contest), firms change their behavior, increasing leverage, dividend and share repurchases while decreasing cash reserves as well as investment in R&D and capital. Firm performance appears to be affected as a result; Qi (2015) finds that an increasing shareholder activism threat dampens firm innovative outcomes. Whether activists become engaged because a firm is underperforming or because activists are seeking a short-term payoff, the threat of activism strongly points to firm preferences for short-term payoffs.").

¹⁰¹ See, e.g., Welch (2022), Chapter 13, pp. 32–38.

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1 Furthermore, as discussed above, compared to public securities market ownership—or
2 even other types of private equity capital—private infrastructure funds have a particularly
3 long-term focus, with typical holding periods for “core” investments that can exceed ten
4 years.¹⁰² This orientation is especially manifest in “evergreen” or perpetual private
5 infrastructure funds such as the Blackstone Infrastructure Funds, which can hold
6 investments over a long time period with no obligation to sell investments at a pre-specified
7 point in time (or even at all).¹⁰³ The alignment of long-term investment horizons between
8 private infrastructure funds and infrastructure portfolio companies, combined with the
9 sharpened ties between the firm’s long-term health and managerial incentives, means that
10 private capital and private infrastructure fund ownership structures are often best
11 positioned for effective long-term stewardship. These factors also mean that private capital
12 and private infrastructure fund ownership structures act as effective deterrents of
13 shareholder activists who would threaten to mount control contests as a means to extract
14 liquidity from the company through significant reductions in capital investment,
15 disbursements, debt recapitalizations, and divestments of long-term assets.

¹⁰² See, e.g., “Infrastructure: A Primer,” *Hamilton Lane*, <https://www.hamiltonlane.com/en-us/education/private-markets-education/infrastructure-primer>, which states that typical holding periods for “core” infrastructure investments range from at least seven years to ten or more years.

¹⁰³ As discussed above, I understand that Troy, backed by Blackstone Infrastructure, has committed to holding its investment in PNM for the long term and in any event no less than a minimum of 10 years. See Revised Application, Ex. B-1.

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1 **Q. Are activist investor campaigns a concern for publicly traded utilities like TXNM?**

2 **A.** Yes. Whereas, historically, regulatory restrictions shielded publicly traded utilities from
3 activist campaigns, changes in the industry structure and regulation have ushered in an
4 increase in activist campaigns. At the end of 2024, a study by FTI Consulting identified
5 the utilities sector as the sector most vulnerable to shareholder activism campaigns.¹⁰⁴

6
7 The past several years bear witness to numerous examples of activist investors acquiring
8 stakes in public utilities leading to actions which may have extracted short-term benefits
9 for shareholders, but potentially at the expense of long-term goals and general public
10 welfare. Those examples, moreover, are cautionary tales even to managers of yet-to-be-
11 targeted public companies, who rationally fear future activist engagements (and may
12 therefore attempt to preempt them).¹⁰⁵ It is consequently instructive to understand how
13 common and widespread activism has become in the utilities space.

14
15 In 2020, the activist investor Elliott Management Corp. (“Elliott”) acquired a stake in
16 Eversource Energy, Inc. (“Eversource”), and acquired two seats on its Board of Directors.¹⁰⁶ According
17 to Eversource, while Elliott was, among other things, pushing for Eversource to “significantly
18 increase its capex over the Company’s current plan,” Elliott was also arguing that Eversource

¹⁰⁴ Jason Frankl et al., “The Activism Vulnerability Report,” *Harvard Law School Forum on Corporate Governance*, December 18, 2024, <https://corpgov.law.harvard.edu/2024/12/18/the-activism-vulnerability-report-4/>.

¹⁰⁵ See, e.g., Gantchev et al. (2019).

¹⁰⁶ Eversource Press Release, “Eversource Announces Agreement with Elliott Management,” March 3, 2020, <https://newsroom.eversource.com/2020-03-03-Eversource-Announces-Agreement-with-Elliott-Management>.

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1 should “cut investments in operations and maintenance (O&M) to help offset this
2 increase.”¹⁰⁷ Public interest groups filed protests with FERC that Elliott and another hedge
3 fund, Bluescape Energy Partners, had gained control of a powerful committee on Evergy’s
4 Board of Directors, enabling them to control Evergy’s investment decisions for the benefit
5 of their holdings in Evergy and other portfolio companies.¹⁰⁸

6
7 In 2021, Elliott also acquired a stake in Duke Energy (“Duke”) and attempted to have the
8 company split into three regionally focused publicly traded utilities. According to Elliott,
9 a separation of Duke into multiple companies would create \$12–15 billion in near-term
10 shareholder value as a lack of management attention, among other things, had led to
11 “Duke’s rate base growth in each of its three service areas lag[ging] that of its closest
12 regional peers.”¹⁰⁹ In a letter to investors, Duke stated that, at the start of its campaign,
13 Elliott had “proposed a preferential equity scheme in which the company would issue up
14 to \$7 billion of deeply discounted equity to Elliott and its hedge fund allies, which would
15 materially dilute Duke’s existing shareholders.”¹¹⁰ Duke further stated that Elliott was
16 “attempt[ing] to push its short-term agenda at the expense of long-term shareholder value

¹⁰⁷ Evergy Press Release, “Evergy Affirms Board and Management’s Focus on Delivering Long-Term Value Creation and Serving Stakeholders’ Best Interests,” January 21, 2020, <https://newsroom.evergy.com/news-releases?item=122384>.

¹⁰⁸ CWA Press Release, “CWA, Public Citizen Protest Lack of Transparency Between Evergy and Two Major Hedge Funds,” November 12, 2021, <https://cwa-union.org/news/releases/cwa-public-citizen-protest-lack-of-transparency-between-evergy-and-two-major-hedge>.

¹⁰⁹ Elliot Investment Management Press Release, “Elliott Investment Management Sends Letter to Board of Directors of Duke Energy Corporation,” *PR Newswire*, May 17, 2021, <https://www.prnewswire.com/news-releases/elliott-investment-management-sends-letter-to-board-of-directors-of-duke-energy-corporation-301292688.html>.

¹¹⁰ Duke Energy Press Release, “Duke Energy Responds to Elliott Management’s Latest Letter,” July 19, 2021, <https://news.duke-energy.com/releases/duke-energy-responds-to-elliott-managements-latest-letter>.

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1 as well as the interests of Duke Energy’s employees and the communities it serves” and
2 that Duke’s “largest investors, as well as analysts, public officials, and other stakeholders
3 were near universal in their rejection of [Elliott’s] unsound plan” to split up the
4 company.¹¹¹

5
6 In 2021, the activist investor Carl Icahn announced his intention to invest in FirstEnergy,
7 Corp. (“FirstEnergy”).¹¹² A month later FirstEnergy entered into an agreement with Mr.
8 Icahn under which it immediately added two board members affiliated with his company
9 Icahn Capital to its Board of Directors.¹¹³ In 2024, Mr. Icahn started an activist campaign
10 against American Electrical Power Inc. (“AEP”) with the goal of “optimiz[ing] the value
11 and performance of AEP’s high quality regulated electric utility business for the benefit of
12 all of AEP’s stakeholders.”¹¹⁴ AEP settled Mr. Icahn’s demands by adding two
13 representatives from Icahn Capital to its Board of Directors; the CEO of AEP was fired by
14 the company shortly thereafter.¹¹⁵

¹¹¹ Duke Energy Press Release, “Duke Energy Responds to Elliott Management’s Latest Letter,” July 19, 2021, <https://news.duke-energy.com/releases/duke-energy-responds-to-elliott-managements-latest-letter>.

¹¹² Scott Deveau and Brian Eckhouse, “FirstEnergy Climbs as Icahn Plans to Take Stake in Utility,” *Bloomberg*, February 18, 2021, <https://www.bloomberg.com/news/articles/2021-02-18/firstenergy-climbs-as-icahn-plans-to-take-stake-in-utility>.

¹¹³ FirstEnergy Press Release, “FirstEnergy Announces Agreement with Icahn Capital,” March 16, 2021, https://www.firstenergycorp.com/newsroom/news_articles/firstenergy-announces-agreement-with-icahn-capital.html.

¹¹⁴ AEP Press Release, “AEP Appoints Two New Directors,” February 12, 2024, <https://www.aep.com/news/stories/view/9352/AEP-Appoints-Two-New-Directors/>.

¹¹⁵ Josh Saul, “After Making a Deal with Activist Investor Carl Icahn, Utility AEP Cuts its CEO Loose,” *Fortune*, February 27, 2024, <https://fortune.com/2024/02/27/deal-activist-icahn-aep-ceo/>.

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1 In 2025, Elliott purchased a 5% stake in German utility company RWE AG, stating that it
2 welcomed “RWE’s decision to reduce its 2025-2030 investment programme by [EUR] 10
3 billion” and encouraged the company to “significantly increase and accelerate [its] ongoing
4 share buyback programme” instead.¹¹⁶ Even major oil companies are not immune to
5 activist campaigns. In 2025, Elliott has also purchased a 5% stake in BP, a GBP ~75 billion
6 (\$95 billion) oil major.¹¹⁷ Similar to its demands to RWE, Elliot put pressure on BP to
7 limit its spending on renewable energy and sell off parts of its green business.¹¹⁸ In another
8 common activist investor tactic, Elliott also encouraged BP to cut its labor costs,
9 “identif[ying] tens of thousands of BP support staff globally” for potential cost cuts.¹¹⁹
10 Elliott’s campaign against BP is emblematic of the risks public companies face from
11 activist investors motivated by short-term profits.

12
13 In short, the utilities sector has become a succulent target for activist investors, in large part
14 because utilities often must commit capital to hard assets that may not yield positive cash
15 flows for long periods of time. Throttling back such investment plans is an easy way for

¹¹⁶ Elliott Advisors (UK) Limited Press Release, “Elliott Statement on RWE AG,” *PR Newswire*, March 24, 2025, <https://www.prnewswire.com/news-releases/elliott-statement-on-rwe-ag-302408664.html>.

¹¹⁷ Malcolm Moore et al., “Elliott Builds £3.8bn Stake in BP and Seeks Big Asset Sales,” *Financial Times*, February 13, 2025, <https://www.ft.com/content/25cd4cac-631f-467c-a372-00d0fdb2dfe0>. The article notes that Elliott “has become BP’s third-largest shareholder after building a near-5 per cent stake worth almost £3.8bn.” This would imply a total value for BP of approximately GBP 76 billion (based on GBP 3.8 billion / 0.05). Based on the GBP/USD exchange rate on February 13, 2025, of 1.2565, GBP 76 billion was equivalent to approximately \$95 billion. See LSEG Workspace.

¹¹⁸ Malcolm Moore et al., “Elliott Builds £3.8bn Stake in BP and Seeks Big Asset Sales,” *Financial Times*, February 13, 2025, <https://www.ft.com/content/25cd4cac-631f-467c-a372-00d0fdb2dfe0>.

¹¹⁹ Malcolm Moore and Emma Dunkley, “BP to Report on Cost Cuts as Activist Investor Elliott Steps Up Pressure,” *Financial Times*, August 3, 2025, <https://www.ft.com/content/4f3bb631-4069-4035-96eb-99acf6aaea5a>.

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1 an activist investor to augur immediate cash flows and share prices; doing so, however,
2 impairs the company's long-term objectives and capital requirements as a result of higher
3 future costs from a lack of investment today. And, because activism has documented
4 spillover effects, it can and does affect corporate decision making even for not-yet targeted
5 companies. As noted above, it is well established in the finance literature that the mere
6 *threat* of activist campaigns can influence decision making.¹²⁰

7
8 **Q. Are private infrastructure funds an effective counter-measure to activist-fed short-**
9 **termism in the utilities sector?**

10 **A.** Yes. Because of the long-term nature of their investment horizons and holding periods,
11 private infrastructure funds like Blackstone Infrastructure can be an effective answer to
12 activist-fed short-termism in the utilities sector. Whereas activist investors typically target
13 investment holding periods of less than 6 months and seek quick returns, as discussed
14 above, private infrastructure funds are a source of long-term stable stewardship and capital
15 for their portfolio companies. For example, after FirstEnergy was targeted by Icahn Capital
16 in 2021, the Blackstone Infrastructure Fund BIP invested \$1 billion in newly issued
17 FirstEnergy equity and joined FirstEnergy's Board of Directors. The capital provided by
18 BIP and its co-investors strengthened FirstEnergy's credit profile while allowing it to
19 continue investing in strategic capital expenditures necessary to improve its grid reliability,
20 modernize the company's transmission systems, and move towards its carbon-neutral

¹²⁰ See, e.g., Gantchev et al. (2019); Sampson and Shi (2023).

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1 goals.¹²¹ As of the date of this testimony, BIP continues to hold its investment in
2 FirstEnergy and I understand has no incipient plans to divest its holdings.

3
4 **Q. Do publicly traded companies enjoy an advantage over private entities in raising**
5 **additional equity capital to underwrite investments, since they can simply sell more**
6 **stock into the open market?**

7 **A.** Not necessarily. While publicly traded companies can indeed access public securities
8 markets to make secondary (or “seasoned”) equity offerings, there are several direct and
9 indirect limitations on the practical ability to access such markets in order to sell additional
10 stock.

11
12 First, access to a source of capital requires motivation to access it. As explained above,
13 activist-fed short termism threats frequently undermine the motivation of public-company
14 managers to commit capital to assets with low liquidity and a long payback period,
15 potentially painting a proverbial target on their backs for activists.

16
17 Second, all corporate charters are required to impose a cap on the total number of shares
18 authorized to be issued, and if that limitation needs to be lifted in order to sell more shares,
19 the decision to do so would have to be submitted to a vote of the stockholders to amend the

¹²¹ FirstEnergy Press Release, “FirstEnergy Announces Transformative \$3.4 Billion of Equity Financings, Introduces Long-Term Earnings Growth Rate of 6-8%,” November 7, 2021, https://www.firstenergycorp.com/newsroom/news_articles/firstenergy-announces-transformative--3-4-billion-of-equity-fina.html.

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1 charter. While this is not a significant impediment for privately held companies (which
2 have a comparatively modest number of stockholders), publicly traded companies must
3 proceed by issuing a public proxy solicitation, noticing/convening of a stockholders
4 meeting, ensuring a quorum of stockholders is present, and obtaining a majority vote of *all*
5 outstanding votable shares.¹²²

6
7 Third, even if a company has sufficient headroom to issue more shares, a secondary
8 offering typically imposes “flotation costs” associated with retaining financial, legal, and
9 marketing professionals to help underwrite and execute the offering. Such flotation costs
10 represent an additional cost of accessing public capital markets through seasoned offerings
11 (estimated to be around five percent of the proceeds).¹²³

12
13 Fourth, the announcement of a secondary offering can invite adverse effects on the issuer’s
14 public stock price (especially for smaller issuers, such as TXNM). There is an established
15 theoretical and empirical literature in finance showing that attempts to raise additional
16 equity capital through seasoned offerings can send adverse signals to market participants
17 (*e.g.*, about the issuer’s limited internal funds, the quality of the project, the threat of

¹²² See New Mexico Statutes Chapter 53 - Corporations § 53-13-2 (requiring an “affirmative vote of the holders of a majority of the shares entitled to vote thereon”).

¹²³ See Alexander W. Butler et al., “Stock Market Liquidity and the Cost of Issuing Equity,” *Journal of Financial and Quantitative Analysis*, Vol. 40(2), 2005, pp. 331–348.

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1 dilution, etc.), which can—and often do—cause the stock price to decline.¹²⁴ Both market
2 conditions and the size of the offering can further affect the cost and feasibility of accessing
3 funds in public markets. In adverse market conditions, companies may have to delay
4 planned capital raises and capital expenditure investments when doing so would be
5 prohibitively expensive.¹²⁵ Moreover, a sizeable dilution through a secondary offering can
6 both exacerbate adverse market inferences and worsen the market for a company's shares.
7 As discussed above, TXNM expects capital expenditures of \$10.2 billion from 2026 to
8 2030, in part to achieve the State of New Mexico's ambitious green energy plans. The
9 capital required to fund such large capital expenditures is sufficiently large as to induce
10 TXNM to disclose to its investors the risk that if market conditions worsened and precluded
11 cheap access to the secondary offering market, the company would seek to improve cash
12 flows by instead *reducing* capital expenditures.¹²⁶

¹²⁴ See, e.g., Stewart C. Myers and Nicholas S. Majluf, "Corporate Financing and Investment Decisions When Firms Have Information That Investors Do Not Have," *Journal of Financial Economics*, 13(2), 1984, pp. 187–221 at p. 220 ("When managers have superior information, and stock is issued to finance investment, stock price will fall, other things equal."); Greg Filbeck and Patricia Hatfield, "Public Utility Companies: Institutional Ownership and the Share Price Response to New Equity Issues," *Journal of Financial and Strategic Decisions*, 12(2), 1999, pp. 31–38 at p. 35 ("Table 2 shows the share price response to new equity offerings by public utility companies. The two-day announcement period abnormal return is -0.50796 percent (Z value of -5.63) which is statistically significant at the one percent level. Sixty percent of the sample experienced negative returns during the two-day announcement period. These results are consistent with previous studies that have documented significant share price responses to the announcement of new equity offerings and consistent with Asquith and Mullins (1986), Masulis and Korwar (1986), Bowyer and Yawitz (1980), and Pettway and Radcliffe (1985)."); Greg Filbeck et al., "Stock-Price Reaction to Equity Issues of Utilities: The Influence of Regulatory Climate," *Managerial and Decision Economics*, 18(7-8), 1997, pp. 731–745 at p. 731 ("We examine the stock-price reaction to the announcements of new equity of utilities ... Using an event-study method ... The main findings are: (1) the reaffirmation that the price reaction of stocks of utilities is negative.").

¹²⁵ While private capital firms are not entirely insulated from such swings, they are better able to access and retain capital in unfavorable market conditions, as discussed below.

¹²⁶ See TXNM 2025 10-K, p. A-48.

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1 Significantly, the price discounts in seasoned offerings affect not only the new stock sold
2 in the offering but also any already-outstanding shares, a shock that itself can attract short-
3 termist activist investors eager to countermand long-term capital investment plans in favor
4 of cash distributions. Moreover, in my experience, utilities routinely attempt to pass such
5 pricing discounts (along with flotation costs) through to customers via the rate setting
6 process in the form of higher returns on equity.¹²⁷

7
8 For utilities owned by private infrastructure funds, there are different (and frequently less
9 costly/risky) ways to raise additional equity capital. For example, private infrastructure
10 funds—I understand including those involved here—typically have the contractual right to
11 issue mandatory capital calls on their existing investors, thereby obviating the need to
12 “coax” public market participants into purchasing additional shares (often at the cost of a
13 market-wide pricing discount as discussed above). Moreover, private infrastructure
14 funds—I understand including those involved here—typically have the ability to raise
15 additional equity investments from new investors, either through participation in the fund
16 or the creation of a new one to co-invest. In either case, the effort to raise additional equity
17 funding does not bear appreciable flotation costs and does not run the risk of inviting a
18 discount in the public stock price.

¹²⁷ For example, under the well-known discounted cash flow (“DCF”) approach to assessing appropriate risk adjusted returns, a sudden discount in market price mechanically translates into a higher imputed risk adjusted rate of return, and flotation costs are typically (if somewhat controversially) added on top of that.

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1 Given that the participation of a private infrastructure fund can unlock investment flows, it
2 is also not surprising that the market's *expectation* of such participation can similarly attract
3 resources on favorable terms, as financial investors make their decisions according to
4 forward-looking predictions about the future investment performance and stability of the
5 company. Accordingly, I understand in this case that TXNM has had some success in
6 raising additional capital after the Acquisition was announced. Should the Acquisition fail,
7 however, the expectations of market participants would necessarily have to adapt to reflect
8 the new reality, and TXNM would likely face the prospect of a lower stock price and credit
9 ratings, hampering its ability to raise the necessary inflows to fund its capital investment
10 plan. In that scenario, issuing additional equity and debt would become both more costly
11 and more dilutive to TXNM's shareholders, and TXNM would have to offer more
12 attractive terms simply to raise the same amount of capital.

13
14 **Q. Is the Acquisition's capital structure sufficiently protective of PNM?**

15 **A.** Yes, in my opinion the Acquisition's capital structure is sufficiently protective of PNM.
16 As previously mentioned, I understand that TXNM and Blackstone Infrastructure will not
17 issue any incremental debt as a result of the Acquisition or engage in what is sometimes
18 referred to as "financial engineering."¹²⁸ Further, as noted above, private infrastructure

¹²⁸ Financial engineering, or enhancing equity returns through the use of debt, has historically been a common private capital investment strategy to increase investment returns. I note, however, that since 2008, even for traditional private equity funds, leverage has been replaced by operational improvements as the main contributor to private equity fund returns. See Andrew Snyder et al., "Evolving Drivers of Private Equity Value Creation," *CAIS*, March 7, 2023, <https://www.caisgroup.com/articles/evolving-drivers-of-private-equity-value-creation>.

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1 funds in general target relatively lower returns (target fund IRRs of 6% to 15%) than
2 traditional private equity funds (which typically target fund IRRs between 20% and
3 25%).¹²⁹ Moreover, the Blackstone Infrastructure Funds target “core” and “core-plus”
4 infrastructure investments, such as TXNM, which are on the lower end of the infrastructure
5 risk-return continuum.¹³⁰ Based on my review of the documents in this case, I have not
6 seen any indication that Blackstone Infrastructure is seeking to increase TXNM’s debt load
7 or engage in “financial engineering” to enhance its return from the investment.

8
9 As also noted above, PNM would remain a separate operating subsidiary without any
10 commingling of funds, assets, or cash flows with any Blackstone Infrastructure affiliates.
11 I also understand that Troy, backed by Blackstone Infrastructure, has committed that PNM
12 will, at a minimum, fund PNM’s \$4.9 billion capital budget from 2026 to 2030.¹³¹ PNM
13 will also be unable (with the exception of tax distributions and unless otherwise approved
14 by the Commission) (i) to pay dividends in excess of its net income as calculated under

¹²⁹ See, e.g., “Infrastructure: A Primer,” *Hamilton Lane*, <https://www.hamiltonlane.com/en-us/education/private-markets-education/infrastructure-primer>; Gompers et al. (2016), p. 450.

¹³⁰ Core infrastructure investments have modest capital appreciation profiles and stable predictable cash flows supported by long-term contracts. Core-plus infrastructure investments seek higher capital appreciation than core investments which may require some growth capital expenditures. See “Infrastructure: A Primer,” *Hamilton Lane*, <https://www.hamiltonlane.com/en-us/education/private-markets-education/infrastructure-primer>. See also Blackstone Inc., SEC Form 10-K for period ended December 31, 2025, filed on February 27, 2026, p. 9 (“BIP targets a diversified mix of core+, core and public-private partnership investments across all infrastructure sectors, including energy infrastructure, transportation, digital infrastructure and water and waste.”). See also Blackstone Infrastructure Strategies L.P., SEC Form 10-K for period ended December 31, 2025, filed on March 6, 2026, p. 7 (“BXINFRA primarily makes infrastructure investments within the Core+ or Core space, leveraging the talent and investment capabilities of Blackstone’s Infrastructure Platform, however, we may invest in any type of infrastructure investments.”).

¹³¹ See Revised Application, Ex. B-1.

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1 Generally Accepted Accounting Principles (“GAAP”) or (ii) to pay any dividends if its
2 credit rating is below investment grade.¹³²

3
4 **Q. What are the long-term capital investment approaches and goals of investors?**

5 **A.** All investors (whether in public capital markets or private markets) make investments
6 based on the risk-return characteristics promised by that investment. This is also true of
7 business investments in capital projects. As a general matter, and as discussed earlier in
8 my testimony, a business that is not otherwise constrained will assess each capital
9 investment project in terms of its NPV (net present value). Any project that yields a
10 positive NPV is worth pursuing, while any project offering a negative NPV should be
11 rejected. This “NPV” rule is stated in practice in a variety of ways, but it invariably leads
12 to the outcome stated above: A business unconstrained by other factors should invest
13 capital in all projects that produce a positive NPV, evaluated at the appropriate risk-
14 adjusted discount rate. The NPV rule is closely related (and usually identical) to another
15 capital budgeting rule of thumb based on *internal rates of return* (or IRR). The IRR of an
16 investment project is the rate of return for which the project is a “break even” proposition
17 in present value terms.¹³³ In other words, the IRR is the hypothetical rate at which a

¹³² See Revised Application, Ex. B-1.

¹³³ See, e.g., Welch (2022), Chapter 4, pp. 5–6, 10 (“There is another common capital-budgeting method, which often leads to the same recommendations as the NPV rule. This method is useful because it does so through a different route and often provides good intuition about the project. ... The internal rate of return (IRR) is the quantity, which, given a complete set of cash flows, solves the NPV formula set to zero. ... The IRR capital-budgeting rule states that if and only if an investment project’s IRR (a characteristic of project cash flows) is above the appropriate discount rate (*i.e.*, the cost of capital quoted like a required interest rate) for the project, then the project should be taken.”).

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1 project's present value is precisely zero. Under an "IRR rule" to capital budgeting, the
2 investor will determine the IRR for a given project and then compare that rate to the risk-
3 adjusted "hurdle rate" that the investor requires in order to justify making an investment.
4 If the IRR exceeds that hurdle rate, the investor will pursue the project. The NPV rule and
5 the IRR rule for capital budgeting are closely related. When the investor's hurdle rate is
6 set at the risk-adjusted market rate of return, in fact, the NPV rule and the IRR rule produce
7 identical answers. And, in competitive market settings, active capital participants will use
8 the risk-adjusted market rate as its IRR.¹³⁴

9
10 When engaged in capital budgeting decisions for the long term, the appropriate risk-
11 adjusted rate is pegged against long term rates of return. For example, the capital asset
12 pricing model establishes how to add an appropriate risk premium on top of a "risk free"
13 rate (usually represented by US treasuries). Because US treasuries of different tenors have
14 different annualized rates, it is important to match the term of the project with the
15 appropriate rate. A long-term capital investment should be valued using long-term rates as
16 the benchmark.

17 As noted above, the NPV rule (or IRR rule) is a capital budgeting criterion that works for
18 any capital investment project, so long as the investor is unconstrained by other factors.
19 One such constraint might be time horizons. An investor who cares only about short-term

¹³⁴ For certain types of projects that have atypical cash flow patterns, the computation of IRR may generate several candidates. However, when those candidates are appropriately interpreted, the IRR rule and the NPV rule typically render identical results. *See e.g.*, Welch (2022), Chapter 4, p. 12.

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1 horizons may pressure management to pass up investment opportunities that offer positive
2 NPV but only over a longer term (possibly with limited liquidity until then). Consider an
3 investment project that requires outlays of \$100 for five years with a payoff of \$1000 in
4 year six. A CEO of a publicly traded company may be worried about quarterly cash flows
5 and concerned that poor short-term results will attract activist investors who seek to shut
6 down such long-term, value positive projects and instead redirect such payments into
7 distributions. As discussed above, that CEO may pass up a lucrative long-term project for
8 fear of short-term activism.¹³⁵

9
10 Another potential constraint on the NPV/IRR rule is mutual exclusivity. In some cases, a
11 business may face an artificial constraint on the number of projects it can undertake
12 (limited by rule, sources of capital, geography or other forces). In such a scenario, where
13 the investor can choose only one project, she will pursue the one with the highest NPV
14 (even if both offer a positive NPV).¹³⁶ Should the constraint become relaxed subsequently,
15 the investor would, of course, want to pursue both projects. Indeed, when there are no
16 external constraints and sufficient sources of capital, the investor will undertake *every*
17 positive NPV investment that is available, either directly or through investment vehicles /
18 subsidiaries.

¹³⁵ See, e.g., Graham et al. (2005), p. 47.

¹³⁶ Significantly, in this case the IRR rule can become unreliable. This can happen when one project with a very small scale has a high IRR while a much larger (but mutually exclusive) project carries a slightly lower IRR. The second project may be the one worth pursuing because it can achieve larger aggregate scale (and thus a larger NPV or firm value). See Welch (2022), Chapter 4, p. 13.

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1 **Q. Once a utility becomes a portfolio company of a private infrastructure fund, does it**
2 **risk losing out needed investment funds through competition with other portfolio**
3 **companies in the fund?**

4 **A.** No. So long as the constraints noted above do not bind, the logic of the NPV / IRR rule
5 continues to hold even for a private infrastructure fund which makes investment decisions
6 across a collection of held subsidiaries. Each project will be evaluated on its own NPV
7 terms, and those with positive NPV will be worth underwriting. In fact, as compared to
8 publicly traded ownership, this foundational logic may hold more strongly for many types
9 of private capital investor ownership, including the ownership structure contemplated in
10 this proposed acquisition. Unlike many types of private capital funds with specified time
11 horizons (such as five years), the Blackstone Infrastructure Funds are “evergreen” funds
12 with no specified payout date for investors.¹³⁷ This factor minimizes the risk that short-
13 termist thinking will pervade investment decisions at PNM in order to achieve quick
14 liquidity for impatient investors. In contrast, PNM’s parent company is a public company,
15 which means it must remain ever vigilant about short-term activist investors seeking to
16 unlock liquidity at the expense of long-term investments.

17
18 Second, because of its significant size and experience, Blackstone Infrastructure has access
19 to considerable sources of outside capital to help underwrite positive-NPV investments (at

¹³⁷ Hugh MacArthur et al., “Are Longer Holding Periods the Wave of the Future in Private Equity?,” *Bain & Company*, April 2018, <https://www.bain.com/insights/are-longer-holding-periods-the-wave-of-the-future-in-private-equity-forbes/>; “Blackstone Infrastructure Partners Overview,” *Pitchbook*, <https://pitchbook.com/profiles/fund/15978-34F#overview>.

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1 PNM and elsewhere). That access significantly allays any material concerns one might
2 have about PNM's projects being "elbowed out" by another portfolio company. Accepted
3 capital budgeting rules strongly prescribe that PNM should receive funding for any
4 worthwhile project (as should any sister portfolio company) either through internal cash
5 flows generated by PNM, investment by Blackstone Infrastructure, or outside fundraising.

6
7 In fact, the economies of scale and scope that appear likely to result after the proposed
8 Acquisition (*e.g.*, through cost sharing, common services, *etc.*) will tend to reduce many of
9 the operating and administrative costs that PNM now faces, and as a result the new structure
10 will drive up NPVs and IRRs of candidate projects. The end result would be possibly to
11 induce just as much if not more capital investment, both on the extensive margin and the
12 intensive margin.

13
14 Finally, as noted above, I understand that Troy, backed by Blackstone Infrastructure, has
15 committed that PNM will, at a minimum, fund PNM's \$4.9 billion capital budget from
16 2026 to 2030.¹³⁸

¹³⁸ See Revised Application, Ex. B-1.

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1 **Q. Would you expect that a transition from being publicly traded to privately held would**
2 **negatively impact rates paid by PNM’s customers?**

3 **A.** No. Protecting ratepayers is exactly what public regulatory commissions are there to
4 ensure. Given the regulatory constraints placed upon electric utilities (irrespective of
5 ownership structure), I would not expect that the proposed Acquisition would negatively
6 impact rates for PNM’s customers. Private capital investor-owned utilities, like publicly
7 traded utilities, must submit rate request applications to their respective PRCs for approval.
8 While planned increases in capital expenditures—such as the 2026–2030 capital plan
9 announced prior to the Acquisition—could affect future rates as they become folded into
10 the regulatory rate base, that is a byproduct of the capital expenditures alone, and not the
11 utility’s ownership structure. I thus would not expect that, all else equal, a transition from
12 being publicly traded to privately held by itself would increase rates.¹³⁹ Indeed, the
13 Commission will continue to regulate PNM and determine the allowable return on equity
14 (“ROE”) the company may earn.

15
16 Available evidence corroborates this expectation and suggests that public utilities
17 commissions (including this Commission) are indeed up to the task. S&P Capital (“S&P”)
18 collects data on the rates and ROEs requested and authorized for electrical utilities

¹³⁹ In fact, I understand that Troy, backed by Blackstone Infrastructure, has committed to provide rate credits to be applied to PNM customers’ bills over the next four years in an amount that totals \$105 million and a further \$115 million over the subsequent six years. Ex. B-1, Revised Application. As such, holding constant the expected level of capital expenditures, it is possible that in isolation the Transaction could lead to future rates for PNM’s customers being lower than they would be if TXNM were to remain a publicly listed company.

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1 throughout the US.¹⁴⁰ As shown in JA Exhibits ELT-9.A–B, across these investment
2 categories and the years analyzed, there appears to be little difference in either the ROEs
3 requested or authorized for electric utilities when publicly listed and when owned by
4 private capital.¹⁴¹ These analyses show that, on average, utilities owned by private capital
5 investors actually had slightly *lower* authorized and requested ROEs than those of publicly
6 listed utilities.¹⁴² Statistical analysis confirms these findings. Specifically, using the S&P
7 data, I compared the mean level of ROEs authorized by PRCs for electrical utilities that
8 are publicly listed and those that are owned by private capital.¹⁴³ I also conducted a
9 statistical analysis that compares the mean level of requested ROEs by electrical utilities
10 that are publicly listed and those that are owned by private capital.¹⁴⁴ These analyses result
11 in statistically significant differences for both average authorized and requested ROEs,
12 with private capital-owned utilities exhibiting *lower* averages than their publicly listed
13 counterparts.¹⁴⁵

¹⁴⁰ S&P collects data on both past and pending rate cases. *See, e.g.*, Lisa Fontanella, “US Energy Utilities Seek Almost \$24B in Pending Rate Cases,” *S&P Global*, October 11, 2023, <https://www.spglobal.com/market-intelligence/en/news-insights/research/us-energy-utilities-seek-almost-24b-in-pending-rate-cases>.

¹⁴¹ JA Exhibit ELT-9.A shows the authorized ROEs from 2013 to 2023 by ownership type for the utilities that both had authorized ROEs between 2013 and 2023 and were present in the EIA Reliability data. JA Exhibit ELT-9.B shows the requested ROEs from past rate cases from 2013 to 2023 by ownership type for the utilities that both had requested ROEs between 2013 and 2023 and were present in the EIA Reliability data.

¹⁴² JA Exhibits ELT-9.A–B display a line of best fit, calculated using the ordinary least squares model, for the publicly listed and private capital-owned utilities, respectively. In both exhibits, the line of best fit for private capital-owned utilities is below than that of publicly listed utilities, *i.e.* they have lower ROEs.

¹⁴³ The average authorized ROEs were compared using the t-test, a standard statistical test used to compare averages across two groups.

¹⁴⁴ The average requested ROEs were compared using the t-test, a standard statistical test used to compare averages across two groups.

¹⁴⁵ *See* JA Exhibits ELT-9.A–B.

**REVISED TESTIMONY OF
ERIC L. TALLEY
CASE NO. 25-00060-UT**

1 This result is not surprising given that (in my estimation) regulatory commissions have the
2 same job to do regardless of a utility's ownership structure, and they tend to do it well.
3 There does not appear to be evidence that private capital-owned utilities request or receive
4 above market-level ROEs or that PRCs allow private capital-owned utilities to charge their
5 customers more. In fact, the evidence would suggest that private capital-owned utilities
6 are more efficient and better managed, allowing for cost savings to customers.¹⁴⁶

7 **IV. CONCLUSIONS**
8

9 **Q. Please summarize your conclusion.**

10 **A.** Nothing about the proposed Acquisition's structure or funding, nor anything about private
11 infrastructure fund ownership as contemplated by this Acquisition, should cause concern. To the
12 contrary, private infrastructure fund ownership carries distinct and durable benefits for PNM and
13 for New Mexico. The combination of long-term investment horizons as well as the willingness
14 and ability to commit capital over an extended period makes evergreen private infrastructure funds
15 like the Blackstone Infrastructure Funds particularly well-suited for stewardship of capital-
16 intensive infrastructure companies such as electric utilities. More generally, and for many of the
17 same reasons, private capital ownership structures are becoming increasingly common across the
18 utilities sector.
19

¹⁴⁶ I note that I have only updated those data points that need to be reconciled with the revised testimony of other witnesses for consistency. I have not updated my empirical analysis in this Revised Testimony; however, updating this analysis to reflect new data available since my original testimony would provide results consistent with the results presented herein.

The Commission will be able to regulate PNM just as it does today. The post-Acquisition structure should not make PNM more difficult to regulate. Based on my empirical analysis, there is no basis to conclude that private capital ownership impedes the reliability of electrical utilities nor that private capital-owned utilities submit or are authorized higher ROEs.

The funding of the Acquisition appears reasonable and conservative, and the financial strength of PNM is further bolstered by proposed protections offered by the Joint Applicants. It is my opinion that the proposed Acquisition will benefit PNM, its customers, and the State of New Mexico.

A. Yes.

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Résumé of Eric L. Talley

JA Revised Exhibit ELT-1

Is contained in the following 17 pages.

July 2026

Eric L. Talley
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Professional/Employment

<i>2025-Pres.</i>	Marc and Eva Stern Professor of Law and Business , Columbia Law School, New York, NY.
<i>2017-Pres.</i>	Faculty Co-Director , Millstein Center for Global Markets and Corporate Ownership, Columbia Law School, New York, NY.
<i>2015-25</i>	Isidor and Seville Sulzbacher Professor of Law , Columbia Law School, New York, NY.
<i>2016-Pres.</i>	Affiliated Expert , Cornerstone Research, New York, NY.
<i>2025</i>	Visiting Professor , Stanford Law School, Stanford California.
<i>2025</i>	Visiting Research Fellow , European University Institute, Florence Italy.
<i>2018, 2021, 2024</i>	Visiting Professor , ETH Zurich (Gerzensee Study Center), Switzerland.
<i>2016</i>	Visiting Professor , Buchmann Faculty of Law, Tel Aviv University.
<i>2009-2015</i>	Arthur and Rosalinde Gilbert Foundation Chair in Law, Business and the Economy , UC Berkeley School of Law, Berkeley, CA.
<i>2006-2014</i>	Faculty Co-Director , Berkeley Center for Law, Business and the Economy, UC Berkeley School of Law, Berkeley, CA.
<i>2006-2009</i>	Professor of Law , UC Berkeley School of Law, Berkeley, CA.
<i>2004-2015</i>	Senior Economist , RAND Corporation, Santa Monica, CA, Institute for Civil Justice (Affiliated adjunct staff).
<i>2011</i>	Visiting Professor , University of Chicago School of Law, Chicago IL.
<i>2008-2009</i>	Robert B. and Candice J. Haas Visiting Professor in Corporate Finance and Law , Harvard Law School, Cambridge, MA.

2006 **Commentator**, *Marketplace* Radio; American Public Media. Weekly slot on national public radio program discussing business and legal affairs.

2005-2006 **Visiting Professor**, UC Berkeley School of Law. Co-Director, Berkeley Center for Law, Business and the Economy.

2005-2006 **Ivadelle & Theodore Johnson Chair in Law and Business**, University of Southern California, Gould School of Law.

2005-2006 **Professor of Finance and Business Economics**, USC Marshall School of Business.

2000-2005 **Professor of Law**, Univ. of Southern California Law School. (Director, USC Center in Law Economics & Organization, 2002-2004; Director, USC/Caltech Olin Center for Study of Law & Rational Choice, 2002-2004).

2003 (Spr.) **Visiting Research Fellow**, Institute for Civil Justice, RAND Corporation, Santa Monica, CA.

2001-2003 **Visiting Professor**, California Institute of Technology, Department of Humanities and Social Sciences.

2000 (Aut.) **Visiting Professor and Alfred P. Sloan Research Fellow**, Georgetown University Law Center.

1997-2000 **Associate Professor of Law**, University of Southern Cal. Law School.

1995-1997 **Assistant Professor of Law**, University of Southern Cal. Law School.

1993-94 **Contract Specialist**, Brown & Bain, Palo Alto, CA (non-practicing consultant).

1993 **Summer Associate**, Brown & Bain, Palo Alto, CA.

1993 **Lecturer**, Stanford University. Intermediate microeconomics.

1990, 1992 **Instructor**, Stanford Law School. Taught two seminars for law faculty on the fundamentals of economic analysis and game theory.

Education

- Ph.D./J.D. **Stanford University Dept. of Economics & Stanford Law School.**
1989-95, 1999. Doctoral Dissertation Committee: Paul R. Milgrom (chair;
2020 Nobel Prize recipient); Ian Ayres; A. Mitchell Polinsky.
- B.A. **University of California, San Diego.** 1984-88. Magna Cum Laude.
Majors: economics and political science; minor: mathematics.
- High School **Los Alamos High School,** Los Alamos, NM. 1981-84.

Courses Taught

- I. Corporate Law / Business Associations
- II. Corporate Finance
- III. Corporate Governance
- IV. Contract Law
- V. Law and Artificial Intelligence
- VI. Mergers and Acquisitions
- VII. Valuation Bootcamp for Lawyers
- VIII. Securities Regulation
- IX. Private Capital (seminar)
- X. Shareholder Activism (seminar)
- XI. Legal Financial Arbitrage (seminar; joint with Columbia Business School)
- XII. Law and Economics (seminar)
- XIII. Law and Empirical Finance (seminar)

Books

- CORPORATE FINANCE AND LAW (Edward Elgar Publishing Ltd.) (Advanced Introduction Series, under contract).
- EXPERIMENTAL LAW AND ECONOMICS (Edward Elgar Publishing Ltd., 2008) (co-edited with Jennifer Arlen).

Articles, Chapters, Blog Posts and Occasional Pieces

- *Should Corporate Law Go Private?* (with Dorothy Lund) 52 J. CORP. LAW. (forthcoming 2026 – headliner of mini-symposium) (available at <https://ssrn.com/abstract=5534959>).
- *Validating Valuation: How Statistical Learning Can Cabin Expert Discretion in Valuation Disputes* (with Andrew Baker and Jonah Gelbach), 51 J. CORP. LAW (forthcoming 2026). Available at <https://ssrn.com/abstract=4849281>.
- *The Coming Privatization of Corporate Law* (with Dorothy Lund), 43 REGULATION 48 (Summer 2026).

- *Sticky Charters? The Surprisingly Tepid Embrace of Officer-Protecting Waivers In Delaware* (with Jens Frankenreiter), 16 HARVARD BUS. L. REV. 105 (2026).
- *Sex & Startups* (with Talia Gillis and Jens Frankenreiter), 42 YALE J. REG. 589 (2025).
- *Introducing a New Corpus of Definitive M&A Agreements, 2000-2020* (with Peter Adelson, Matthew Jennejohn and Julian Nyarko), 22 J. EMPIR. LEG. STUD. 130 (2024).
- *Don't Go Chasing Waterfalls: Fiduciary Duties in Venture Capital Backed Startups* 53 JOURNAL OF LEGAL STUDIES 21 (2024) (with Sarath Sanga).
- *Debt Textualism and Creditor-on-Creditor Violence: A Modest Plea to Keep the Faith*, 171 U. PENN. L. REV. 1975 (2023) (with Sneha Pandya).
- *The Price of Fairness*, 84 OHIO ST. L. JOURNAL 389 (2023) (with Christopher Buccafusco & Daniel Hemel).
- *Twitter v. Musk: Reflections on the "Trial of the Century" That Wasn't*, 40 DELAWARE LAWYER 8 (2022, Feature Article) (with Ann M. Lipton).
- *Contractual Evolution*, 89 U. CHICAGO L. REV. 901 (2022) (with Matthew Jennejohn & Julian Nyarko).
- *Cleaning Corporate Governance*, 170 U. PENN. L. REV. 1 (2021) (with Jens Frankenreiter, Cathy Hwang & Yaron Nili) (lead article). *Corporate Practice Commentator* designation as one of the "Top Ten Corporate and Securities Articles of 2022."
- *Discharging the Discharge for Value Defense*, 17 NYU J. L. & BUSINESS 201 (2021), [featured](#) on [Bloomberg's Money Talk](#) (by Matt Levine) and [New York Times DealBook](#).
- *Looking Back with a Legend: Ira Millstein Reflects on the Impact of Milton Friedman's Views on Corporate Governance*, 71 BUS. LAWYER 945 (2021) (with Ira Millstein and Leo Strine).
- *How the Litigious Bird Caught the (Banque) Worm*, Columbia Blue Sky Blog (February 2021) (with Sneha Pandya). Available at <https://clsbluesky.law.columbia.edu/2021/02/24/how-the-litigious-bird-caught-the-banque-worm/>.
- [Racial Diversity and Corporate Governance: Assessing California's New Board Diversity Mandate](#), CAL. BUS. LAW REPORTER (2021) (with Courtney Murray) (*featured on the Columbia Blue Sky Blog*).
- *Patently Risky: Framing, Innovation and Entrepreneurial Preference*, 34 HARVARD J. LAW & TECH. 192 (2020) (with Elizabeth Hoffman, David Schwartz & Matthew Spitzer).

- *Liability Design for Autonomous Vehicles and Human-Driven Vehicles: A Hierarchical Game-Theoretic Approach*, 118 TRANSP. RES. (Pt. C) 1 (2020) (with Xuan Di & Xu Chen).
- *Long-Term Bias*, 2020 COLUMBIA BUS. LAW REV. 104 (2020) (with Michal Barzuza) ([featured](#) on the [Harvard Law School Forum on Corporate Governance](#)).
- *Coronavirus Is Becoming a “Majeure” Headache for Pending Corporate Deals*, Columbia Blue Sky Blog (March 2020) (with Julian Nyarko & Matt Jennejohn), available at <https://clsbluesky.law.columbia.edu/2020/03/19/coronavirus-is-becoming-a-majeure-headache-for-pending-corporate-deals/>.
- *A “Majeure” Update on COVID-19 and MAEs*, Columbia Blue Sky Blog (April 2020) (with Julian Nyarko & Matt Jennejohn), available at <https://clsbluesky.law.columbia.edu/2020/03/26/a-majeure-update-on-covid-19-and-maes/>.
- *Tesla, SolarCity and Inherent Coercion*, Columbia Blue Sky Blog (February 2020) (with Jamie Brumberger & Anne Tucker), available at <https://clsbluesky.law.columbia.edu/2020/02/07/tesla-solarcity-and-inherent-coercion/>.
- *A Computational Analysis of Constitutional Polarization*, 105 CORNELL L. REV. 1 (2019) (lead article; with David Pozen & Julian Nyarko), available at <https://ssrn.com/abstract=3351339>.
- *Republicans and Democrats Are Describing Two Different Constitutions*, THE ATLANTIC MONTHLY (June 2019) (with David Pozen and Julian Nyarko), available at <https://www.theatlantic.com/ideas/archive/2019/06/democrats-and-republicans-have-different-constitutions/590005/>.
- *Informed Trading and Cybersecurity Breaches*, 9 HARVARD BUS. L. REV. 1 (2019) (lead article, with Joshua Mitts), featured at <https://corpgov.law.harvard.edu/2018/01/26/informed-trading-and-cybersecurity-breaches/>.
- *Could US Tax Reform See Increased Offshore Investment?* IFC Economic Report (Autumn 2018).
- *Appraising the Merger Price Appraisal Rule*, 34 J. LAW ECON. & ORG. 543 (2018) (with Albert Choi) ([featured](#) on Harvard’s Forum on Corporate Governance and Financial Regulation).
- *Appraisal Arbitrage and Shareholder Value*, 3 J. LAW FINANCE & ACCOUNTING 147 (2018) (with Scott Callahan and Darius Palia) ([featured](#) on the Columbia Blue Sky Blog).
- *Appraisal Appraisal: Dell v. Magnetar*, Columbia Blue Sky Blog (with Jeff Gordon) (2017) available at: <http://clsbluesky.law.columbia.edu/2017/12/19/appraisal-appraisal-dell-v-magnetar/>.

- *Law and Corporate Governance*, in THE HANDBOOK OF THE ECONOMICS OF CORPORATE GOVERNANCE (Oxford Press; Hermalin & Weisbach eds. 2017) (with Robert Bartlett), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3009451
- *Finance in the Courtroom: Appraising Its Growing Pains*, in DEL. LAWYER (S2017); <http://www.delawarebarfoundation.org/wp-content/uploads/2017/09/DeLawSUM17-FINAL.pdf>
- *Is the Future of Law a Driverless Car? Assessing How (or Whether) the Data Analytics Revolution Will Transform Practice*, 174 J. INST. & TH. ECON. 183 (2018); <http://www.ingentaconnect.com/content/mohr/jite/2018/00000174/00000001/art00017>
- *Contracting Out of the Fiduciary Duty of Loyalty: An Empirical Analysis of Corporate Opportunity Waivers*, 117 COLUMBIA L. REV. 1075 (2017) (with Gabriel Rauterberg).
- *Opting Out of the Fiduciary Duty of Loyalty: Corporate Opportunity Waivers within Public Companies*, Harvard Law School Forum on Corporate Governance and Financial Regulation (August 2016) (with Gabriel V. Rauterberg), available at <https://corpgov.law.harvard.edu/2016/08/22/opting-out-of-the-fiduciary-duty-of-loyalty-corporate-opportunity-waivers-within-public-companies/>.
- *Designing Corporate Bailouts*, 59 J. LAW & ECON. 75-104 (2016) (with Antonio Bernardo and Ivo Welch).
- *Corporate Inversions and the Unbundling of Regulatory Competition*, 101 VA. L. REV. 1649-1751 (2015). *Corporate Practice Commentator* designation as author of one of the “Top Ten Corporate and Securities Articles of 2016.”
- *When Fiduciary Duties and Entrepreneurial Innovation Collide: AngloScore v. TriReme*, Columbia Blue Sky Blog (July 13, 2015).
- *Foreword*, 12 J. EMPIRICAL LEGAL STUDIES 601 (2015) (with Anne Joseph O’Connell) (Presidential Introduction, Empirical Legal Studies Conference Issue).
- *A Corporate Governance Give-Away to Tax Inverters? How tax, securities regulation, and corporate law unwittingly conspire to push US firms abroad, and what the US might do about it*, IFC ECONOMIC REPORT (Spring 2015), pp 45-49.
- *On Experimentation and Real Options in Financial Regulation*, 43 J. LEGAL. STUD. S121-49 (2014) (with Matthew Spitzer).
- *Who put the ‘lie’ in LIBOR (and who should take it out)? Civil LIBOR litigation in the US*, LAW & FIN. MKTS. REV. 145 (June 2014) (with Samantha Strimling).
- *Perspective: Fixing the dearth of women in M&A*. Los Angeles / San Francisco Daily Journal (September 18, 2014) (with Diane Frankle and Jennifer Muller).

- *Social Entrepreneurship and Uncorporations*, 2014 U. ILL. LAW REV. 1867 (with Jesse Finfrock) (2014).
- *Legislation with Endogenous Preferences*, in HANDBOOK OF MARKET DESIGN (Roth, Vulkan & Neeman, eds., 2013) (with A. Heifetz & E. Segev).
- *The World's Most Important Number: How a Web of Skewed Incentives, Broken Hierarchies and Compliance Cultures Conspired to Undermine LIBOR*, 2 JASSA FINSIA JOURNAL OF APPLIED FINANCE 50 (2013) (with Samantha Strimling). *Reprinted in* INTEGRITY, RISK AND ACCOUNTABILITY IN CAPITAL MARKETS : REGULATING CULTURE d (J. O'Brien ed. 2013).
- *Law, Economics, and the Burden(s) of Proof*, in RESEARCH HANDBOOK ON THE ECONOMICS OF TORTS (J. Arlen, ed., 2013).
- *Left, Right and Center: Strategic Information Acquisition and Diversity in Judicial Panels* (with Matthew Spitzer), 29 LAW ECON. & ORG. 638 (2013).
- *Perspective: Traditional Skills Still Necessary; No Longer Sufficient*. Los Angeles / San Francisco Daily Journal (Wed., May 22, 2013).
- *The Measure of a MAC: A Machine-Learning Protocol for Tokenizing Force Majeure Clauses in M&A Agreements* (with D. O'Kane), 168 J. INST. & THEOR. ECON. 181 (2012).
- *On Uncertainty, Ambiguity, and Contractual Conditions*, 34 DEL. J. CORP. LAW 755 (2009).
- *The Supervisory Capital Assessment Program: An Appraisal* (with Johan Walden) (June 2009), TARP Congressional Oversight Panel, June 2009 Report to Congress, Elizabeth Warren Chair.
- *Public Ownership, Firm Governance, and Litigation Risk*, 76 U. CHI. L. REV. 335 (2009)
- *Going Private Decisions and the Sarbanes Oxley Act of 2002: A Cross-Country Analysis* (with Ehud Kamar & Pinar Karaca-Mandic), 25:1 J. LAW ECON. & ORG. 107-33 (2009). *Corporate Practice Commentator* designation as one of the "Top Ten Corporate and Securities Articles of 2009."
- *Introduction to Experimental Law and Economics*, in EXPERIMENTAL LAW AND ECONOMICS (Edward Elgar Publishing Ltd., 2008) (with Jennifer Arlen).
- *Hope and Despair in the Magic Kingdom, In Re. Disney Shareholders Litigation*, ICONIC CASES IN CORPORATE LAW (Jonathan Macey, ed.) (2008) (with James D. Cox)

- *Investor and Industry Perspectives on Investment Advisers and Broker-Dealers*, RAND Technical Report TR-556-SEC (2008) (with Angela A. Hung, Noreen Clancy, Jeff Dominitz, Claude Berrebi, and Farrukh Suvankulov).
- *Design of the Qatar National Research Fund*, RAND Technical Report TR-209-QF (2008) (with Debra Knopman, Victoria A. Greenfield, Gabrielle Bloom, Edward Balkovich, D. J. Peterson, James T. Bartis, Stephen Rattien, Richard Rettig, Mark Y.D. Wang, Michael Mattock, Jihane Najjar, & Martin C. Libicki).
- *Experimental Law and Economics*, in HANDBOOK OF LAW AND ECONOMICS (A. Mitchell Polinsky & Steven Shavell, eds.) (2007) (with Colin Camerer).
- *Market Design with Endogenous Preferences* (with Aviad Heifetz & Ella Segev), 58 GAMES & ECON. BEHAVIOR 121-153 (2007).
- *Cataclysmic Liability Risk Among Big-Four Auditors*, 106 COLUM. L. REV. 1641 (2006).
- *On the Private Provision of Corporate Law* (with Gillian Hadfield), 22 J. LAW, ECON. & ORG 414 (2006).
- *Expectations and Legal Doctrine*, in PARADOXES AND INCONSISTENCIES IN THE LAW 183-204 (O. Perez & G. Taubner, eds. 2006).
- *Bargaining in the Shadow of Different Regimes* (with Ian Ayres), in Ian Ayres, OPTIONAL LAW (2005).
- *Unregulable Defenses and the Perils of Shareholder Choice* (with Jennifer Arlen), 152 U. PENN. L. REV. 577 (2003). *Corporate Practice Commentator* designation as author of one of the “Top Ten Corporate and Securities Articles of 2004.”
- *Endowment Effects and Corporate Agency Relationships*, 31 J. LEGAL. STUD. 1 (2002) (with Jennifer Arlen and Matt Spitzer).
- *On the Demise of Shareholder Primacy (or, Murder on the James Trains Express)*, 75 SO. CAL. L. REV. 1211 (2002).
- *Securities Fraud Class Actions: 70 Years Young*, in RAND Review (2004), at 42.
- *Playing Favorites with Shareholders*, 75 SO. CALIF. L. REV. 276 (2002) (with Stephen Choi) (reprinted in 44 CORPORATE PRACTICE COMMENTATOR 235 (2002)).
- *Law and Economics (Theory of)*, in THE OXFORD COMPANION TO AMERICAN LAW (David S. Clark, ed.) (2002).
- *Your (Increasingly) Legal Options*, USC LAW 45 (Fall 2001).

- *The Corporate Opportunity Doctrine*, in 2001 USC INSTITUTE FOR CORPORATE COUNSEL: READING MATERIALS (2001) (with Mira Hashmall).
- *Disclosure Norms*, 149 U. PENN. L. REV. 1955 (2001).
- *A Theory of Legal Presumptions* 16 J. L. ECON. & ORG. 1 (2000) (with Antonio Bernardo & Ivo Welch).
- *Judicial Auditing*, 29 J. LEGAL STUD. 649 (2000) (with Matthew Spitzer).
- *Taking the “I” Out of “Team”: Intra-Firm Monitoring and the Content of Fiduciary Duties*, 24 J. CORP. LAW 1001 (1999).
- *Precedential Cascades: An Appraisal*, 73 SO. CAL. L. REV. 87 (1999).
- *Turning Servile Opportunities to Gold: A Strategic Analysis of the Corporate Opportunities Doctrine*, 108 YALE L. J. 277 (1998). *Corporate Practice Commentator* designation as author of one of the “Top Ten Corporate and Securities Articles of 1999.”
- *Interdisciplinary Gap-Filling: Game Theory and the Law*, 22 J. LAW & SOC. INQ. 1055 (1997) (review essay).
- *Investment Policy and Exit-Exchange Offers within Financially Distressed Firms*, 51 J. FINANCE 871 (1996) (with Antonio Bernardo).
- *Liability-Based Fee Shifting Rules and Settlement Mechanisms Under Incomplete Information*, 71 CHI.-KENT L. REV. 461 (1995).
- *Distinguishing Between Consensual and Non-consensual Advantages of Liability Rules*, 105 YALE L. J. 235 (1995) (with Ian Ayres).
- *Solomonic Bargaining: Dividing a Legal Entitlement to Facilitate Coasean Trade*, 104 YALE L.J. 1027 (1995) (with Ian Ayres).
- *Contract Renegotiation, Mechanism Design and the Liquidated Damages Doctrine*, 46 STAN. L. REV. 1195 (1994).
- BARGAINING UNDER INCOMPLETE INFORMATION AND THE DESIGN OF LEGAL RULES, Doctoral Dissertation, Stanford University (1999).

Submitted Papers, Working Papers and Works-in-Progress

- *The Marginal Importance of Values Investing* (with Jill Fisch) (working paper 2026).
- *House of Mirrors: How Mirror Voting Can Alter Strategic Behavior in Corporate Governance* (with Dorothy Lund) (working paper 2026).

- *Fix the Price or Price the Fix? Resolving the Sequencing Puzzle in Corporate Contracting* (with Joshua Higbee, Matthew Jennejohn & Cree Jones) (working paper 2026) (available at SSRN: <https://ssrn.com/abstract=5159164>).
- *Is There Politics In Money? M&A Contracting and Regulatory Risk* (with Reilly Steel) (working paper 2024)
- *Efficient Liability Assignment in Hub and Spoke Networks* (with Jiyoung Kim) (2023)
- *COVID-19 as a Force Majeure in Corporate Transactions* (with Julian Nyarko & Matt Jennejohn).
- *The Utility of Finance* (2017) (with Shlomit Azgad-Tromer). Available at <https://ssrn.com/abstract=2994314>.
- *A Machine Learning Classifier for Corporate Opportunity Waivers* (2016) (with Gabriel Rauterberg) Available at <https://ssrn.com/abstract=2849491>
- *Financial Regulation and the World's Most Important Number: LIBOR Reporting Behavior during the Credit Crisis* (2013)
- *Optimal Liability for Terrorism* (with Darius Lakdawalla) (2005)
- *Uncorporated Professionals* (with John Romley) (2004) (available for download at SSRN: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=587982).
- *Equilibrium Expectations and Legal Doctrine* (2005).
- *The Impact of Regulation and Litigation on Small Business and Entrepreneurship: An Overview*, RAND Working Paper WR-317-ICJ (2006) (with Lloyd Dixon, Susan M. Gates, Kanika Kapur, and Seth A. Seabury).
- *Criteria Used to Define a Small Business in Determining Thresholds for the Application of Federal Statutes*, RAND Working Paper WR-292-ICJ (2005) (with Ryan Keefe and Susan M. Gates).
- *A Defense of Shareholder Favoritism* (with Stephen Choi 2002).
- *Incentives, Investment, and the Legal Protection of Trade Secrets* (with Gillian Lester, 2001).
- *Corporate Governance, Executive Compensation and Securities Litigation* (May 2004) (with Gudrun Johnsen).
- *Private Information, Self-Serving Biases, and Optimal Settlement Mechanisms: Theory and Evidence* (November 2003) (with Seth Seabury).

- *Trade Secrets and Mutual Investments* (with Gillian Lester) USC Law School Working Paper # 00-15; Georgetown Law and Economics Research Paper No. 246406 (Oct. 2000).
- *A Note on Presumptions with Sequential Litigation*, USC Olin Working Paper # 99-9 (with Antonio Bernardo) (1999).
- *Property Rights, Liability Rules, and Coasean Bargaining Mechanisms under Incomplete Information*, Stanford Olin Working Paper # 108 (1994).

Funding/Grants

- Securities and Exchange Commission Grant to study investment advisors and broker dealers, RAND Corporation, 1/2007-3/2008; \$280,000 (research staff, task director).
- Ewing Marion Kauffman Foundation, 3-year support grant to fund RAND Center for the Study of Small Business Regulation and Litigation; 11/03-10/06; \$1,500,000 (co-PI).
- John Olin Foundation, 3-year support grant to fund USC/Caltech Program in Law and Rational Choice, 6/02-6/05; \$300,000 (PI).
- University of Southern California, 3-year Seed Money Grant to Implement USC Center in Law, Economics and Organization, 7/00-6/03; \$800,000 (co-PI).
- University of Southern California Zumberge Junior Fac. Award, 8/97-6/98; \$30,000 (PI).

Endowed Presentations and Notable Addresses

- Keynote Address: After the Empirical and AI Revolutions: Why Law and Economics Needs Theory More than Ever (Asian Law and Economics Association opening Keynote, Singapore 2026).
- Keynote Address: The Renewed (and Wild) Race in Corporate Law (Case Western Reserve School of Law 2025).
- Delaware Judicial Retreat (October 2024) (Invited presentation on corporate law and governance before Delaware Court of Chancery and Supreme Court at annual Judicial Retreat).
- Commencement Address, Columbia Law School Class of 2022 (faculty speaker and recipient of Willis L. M. Reese Prize for Excellence in Teaching) (*Peerless*) (Available at <https://ssrn.com/abstract=4116830>).
- Delaware Judicial Retreat (October 2020) (Invited presentation on corporate law and governance before Delaware Court of Chancery and Supreme Court at annual Judicial Retreat).

- Keynote Address, Michigan State University Law Review symposium, Lansing MI (April 2020).
- Delaware Judicial Retreat (October 2018) (Invited presentation on corporate law and governance before Delaware Court of Chancery and Supreme Court at annual Judicial Retreat).
- Keynote Address, Conference on Empirical Legal Studies East Asia (CELSEA), Taipei, Taiwan (June 2017).
- Commencement Address, Columbia Law School Class of 2017 (faculty speaker and recipient of Willis L. M. Reese Prize for Excellence in Teaching) (*Triumphs of Commission*) (available at <https://ssrn.com/abstract=2970477>)
- Fifty-Ninth Annual John R. Coen Lecture, University of Colorado at Boulder, March 2016 (*Is the Law a Driverless Car? Assessing How (or Whether) the Data Analytics Revolution Will Transform the Legal Profession*) (available at <http://lawweb.colorado.edu/events/details.jsp?id=6629>).
- Commencement Address, UC Berkeley LLM Graduation (elected faculty speaker) (2011).
- Chair Installation Address, Rosalinde & Arthur Gilbert Chair in Law, Business and the Economy, UC Berkeley School of Law, April 2009.
- Twenty-Fifth Annual Francis G. Pileggi Distinguished Lecture in Law, Delaware Journal of Corporate Law, Widener University, October 2008.
- Ninth Annual Distinguished Speaker Series, McGeorge Law School, University of the Pacific, November 2001 (*Common Agency in Fiduciary Law*).

Awards and Service

- Elected to the American Academy of Arts and Sciences (2024).
- Elected Research Member, European Corporate Governance Institute (2022).
- Willis L.M. Reese Prize for Excellence in Teaching, Columbia Law School (2022).
- Willis L.M. Reese Prize for Excellence in Teaching, Columbia Law School (2017).
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2022 (for *Cleaning Corporate Governance*). 5/23
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2017 (for *Contracting out of the Fiduciary Duty of Loyalty: An Empirical Analysis of Corporate Opportunity Waivers*). 5/18

- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2016 (for *Corporate Inversions and the Unbundling of Regulatory Competition*). 5/17
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2009 (for *Going Private Decisions and the Sarbanes Oxley Act of 2002: A Cross-Country Analysis*). 4/10
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2004 (for *Unregulable Defenses and the Perils of Shareholder Choice*). 4/05.
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 1999” (for *Turning Servile Opportunities to Gold: A Strategic Analysis of the Corporate Opportunities Doctrine*). 3/00.
- Board Member, Ira M. Millstein Center for Global Markets and Corporate Ownership (2017-Present); Executive Committee Member (2020-Present).
- Board of Directors, Society for Empirical Legal Scholars (SELS) (2009-2022) (Immediate Past Chair, 2019-2022; Chair Elect, 2015-2019; Immediate Past President, 2014-15; Co-President 2013-14, 2026-27; Vice President 2012-13).
- Board of Directors, American Law and Economics Association (Elected to three-year term: June 2005-May 2008; June 2016-May 2019).
- Executive Committee, Data Science Institute, Columbia University (2015-26)
- Program Committee, American Law and Economics Association Annual 2017 Conference (June 2016 – May 2017).
- University of California System-wide Committee on Academic Personnel (UCAP) (2014-2015).
- UC Berkeley Campus Budget and Interdepartmental Relations Committee (Budget Committee) (2011-2014; Chair, 2013-14; ex officio 2014-2015).
- UC Berkeley Academic Senate Divisional Council (DIVCO) (2013-14).
- UC Berkeley Academic Planning and Resource Allocation Committee (CAPRA) (2013-14).
- Legal Education Advisory Board, BARBRI, Inc., August 2013-15.
- Elected Member, Dean’s Faculty Advisory Committee, UC Berkeley School of Law (2010 – 2013).

- Chair, Dean Search Committee, Haas Business School, UC Berkeley (2007-2008).
- Member, National Science Foundation Law and Social Science Grant Evaluation Panel (2008 - 2010).
- Program Committee, American Law and Economics Association Annual 2006 Conference (with D. Rubinfeld, and K. Pastor) (November 2005 – May 2006).
- Chair, Administration and Finance Committee (Elected), USC Law School 2004-05.
- Finance Committee, University of Southern California Board of Trustees (faculty representative), 2004-05.
- Representative, Faculty Senate, University of Southern California 2004-05.
- Board Treasurer, The Growing Place Early Childhood Education Center Board of Directors (non-profit) 2004-05.
- Board of Directors, The Growing Place Early Childhood Education Center Board of Directors (non-profit), 2002-2005.
- Chair, Faculty Appointments Committee, USC Law School 2003.
- Chair, AALS Section in Law and Economics, 2004-05.
- Chair, AALS Section in Contracts, 2007-08.
- Chair, Faculty Handbook Committee, University of Southern California, 2002-03. Oversaw reorganization of faculty handbook (approved by USC Faculty Senate, 2004).
- Alfred P. Sloan Foundation Research Fellowship, Georgetown Law Center. 9/00-12/00.
- Zumberge Junior Faculty Research Award, USC. 7/97 - 7/99.
- Centennial Teaching Award, Stanford University. 6/95.
- Articles Editor, *Stanford Law Review* 1993-94 (Volume 46).
- Outstanding Teaching Assistant Award in Economics. 3/94; 6/94; 12/94.
- Hellman Prize for Outstanding Law-Review Note, *Stanford Law Review*. 5/94
- Fellow, Stanford Center for Conflict and Negotiation. 11/92-10/93
- Goldsmith Award for Outstanding Paper in Dispute Resolution. 4/93
- Hilmer Oehlmann, Jr. Prize for excellence in legal research and writing. 5/92

- John Olin Foundation Fellowship in law and economics. 4/94; 6/94; 6/92
- Phi Beta Kappa
- Departmental Honors in both economics and political science, University of California, San Diego. Graduated Magna Cum Laude from Revelle College. 12/88

Professional Affiliations

- Elected Member, American Academy of Arts & Sciences.
- Elected Research Member, European Corporate Governance Institute.
- Member, American Law and Economics Association; Society for Empirical Legal Studies.
- Referee, *American Economic Review*; *Rand Journal of Economics*; *Journal of Law, Economics & Organization*; *Journal of Legal Studies*; *Review of Economic Studies*; *International Review of Law and Economics*; *International Economic Review*; *Journal of Law and Economics*.

Consulting/Testimony (Last 5 Years)

- In re Joint Application of Public Service Company of New Mexico and Troy ParentCo, LLC (subsidiary of Blackstone Infrastructure) for Approval of Acquisition And Merger, Case No. 25-00060-UT (New Mexico Regulation Public Commission) (2026). Designated as expert in private capital ownership structures and M&A market practices. Submitted report.
- Overdeck v. Siegel; Two Sigma Group, AAA Case No. 01-24-0009-2431 (2025). Served as expert in corporate governance practices and processes. Submitted report and gave live testimony.
- In re Joint Application for Approval to Acquire New Mexico Gas Company, Inc. By Saturn Utilities Holdco, LLC Case No. 24-00266-UT (New Mexico Regulation Public Commission) (2025). Designated as expert in private capital ownership structures and M&A market practices. Submitted report and gave live testimony.
- SVB Financial Group v. Federal Deposit Insurance Corporation 5:24-cv-01321-BLF (2025). Designated as consulting expert in corporate structures and risk oversight.
- Hecate Holdings Inc. v. Repsol Renewables N.A. C.A. No. 2024-0928-KSJM (2024). Served as expert in acquisition bargaining, efficient contract design and practice, and options pricing structure.
- FourWorld Event Opportunities Fund et al. HomeStar InvestCo AB (T 7674-22) (Stockholm District Court, Sweden 2024). Served as expert in valuation of appraisal

proceeding of Swedish public company). Submitted report and gave live testimony.

- Massoumi v. Ganju, et al. (NY Sup. Court) (654289/2020) (2023). Served as expert analyzing corporate governance and disclosure in leadership contest).
- Javice v. JP Morgan Chase Bank (Delaware Chancery Court) (CA 2022-1179-KSJM) (2023). Served as an expert analyzing contractual indemnification / advancement provisions in M&A agreements. Submitted affidavit/report.
- Politan Capital Management LP v. Masimo Corp. (Delaware Chancery Court) (CA 2022-0948-NAC) (2023). Served as testifying expert analyzing corporate governance and shareholder voting dynamics related to an advance-notice bylaw of a public company.
- Alterra America Insurance Co. et al v. National Football League (Supreme Court of New York, New York County, Index No. 652813/2012) (2022). Served as consulting expert analyzing economic aspects of concussion settlement liability as between unincorporated league and member teams using.
- Edison Electric Institute (EEI). Deliver in-depth lectures on economics, finance, and ROE estimation to US-based utilities regulators (commissioners and staff) (2020-Pres.).
- Institute for Regulatory Law and Economics (IRLE). Deliver in-depth lectures on economics, finance, and ROE estimation to US-based utilities regulators (commissioners and staff) (2008-Pres.).
- Sears Holding Corporation, et al. v. Lampert, et al., Case No. 19-08250 (RDD) (Bankr. S.D.N.Y.) (2021-22). Served as consulting expert on corporate governance in relation to several spin-off and loan transactions.

Students/Advisees

- Reilly Steel, Columbia Law School (JD), Millstein Fellow (2017-18); Associate Professor of Law, Columbia Law School.
- Jens Frankenreiter, Columbia Law School Post-Doctoral Fellow (2018-19); Treiman Professor of Law, Washington University St. Louis.
- Julian Nyarko, Columbia Law School Post-Doctoral Fellow (2019-21); Professor of Law, Stanford Law School.
- Sarath Sanga, UC Berkeley Economics Department (PhD); Yale Law School (JD), Professor of Law, Yale Law School.
- Surajeet Chakravarty, USC Economics Department (PhD), Associate Professor, University of Exeter Business School.

- Svetlana Pevnitskaya, USC Economics Department (PhD), Associate Professor of Economics, Vilnius University.
- Kathryn Zeiler, Caltech, Social Science (PhD) / USC Law (JD), Nancy Barton Scholar and Professor of Law, Boston University
- Jingfeng Lu, USC Economics Department (PhD), Professor of Economics, National University of Singapore Department of Economics.
- Brian Broughman, UC Berkeley JSP Program (PhD), Professor of Law, Vanderbilt university.
- Michael Gilbert, UC Berkeley JSP Program (PhD), Perre Bowen Professor of Law, University of Virginia.
- Andrew Hayashi, UC Berkeley JD / PhD (Economics), Nancy Buc Research Professor of Law, University of Virginia.
- Mira Ganor, UC Berkeley JSD Candidate (2008), Judge Solomon Casseb Research Professor of Law, University of Texas.

Personal

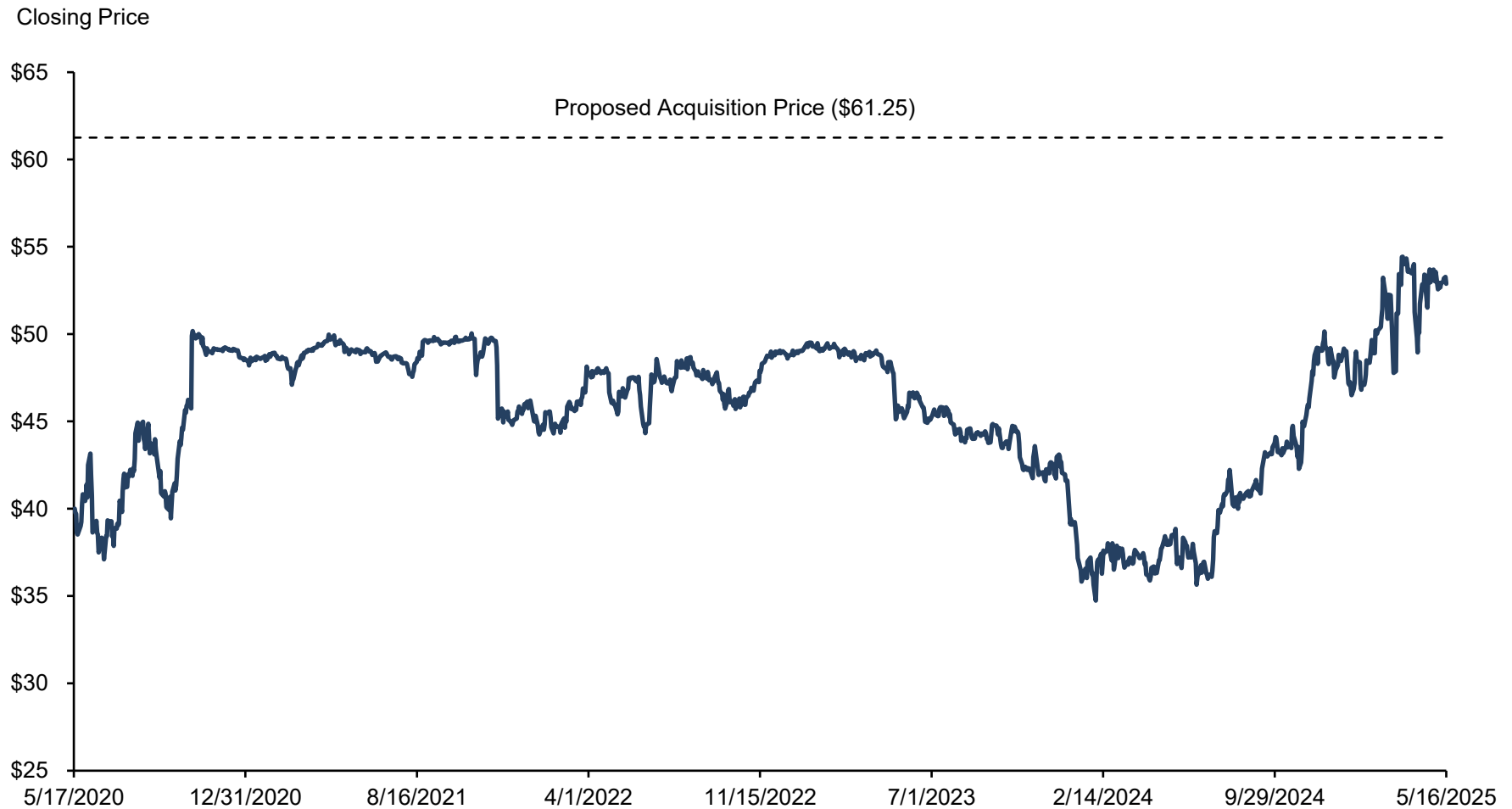
- Date of Birth: 26 March, 1966.
- Married (since 1998) to Gillian Lester, Dean Emerita, Columbia Law School.
- Two children.
- Hobbies include cycling, hiking, classical/jazz guitar, and skiing.

TXNM Closing Stock Price

JA Exhibit ELT-2

Is contained in the following 1 page.

TXNM Energy, Inc. Closing Stock Price 5/17/2020–5/16/2025



Source: LSEG Workspace

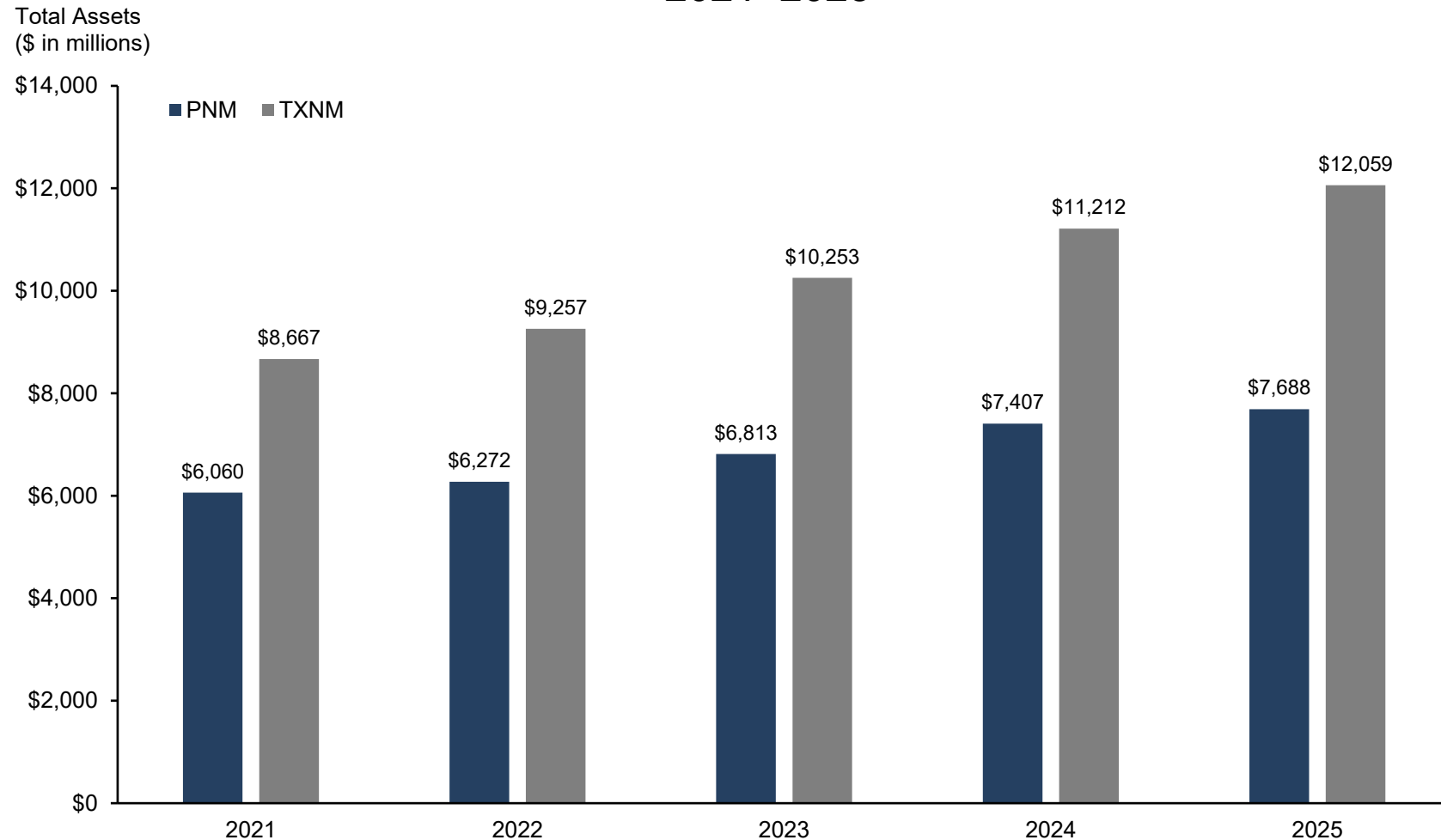
Note: May 16, 2025 was the trading day prior to the announcement of the proposed Acquisition on May 19, 2025.

TXNM and PNM Total Assets

JA Revised Exhibit ELT-3

Is contained in the following 1 page.

TXNM Energy, Inc. and PNM Energy, Inc. Total Assets 2021–2025



Source: *LSEG Workspace*; SEC Form 10-K Filings

Note: TXNM total assets represent the sum of the total assets of its two subsidiaries, PNM and TNMP, and Corporate and Other assets reported by TXNM in SEC Form-10K filings.

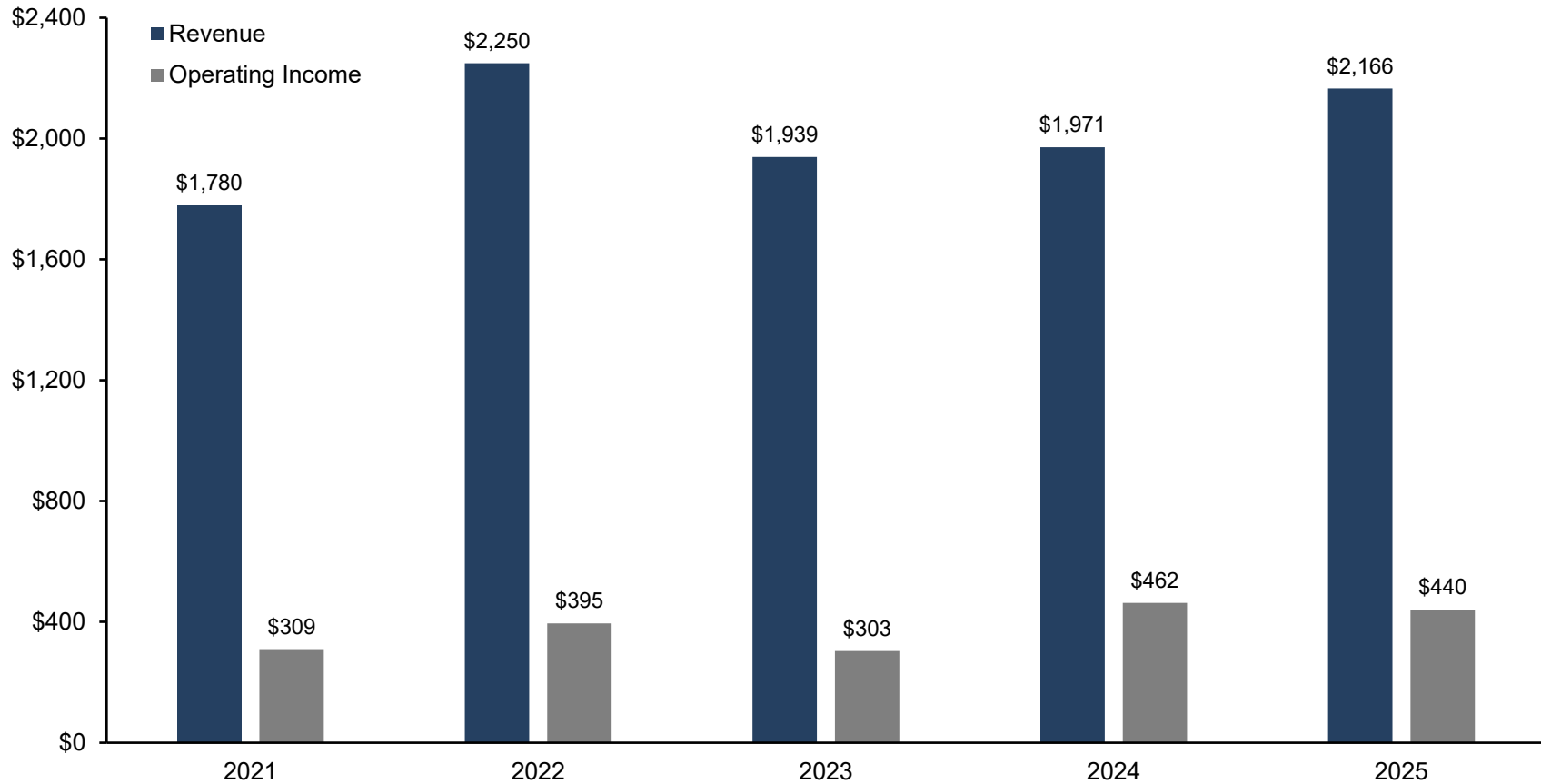
TXNM Revenue and Operating Income

JA Revised Exhibit ELT-4

Is contained in the following 1 page.

TXNM Energy, Inc. Revenue and Operating Income 2021–2025

\$ in millions



Source: *LSEG Workspace*; SEC Form 10-K filings

Note: Operating income represents the income from operations before non-recurring income/expense, which is equivalent to the sum of operating income and regulatory disallowances reported in TXNM's SEC Form 10-K filings.

TXNM Net Earnings Per Share

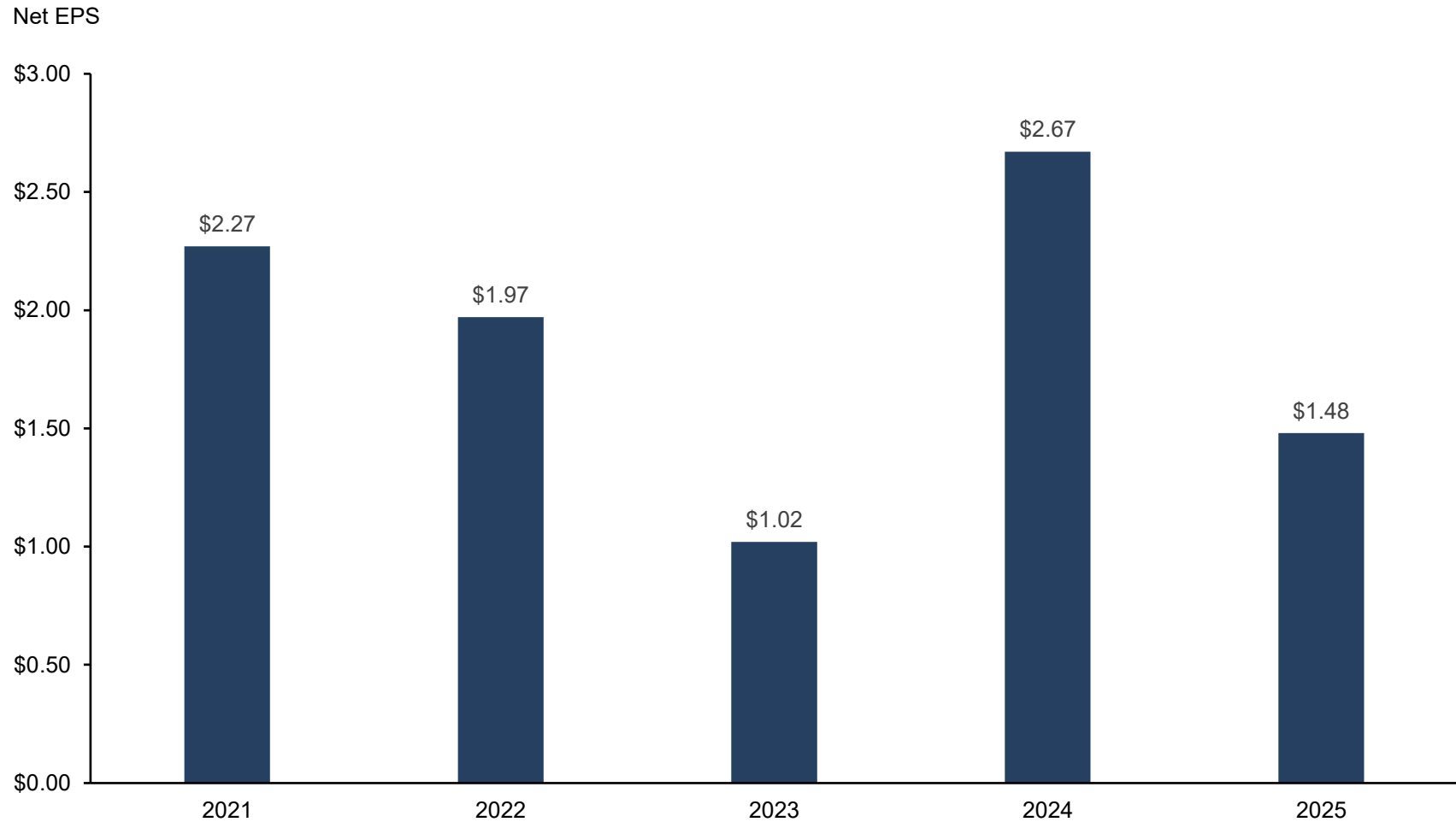
JA Revised Exhibit ELT-5

Is contained in the following 1 page.

TXNM Energy, Inc.

Net Earnings Per Share

2021–2025



Source: *LSEG Workspace*; SEC Form 10-K filings

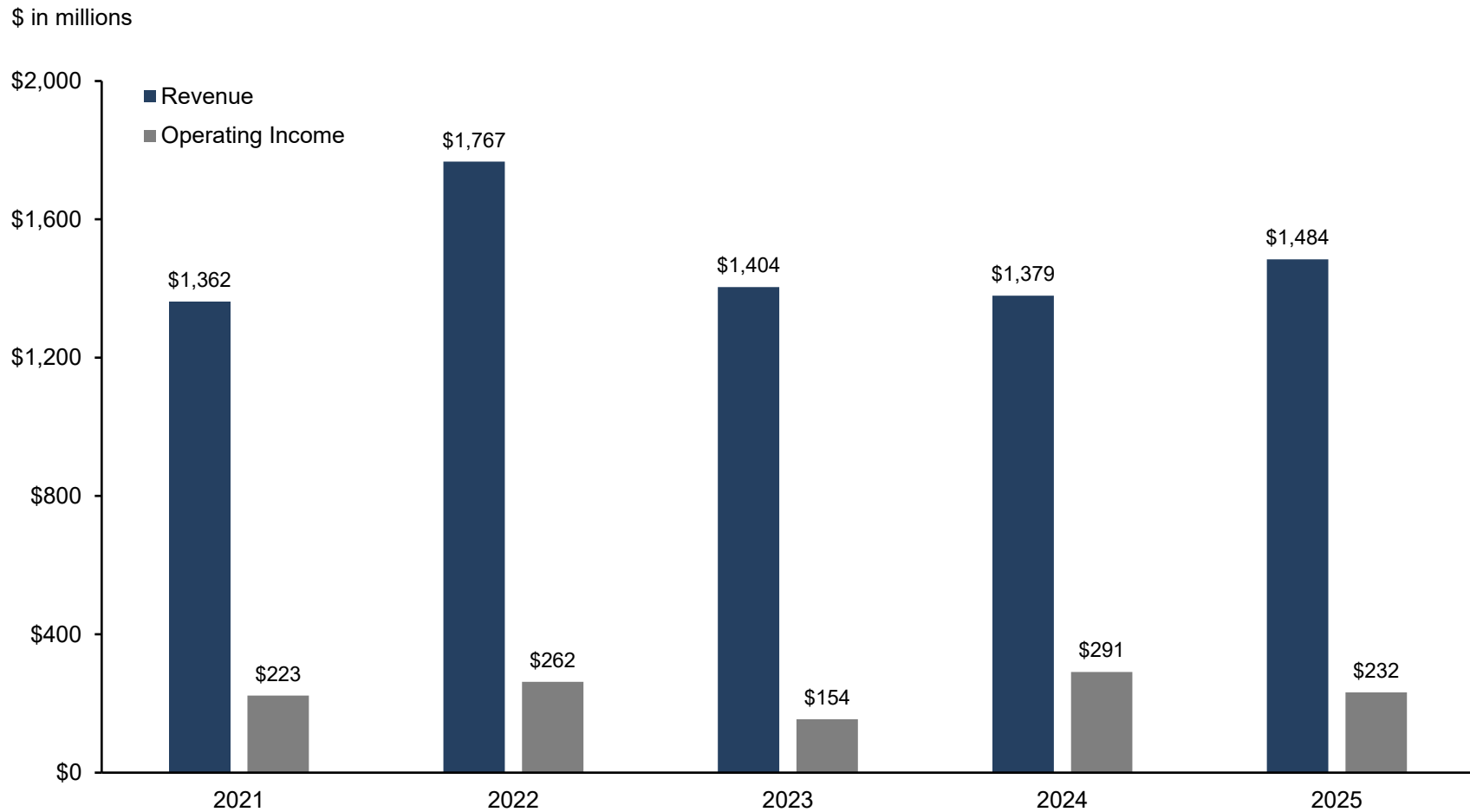
Note: Net earnings per share ("EPS") is the diluted net earnings per share of common stock reported by TXNM in SEC Form 10-K filings.

PNM Revenue and Operating Income

JA Revised Exhibit ELT-6

Is contained in the following 1 page.

PNM Energy, Inc. Revenue and Operating Income 2021–2025



Source: *LSEG Workspace*; SEC Form 10-K filings

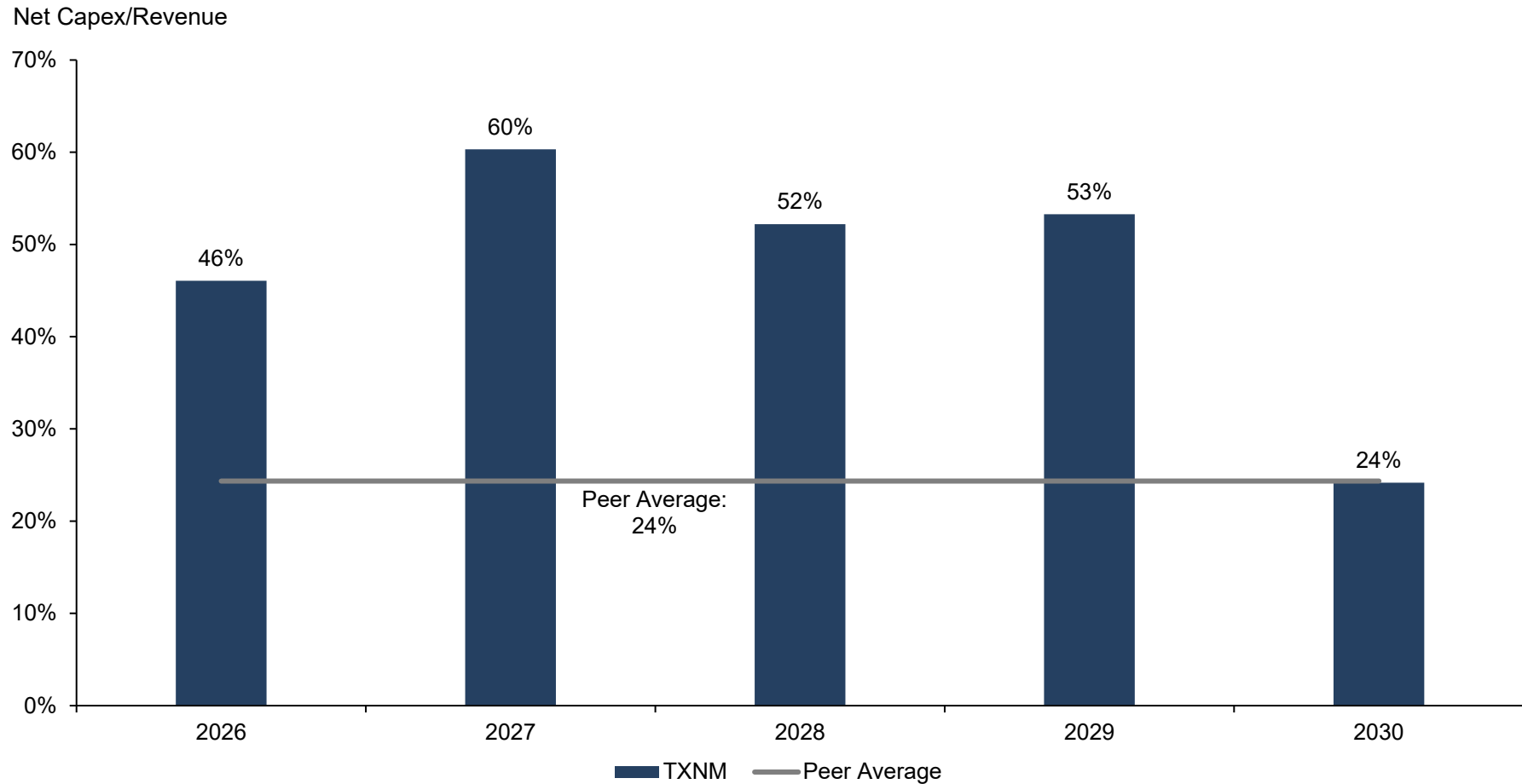
Note: Operating income represents the income from operations before non-recurring income/expense, which is equivalent to the sum of operating income and regulatory disallowances reported for PNM in TXNM's SEC Form 10-K filings.

TXNM Forecasted Net Capex Ratios

JA Revised Exhibit ELT-7 A-B

Is contained in the following 2 pages.

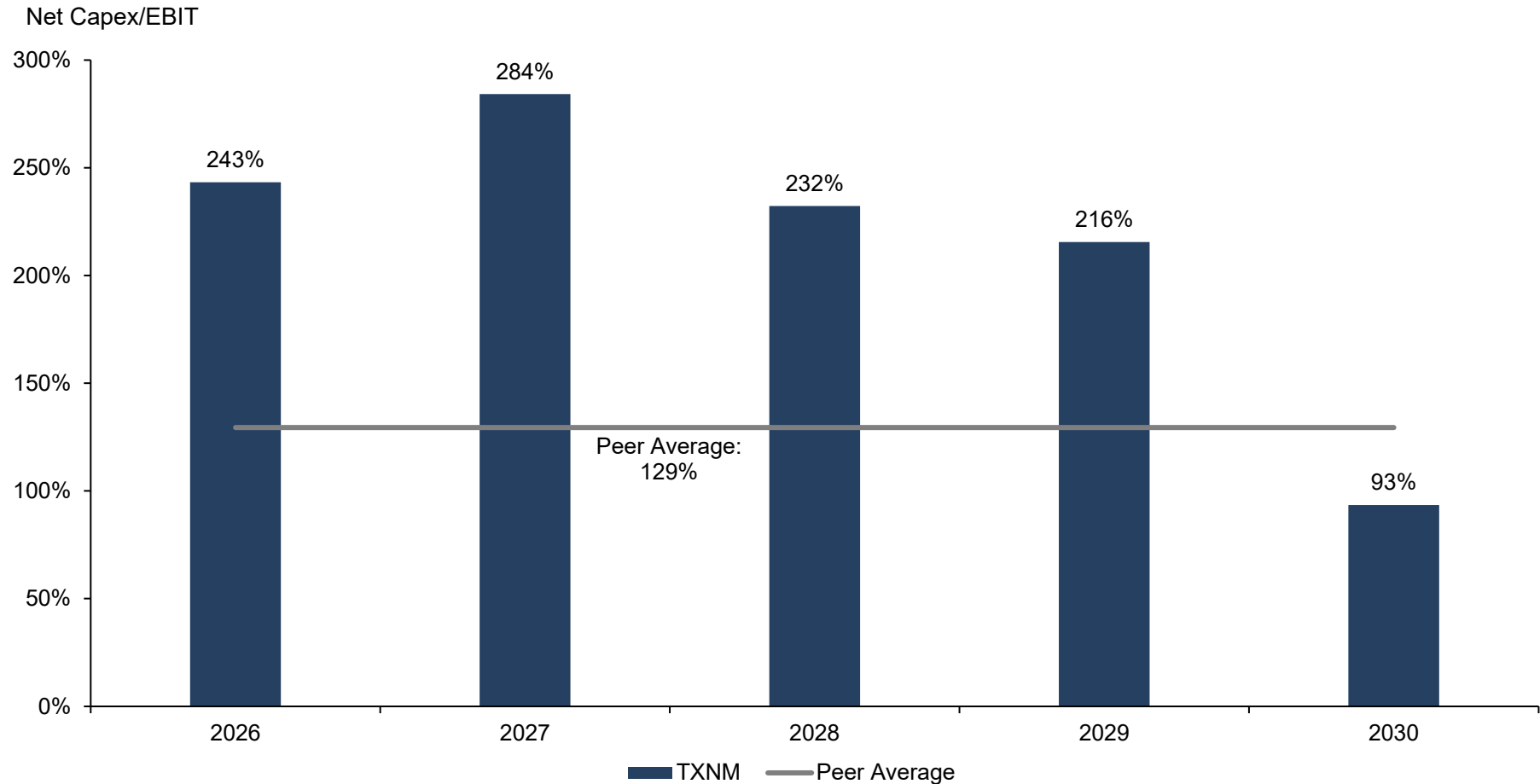
TXNM Energy, Inc. and Industry Peers Forecasted Net Capex to Revenue Ratio 2026–2030



Source: Aswath Damodaran, "Capital Expenditures by Sector (US)," *NYU Stern School of Business*, January 2026, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/capex.html; TXNM 2026–2030 Capital Investment Plan Data

Note: Companies in the "power" industry, which includes TXNM in Prof. Damodaran's data, have an average net capex to revenue ratio as of January 2026 of 24% (plotted for all years).

TXNM Energy, Inc. and Industry Peers Forecasted Net Capex to EBIT Ratio 2026–2030



Source: Aswath Damodaran, "Capital Expenditures by Sector (US)," *NYU Stern School of Business*, January 2026, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/capex.html; TXNM 2026–2030 Capital Investment Plan Data

Note: Companies in the "power" industry, which includes TXNM in Prof. Damodaran's data, have an average net capex to EBIT ratio as of January 2026 of 129% (plotted for all years). EBIT is shorthand for earnings before interest and taxes. Prof. Damodaran's analysis uses an after-tax measure of EBIT calculated as $EBIT * (1-t)$, where t is the effective tax rate. TXNM's 2025 effective tax rate of 5.66% is assumed for all years.

Statistical Significance Test Results of Reliability Data by Ownership
Type

JA Exhibit ELT-8 A-B

Is contained in the following 2 pages.

U.S. Energy Information Administration

Statistical Significance Test Results of Reliability Data by Ownership Type^[1]

2013–2023

	SAIDI ^[2]		SAIFI ^[3]		CAIDI ^[4]	
	With MED	Without MED	With MED	Without MED	With MED	Without MED
2013	–	–	–	–	–	–
2014	–	–	–	–	–	–
2015	–	–	–	–	–	–
2016	–	–	–	–	Private > Public	–
2017	–	–	–	–	Private > Public	–
2018	Private > Public	–	–	–	Private > Public	Private > Public
2019	–	Private > Public	–	–	–	Private > Public
2020	–	–	–	–	–	–
2021	Private > Public	–	–	–	Private > Public	–
2022	–	–	–	–	–	–
2023	–	–	–	–	–	–

Source: U.S. Energy Information Administration ("EIA") Reliability Data; *FactSet*

Note:

[1] A two-tailed t-test was performed to test whether the reliability metrics of publicly listed and private capital owned utilities were statistically different at the 95% confidence level. "–" indicates tests where the p-value ≥ 0.05 and no significant difference was found. In tests where the p-value < 0.05 , the table indicates the ownership group which exhibited better performance for a given reliability metric. Reliability data from the EIA is reported at the utility provider and state level. Metrics can be reported with or without Major Event Days ("MED"). For utilities using the Institute of Electrical and Electronics Engineers ("IEEE") standard, a MED is any day that exceeds a daily SAIDI threshold called Tmed. For utilities not using the IEEE standard, MEDs are self-determined by the reporting utility. Utilities using IEEE standards are included in this analysis. In addition, the analysis includes utilities reporting under an "other" standard that excludes inactive accounts and considers momentary interruptions to be at most 5 minutes, in accordance with IEEE standards. Utilities owned by Berkshire Hathaway are classified as private capital owned utilities. Results are robust to the exclusion of utilities owned by Berkshire Hathaway.

[2] System Average Interruption Duration Index ("SAIDI") measures the average cumulative outage duration per customer.

[3] System Average Interruption Frequency Index ("SAIFI") measures the average number of electrical interruptions per customer.

[4] Customer Average Interruption Duration Index ("CAIDI") measures the average number of minutes taken to restore power after an interruption.

U.S. Energy Information Administration

Differences in Average Reliability Metrics by Ownership Type^[1]

2013–2023

	SAIDI ^[2]		SAIFI ^[3]		CAIDI ^[4]	
	With MED	Without MED	With MED	Without MED	With MED	Without MED
2013	-14.34	-2.25	0.11	-0.02	105.34	-4.25
2014	-58.17	-7.57	-0.15	-0.18	-19.44	7.46
2015	55.30	-8.10	0.12	-0.11	-0.90	2.11
2016	-70.76	-11.98	0.19	-0.03	-37.53 *	-4.56
2017	-89.67	0.42	0.13	0.13	-58.50 *	-10.82
2018	-241.74 *	-23.64	0.01	0.00	-108.31 *	-15.64 *
2019	2.91	-30.43 *	0.12	-0.10	-18.03	-12.99 *
2020	-42.30	-0.60	0.22	0.06	-39.83	-4.94
2021	-201.16 *	-13.69	0.20	0.04	-91.95 *	-5.17
2022	-13.46	-15.32	0.06	-0.02	-35.82	-5.87
2023	26.46	-14.40	0.15	-0.04	-48.02	-9.79

Source: U.S. Energy Information Administration ("EIA") Reliability Data; *FactSet*

Note:

[1] Differences in reliability metric averages (private capital owned - publicly listed) are displayed. A two-tailed t-test was performed to test whether the reliability metrics of publicly listed and private capital owned utilities were statistically different at the 95% confidence level. "*" represents cases where p-value < 0.05 and the result was found to be statistically significant. Reliability data from the EIA is reported at the utility provider and state level. Metrics can be reported with or without Major Event Days ("MED"). For utilities using the Institute of Electrical and Electronics Engineers ("IEEE") standard, a MED is any day that exceeds a daily SAIDI threshold called Tmed. For utilities not using the IEEE standard, MEDs are self-determined by the reporting utility. Utilities using IEEE standards are included in this analysis. In addition, the analysis includes utilities reporting under an "other" standard that excludes inactive accounts and considers momentary interruptions to be at most 5 minutes, in accordance with IEEE standards. Utilities owned by Berkshire Hathaway are classified as private capital owned utilities. Results are robust to the exclusion of utilities owned by Berkshire Hathaway.

[2] System Average Interruption Duration Index ("SAIDI") measures the average cumulative outage duration per customer.

[3] System Average Interruption Frequency Index ("SAIFI") measures the average number of electrical interruptions per customer.

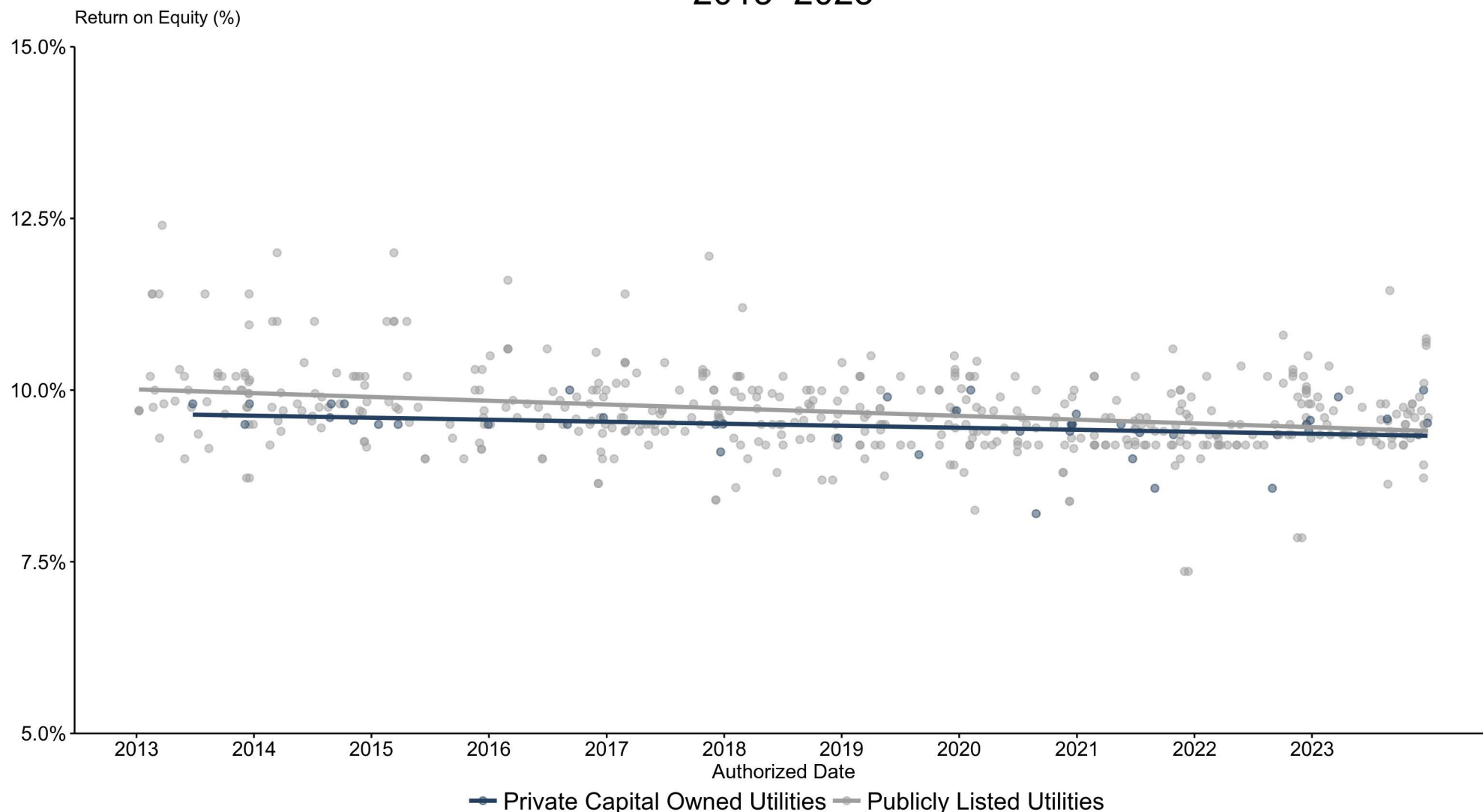
[4] Customer Average Interruption Duration Index ("CAIDI") measures the average number of minutes taken to restore power after an interruption.

Rate Case Return on Equity Percentages by Ownership Type

JA Exhibit ELT-9 A-B

Is contained in the following 2 pages.

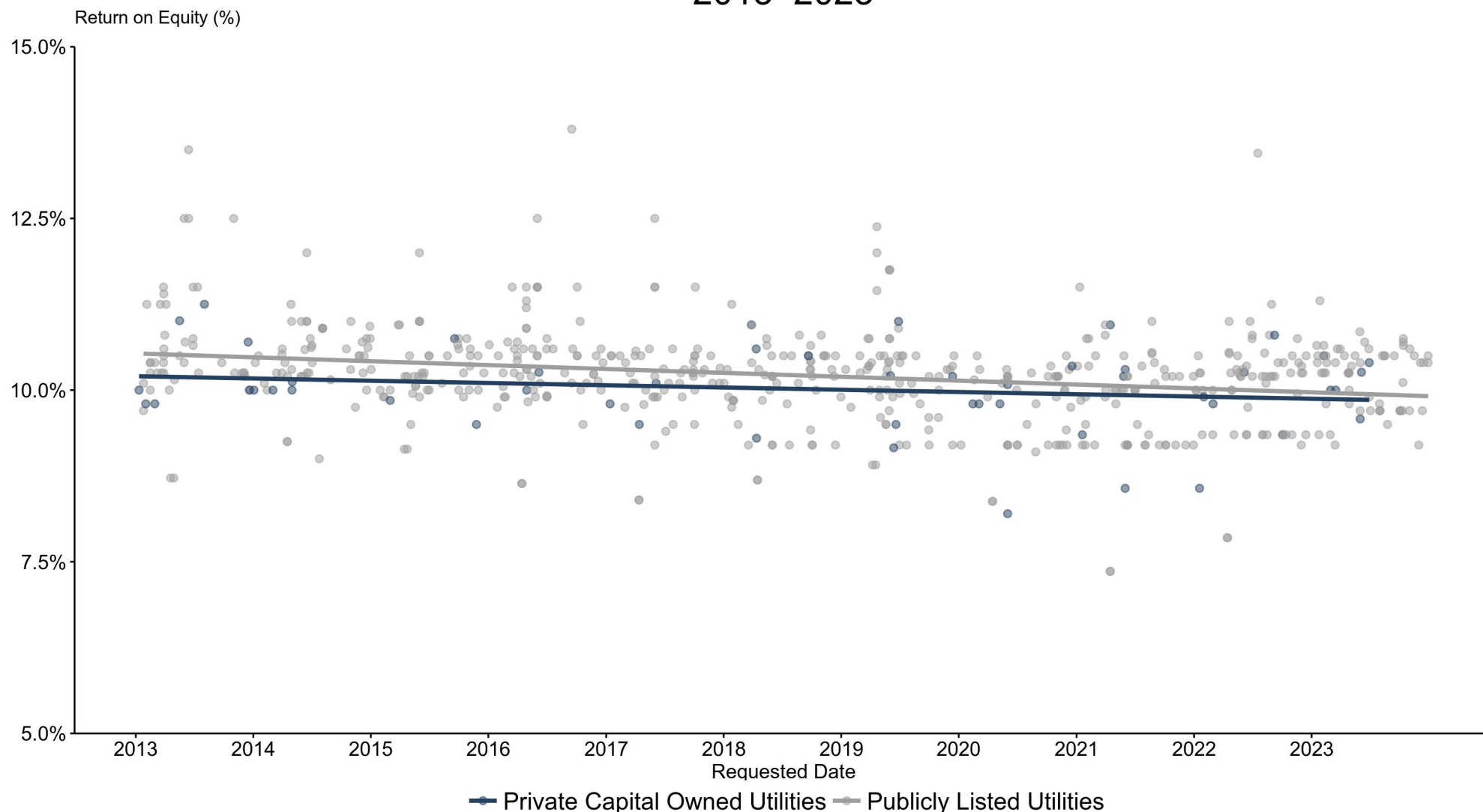
S&P Capital IQ Rate Case History Authorized Return on Equity Percentage 2013–2023



Source: S&P Capital IQ Rate Case History; *FactSet*

Note: The chart plots the authorized return on equity and a line of best fit, calculated using the ordinary least squares model, for the private capital owned and publicly listed utilities present in the EIA reliability data from 2013 to 2023. Utilities owned by Berkshire Hathaway are classified as private capital owned utilities. A two-tailed t-test with a t-statistic of 3.45 (p-value 0.001) indicates that the average authorized return on equity percentage of private capital owned utilities is statistically lower than that of publicly listed utilities at the 95% confidence level. Results are robust to the exclusion of utilities owned by Berkshire Hathaway.

S&P Capital IQ Rate Case History Requested Return on Equity Percentage 2013–2023



Source: S&P Capital IQ Rate Case History; *FactSet*

Note: The chart plots the requested return on equity and a line of best fit, calculated using the ordinary least squares model, for the private capital owned and publicly listed utilities present in the EIA reliability data from 2013 to 2023. Utilities owned by Berkshire Hathaway are classified as private capital owned utilities. A two-tailed t-test with a t-statistic of 2.15 (p-value 0.036) indicates that the average requested return on equity percentage of private capital owned utilities is statistically lower than that of publicly listed utilities at the 95% confidence level. Results are robust to the exclusion of utilities owned by Berkshire Hathaway.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)**

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **ERIC L. TALLEY, Marc and Eva Stern Professor of Law and Business and the Faculty Co-Director of the Millstein Center for Global Markets and Corporate Ownership at Columbia University**, upon penalty of perjury under the laws of the State of New Mexico, affirms and states:

I have read the foregoing **Revised Testimony and Exhibits of Eric L. Talley in Support of the Revised Application** and it is true and correct based on my personal knowledge and belief.

DATED this 15th day of September, 2026.

/s/ Eric L. Talley
ERIC L. TALLEY

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

REVISED TESTIMONY AND EXHIBITS

OF

ELLEN LAPSON, CFA

IN SUPPORT OF THE REVISED APPLICATION

September 15, 2026

**NMPRC CASE NO. 25-00060-UT
INDEX TO THE REVISED TESTIMONY OF
ELLEN LAPSON, CFA**

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GLOSSARY OF ACRONYMS AND DEFINED TERMS.....	i
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III. THE ACQUISITION	8
IV. FINANCIAL STATUS OF PNM AND TXNM	14
V. CURRENT AND FUTURE ACCESS TO CAPITAL	17
VI. SEPARATENESS AND REGULATORY COMMITMENTS.....	27
VII. CONCLUSIONS AND RECOMMENDATIONS.....	39

EXHIBITS

JA REVISED EXHIBIT EL-1	Lapson Experience and Credentials
JA EXHIBIT EL-2	Correspondence of Rating Agency Symbols
JA REVISED EXHIBIT EL-3	Equity Market Capitalization of Investor-Owned North American Electric and Gas Companies
JA EXHIBIT EL-4	Framework for Corporate Separateness
JA REVISED EXHIBIT EL-5	Analysis and Evaluation of PNM Regulatory Commitments
JA REVISED EXHIBIT EL-6	S&P Global Ratings, “Public Service Co. of New Mexico”, December 12, 2025
JA REVISED EXHIBIT EL-7	S&P Global Ratings, “TXNM Energy Ratings Not Immediately Affected by the Final Show-Cause Order”, July 10, 2026.

JA REVISED EXHIBIT EL-8

Moody's Ratings, "Public Service Company of New Mexico, June 30, 2026.

SELF AFFIRMATION

**REVISED TESTIMONY OF
ELLEN LAPSON, CFA
CASE NO. 25-00060-UT**

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Defined Term or Acronym	Meaning
Acquisition	Proposed acquisition of TXNM by Troy
Blackstone or Blackstone Inc.	A publicly traded investment firm listed on the New York Stock Exchange (NYSE: BX). Blackstone indirectly controls Blackstone Infrastructure.
Blackstone Infrastructure	An umbrella term used to refer collectively to Blackstone Infrastructure Management and the investment funds and accounts directly or indirectly controlled by them.
Blackstone Infrastructure Funds	Blackstone Infrastructure Partners L.P. and its parallel funds and accounts and Blackstone Infrastructure Strategies L.P. and its parallel funds and accounts.
Blackstone Infrastructure Management	Collectively, BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C., which are the four entities that will retain control over Troy.
Cash Flow Credit Metrics	Key financial ratios used by credit rating agencies to assess debt leverage by comparison of the level of debt and debt-like liabilities with a measure of operating cash flow.
Commission	New Mexico Public Regulation Commission
Company or PNM	Public Service Company of New Mexico
Joint Applicants	PNM, TXNM, and Troy
Moody's	Moody's Investors Service
PNMR or PNM Resources	Former name of the parent of PNM; renamed TXNM Energy on August 2, 2024
S&P	S&P Global Ratings, also Standard & Poor's

**REVISED TESTIMONY OF
ELLEN LAPSON, CFA
CASE NO. 25-00060-UT**

Show Cause Final Order	Show Cause Final Order issued by the New Mexico Public Regulation Commission (“NMPRC” or the “Commission”) on July 2, 2026
TNMP	Texas New Mexico Power, a utility subsidiary of TXNM and affiliate of PNM
Troy Entities	Troy ParentCo LLC, Troy IntermediateCo LLC, Troy TopCo LP, Troy GP LLC, Troy Aggregator LP.
Troy	Troy ParentCo LLC, a Joint Applicant, that will be the new direct parent of TXNM.
TXNM or TXNM Energy	Parent of PNM and TNMP, and a Joint Applicant in this proceeding

**REVISED TESTIMONY OF
ELLEN LAPSON, CFA
CASE NO. 25-00060-UT**

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name, position and business address.

A. My name is Ellen Lapson. My business address is 370 Riverside Drive, New York, NY 10025.

Q. By whom are you employed and in what capacity?

A. I am the founder and principal of Lapson Advisory, a division of Trade Resources Analytics, LLC. Through Lapson Advisory, I provide independent consulting services relating to the financial strength of utilities and infrastructure companies. I advise client companies on access to capital and debt markets. I frequently testify as an expert witness relating to utility finance, financial strength, and utility capital markets matters. Also, I develop and teach executive seminars about utility investment analysis, credit evaluation, and corporate finance.

Q. On whose behalf are you appearing in this proceeding?

A. I am appearing on behalf of Troy ParentCo, LLC (“Troy”) and TXNM Energy, Inc. (“TXNM” or “TXNM Energy”), the parent holding company for Public Service Company of New Mexico (“PNM”) (together, the “Joint Applicants”) regarding the Revised Joint Application (“Revised Application”) for the proposed acquisition of TXNM by Troy (the “Acquisition”).

Q. Please briefly describe your educational and professional experience.

A. I am a Chartered Financial Analyst and earned a Master of Business Administration from New York University Stern School of Business with a specialization in financial

**REVISED TESTIMONY OF
ELLEN LAPSON, CFA
CASE NO. 25-00060-UT**

1 accounting. I have worked in the capital markets space with particular focus on financing
2 or analyzing the finances of regulated public utilities for over 50 years. I began my career
3 as a securities analyst at Argus Research Corporation analyzing utility company equity
4 securities. For the next 20 years, I held several posts at a predecessor of J.P. Morgan as a
5 corporate banker and investment banker, structuring and executing financing transactions
6 for utility and infrastructure companies. Thereafter, I worked for 17 years, first as a senior
7 director, and then as a managing director at Fitch Ratings, a major credit rating agency,
8 where I managed analysts who rated credits in the sectors of electricity, natural gas and
9 project finance, and chaired rating committees. After leaving Fitch Ratings 14 years ago,
10 I founded Lapson Advisory. The list of my professional qualifications appears as JA
11 Revised Exhibit EL-1.

12
13 **Q. Have you testified previously before this Commission or in other jurisdictions?**

14 **A.** Yes. I have submitted testimony or appeared before this Commission in three prior
15 proceedings:

16 Case No. 20-00222-UT, Joint Application of Avangrid, Inc., Avangrid Networks,
17 Inc., NM Green Holdings, Inc., Public Service Company of New Mexico, and PNM
18 Resources, Inc., regarding merger and financial strength.

19 Case No. 19-00234-UT, Joint Application of El Paso Electric Company, Sun
20 Jupiter Holdings, and IIF US Holdings 2 for Merger, on behalf of the Applicants,
21 regarding ring-fencing and financial strength.

22 Case No. 17-00255-UT, Application of Southwestern Public Service Co. for Retail

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1 Rates, on behalf of SPS Co., regarding ADIT-related cash flow impacts.

2 JA Revised Exhibit EL-1 includes a list of my expert witness assignments in a number of
3 jurisdictions.

4
5 **Q. Have you previously testified as an expert witness in utility acquisition proceedings?**

6 **A.** Yes, I have testified in acquisition proceedings involving the acquisition of ALLETE, Inc.;
7 PNM Resources / Texas-New Mexico Power (“TNMP”); El Paso Electric Company; South
8 Carolina Electric & Gas; WGL Holdings; Hawaiian Electric Industries, Inc.; Pepco
9 Holdings; and Southwest Water and Corix Infrastructure, as detailed in JA Revised Exhibit
10 EL-1.

11
12 **Q. What is the purpose of your Revised Testimony in support of the Revised**
13 **Application?**

14 **A.** I am appearing as an expert financial witness on behalf of the Joint Applicants. The
15 purpose of my Revised Testimony and Exhibits (“Revised Testimony”) is to support the
16 Revised Application that Joint Applicants are filing to update the original Application filed
17 in this proceeding on August 25, 2025 (“Original Application”). This Revised Testimony
18 reflects changes to account for the Commission’s findings in the Show Cause Final Order
19 issued on July 2, 2026 as well as to account for the Joint Applicants’ enhanced regulatory

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1 commitments (“Revised Regulatory Commitments”).¹ This Revised Testimony is
2 intended to completely replace my Direct Testimony.

3
4 My testimony assesses the impact of the Acquisition, including updates in this Revised
5 Application, on the ongoing financial well-being of PNM and its future access to debt and
6 equity capital, including an assessment of the corporate separateness of TXNM and PNM
7 under the Acquisition structure.

8
9 **Q. How is the balance of your testimony organized?**

10 **A.** The remainder of my testimony is comprised of the following sections:

11 II. Executive Summary

12 III. The Acquisition

13 Role of Troy in the Acquisition; role of private equity in the utility equity market; and
14 proposed corporate structure

15 IV. Financial Status of TXNM and PNM and Acquisition Impacts

16 TXNM and PNM’s current financial condition; financial impacts of the Acquisition on
17 PNM and TXNM; and future access to capital

18 V. Anticipated benefits of the Acquisition

19 VI. Separateness and Regulatory Commitments

20 VII. Conclusions and Recommendations
21

¹ Docket No. 25-00060-UT, *Final Order on Show Cause Proceeding*, (July 2, 2026) (“Show Cause Final Order”). Witness Tarry provides further context to why the Joint Applicants are submitting the Revised Application at this time, and Witnesses Monroy and Boyd explain the Revised Regulatory Commitments.

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II. EXECUTIVE SUMMARY

Q. Please provide an overview of your Revised Testimony.

A. I have performed a financial review of the business combination agreed to by TXNM, Troy, and Troy Merger Sub Inc. Troy Merger Sub Inc. is indirectly owned by Troy. Troy is owned and controlled by Blackstone Infrastructure.² My review focuses on the future financial strength and viability of PNM after the Acquisition and its financial capability to serve its customers. This includes a review of any impacts on my assessment post Commission issuance of the Show Cause Final Order. The conclusions of my review are as follows:

First, PNM is currently solvent and in sound financial condition, and the Acquisition as proposed will fully preserve PNM's current financial standing. I expect that PNM and TXNM will retain their current long-term credit ratings from Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P"). Both credit rating agencies affirmed the current ratings and stable credit outlook after their preliminary review of the proposed Acquisition and since then have maintained the companies' ratings without change on their public websites and in credit update reports published by S&P in December 2025³ and July 2026⁴ and by Moody's on June 30, 2026.⁵

² Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in Revised Application Exhibit F, the Revised 2026 General Diversification Plan filed in this matter.

³ S&P Global Ratings, "Public Service Co. of New Mexico," Dec. 12, 2025, JA Revised Exhibit EL-6

⁴ S&P Global Ratings, "TXNM Energy Ratings Not Immediately Affected by the Final Show-Cause Order", July 20, 2026. JA Revised Exhibit EL-7.

⁵ Moody's Ratings, Credit Opinion, "Public Service Company of New Mexico", June 30, 2026. JA Revised Exhibit EL-8.

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1 Second, Troy is an appropriate indirect owner for TXNM and PNM. The Blackstone
2 Infrastructure Funds are long-term oriented private investment funds that invest capital
3 provided predominantly by institutional investors (such as pension funds, family offices,
4 sovereign wealth funds, and insurers) into infrastructure companies, including utilities, in
5 developed countries. I expect that ownership by Troy will promote the ongoing stability
6 of TXNM and PNM.

7
8 Third, PNM will have superior access to equity capital via Troy relative to the access that
9 it now has as a subsidiary of TXNM, currently a publicly traded company listed on the
10 New York Stock Exchange ("NYSE"). Troy and its partners can provide common equity
11 capital to meet PNM's future capital needs with greater convenience and assurance than
12 TXNM's current access to equity capital as a public company with shares listed on a
13 national stock exchange. It is likely to be an advantage to TXNM and its utility customers
14 that Blackstone Infrastructure's equity investor base, via ownership by Troy, will take a
15 longer-term investment perspective relative to typical public equity market investors.

16
17 Fourth, PNM will continue to have access to debt funding from the debt capital markets
18 and bank credit facilities that are at least equal to its current situation. Given the size of
19 Blackstone Infrastructure and its strong relationships with the lending community, it is
20 probable that PNM will increase its access to credit facilities relative to the current status
21 because PNM will attract greater attention from the major lenders that do business with
22 Blackstone Infrastructure and its portfolio companies. That should result in a larger pool

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1 of potential lenders and buyers of PNM's debt, resulting in better terms of lending for PNM
2 and its customers.

3
4 Finally, I analyze in detail the aspects of the Acquisition that will separate and insulate
5 PNM and TXNM from exposure to the liabilities and business affairs of Troy and its
6 affiliates. These protective features include not only the structure of the Acquisition but
7 also a set of Revised Regulatory Commitments and separate undertakings by the Joint
8 Applicants. In addition, the parties to the Acquisition propose to enhance the protective
9 provisions separating TXNM and PNM and those between TXNM and TNMP. These
10 commitments will protect PNM from credit contagion in the event of any adverse
11 developments at TXNM or TNMP as well as Blackstone Infrastructure, Troy, and the Troy
12 Entities.

13
14 I also analyze the protective features of the Acquisition by comparing them to a systematic
15 and comprehensive set of standards for intercompany separation, a framework that is based
16 upon the standards applied by major credit rating agencies and grounded in historical
17 experience in past credit defaults in the utility industry and other corporate sectors. The
18 Joint Applicants' proposed protective provisions satisfy every aspect of the framework.
19 Joint Applicants, in the Revised Application, have proposed additional or more detailed
20 protective provisions in Revised Regulatory Commitments that only serve to reinforce the
21 fact that the Acquisition satisfies criteria in the framework. Taken together, the planned
22 protective provisions and the Acquisition structure will provide strong separation for PNM
23 from the risk of involuntary bankruptcy consolidation with Troy or any of Troy's affiliates.

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1 Equally important, the protective commitments and undertakings will assure that the
2 Commission retains its full regulatory oversight and that PNM will retain access to its own
3 financial and physical assets and cash flow so that it can properly conduct its business and
4 serve its customers, even in the case of financial distress of any affiliated entities.

5
6 In summary, for the reasons enumerated above, I find that the Acquisition will preserve
7 and improve the financial viability of PNM and will enhance the Company's ability to
8 serve its customers. Therefore, I recommend that the Commission approve the Acquisition,
9 including the Revised Regulatory Commitments and ring-fencing mechanisms as outlined
10 in the Revised Application.

III. THE ACQUISITION

11
12
13
14 **Q. What is the purpose of this section of your testimony?**

15 **A.** In this section, I will discuss the nature of Blackstone Inc., Blackstone Infrastructure, and
16 Troy, their roles in the Acquisition, and the expected effects of the Acquisition upon the
17 corporate structure of TXNM and PNM.

18
19 **Q. What is the business of Blackstone Inc.?**

20 **A.** Blackstone Inc., which controls Blackstone Infrastructure, is the largest alternative asset
21 manager in the world, with over \$1 trillion in Assets Under Management ("AUM").

22
23 **Q. What is an alternative asset manager?**

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1 **A.** An alternative asset manager is a firm that directs investors' investments in asset classes
2 outside of traditional stocks, bonds, and cash; typical alternative types of investments
3 include real estate, private equity investments in enterprises, investments in private
4 infrastructure companies, and privately negotiated loans between borrowers and non-bank
5 lenders.

6
7 **Q. What is Blackstone Infrastructure?**

8 **A.** Blackstone Infrastructure makes up the specialized infrastructure business within
9 Blackstone Inc. that concentrates on private investments in mission-critical energy and
10 infrastructure companies and assets. Blackstone Infrastructure, which has over \$90 billion
11 in AUM, aims to provide stable, long-term capital appreciation for its investors.
12 Blackstone Infrastructure focuses on large-scale assets or enterprises in the fields of energy,
13 transportation, digital infrastructure, water and waste.

14
15 **Q. How are Blackstone Inc. and Blackstone Infrastructure regarded in the financial**
16 **market?**

17 **A.** In my professional experience, both Blackstone Inc. and Blackstone Infrastructure are
18 esteemed in the investment community for their large-scale, wide diversification and
19 geographical diversity, high level of professionalism, and strong investor relationships with
20 major institutional investors and qualified investors.

21
22 **Q. What is the role of Blackstone Infrastructure in the Acquisition?**

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1 **A.** Troy is owned and controlled by Blackstone Infrastructure. Troy formed a special purpose
2 subsidiary, Troy Merger Sub, Inc., to purchase all outstanding common shares of TXNM
3 other than treasury shares and dissenting shares at the time of the closing and merge with
4 TXNM, with TXNM remaining as the surviving entity. After that, the shares of TXNM
5 will no longer be publicly traded on any exchange, and Troy will own 100 percent of the
6 shares.

7
8 **Q.** **Please explain the corporate structure above Troy in the Acquisition structure.**

9 **A.** As explained in the revised testimony of Witness Sherman, the Acquisition places a multi-
10 level ownership structure above TXNM. In addition to Troy, which will be the direct
11 parent of TXNM, new holding companies will include Troy IntermediateCo LLC and Troy
12 TopCo LP (“TopCo” and Troy Aggregator LP, collectively, the “Troy Entities”). None of
13 these entities will conduct any activities or business other than to facilitate the investors’
14 investment in TXNM.

15
16 **Q.** **What is the purpose of a multi-level corporate structure?**

17 **A.** Such a multi-level corporate structure is common in mergers and acquisitions. It will
18 segregate TXNM’s two utility subsidiaries and TXNM from the affairs of Troy and its
19 partners and affiliates. It is highly likely to shield PNM from adverse effects if any
20 companies above PNM in the corporate structure suffer credit rating downgrades, become
21 insolvent, or file for bankruptcy protection. The protective provisions would also reduce
22 or eliminate the risk that PNM’s assets or cash resources would be invaded by a parent or
23 affiliated company. The protective structure will also shield TXNM from harmful

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1 exposure to Troy and Troy's investors and affiliates, and it protects the equity owners from
2 exposure to the obligations of TXNM and the utilities.

3
4 **Q. Will Troy or any of the intermediate companies engage in any other business, apart**
5 **from the direct or indirect ownership of TXNM?**

6 **A.** No. They will have no other activities other than to facilitate the investors' investment in
7 TXNM.

8
9 **Q. Will there be any debt at Troy or the Troy Entities?**

10 **A.** The Troy Entities will not incur any debt to fund the transaction consideration. According
11 to Witness Boyd, Blackstone Infrastructure intends to take actions to manage the financial
12 affairs of TXNM and Troy through prudent financial policies in a manner that is supportive
13 of the current credit ratings of TXNM, TNMP, and PNM.

14
15 **Q. What is your understanding of prudent financial policies that will tend to support the**
16 **current credit ratings of TXNM and TNMP?**

17 **A.** I expect that the shareholder will generally manage the debt leverage of TXNM, Troy, and
18 the Troy Entities to avoid excessive aggregate leverage at those entities, consistent with
19 the standards of the rating agencies that rate TXNM's obligations.

20
21 **Q. Will TXNM continue to exist after the Acquisition and the change in ownership?**

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1 **A.** Yes. TXNM will exist and will continue to own all of the shares of PNM and TNMP, as
2 is the current structure. Further, the existing corporate functions will continue to be
3 performed by TXNM.

4
5 **Q. Why is private equity ownership particularly well-suited to the utility and**
6 **infrastructure sector?**

7 **A.** The multi-year investment horizon related to the construction of utility networks and
8 infrastructure and the 20 to 40 year-long economic lives of the assets after construction
9 conform better to private investors, who are able to take a long view. By contrast, most
10 public market investors focus on quarterly earnings results and short-term fluctuations in
11 the market valuation of the shares.

12
13 In turn, with the public equity market focused on quarterly financial results, management
14 also has to turn much of its attention to managing quarterly outcomes. Indeed, in the
15 trading public market, activist investors can take advantage of dips in the price of the stock
16 to buy up shares with the intention to pressure management into taking near-term actions
17 to enhance shareholder returns immediately, possibly compromising long-term objectives.
18 Without the necessity to mark their holdings to market frequently, investors in private
19 securities are able to maximize longer-term value, and management can concentrate on the
20 long-term well-being of the company.

21
22 **Q. What is the typical reaction of public shareholders to a corporation that proposes to**
23 **issue equity securities to fund business growth?**

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1 **A.** When it is known in the market that a company plans to fund incremental capital
2 investment by issuing new common shares, the market value of the company's shares
3 generally declines. That occurs because issuing additional shares will reduce earnings per
4 share in the near term. The short-term focus in the public equity market on quarterly
5 earnings per share puts pressure on public companies to avoid issuing shares and instead
6 to divest assets. Private owners with a long investment horizon are not constrained by daily
7 or quarterly mark-to-market and thus are better suited to the funding of PNM's projected
8 long-term infrastructure plans.

9
10 **Q.** Do all private equity investors and alternative asset managers pursue identical
11 investment strategies?

12 **A.** No, not all private equity owners employ the same strategies; there are different styles of
13 investment management and types of involvement by private equity investors. However,
14 in my experience, the highly regulated environment of rate-regulated public utilities is
15 unlikely to attract private equity investors seeking near-term gain. Investors such as
16 pension funds, insurers, family offices, and sovereign wealth funds may focus on private
17 ownership in the regulated utility and infrastructure sector for a combination of stability
18 and growth over an extended period. It is significant that Troy commits to maintain its
19 controlling interest in PNM for a period of at least ten years following the consummation
20 of the Acquisition.

21
22 **Q.** Can you give an example of a private equity acquisition in the utility sector that has
23 demonstrated a long-term investment horizon?

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1 **A.** Yes. An early go-private equity transaction involving the acquisition of a U.S. publicly
2 traded utility was the acquisition of Duquesne Light Holdings in March 2007 by a
3 consortium of private equity investors led by Macquarie Infrastructure Investors and The
4 DUET Group. In the intervening 19 years, Duquesne Light Holdings has remained stable
5 and financially sound under private equity ownership. In March 2010, GIC Private Limited
6 acquired a 29% stake from the original investor DUET Group, but that change has had no
7 ill effect on the credit standing of Duquesne Light Company; in fact, the utility company's
8 ratings of A3 by Moody's and BBB+ by S&P Global are higher today than they were in
9 2007. This type of stability is well suited to the very long lives of utility assets and the
10 multi-year commitments utilities must make in their network and infrastructure.

IV. FINANCIAL STATUS OF PNM AND TXNM

14 **Q.** **Is PNM's current financial condition sound?**

15 **A.** Yes, PNM is in sound financial condition.

17 **Q.** **What are PNM's current sources of capital, prior to the proposed Acquisition?**

18 **A.** PNM's common equity is provided by its parent, TXNM Energy. TXNM shares are listed
19 on the NYSE, and TXNM periodically issues new shares to investors. In turn, TXNM may
20 invest equity in PNM if needed. PNM issues its own individual long-term debt to capital
21 market investors in the form of unsecured senior notes. Its debt obligations are rated by
22 two credit rating agencies, Moody's and S&P. As of May 1, 2026, PNM has its own \$400
23 million revolving credit facility under which it can draw down loans to meet its liquidity

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1 needs for capital expenditure projects and seasonal operations or available as back-up to
2 PNM's commercial paper issuance. The revolving credit agreement will mature on March
3 29, 2030.⁶ In addition, PNM has a \$40 million credit facility with New Mexico lenders
4 maturing May 31, 2030.

5
6 **Q. How did credit rating agencies assess the financial condition of PNM and TXNM**
7 **prior to the Acquisition announcement?**

8 **A.** Both Moody's and S&P viewed the financial status of PNM and TXNM to be stable before
9 the announcement of the Acquisition.

10
11 **Q. Please provide more information about Moody's views before the Acquisition was**
12 **announced.**

13 **A.** Moody's published a credit opinion on PNM in June 2024 in which it commented on
14 PNM's sound and stable financial profile. Moody's analyst stated:

15 PNM's credit also reflects the company's relatively strong financial profile
16 including a ratio of CFO pre-W/C to debt consistently in the 18-20% range. For
17 the 12-months ended 31 March 2024, PNM's ratio of CFO pre-W/C to debt was
18 approximately 18.2% excluding the impact of one-time rate refunds resulting from
19 last September's settlement agreement and securitization bonds.⁷
20

21 In a June 2024 credit opinion on TXNM (using the company's former name of PNM
22 Resources), Moody's analyst commented that the company's financial condition was
23 stable. The Moody's report also noted that debt at the parent level was unfavorably high

⁶ One lender's commitment in PNM's revolving credit facility, totaling \$45.9 million, matures on March 30, 2029. The remaining commitments of \$354.1 million mature on March 29, 2030.

⁷ Moody's Credit Opinion, "Public Service Company of New Mexico, Update to Credit Analysis", June 27, 2024, at 1.

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as a proportion of consolidated debt and that elevated capital expenditures at its utility subsidiaries would require additional debt financing. Moody's concluded that limiting parent-level debt at or below 20 percent of consolidated debt could improve TXNM's rating, while increasing parent debt leverage (approaching 30 percent of consolidated debt) could result in a downgrade.⁸ That Credit Opinion listed the following credit challenges: weak consolidated financial metrics; high holding company debt; and elevated capital expenditures, which may require additional debt financing.⁹

Q. Please provide more information about S&P's views before the Acquisition was announced.

A. In an update report on PNM on August 15, 2024, S&P found PNM to be in stable condition but identified several areas of risk, including: a challenging state regulatory environment with inconsistent decisions on expense recovery and above average regulatory lag; high capital spending that will produce external funding needs; and physical risks due to a wildfire-prone service territory.¹⁰

Regarding TXNM (using its former name of PNM Resources), S&P's analyst commented in January 2024:

PNMR's financial measures are weak for the current rating... Furthermore, we expect that financial measures will remain pressured, incorporating the company's robust capital spending program. Recently, the company increased its three-year capital spending plan to about \$3.5 billion from about \$2.8 billion. This reflects rising capital spending in Texas and transmission and distribution spending necessary to support the company's energy transition. Accordingly, we expect that

⁸ Moody's Credit Opinion, "PNM Resources, Inc Update to Credit Analysis", June 27, 2024, at 1-2.

⁹ Moody's Credit Opinion, "PNM Resources, Inc Update to Credit Analysis", June 27, 2024, at 2.

¹⁰ S&P Global Ratings, Research, Public Service Company of New Mexico, Aug. 15, 2024, at 1, 4.

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the company will consistently operate with cash flow deficits, requiring consistent access to capital markets.¹¹

Q. Do utility capital spending commitments affect PNM’s credit ratings and financial status?

A. Yes. For example, Moody’s states: “PNM’s capital investment plan remains elevated and will require additional debt issuances. The utility continues to invest heavily in T&D infrastructure to integrate additional renewable resources, grid modernization and the deployment of advanced technologies under its current capital program.”¹²

Q. In your view, what was the shared theme of the two credit rating agencies?

A. Both Moody’s and S&P viewed PNM’s need for additional capital as a major concern.

V. CURRENT AND FUTURE ACCESS TO CAPITAL

Q. Given the need for equity capital to fund ongoing utility capital investment, does TXNM have an assured source of equity capital in its current status?

A. No, the company’s access to new equity capital is feasible but not assured. TXNM’s shares are listed on the NYSE, and TXNM can issue its shares through public or private offerings. TXNM is considered a small mid-cap company within the U.S. utility sector; that is, it is considerably smaller than the largest holding companies in its sector, amid a long-term trend of industry consolidation.¹³

¹¹ S&P Global Ratings, Research Update, “PNM Resources, Inc. and Subsidiaries Outlook Revised to Stable from Positive on Termination of Merger with Avangrid, Inc.,” Jan. 15, 2024, at 2.

¹² S&P Global Ratings, Research, Public Service Company of New Mexico, Aug. 15, 2024, at 5.

¹³ A mid-cap issuer is generally considered to be one with equity market cap between \$2 billion and \$10 billion. TXNM’s market cap is approximately \$5.2 billion.

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1 **Q. Does being a small mid-cap company affect TXNM’s access to equity capital?**

2 **A.** Yes. In general, mid-cap companies lack the name recognition or market dominance that
3 the large cap companies enjoy. According to Capital Group, an important investment
4 management company, “Mid-cap companies often have fewer Wall Street analysts
5 covering their businesses than larger companies or may not have any sell-side research
6 coverage.”¹⁴ Their report shows that the amount of analyst coverage for the largest large-
7 cap public companies is greater than the average of large-cap public companies, which in
8 turn is significantly greater than the number of analysts covering mid-cap companies.¹⁵
9 The lesser analyst coverage for mid-cap companies as well as the smaller volume of shares
10 outstanding and smaller volume of trade combine to reduce market liquidity for the shares
11 of mid-cap public companies, and investors require higher returns to compensate for the
12 risk of illiquidity.

13
14 Among 48 North American utilities with publicly traded equity, TXNM is in 33rd position
15 ranked by market cap. The 32 companies with larger market caps than TXNM together
16 account for 95% of the aggregate market value. As a member of the bottom 5% of the
17 sector’s market capital, it is difficult for TXNM to command investor attention in the equity
18 market comparable to its larger competitors.

¹⁴ Capital Group, US Equities, “Sizing Up Small- and Mid-Cap Stocks in Concentrated U.S. Markets,” R. Hongsaranagon, M. Hochstetler, K. Chan, Feb. 10, 2025, <https://www.capitalgroup.com/advisor/insights/articles/sizing-up-small-mid-cap-stocks.html>.

¹⁵ Capital Group, US Equities, “Sizing Up Small- and Mid-Cap Stocks in Concentrated U.S. Markets,” R. Hongsaranagon, M. Hochstetler, K. Chan, Feb. 10, 2025, <https://www.capitalgroup.com/advisor/insights/articles/sizing-up-small-mid-cap-stocks.html>.

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Table EL-1 below illustrates the major disparity in size and scale among equity issuers in the North American utility sector. JA Revised Exhibit EL-3 provides greater detail, ranking the equity market capitalization of individual companies within the sector.

Table EL-1

Equity Market Cap* of the North American Utility Sector

	Number of companies	Market Cap (\$ Billion)	% of Sector Market Cap
Top Half	24	1,207	87.2%
Bottom Half **	<u>24</u>	<u>177</u>	<u>12.8%</u>
Total Companies	48	1,384	100.0%

Notes

*Market Cap: Value of traded equity securities as of September 4, 2026.

**TXNM is ranked 33rd among 48 companies and comprises 0.5% of the sector's total market cap.

The number of companies is reduced from 49 to 48 because ALLETE, Inc. is no longer a public company.

Q. Has there been any period when TXNM or PNM experienced difficulty raising either equity or debt capital?

A. Yes. In the second quarter of 2022, TXNM (under its former name of PNM Resources) contemplated issuing three-year senior unsecured notes in the public debt market. Before announcement of a specific offering of notes, the company met with over 50 investors in a series of group meetings to provide information on the company and why it was an attractive investment, and to gauge interest from the fixed income investor community. TXNM received feedback after the meetings indicating that because TXNM was a relatively small utility and a non-frequent issuer in the public debt market, its bonds would

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be less liquid than those of larger issuers, and many investors would either opt not to participate in a debt offering from TXNM or would require a substantial premium to invest. Based on this feedback, TXNM did not proceed with a public debt offering at that time.

Q. Prior to the announcement of the Acquisition, what were the credit ratings of PNM and its parent TXNM?

A. Moody's and S&P issuer credit ratings of TXNM and PNM are shown in Table EL-2 below. The two agencies use different rating symbols, but the ratings by both agencies have a reasonably close correspondence.¹⁶ S&P's issuer credit rating of TXNM Energy of BBB is the middle of the BBB category, a low rating but still within the investment grade rating category. Moody's issuer rating for TXNM Energy of Baa3 is equivalent to one notch lower than S&P's rating and is at the very lowest rung within the investment grade category. In the case of PNM, the issuer credit ratings of both S&P and Moody's correspond exactly at BBB (S&P) and Baa2 (Moody's).

Table EL-2: Credit Ratings and Outlooks of TXNM and PNM
Before and After Acquisition Announcement

	TXNM Energy	
	S&P	Moody's
Issuer Credit Rating	BBB	Baa3
Senior Unsecured Notes	NR	Baa3
Junior Subordinated Bonds	BB+	Ba1
Short-term debt	NR	NR
Outlook pre-announcement	Stable	Stable
Outlook after announcement (a)	Stable	Stable
Issuer Credit Rating, Sept. 4, 2026	BBB	Baa3

¹⁶ A table showing the correspondence of credit rating agencies' rating symbols appears as JA Exhibit EL-2.

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Outlook, September 4, 2026	Stable	Stable
	Public Service Co. of New Mexico	
	<u>S&P</u>	<u>Moody's</u>
Issuer Rating	BBB	Baa2
Senior Unsecured Notes	BBB	Baa2
Short-term debt	NR	NR
Outlook pre-announcement	Stable	Stable
Outlook after announcement (b)	Stable	Stable
Issuer Credit Rating, Sept. 4, 2026	BBB	Baa2
Outlook, September 4, 2026	Stable	Stable
(a) May 19, 2025; (b) June 24, 2025		
NR - Not rated		

1 **Q. How did the two rating agencies respond after the Acquisition announcement?**

2 **A.** In the second quarter of 2025, both agencies reaffirmed their existing credit ratings and
3 stable rating outlooks for TXNM and PNM after reviewing preliminary information about
4 the Acquisition. S&P published its commentary with the affirmation of the ratings on May
5 19, 2025.¹⁷ Moody's published its response in a credit update a month later.¹⁸

7 **Q. Please summarize S&P's response to the announced Acquisition.**

8 **A.** S&P affirmed its ratings of TXNM and PNM and identified key points of the Acquisition
9 from a credit viewpoint, including:

10 1. The Acquisition will be entirely equity-funded;

¹⁷ S&P Research Update, "TXNM Energy Inc. 'BBB' Rating Affirmed on Acquisition by Blackstone Infrastructure, Outlook Stable," May 19, 2025.

¹⁸ Moody's Credit Opinion, "TXNM Energy, Inc., Update Following Acquisition Announcement," June 24, 2025, at 2.

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1 2. No additional debt leverage will result from the Acquisition; and

2 3. S&P expects the Acquisition to facilitate a strengthening of TXNM's credit
3 measures.

4
5 In May 2025, S&P expected that Blackstone Infrastructure would invest \$400 million to
6 purchase TXNM common shares in the near term, but that transaction has subsequently
7 been voided.¹⁹ S&P also expected that TXNM would sell additional common stock prior
8 to the closing of the Acquisition. I understand that TXNM sold \$200 million of common
9 stock through a direct sale in June 2025 and approximately \$200 million of common stock
10 through its at-the-market ("ATM") program in August 2025.

11
12 On May 19, 2025, S&P concluded by affirming the ratings of TXNM, PNM, and TNMP.
13 The rating outlook was affirmed as "stable", with the expectation that TXNM will maintain
14 a satisfactory leverage ratio of Funds From Operations ("FFO") divided by debt of over 14
15 percent.²⁰ S&P's favorable opinion of the Acquisition and of Troy, as part of Blackstone
16 Infrastructure, as the purchaser is evident in its Rating Rationale expressed as follows:

17 We view the acquisition by BI to be credit supportive. BI is an investment vehicle
18 of the global alternative asset manager Blackstone Inc. We assess BI as a long-
19 term infrastructure fund investor and believe its experience in the sector (minority
20 interest ownership in Northern Indiana Public Service Co. [NIPSCO] and an equity
21 investment in FirstEnergy Corp.) and financial strength will support TXNM's

¹⁹ On July 2, 2026, the Commission ordered that the private equity Financing Transaction was void and of no effect ("Show Cause Final Order"). To comply with the Show Cause Final Order, TXNM borrowed \$400 million via a 30-month term loan on July 17, 2026 and used the proceeds to repay TopCo for the voided shares ("Term Loan"). On August 31, 2026, TXNM Energy launched a private issue of shares to unrelated parties, receiving net proceeds of \$396 million on September 4, 2026, which proceeds were used to pay off borrowings under the term loan and retire the term loan.

²⁰ S&P Research Update, "TXNM Energy Inc. 'BBB' Rating Affirmed on Acquisition by Blackstone Infrastructure, Outlook Stable," May 19, 2025, at 1.

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1 growth in a credit-supportive manner. In addition, because the transaction will be
2 fully financed with equity, we expect TXNM's financial measures will improve.²¹
3

4 **Q. What credit comment did Moody's make regarding the announced Acquisition?**

5 **A.** Moody's published a full Credit Opinion on TXNM on June 24, 2025 in which it affirmed
6 the credit ratings of TXNM and PNM. Moody's described the Acquisition and pointed out
7 that the purchase of TXNM will be funded entirely through equity and the assumption of
8 existing debt, with no incremental debt to be issued. Moody's concluded: "Based on the
9 announced terms and proposed financing plans for the transaction, we do not expect the
10 transaction to adversely affect the ratings or outlooks of TXNM or either of its two utility
11 subsidiaries."²²
12

13 **Q. Did either S&P or Moody's alter their ratings or rating outlook in response to the**
14 **Commission's Show Cause Final Order, the voiding of the \$400 million TopCo**
15 **investment ("Financing Transaction"), or TXNM's borrowing under a term loan**
16 **facility to repay TopCo for the voided Financing Transaction?**

17 **A.** No, neither agency took any negative credit action or revised its rating outlook on either
18 TXNM or PNM as a result of the Show Cause Final Order or the transactions that TXNM
19 undertook to comply with that order. TXNM also requested and received a declaratory
20 order from the Commission to ensure that the subsequent equity transactions necessary to
21 repay the debt incurred by TXNM to unwind the Financing Transaction did not require
22 Commission approval under Section 62-6-12. Due to the Commission's prompt action in

²¹ Id., at 1-2.

²² Moody's Credit Opinion, "TXNM Energy, Inc., Update Following Acquisition Announcement," June 24, 2025, at 2.

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1 issuing the declaratory order, TXNM was able to execute the equity issue and repayment
2 of the Term Loan far more rapidly than might otherwise have been the case. Apart from
3 the Commission's timely issuance of the declaratory order, another factor that facilitated
4 the equity offering was that investors perceived an opportunity to purchase shares at a
5 material discount relative to the price of \$61.25 per share offered by Blackstone
6 Infrastructure at closing of the Acquisition.

7
8 On July 10, 2026, S&P published a commentary noting that the Show Cause proceeding
9 would create uncertainty and extend the possible closing date into 2027.²³ S&P indicated
10 that the development was negative, but they viewed any impact on TXNM's credit metrics
11 as temporary and expected Blackstone Infrastructure to supply additional equity after the
12 closing of the Acquisition. Therefore, S&P concluded that the S&P ratings are not
13 immediately affected. It would seem that the successful issuance of new shares with net
14 proceeds approximately equal to the \$400 million to repay the \$400 million Term Loan
15 justifies S&P's confidence that any adverse effect was of very short duration.

16
17 Moody's latest comment was published on June 30, 2026, prior to the issuance of the Show
18 Cause Final Order.²⁴ Moody's analyst asserted that the proposed Acquisition is neutral to
19 modestly supportive, but Moody's has a more cautious view than S&P about the chances
20 for closing the Acquisition:

21 In June 2026, hearing examiners issued a recommendation in the show cause
22 proceeding related to the proposed Blackstone acquisition, concluding that the \$400

²³ S&P Global Ratings, *Tear Sheet: TXNM Energy Inc. Ratings Not Immediately Affected by the Final Show-Cause Order* (July 10, 2026).

²⁴ Moody's "Credit Opinion: Public Service Company of New Mexico", June 30, 2026, JA Revised Exhibit EL-8.

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1 million equity investment by a Blackstone affiliate required prior Commission
2 approval. The examiners recommended remedial actions, including unwinding or
3 curing the transaction, and indicated that the applicants may need to withdraw and
4 refile the merger application. TXNM and the other joint applicants have filed
5 responses and are awaiting a final Commission order. While the core evidentiary
6 hearing for the acquisition remains scheduled for August 2026, the outcome of the
7 show cause proceeding could delay or alter the review process. As a result, timing
8 for regulatory approval and closing, which had been targeted for the second half of
9 2026, is increasingly uncertain, and approval is not assured given New Mexico's
10 historical skepticism toward utility mergers. ...

11
12 The proposed transaction is neutral to modestly supportive if completed as planned.
13 ***The all-equity financing plan, together with Blackstone's prior equity investment***
14 ***and the expectation of additional equity issuance, limits incremental leverage and***
15 ***supports funding of TXNM's elevated capital spending program.*** Until the
16 NMPRC review is concluded, however, uncertainty around the timing and outcome
17 of the transaction remains, and TXNM will need to manage group funding,
18 dividend policy, and capital program on a stand-alone basis.
19 [emphasis added].

20
21 Moody's continues to evaluate TXNM and PNM on an independent basis (not reflecting
22 the Acquisition), and in that context, Moody's expresses concern about the magnitude of
23 PNM's capital expenditure plan and the related cash flow impacts in a high capex cycle.
24 As Moody's expressed in the foregoing passage, the availability of capital infusions from
25 Blackstone Infrastructure will limit incremental leverage and mitigate the agency's
26 concerns about funding the capital program.

27
28 Neither S&P nor Moody's has published a commentary on PNM or TXNM subsequent to
29 the successful issuance of new shares by TXNM and retirement of the Term Loan on
30 September 4, 2026, but it is likely that they view the ultimate outcome (approximately \$400
31 million of equity issued by TXNM and extinguishment of interim debt) to be consistent
32 with maintaining "Stable" rating outlooks on both TXNM and PNM.

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1 **Q.** **If TXNM was able to repay its Term Loan by issuing approximately \$400 million in**
2 **equity so quickly after the issuance of the Show Cause Final Order, do you believe**
3 **that there is any real concern that TXNM has risks in the market with getting**
4 **sufficient equity to fund its capital needs?**

5 **A.** In the event that the Acquisition fails, I believe the future challenges of raising equity
6 capital that TXNM faces remain as strong today as they were when the Original
7 Application was filed. As noted above, as a small mid-cap company, TXNM faces a higher
8 degree of challenge raising capital, as TXNM does not have the name recognition or market
9 dominance that the large cap companies enjoy. The stock sale that TXNM just completed
10 to pay off the Term Loan was easy to complete because investors have an unusual incentive
11 to buy TXNM stock—an incentive that will not be present if the Acquisition fails. A little
12 over 7 million shares were sold with gross proceeds totaling \$400 million, meaning that
13 investors acquired the shares at approximately \$56.50 per share. As detailed in this
14 Revised Application, all of TXNM's common stock outstanding at the closing of the
15 Acquisition will be cancelled and converted to the right to receive \$61.25 per share in cash,
16 an 8.4% premium over the price of the offering. Thus, while it appears raising equity to
17 repay the Term Loan occurred with relative ease—and it did—these same circumstances
18 that provide an incentive to equity investors to buy TXNM's shares will not exist if the
19 Acquisition fails. In summary, I do not see the relative ease of the latest equity issuance
20 as an indication that TXNM will have similar ease in raising equity in the future as a small
21 mid-cap company should this Acquisition not be completed.

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1 **Q. After complying with the Show Cause Final Order, what is your opinion of how the**
2 **Acquisition affects TXNM's future access to equity capital?**

3 **A.** Blackstone Infrastructure is capable of supplying equity capital to TXNM in significantly
4 larger quantities than TXNM can do so as an independent small mid-cap entity. Prior to
5 the announcement of the Acquisition, over the course of 10 years, TXNM raised \$592
6 million in new equity, as cited by Witness Tarry in his revised testimony.

7
8 **Q. Do you foresee any change in the credit ratings of PNM as a result of the Acquisition?**

9 **A.** No, I do not. Neither Moody's nor S&P has signaled a potential upgrade, but both credit
10 rating agencies seem to view the new ownership as credit-neutral. Future ratings
11 improvements could result, dependent upon regulatory developments in New Mexico and
12 Texas and the demonstration of improving key cash flow credit metrics at the individual
13 utilities and TXNM.

14
15 **Q. Will the Acquisition introduce incremental debt leverage at TXNM or PNM?**

16 **A.** No. PNM will continue to maintain its equity capitalization ratio at least equal to the
17 authorized regulatory capital structure in New Mexico. Troy does not anticipate increasing
18 debt leverage at PNM, TXNM or at the Troy Entities to fund the Acquisition and plans to
19 maintain leverage consistent with or below historic levels. Some debt will have to be repaid
20 concurrent with the Acquisition.

21
22 **VI. SEPARATENESS AND REGULATORY COMMITMENTS**

23
24 **Q. Please provide an overview of this section of your Revised Testimony.**

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1 **A.** In this section, I will introduce a systematic framework for protecting one corporation from
2 potential harm due to its affiliation with a related company (typically an owner, a
3 subsidiary, or an affiliate.)

4
5 **Q.** **What do you mean by corporate separateness?**

6 **A.** I use this terminology to describe a suite of methods used to insulate and protect one
7 enterprise or business activity from invasion, contagion, or harm caused by related entities.
8 A more colloquial term is “ring-fencing.”

9
10 **Q.** **When and why are ring-fencing protections necessary?**

11 **A.** Protective ring-fencing methods typically serve one of two purposes. First, in the context
12 of corporate finance and corporate structure, ring-fencing mechanisms are used to protect
13 a company and its stakeholders from financial risks associated with the company’s parent,
14 affiliated companies, or subsidiaries.²⁵ Another very important context for ring-fencing is
15 when a financial sponsor (the seller) bundles together a portfolio of loans or mortgages (the
16 assets) and sells them to a shell entity (the purchaser) that finances the purchase by issuing
17 loans or securities backed solely by the value and cash flows of the portfolio assets. In the
18 context of banking, leasing, and real estate ownership, such mechanisms separate the
19 purchaser and its assets from exposure to the bankruptcy risk of the sponsor or seller of the
20 assets. This allows the funding of the assets based solely upon the quality of the asset
21 portfolio, unaffected by the credit of the sponsor or seller.

²⁵ In this testimony, the term “corporate” in the context of “corporate structure,” “intercorporate separation,” or “corporate group” refers not only to entities structured as corporations but also to partnerships, limited partnerships, limited liability companies (“LLCs”), and related forms of enterprise ownership.

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1 In either of these contexts, the purpose of implementing a set of ring-fencing mechanisms
2 is to safeguard a “protected company” (a business or an asset portfolio) so that the protected
3 company can sustain its viability without interruption or adverse effects from invasion of
4 its assets by its parent or affiliates or contagion from the potential financial distress of
5 another entity in its affiliated group.

6
7 **Q. What is the purpose of ring-fencing in the utility sector?**

8 **A.** A utility typically bears a legal obligation to operate reliably, maintain its systems for
9 existing customers, and expand its facilities and systems to accommodate growth of
10 demand and new customers. Some utility capital expenditures are not discretionary but are
11 required to enable the utility to fulfill its franchise obligations and satisfy the requirements
12 of the regulatory authority. Making such capital investments typically requires access to
13 funding from internal and external sources. Thus, it is important for the utility to retain
14 access to its own resources including its bank accounts, accounts receivable, and the ability
15 to draw under its credit arrangements, even if its parent or an affiliate is in financial distress.
16 If internal sources of cash flow are not sufficient, utilities need to access funding from the
17 debt market. Without adequate protection, the utility’s credit worthiness and access to debt
18 capital could be impaired if its owner is in financial distress, in default, or bankrupt. Ring-
19 fencing mechanisms have been successfully used to protect utilities from risky parents or
20 affiliated companies and have proven effective in allowing the protected companies to
21 carry out their mandate to serve present and future customers.

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1 **Q. What is the purpose of ring-fencing in this Acquisition and which are the protected**
2 **companies?**

3 **A.** In this Acquisition, the protected companies are TNMP and PNM, each separately
4 insulated from any possible impacts from the Troy Entities, Blackstone Infrastructure,
5 Blackstone Inc., and those companies' affiliates, as well as from one another.

7 **Q. Do you have an established framework or set of standards for evaluating the**
8 **effectiveness of intercorporate separation provisions?**

9 **A.** Yes. Over the years, attorneys and credit rating agencies have amassed substantial
10 experience based upon actual case studies of insolvencies. Law firms that work on
11 securities issuances and render non-consolidation opinions have in-house standards that
12 they apply to determine the adequacy of protective ring-fencing, but law firms generally
13 do not publish their internal standards. Likewise, credit rating agencies have developed
14 their own criteria, drawn from the standards of their legal advisors as well as their own
15 experiences of corporate defaults, to develop lists of corporate policies and practices that
16 they apply to determine if two affiliated companies should be rated with the same rating,
17 or if the ratings of the two entities may be separated due to the presence of protective
18 mechanisms.²⁶

²⁶ Since credit rating agencies must make public their rating methodologies and criteria, they publish their ring-fencing policies and standards. The standards published by leading rating agencies are useful as general guidelines, even for companies that are unrated or have ratings from a different credit rating agency. I have found the following sources to be especially useful; Fitch Ratings, "Parent and Subsidiary Rating Linkage Criteria," June 27, 2025, <https://www.fitchratings.com/research/corporate-finance/parent-subsidiary-linkage-rating-criteria-27-06-2025>; S&P Global Ratings, "General Criteria: Group Rating Methodology", July 1, 2019, republished Oct. 31, 2023, <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/10999747>; Moody's Investors Service, "Rating Methodology, Regulated Electric and Gas Utilities," Aug. 6, 2024, at Appendix A,

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1 Law firms' standards are more narrowly focused on the avoidance of involuntary
2 consolidation of one company in the bankruptcy of another company, but the rating
3 agencies display a much broader interest in preserving the integrity and financial well-
4 being of a company from erosion by the involvement of another affiliated company even
5 in situations that are less dire than bankruptcy. This is very consistent with the interest of
6 a utility regulatory authority in preserving the viability of the utility. I incorporated lists
7 of standards published by rating agencies to develop a framework for the systematic
8 evaluation of provisions that protect an individual company within a corporate group of
9 companies. By combining and harmonizing the elements that major rating agencies
10 employ in their separate guidelines, I distilled a master list of standards for evaluating the
11 adequacy of intercorporate separation. The result is the set of protective ring-fencing
12 practices and policies provided as JA Exhibit EL-4.

13
14 **Q. Are you applying the same framework to analyze this Acquisition that you applied to**
15 **other utility sector merger proceedings in which you testified as an expert witness?**

16 **A.** Yes. It is the same analytical framework that I applied in the past. The standards of
17 protection are the same whether the transaction involves the merger of an investor-owned
18 utility with another investor-owned company or in a "go-private" transaction such as this
19 one.

20

https://www.moodys.com/research/Rating-Methodology-Regulated-Electric-and-Gas-Utilities-Rating-Methodology-PBC_1394267#5d113f2038d289f391614c39043629e8.

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1 **Q. Please explain the standards that make up this framework.**

2 **A.** The master checklist is based on the concept that two types of protection are likely to
3 safeguard the viability of a protected company from adverse financial consequences
4 stemming from its parents and affiliates. The two types of protection are divided into Track
5 I and Track II as follows:

6 I. Practices that allow the protected company to maintain access to its own physical
7 and financial assets and sources of funding, shielded from invasion by a parent or affiliate
8 and even despite the financial distress of its parent or affiliate; and

9 II. Practices that eliminate or reduce the risk that the protected company will be drawn
10 into the bankruptcy of its parent or affiliate.

11
12 Therefore, the framework has two tracks: Track I contains practices that allow an entity
13 (the protected company) to preserve its own identity, remain viable, fund itself, resist
14 incurring liabilities unrelated to its own business, and to defend its own assets and liabilities
15 even if its parent or an affiliate of the parent is in distress; and Track II contains practices
16 that protect a company from involuntary consolidation by a bankruptcy court with its parent
17 or affiliate in the parent or affiliate's bankruptcy proceeding. There is some overlap
18 because some practices that appear in Track I are also components in Track II. That is,
19 there are some practices that do double duty, serving to achieve the objectives of both
20 tracks.

21
22 **Q. Please explain the elements that make up Track I.**

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1 **A.** Track I includes mechanisms that allow a protected company within an ownership group
2 to preserve its independent viability in the event of the financial distress of its parent or
3 other companies in its group. Within Track I, there are four types of measures utilized by
4 the rating agencies. These are:

5 I-A. The protected company's assets are protected from diversion by
6 having a separate legal identity, separate bank accounts and asset
7 accounts, with no commingling of assets. Fixed assets needed to
8 carry out the business should be in the protected company's own
9 name. Transfers of goods, services, and supplies with other
10 members of the group should be conducted on an arm's-length basis.

11 I-B. The protected company can maintain its own access to funding and
12 to sources of liquidity. The protected company should have access
13 to a liquidity credit arrangement that is available for drawing even
14 despite the default of the company's parent or affiliated companies.
15 The default by a parent or affiliate should not trigger a cross default
16 or cross acceleration of the protected company's debt. Maintaining
17 a credit rating in its own name also helps to assure ongoing sources
18 of funding.

19 I-C. The protected company is insulated from the liabilities of its parent
20 and affiliates of the parent (sister companies). It does not guarantee
21 the debt or obligations of other members of its group, and the other
22 members of the group never represent to the public or to

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1 counterparties that the protected company is responsible for the
2 obligations of other group members.

3 I-D. The protected company can further protect its viability by limiting
4 its financial leverage and preserving its individual solvency. This is
5 not a requirement for ring-fencing, but it is another protective
6 element.

7
8 **Q. Please explain the elements of Track II.**

9 **A.** Track II involves steps to avoid the involuntary consolidation of the protected company in
10 the bankruptcy of its parent or an affiliate. As I have mentioned already, several of the
11 practices that are important in Track I to maintain the company's separate financial
12 viability also do double duty by helping to avoid involuntary consolidation due to the
13 doctrine of substantive consolidation.

14
15 **Q. What do you mean by substantive consolidation?**

16 **A.** A solvent company within a corporate group might be vulnerable to substantive
17 consolidation along with its bankrupt parent or affiliate if the resources, assets, and
18 liabilities of the companies are so commingled and poorly documented that it is difficult
19 for the bankruptcy court to untangle them. Another possible cause for substantive
20 consolidation is if any of the companies in the past represented to creditors that the assets
21 or cash flow of one company (now solvent) was available to satisfy the debts of the other
22 company (now insolvent). When the court finds either of those patterns, then creditors of

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1 the bankrupt company would seek as a remedy the consolidation of the solvent company
2 in the bankruptcy proceeding to enhance recovery by the bankrupt entity's creditors.

3
4 **Q. What protections does a company have against substantive consolidation with a**
5 **parent or another affiliate of the parent?**

6 **A.** Forms of protection against substantive consolidation include: establishing separate
7 corporate entities; keeping good books and records; maintaining separate books of account;
8 and not commingling funds or assets. The protected company should not own shares of
9 the parent or parents' affiliates, nor guarantee the parent's or parents' affiliates' debt. Also,
10 neither the protected company nor its parents or affiliates should represent to creditors of
11 the parent or affiliates that the protected company is responsible for the obligations of its
12 parent or its parent's affiliates.

13
14 **Q. How did you apply the ring-fencing and separateness framework to analyze the**
15 **Acquisition?**

16 **A.** Using the framework presented in JA Exhibit EL-4, I analyzed the proposed regulatory
17 commitments in relationship to the ring-fencing standards. In addition, I considered certain
18 important protections that exist because of the utility statutes and Commission regulations
19 with which PNM must comply in the normal course of business. Examples include the
20 requirements that the Commission must approve PNM's debt incurrence and transfers of
21 property as well as the Commission's regulations concerning arm's-length transactions with
22 affiliated parties.

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1 **Q.** Please summarize the most important aspects of the proposed protective
2 **commitments.**

3 **A.** Among the strong protective commitments that will separate PNM from liabilities and risks
4 of the Troy Entities and from Blackstone Infrastructure and its investment partners are:

- 5 1. Separate books and record keeping, and separate financial accounts.
- 6 2. No commingling of cash with Troy or any other Troy Entities and no intercompany
7 lending by PNM, except with the Commission's approval.
- 8 3. Debt and credit facilities of PNM and TXNM shall not contain any cross defaults,
9 cross acceleration, credit guarantees, or credit rating triggers linking PNM with
10 TXNM, Troy or any Troy Entities, or with any of Blackstone Infrastructure or its
11 co-investors or subsidiaries.
- 12 4. PNM will maintain access to its own assets and properties, accounts receivable and
13 other accounts, not affected by the bankruptcy or distress of any Troy Entities or
14 Blackstone Infrastructure or Blackstone Infrastructure's affiliates.
- 15 5. PNM will maintain liquidity facilities and sources in its own name permitting
16 borrowing without regard to the credit ratings or default or bankruptcy of Troy or
17 any Troy Entities, Blackstone Infrastructure, or Blackstone Infrastructure's
18 affiliates.
- 19 6. PNM'S capital structure will be maintained consistent with or stronger than the
20 Commission's authorized capital structure, further assuring that there will not be
21 excessive leverage introduced due to the Acquisition.

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1 7. No upstream dividends or distributions can be paid by PNM unless PNM's
2 corporate credit rating is at least an investment grade rating, except with prior
3 approval by the Commission.

4 8. TXNM and the Troy Entities will be structured and will conduct business such that
5 in the event of a bankruptcy of Troy or any Troy Entities or affiliates (other than
6 TXNM and PNM), (a) a bankruptcy court will be highly unlikely to consolidate the
7 assets and liabilities of PNM with those of TXNM, Troy or any Troy Entity; and
8 (b) except as may be required by law, no costs or obligations of a bankruptcy of
9 TXNM, Troy or any Troy Entity can be sought from PNM. For additional
10 assurance, the Joint Applicants commit that Troy will obtain a non-consolidation
11 legal opinion that, in the event of a bankruptcy of Troy, Blackstone Infrastructure
12 or any of their affiliates or subsidiaries (other than PNM or subsidiaries of PNM),
13 a bankruptcy court will not consolidate the assets and liabilities of PNM with Troy,
14 Blackstone Infrastructure or any of their affiliates or subsidiaries (other than PNM
15 or subsidiaries of PNM).

16
17 **Q. What was the result of your review of the protective provisions that are proposed for**
18 **this Acquisition?**

19 **A.** Using the framework as a checklist, I found that the proposed ring-fencing provisions
20 conform with the requirements of the framework and will provide robust separation of
21 PNM from risks associated with affiliation with the Troy Entities and Black Infrastructure
22 and any other companies under its ownership or control. The analysis is presented in JA
23 Revised Exhibit EL-5.

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1 **Q. Are there additional Revised Regulatory Commitments proposed in the Revised**
2 **Application aside from the protective ring-fencing provisions that you have discussed**
3 **above?**

4 **A.** Yes, the Revised Application includes some proposed commitments that do not relate to
5 the future solvency or financial protection of PNM or bankruptcy remoteness from TXNM,
6 Troy or any Troy Entities or affiliates. Instead, several proposed commitments are
7 designed to preserve the Commission's regulatory jurisdiction, for example, by assuring
8 that the Commission will continue to receive all the information and accounting reports it
9 needs to carry out its regulatory functions. Some commitments aim to protect the interests
10 of the state and the community, such as a commitment to keep PNM's headquarters in New
11 Mexico, to maintain its current union labor contracts, and to maintain employment of non-
12 union employees for three years post-closing. These are not part of the ring-fencing
13 framework that is set forth in JA Exhibit EL-4, but they will be meaningful to many
14 interested parties, to the Commission, and to the communities served by PNM.

15
16 **Q. What differences do you observe in the Revised Regulatory Commitments related to**
17 **separateness proposed in September 2026 versus those included in the Joint**
18 **Applicants' Original Application in August 2025?**

19 **A.** I compared the current September 2026 commitments with the corresponding
20 commitments of August 2025 and noted any differences I found in JA Revised Exhibit EL-
21 5 in a column headed "Nature of Revision." In each case, the current commitment is either
22 the same as the corresponding August 2025 commitment or more detailed. In particular,
23 the current commitments regarding dealings with affiliates on an arm's-length basis are

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1 expanded and more detailed. Key financial decisions such as those regarding dividends
2 and distributions and the capital plan now are subject to a Board of Directors that include
3 five disinterested directors out of nine. Also, there is a new commitment to engage a law
4 firm to provide a non-consolidation opinion. Finally, the Joint Applicants make several
5 new commitments regarding financial reporting and compliance reporting to the
6 Commission. Overall, the September 2026 commitments are quite ample and provide
7 appropriate protections for PNM, its customers, and its communities.

VII. CONCLUSIONS AND RECOMMENDATIONS

12 **Q. In summary, do you foresee any financial injury to PNM as a result of the proposed**
13 **Acquisition?**

14 **A.** No, I do not. On the contrary, I see the Acquisition providing PNM with greater financial
15 strength and resilience.

16 **Q. Do you foresee any financial benefits to PNM and its customers as a result of the**
17 **proposed Acquisition?**

18 **A.** Yes. Due to its great size and scale, Blackstone Infrastructure has a substantially broader
19 investor base than TXNM, and Blackstone Infrastructure benefits from greater
20 diversification of risk. As a result, Blackstone Infrastructure has a broader range of sources
21 from which to raise equity capital should the Company require capital infusions. Through
22 its ownership by Blackstone Infrastructure, TXNM and PNM will gain a more assured and
23 readily available stream of equity investment when that is needed. The favorable

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1 perception of Blackstone Infrastructure and Blackstone Inc. in the financial community,
2 combined with their larger base of financial counterparties and relationships, will expand
3 PNM's opportunities in the debt and credit in financial markets. As a consequence of these
4 factors, I expect that PNM will have greater financial resilience and ability to attract capital
5 during periods of adverse capital market conditions. The full suite of ring-fencing
6 protections at PNM will be viewed favorably by credit rating agencies and fixed income
7 investors and will be a benefit to PNM's customers.

8
9 **Q. What are your conclusions?**

10 **A.** Based upon my financial analysis, I conclude that there are no downside financial risks for
11 PNM as a result of the Acquisition, and the Acquisition structure and regulatory
12 commitments will provide robust insulation to PNM from liabilities or exposures related
13 to Blackstone Infrastructure and the Troy Entities. I anticipate benefits for PNM and its
14 customers from joining PNM with Blackstone Infrastructure and its broad base of
15 investors. Therefore, I recommend that the Commission approve the proposed Acquisition.

16 **Q. Does this conclude your Revised Testimony?**

17 **A.** Yes.

18
GCG#535796

Lapson Experience and Credentials

JA Revised Exhibit EL-1

Is contained in the following 7 pages.

EXPERIENCE AND QUALIFICATIONS

ELLEN LAPSON, CFA

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www.lapsonadvisory.com

LAPSON ADVISORY: Financial Consulting. Expert Testimony. Financial Training.

SUMMARY

Expert on financing utilities and infrastructure projects, with over 50 years of professional MBA Accounting and finance, NYU Stern School of Business; Chartered Financial Analyst

EMPLOYMENT HISTORY

Lapson Advisory, Trade Resources Analytics	Financial consulting services to utilities and infrastructure project developers. Financial strategy and credit advisory; expert financial witness.	2012 to present
Fitch Ratings Utilities, Power & Gas Managing Director; Senior Director	Manager or primary analyst on credit ratings of over 200 utility, pipeline, and power generation companies and utility tariff securitizations. Chaired rating committees for energy, utility, and project finance committees. Liaison with major fixed income investors.	1994 - 2011
JP Morgan Chase (formerly Chemical NY Corp.) Vice President, 1975-94 Asst. Vice President, 1974-75	Managed financial advisory transactions, structured debt placements, syndicated credit facilities for utilities, mining and metals, project finance. First of its kind stranded cost securitization for Puget Sound P&L, 1992-94. Led financings for utilities in bankruptcy or reorganizations. Divisional controller, 1981-86.	1974-1994
Argus Research Corp. Equity Analyst, Utilities	Equity analysis of U.S. electric and gas utilities, natural gas pipelines, regulated telephone companies. Research coverage and reports; forecasts and models.	1969-1974

EDUCATION & PROFESSIONAL ORGANIZATIONS

Stern School of Business, New York University, MBA.	1975
Accounting major; Finance minor	
Barnard College, Columbia University, BA.	1969
Earned CFA Institute Charter, 1978	
Institute of Chartered Financial Analysts	Since 1978
Wall Street Utility Group	Since 1996

ADVISORY COUNCILS AND BOARD SERVICE

Electric Power Research Institute, Advisory Council, 2004-2011; Chair, 2009 and 2010.
MIT Energy Institute, External Advisory Council, The Future of Solar Energy, 2012-2014.
Represented U.S. fixed income investors in responding to proposed financial accounting rules for rate-regulated utilities by the International Accounting Standards Board (IASB) at a panel sponsored by Edison Electric Institute and American Gas Assoc., December, 2014.

EXPERT TESTIMONY

Jurisdiction	Proceeding	Topic
Arkansas Public Service Commission	Docket No. 26-001-U, Application of Entergy Arkansas, LLC to change rates, on behalf of Utility (2026)	Financial strength and appropriate capital structure.
Public Utilities Commission of Texas	Docket No. 58964, Application of Texas-New Mexico Power to change rates, on behalf of Utility (2025)	Financial strength and appropriate capital structure.
Public Utilities Commission of Texas	Docket No. 57131, Rebuttal on behalf of Brazos Electric Power Coop, Inc. (2025)	Coop transmission provider's financial integrity.
Public Utilities Commission Texas	Docket No. 58536, Joint Application of Texas-New Mexico Power Co. and Troy ParentCo, on behalf of Applicants (2025)	Adequate financial strength and appropriate structural and ring-fencing protections.
New Mexico Public Regulation Commission	Docket No. 25-00060-UT, Joint Application of Public Service Co of NM, TXNM Energy, and Troy ParentCo to Merge, on behalf of Applicants (2025)	Adequate financial strength and appropriate ring-fencing protections.
Public Utilities Commission Texas	Docket No.58306, Application of Oncor Electric Delivery Co. to change rates, on behalf of Oncor (2025)	Financial strength and appropriate capital structure.
Public Utilities Commission Texas	Docket No. 56851, Application for Authority to Change Rates, on behalf of El Paso Electric Co. (2025)	Capital structure and cash flow measures of financial strength
Minnesota Public Utilities Commission	Docket No. E-015/ PA-24-198, Minnesota Power Petition for Acquisition of ALLETE Inc., on behalf of the purchasers and Minnesota Power/ ALLETE Inc. (2025)	Merger application: adequate financial strength and appropriate ring-fencing mechanisms
Federal Energy Regulatory Commission	Docket No.EL 24-80, MISO Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Federal Energy Regulatory Commission	Docket No.EL 24-81, PJM Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Federal Energy Regulatory Commission	Docket No.EL 24-82, Southwest Power Pool Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Federal Energy Regulatory Commission	Docket No.EL 24-83, ISO-New England Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Public Utilities Commission of Nevada	Dockets 24-02026 and 24-02027, Applications of Sierra Pacific Power Company to change rates (2024)	Capital structure and financial strength.
Public Utilities Commission Texas	Docket No. 55867, Application of LCRA Transmission Services Corp. to change rates, on behalf of LCRA TSC (2024)	Financial strength and access to capital for a public power transmission service provider.
Public Utilities Commission of Colorado	Proceeding No. 22AL-0530E, electric rate case on behalf of Xcel Public Service Colorado (2023)	Financial strength and appropriate capital structure.
California Public Utilities Commission	Docket No.A2211010, Joint application of Corix Infrastructure (US) and SW Merger Acquisition Corp and Suburban. (2022-23)	Merger application: adequate financial strength
Illinois Commerce Commission	Docket No. 22-0670, Joint application of Corix Infrastructure (US) and SW Merger Acquisition Corp and... (2022-23)	Merger application: adequate financial strength

Jurisdiction	Proceeding	Topic
Kentucky Public Service Commission	Docket No.2022-00396, Joint Application of Corix Infrastructure (US) and SW Merger Acquisition Corp and... (2022-23)	Merger application: adequate financial strength
Public Utilities Commission of Nevada	Docket No. 22-11030, Application of Great Basin Water Co.... for Approval of business combination, Corix Infrastructure (US) and SW Merger Acquisition Corp... (2022-23)	Merger application: adequate financial strength
New Jersey Board of Public Utilities	Docket No. WM22110690, Joint Petition for change of control, Corix Infrastructure (US) and SW Merger Acquisition Corp.(2022-23)	Merger application: adequate financial strength
North Carolina Utilities Commission	Docket No. W-354, Sub 412, Application for approval of business combination, Corix Infrastructure (US) and SW Merger Acquisition Corp (2022-23)	Merger application: adequate financial strength
Pennsylvania Public Utility Commission	Docket No. A-2022- 3036744, Joint Application of CUPA Water Systems for Approval of a Business Combination (2022-23)	Merger application: adequate financial strength
Public Utilities Commission Texas	Docket No. 54316, Joint Application of Corix Infrastructure (US), SW Merger Acquisition Corp and Monarch Utilities I LP (2022-23)	Merger application: adequate financial strength
Federal Energy Regulatory Commission	Docket No.ER22-2379, Southwest Power Pool, Inc., supporting Southwestern Public Service Co.'s right under Generator Interconnection Agreement (2022-23)	Application by a transmission owner to fund investment in Network Upgrades
Federal Energy Regulatory Commission	Docket No.ER22-2274, Southwest Power Pool, Inc., supporting Southwestern Public Service Co.'s right under Generator Interconnection Agreement (2022)	Application by a transmission owner to fund investment in Network Upgrades
Massachusetts Department of Public Utilities	DPU Docket No. 22-70, 22-71, 22-72; Long-term purchase contracts for offshore wind energy, on behalf of three MA electric distribution utilities (2022)	Remuneration to distribution utilities for entering into long-term supply contracts
New Jersey Board of Public Utilities	BPU Docket No. GM 2204, Merger Application of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc. on behalf of Joint Applicants (2022)	Financial strength in the context of merger proceeding and appropriate corporate commitments.
Public Utilities Commission Texas	Docket No. 53601, Application of Oncor Electric Delivery LLC to Change Rates, on behalf of Oncor. (2022)	Financial strength and appropriate capital structure.
Public Utilities Commission Texas	Docket No. 52487, Application of Entergy Texas to Alter its CCN for Orange County Advanced Power Station, on behalf of Entergy Texas, Inc. (2022)	Impact of a power purchase contract on the balance sheet, financial ratios, and credit ratings of the utility purchaser.
Federal Energy Regulatory Commission	Docket No. ER21-2282, Application re Open Access Trans. Tariff, on behalf of PJM Transmission Owners (2022)	Application by Transmission Owners to invest in Network Upgrades
Federal Energy Regulatory Commission	Docket No. EL-20-72, LA Public Service Comm. et al. vs. System Energy Resources, Inc. on behalf of SERI (2022)	Financial impact of the termination of a support agreement; capital structure.
Federal Energy Regulatory Commission	Docket No. RM20-10-000, Electric Transmission Incentive Policy, on behalf of PJM Transmission Owners (2021)	In support of financial incentives for RTO membership

Jurisdiction	Proceeding	Topic
Public Utilities Commission of Colorado	Proceeding No. No. 21R-0314G, NOPR on Purchased Gas Cost Adjustment on behalf of Public Service Company of CO (2021)	Investor and credit rating impact of proposed gas cost recovery rules
New Mexico Public Regulation Commission	Docket No 20-00222-UT, Application of Public Service Co. of NM, PNM Resources, Avangrid Inc., and NM Green Resources on behalf of Applicants (2020-21)	Financial strength and resilience in the context of a merger proceeding
Public Utilities Commission Texas	Docket No 51547, Application of Texas-New Mexico Power Co., Avangrid Inc., and NM Green Resources on behalf of Applicants	Financial strength and resilience in the context of a merger proceeding
Massachusetts Department of Public Utilities	DPU 20-16, 20-17, and 20-18, Long-term purchase contract for offshore wind energy, Eversource, National Grid, Unitil (2020)	Remuneration to utilities for entering into long-term contracts
Public Utilities Commission Texas	Docket No. 49849, Joint Application of El Paso Electric, Sun Jupiter Holdings and IIF US Holding 2 to acquire utility (2019-20)	Conditions & commitments for utility merger and formation of holdco; financial strength
New Mexico Public Regulation Commission	Docket No. 19-00234 UT, Joint Application of El Paso Electric, Sun Jupiter Holdings, and IIF US Holding 2 to acquire El Paso Electric (2019-20)	Conditions & commitments for utility merger and formation of holdco; financial strength
Public Utilities Commission of Colorado	Proceeding No. 19AL-0268E, Filing to Revise Electric Tariff filing, on behalf of Xcel Public Service Co. of Colorado (2019)	Capital structure and cash flow measures
Public Utilities Commission Texas	Docket No. 49421, Application of CenterPoint Energy Houston to change rates, on behalf of CEHE (2019)	Separateness commitments in the context of a rate proceeding; financial strength
Public Utilities Commission Texas	Docket No. 48929, Application of Oncor Electric Delivery Co. LLC, Sharyland Utilities LP, and Sempra Energy, on behalf of Sharyland Utilities (2019)	Appropriate governance conditions and commitments for partner ownership of an electric transmission utility
Public Utilities Commission of Colorado	Proceeding No. 17AL-0363G, Filing to Revise Gas Tariff, on behalf of Xcel Public Service Co. of Colorado (2018)	Cash flow and credit impacts of tax reform; capital structure
South Carolina Public Service Commission	Docket No. 2017-370-E; Joint Application for Merger and for Prudency Determination, on behalf of South Carolina Elec & Gas (2018)	Benefits of merger and proposed rate plan; impact on cash flow and access to capital.
U.S. Federal District Court, District of SC	Civil Action No.: 3:18-cv-01795-JMC, Motion for Preliminary Injunction, on behalf of South Carolina Electric & Gas	Financial harm of rate cut compliant with Act
Public Utilities Commission Texas	Docket No. 48401, Texas-New Mexico Power Co. Application to Change Retail Rates, on behalf of TNMP (2018)	Cash flow and credit impacts of tax reform
Public Utilities Commission Texas	Docket No. 48371, Entergy Texas Inc., Application to Change Retail Rates, on behalf of ETI (2018)	Cash flow and credit impacts of tax reform
Public Utilities Commission Texas	Docket No. 47527, Southwestern Public Service Co. Application for Retail Rates, on behalf of SPS Co. (2018)	Adverse cash flow and credit impacts of tax reform; cap structure
New Mexico Public Regulation Commission	Case No. 17-00255-UT, Southwestern Public Service Co. Application for Retail Rates, on behalf of SPS Co. (2018)	Adverse cash flow and credit impacts of tax reform; cap structure

Jurisdiction	Proceeding	Topic
South Carolina Public Service Commission	Docket No. 2017-305-E, Response to ORS Request for Rate Relief, on behalf of S. Carolina Electric and Gas (2017)	Adverse financial implications of rate reduction sought by ORS
DC Public Service Commission	Formal Case No. 1142, Merger Application of AltaGas Ltd. and Washington Gas Light, Inc. (2017)	Financial strength; Conditions and commitments in a utility merger
Public Service Commission of Maryland	Docket No. 9449, In the Matter of the Merger of AltaGas Ltd. and Washington Gas Light, Inc. (2017)	Financial strength; Conditions and commitments in a utility merger
Public Utilities Commission Texas	Docket No. 46957, Application of Oncor Electric Delivery LLC to Change Rates, on behalf of Oncor. (2017)	Appropriate capital structure. Financial strength.
Public Utilities Commission Texas	Docket No. 46416, Application of Entergy Texas, Inc. for a CCN, on behalf of Entergy Texas (2016-2017)	Debt equivalence and capital cost associated with capacity purchase obligations (PPA)
U.S. Federal Energy Regulatory Commission	Dockets No. EL16-29 and EL16-30, on behalf of Duke Energy Carolinas and Duke Energy Progress, (2016)	Capital market environment affecting the determination of the cost of equity capital
Hawaii Public Utilities Commission	Docket No. 2015-0022, Merger Application on behalf of NextEra Energy and Hawaiian Electric Inc. (2015)	Financial strength and conditions & commitments in merger context
U.S. Federal Energy Regulatory Commission	Dockets No. EL14-12 and EL15-45, ABATE, vs MISO, Inc. et al., on behalf of MISO Transmission Owners (2015)	Capital market environment; capital spending and risk
U.S. Federal Energy Regulatory Commission	Dockets No. EL12-59 and 13-78, Golden Spread Electric Coop., on behalf of South-western Public Service Co. (2015)	Capital market environment; capital spending and risk
U.S. Federal Energy Regulatory Commission	Dockets No. EL13-33 and EL14-86, on behalf of New England Transmission Owners.	Capital market environment affecting the cost of equity capital
U.S. Federal Energy Regulatory Commission	Dockets No. ER13-1508 et alia, Entergy Arkansas, Inc. and other Entergy utility subsidiaries, on behalf of Entergy (2014)	Capital market environment affecting the measurement of the cost of equity capital
Delaware Public Service Commission	DE Case 14-193, Merger of Exelon Corp. and Pepco Holdings, Inc. on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
Maryland Public Service Commission	Case No. 9361, Merger of Exelon Corp. and Pepco Holdings, Inc. on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
New Jersey Board of Public Utilities	BPU Docket No. EM 14060581, Merger of Exelon Corp. and Pepco Holdings, Inc., on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
U.S. Federal Energy Regulatory Commission	Docket ER15-572 Application of New York Transco, LLC, on behalf of NY Transmission Owners (2015)	Incentive compensation for electric transmission; capital market access
U.S. Federal Energy Regulatory Commission	Docket EL 14-90-000 Seminole Electric Cooperative, Inc. and Florida Municipal Power Agency vs. Duke Energy FL on behalf of Duke Energy (2014)	Capital market environment affecting the determination of the cost of equity capital
DC Public Service Commission	Formal Case No. 1119 Merger of Exelon Corp. and Pepco Holdings Inc., on behalf of the Joint Applicants (2014-2015)	Financial strength and conditions & commitments in merger context

Jurisdiction	Proceeding	Topic
U.S. Federal Energy Regulatory Commission	Docket EL14-86-000 Attorney General of Massachusetts et. al. vs. Bangor Hydro-Electric Company, et. al., on behalf of New England Transmission Owners (2014)	Return on Equity; capital market environment
Arkansas Public Service Commission	Docket No. 13-028-U. Rehearing on behalf of Entergy Arkansas. (2014)	Investor and rating agency reactions to ROE set by Order.
Illinois Commerce Commission	Docket No. 12-0560 Rock Island Clean Line LLC, on behalf of Commonwealth Edison Company, an intervenor (2013)	Access to capital for a merchant electric transmission line.
U.S. Federal Energy Regulatory Commission	Docket EL13-48-000 Delaware Public Advocate, et. al. vs. Baltimore Gas and Electric Company and PEPCO Holdings et al., on behalf of utilities (2013)	Return on Equity; capital market view of transmission investment
U.S. Federal Energy Regulatory Commission	Docket EL11-66-000 Martha Coakley et. al. vs. Bangor Hydro-Electric Company, et. al. on behalf of New England Transmission Owners (2012-13)	Return on Equity; capital market view of transmission investment
New York Public Service Commission	Cases 13-E-0030; 13-G-0031; and 13-S-0032 on behalf of Consolidated Edison Company of New York. (2013)	Cash flow and financial strength; regulatory mechanisms
Public Service Commission of Maryland	Case. 9214 re “New Generating Facilities To Meet Long-Term Demand For Standard Offer Service”, on behalf of Baltimore Gas and Electric Co., Potomac Electric Power Co., and Delmarva Power & Light (2012)	Effect of proposed power contracts on the credit and financial strength of MD utility counterparties

CONSULTING & ADVISORY ASSIGNMENTS ⁽¹⁾

Client	Assignment	Objective
Eversource Energy	Strategic advice on credit ratings impacts of utility recovery cost securitization and other tactics to improve affordability. 2026	Analyze feasibility and financial impacts of regulatory proposals.
Entergy Louisiana, LLC.	Strategic advice and white paper on a regulatory petition on the benefits of accelerating storm cost securitization. 2025	Improve utility cash flow and reduce long-term cost to customers.
City (undisclosed)	Advisory on credit ratings of municipal utilities and the related cities. 2025	Strategic review of regulatory strategy.
Corix Infrastructure and SouthWest Water	Ratings advisory in the context of merger of unrated companies. 2022	Understand financial status pre-and post-merger.
SouthWest Water Company	Review of proposed debt funding plan. 2022	Appropriate mix of long-term and short-term debt.
Xcel Energy/ Public Service Co. of CO	Studied likely investor and credit impact of the PSC’s proposed changes in the recovery of purchased gas cost (Docket 21R-0314G). 2021	Analyze financial impacts of regulatory proposal.
Eversource Energy Inc./Public Service Co. of New Hampshire	Prepared white paper analyzing the financial implications of two methods for recovering costs of energy efficiency programs (related to Docket DE 20-092). 2020	Analyze feasibility and financial impacts of regulatory proposal.
Washington Gas Light Co.	Quantified the effect of merger upon the cost of long-term and short-term debt. 2019	Comply with regulatory requirement
Cravath, Swaine & Moore LLP	Evaluated factors that influenced utility spending decisions on operations, maintenance, and capital projects. 2019	Support litigation strategy in bankruptcy proceedings.
NJ American Water Co.	Analyzed impacts of tax reform on water utility’s cash flow and ratings. 2018	Support regulatory strategy
AltaGas Ltd.	Credit advisory on ratings under merger and no-merger cases. 2017	Compare strategic alternatives

Jurisdiction	Proceeding	Topic
Entergy Texas, Inc.	Research study on debt equivalence and capital cost associated with capacity purchase obligations. Impact of new GAAP lease accounting standard on PPAs. 2016	Economic comparison of power purchase obligations and self-build options.
Eversource Energy	Evaluated debt equivalence of power purchase obligations. 2014	Clarify credit impact of various contract obligations.
International Money Center Bank (Undisclosed)	Research study and recommendations on estimating Loss Given Default and historical experience of default and recovery in regulated utility sector. 2014	Efficient capital allocation for loan portfolio.
GenOn Energy Inc.	White Paper on appropriate industry peers for a competitive power generation and energy company. 2012	Appropriate peer comparisons in SEC filings and shareholder communications, compensation studies
Transmission utility (Undisclosed)	Recommended the appropriate capital structure and debt leverage during a period of high capital spending. 2012	Efficient book equity during multi-year capex project; preserve existing credit ratings
Toll Highway (Undisclosed)	Advised on adding debt while minimizing risk of downgrade. Recommended strategy for added leverage and rating agency communications. 2012	Free up equity for alternate growth investments via increased leverage while preserving credit ratings

1. Confidential assignments are omitted or client's identity is masked, at client request.

Professional and Executive Training

Southern California Edison Co., Rosemead CA	Designed and delivered in-house training program on evaluation of the credit of energy market counterparties. 2016
Financial Institution, NYC (Undisclosed)	In-house training. Developed corporate credit case for internal credit training program and coordinated use in training exercise. 2016
CoBank, Denver CO	Designed and delivered "Midstream Gas and MLPs: Advanced Credit Training". 2014
Empire District Electric Co., Joppa MO	Designed and delivered in-house executive training session Utility Sector Financial Evaluation. 2014
PPL Energy Corp, Allentown PA	Designed and delivered in-house Financial Training. 2014
SNL Knowledge Center Courses, New York NY	Designed and delivered public courses "Credit Analysis for the Power & Gas Sector", 2011-2014
SNL Knowledge Center Courses, New York NY	Designed and delivered public courses "Analyst Training in the Power & Gas Sectors: Financial Statement Analysis. 2013 -2014
EEI Transmission and Wholesale Markets	Designed and delivered "Financing and Access to Capital". 2012
National Rural Utilities Coop Finance Corp.	Designed and delivered in-house training "Credit Analysis for the Power Sector". 2012
Judicial Institute of Maryland	Designed and delivered "Impact of Court Decisions on Financial Markets and Credit", section of continuing education seminar for MD judges: "Utility Regulation and the Courts", Annapolis MD. 2007
Edison Electric Institute, New York, NY	"New Analyst Training Institute: Fixed Income Analysis and Credit Ratings", 2008; 2004

Correspondence of Rating Agency Symbols

JA Exhibit EL-2

Is contained in the following 1 page.

JA Exhibit EL-2
Correspondence of Rating Agency Symbols
Long-Term Credit Ratings

	Moody's	S&P Global	Fitch Ratings
<i>Investment Grade Ratings</i>	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
<i>Sub-Investment Grade (Speculative Grade)</i>	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
	B1	B+	B+
	B2	B	B
	B3	B-	B-
	Caa1	CCC+	CCC+
	Caa2	CCC	CCC
	Caa3	CCC-	CCC-
	Ca	CC	CC
	C	C	C
	D*	D*	D*
		SD*	SD*

*D= In default; SD denotes a selective default on specific debt instruments rather than a general default on all obligations.

Equity Market Capitalization of Investor-Owned North American
Electric and Gas Companies

JA Revised Exhibit EL-3

Is contained in the following 1 page.

JA REVISED EXHIBIT EL-3

Equity Market Capitalization of Investor-Owned North American Electric and Gas Utilities

Size Rank	Ticker Symbol	Name	Equity Market Cap. (US \$ millions)*	Traded TSX, Canadian Dollars	Percent of Total Market Capital	Percent of Aggregate Market Cap
				0.72		
1	NEE	NextEra Energy, Inc.	174,033.20		12.6%	12.6%
2	AEP	American Electric Power Company, Inc.	122,174.50		8.8%	21.4%
3	SO	Southern Company	101,358.50		7.3%	28.7%
4	DUK	Duke Energy Corporation	93,735.80		6.8%	35.5%
5	D	Dominion Energy Inc	57,908.00		4.2%	39.7%
6	SRE	Sempra Energy	54,953.80		4.0%	43.6%
7	AEE	Ameren Corporation	51,400.50		3.7%	47.4%
8	ETR	Entergy Corporation	51,251.20		3.7%	51.1%
9	XEL	Xcel Energy Inc.	47,297.30		3.4%	54.5%
10	EXC	Exelon Corporation	45,047.60		3.3%	57.7%
11	ED	Consolidated Edison, Inc.	39,678.90		2.9%	60.6%
12	PEG	Public Service Enterprise Group Inc	36,733.60		2.7%	63.3%
13	WEC	WEC Energy Group Inc	34,520.50		2.5%	65.7%
14	PCG	PG&E Corp.	31,491.80		2.3%	68.0%
15	LNT	Alliant Energy Corp	29,716.60		2.1%	70.2%
16	DTE	DTE Energy Company	28,316.60		2.0%	72.2%
17	ATO	Atmos Energy Corporation	28,315.70		2.0%	74.3%
18	FTS	Fortis Inc.	28,032.05	38,933.40	2.0%	76.3%
19	FE	FirstEnergy Corp.	27,063.00		2.0%	78.2%
20	ES	Eversource Energy	26,762.70		1.9%	80.2%
21	PPL	PPL Corporation	26,421.80		1.9%	82.1%
22	CNP	CenterPoint Energy, Inc.	26,131.40		1.9%	84.0%
23	H-CA	Hydro One Limited	22,947.19	31,871.10	1.7%	85.6%
24	EIX	Edison International	21,845.90		1.6%	87.2%
25	CMS	CMS Energy Corporation	21,467.50		1.6%	88.8%
26	NI	NiSource Inc	19,849.00		1.4%	90.2%
27	EMA-CA	Emera Incorporated	15,423.19	21,421.10	1.1%	91.3%
28	PNW	Pinnacle West Capital Corporation	11,819.20		0.9%	92.2%
29	ALA-CA	AltaGas Ltd.	11,802.82	16,392.80	0.9%	93.0%
30	CU-CA	Canadian Utilities Limited Class A	9,982.37	13,864.40	0.7%	93.7%
31	OGE	OGE Energy Corp.	9,692.80		0.7%	94.4%
32	IDA	IDACORP, Inc.	7,849.20		0.6%	95.0%
33	TXNM	TXNM Energy, Inc.	6,387.30		0.5%	95.5%
34	SWX	Southwest Gas Holdings, Inc.	6,379.60		0.5%	95.9%
35	POR	Portland General Electric Company	5,734.60		0.4%	96.3%
36	BKH	Black Hills Corporation	5,582.50		0.4%	96.7%
37	NJR	New Jersey Resources Corporation	5,418.40		0.4%	97.1%
38	OGS	ONE Gas, Inc.	5,019.70		0.4%	97.5%
39	SR	Spire Inc.	4,887.40		0.4%	97.8%
40	NWE	NorthWestern Corporation	4,354.20		0.3%	98.2%
41	AQN-CA	Algonquin Power & Utilities Corp.	4,351.46	6,043.70	0.3%	98.5%
42	MDU	MDU Resources Group Inc	4,116.50		0.3%	98.8%
43	OTTR	Otter Tail Corporation	3,769.90		0.3%	99.0%
44	CPK	Chesapeake Utilities Corporation	3,198.00		0.2%	99.3%
45	AVA	Avista Corporation	3,144.90		0.2%	99.5%
46	MGEE	MGE Energy, Inc.	2,923.30		0.2%	99.7%
47	NWN	Northwest Natural Holding Co.	2,070.60		0.1%	99.9%
48	HE	Hawaiian Electric Industries, Inc.	1,915.60		0.1%	100.0%

SUM \$ 1,384,278.2

Source: S&P Global Market Intelligence. *Data as of September 4, 2026.

Conversion Rate, Canadian Dollars to US Dollars
ALLETE, Inc. removed because its shares are no
longer publicly traded

Sept. 4, 2026

0.72

Framework for Corporate Separateness

JA Exhibit EL-4

Is contained in the following 2 pages.

JA Exhibit EL-4: Framework for Corporate Separateness

Protective Policies and Practices (1)

TRACK I: Preserves Individual Viability

I. Viability: Maintain Separate Assets and Solvency

I-A Prevent the diversion of Protected Co. assets

- a. Is a separate legal entity; maintains its separate name and identity
- b. Maintains separate financial accounts in its own name; no commingling of assets.
- c. Protected Company owns all of its physical assets in its own name.
- d. Has policy/procedures to control dividends from Protected Co.
- e. Has policy/procedures to control asset transfers and asset diversion from the Protected Company to parent or sister companies.
- f. Assets are not pledged for the benefit of parent or sister companies.
- g. Transfers of assets, services, and supplies between the Protected Company and its parent or sister companies are subject to an arm's length standard.
- h. Protected Co. does not lend to parent or affiliates

I-B Access to funding

- i. Protected Company has separate 3rd party borrowing sources; has credit ratings in its own name.
- j. Protected Company's ability to borrow is not contingent on financial condition of parent or affiliates.
 - j 1. .. No Cross default / cross acceleration with parent or affiliates
 - j 2. .. No covenants tied to ratings of parent or affiliates

I-C Avoid extraneous liabilities

- k. Protected Co. does not guarantee the liabilities of affiliates
- l. Parent and affiliates do not represent to the public or creditors that the Protected Co. is liable for parent or affiliate obligations
- m. Not subject to joint tax liability, other than as required by law

I-D

- n. Avoids excessive debt leverage

1. A provision may appear in more than one category if appropriate. Source: Lapson Advisory.

Protective Policies and Practices (1)

TRACK II: Avoids Consolidation in Bankruptcy of Parent or Affiliates

II-A Has barriers to involuntary consolidation

Is a separate legal entity; separate name and identity

[Same as 'a' above]

Maintains separate financial accounts. No commingling of assets.

[Same as 'b' above]

Arm's length standard for transfers of assets, services and supplies

[Same as 'e' and 'g' above]

Protected Co. does not represent that it is responsible for obligations of parent or affiliates.

[Same as 'l' above.]

- o. Protected Co. has separate accounting books & records.
- p. Protected Co. maintains all legal formalities to preserve its existence.
- q. Protected Co. does not own shares of parents or affiliates

1. A provision may appear in more than one category if appropriate. Source: Lapson Advisory.

Analysis and Evaluation of PNM Regulatory Commitments

JA Revised Exhibit EL-5

Is contained in the following 12 pages.

JA Exhibit EL-5: Analysis and Evaluation of PNM Regulatory Commitments

NOTE: A commitment may be cited more than once if it satisfies multiple criteria.

Standard of Protection from Framework (Exhibit EL-4)	Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
I. Viability: Able to Maintain Its Assets and Solvency			
I-A Prevent the diversion of Protected Co. assets			
a. Is a separate legal entity; maintains its separate name and identity	21. PNM will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos of Blackstone and its affiliates provided that the Blackstone name and logo can be added to the PNM name and logo for branding purposes.	21 SAME as old 18.	Meets Standard
b. Maintains separate financial accounts in its own name; no commingling of assets	28. PNM will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities separate and distinct from other entities. 24. PNM will not share credit facilities with Troy or its affiliates (other than PNM or subsidiaries of PNM), except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.	28 SAME as old 24. 24 SAME as old 21 with added detail.	Meets Standard
c. Protected Company owns all of its physical assets in its own name.	STATUTE or ADMINISTRATIVE CODE Various New Mexico statutes (NMSA 1978) require that any transfer of utility property may only occur with the Commission's approval, §62-6-12 and 13 and §62-6-19.	SAME	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)	Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
d. Has policy/procedures to control dividends from Protected Co.	9. The PNM Board will have decision-making authority as provided by applicable New Mexico law over PNM dividend policy, debt issuance, issuance of dividends or other distributions (other than tax distributions), capital expenditures, shared services fees, operation and maintenance expenditures, and appointment or removal of officers. These decisions made by the PNM Board cannot be overruled by Troy, or any affiliate that controls Troy; provided, that the PNM Board will not take any of the following actions without prior written consent of the holders of a majority of the shares of common stock of PNM: a. hire or terminate any officer; or b.adopt, amend, or deviate from the annual budget or business plan or dividend policy of PNM. 10. A vote of a majority of the disinterested directors can prevent PNM from making any dividends other than tax distributions, if determined in good faith to be required to meet its debt-to-equity commitment. Any amendments or changes to the dividend policy shall be approved by a majority vote of the PNM Board, including the affirmative vote of a majority of the disinterested directors. A vote of majority of the disinterested directors of the PNM Board may prevent PNM from making any dividends at any time during the term of the five-year capex budget that is subject to Regulatory Commitment 14 if the PNM Board reduces PNM’s capital expenditures below the 2026-2030 five-year plan based on	9 is SAME with added detail. In 10, "Independent" is changed to "Disinterested" and applicable dates are moved forward to 2026-2030. 12 is expanded to include prohibiting a dividend if its payment would cause a credit downgrade. 13 is SAME.	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)	Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
	12. PNM will not pay dividends, except for tax distributions, if either: (i) its credit rating is below investment grade [or (ii) paying dividends would cause its credit rating to be below investment grade, in each case,] unless otherwise permitted by the Commission; PNM will notify the Commission promptly of any change in its credit rating. 13. PNM will limit its payment of dividends, except for tax distributions, to an amount not to exceed its net income as determined in accordance with GAAP, unless otherwise approved by the Commission.		
e. Has policy/procedures to control asset transfers and asset diversion from the Protected Company to parent or sister companies	42. PNM, TXNM, and Troy will abide by Commission affiliate standards as they apply to PNM and maintain an arm's-length relationship with TXNM and Troy and its affiliates, consistent with any variance approved by the Commission. 43. PNM will not offer Blackstone Infrastructure-affiliated entities terms and conditions that are more favorable than those offered to third parties. 44. PNM will include a requirement in its RFPs and contracting processes that bidders identify if they are an affiliate of Blackstone. 45: In any resource portfolio procurement, PNM shall have the obligation to demonstrate: (a) that any affiliate related or utility owned resources proposed are the most beneficial solution for customers, considering factors such as reliability or cost; and (b) that any selected projects that are affiliate related or utility owned were not provided any advantage or favor over all other bids received in the bidding process, analysis and evaluation. PNM shall have the obligation to demonstrate that if selected, contracts for such resources were reached on an arms-length basis.	42 same as old 28, but expanded greatly. New 43, 44, 45 greatly expand upon old 28.	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)	Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
f. Assets are not pledged for the benefit of parent or sister companies	22. PNM will not pledge its assets, stock, or revenues for the benefit of any entity other than PNM or subsidiaries of PNM nor use such assets, stock or revenues as a guarantee or collateral against any debt issued or liability incurred by any entity other than PNM or subsidiaries of PNM. No debt of Troy or its affiliates will be recourse to PNM.	22 replaces old 19; more detailed	Meets Standard
g. Transfers of assets, services, and supplies between the Protected Company and its parent or sister companies are subject to an arm's length standard	42. PNM, TXNM, and Troy will abide by Commission affiliate standards and PNM will maintain an arms-length relationship with Troy and its affiliates, consistent with any variance approved by the Commission. PNM will continue to engage in shared services arrangements with TXNM and TXNM's subsidiaries in accordance with PNM's Commission approved Cost Allocation Manual, as annually updated. PNM's annual Class I Transaction Reports shall identify and describe any purchase or sale of goods or services between PNM and any Blackstone-affiliated entity, including the nature and terms of the transaction, the compensation, fees or other value provided, and whether the purchase or sale was subject to PNM's corporate policies for procurement. 43. PNM will not offer Blackstone Infrastructure-affiliated entities terms and conditions that are more favorable than those offered to third parties. 44. PNM will include a requirement in its RFPs and contracting processes that bidders identify if they are an affiliate of Blackstone.	New 42, 43, 44 , and 45 greatly expand on old 28.	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)	Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
	45. In any resource portfolio procurement, PNM shall have the obligation to demonstrate: (a) that any affiliate related or utility owned resources proposed are the most beneficial solution for customers, considering factors such as reliability or cost; and (b) that any selected projects that are affiliate related or utility owned were not provided any advantage or favor over all other bids received in the bidding process, analysis and evaluation. PNM shall have the obligation to demonstrate that if selected, contracts for such resources were reached on an arms-length basis.		
h. Protected Co. does not lend to parent or affiliates (Permissible exception - with formal documentation, as in an authorized Money Pool)	23. Aside from PNM's arrangements with TXNM, PNM will not engage in intercompany debt or lending with Troy, or any affiliate that controls Troy, unless authorized by the Commission. Notwithstanding the foregoing, PNM may borrow from Troy or its affiliates on an arm's-length basis if approved by a majority of the disinterested directors of the PNM Board, and provided further that nothing herein obligates Troy or any of its affiliates to lend money to PNM or any of its affiliates at any time. 24. PNM will not share credit facilities with Troy or its affiliates (other than PNM or subsidiaries of PNM), except for joint revolvers where liability is several, not joint, and there are no cross-default provisions applicable to any utility borrower.	23 same as old 20 (independent directors changed to disinterested directors). 24 replaces old 21 with small clarification.	Meets Standard
I-B Maintains Protected Company's access to its own liquidity			
i. Protected Company has separate 3rd party borrowing sources...	CONTINUATION OF CURRENT PRACTICES PNM has long issued bonds in its own name and has an individual revolving credit facility. The Application intends that these individual arrangements will continue.	SAME	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)		Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
	and has credit ratings in its own name:	29. PNM will maintain standalone credit ratings, registered with at least 2 Nationally Recognized Statistical Ratings Organizations.	29 SAME as old 25.	Meets Standard
j.	Protected Company's ability to borrow [i.e., conditions of drawing] is not contingent on financial condition of parent or affiliates	26. ...Further, PNM's ability to draw under its credit arrangements will not be contingent on the financial or credit status or default of TXNM, Troy, or any of their affiliates or subsidiaries.	26 SAME as old 23.	Meets Standard
j 1.	No Cross default / cross acceleration with parent or affiliates	26. PNM will not include in any of its debt or credit agreements cross-default provisions tied to affiliates. Under no circumstances will debt of PNM become due and payable or rendered in default because of any cross-default, financial covenants, rating agency triggers or similar provisions of any debt or other agreements of TXNM, Troy, or any of their affiliates or subsidiaries. Further, PNM's ability to utilize its credit facility will not be contingent on the financial status, default or credit rating of TXNM, Troy or any of their affiliates or subsidiaries.	26 SAME as old 23.	Meets Standard
j 2.	No covenants tied to ratings of parent or affiliates	See no. 26 above.	26 SAME as old 23.	Meets Standard
I-C Is insulated from liabilities of parent and affiliates				

Standard of Protection from Framework (Exhibit EL-4)		Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
l.	Parent and affiliates do not represent to the public or creditors that the Protected Co. is liable for parent or affiliate obligations	STATUTE or ADMINISTRATIVE CODE NM Administrative Code 17.6.450.10(C)(5): “the public utility will not without prior approval of the Commission: (a) loan its funds or securities or transfer similar assets to any affiliated interest, or (b) purchase debt instruments of any affiliated interests or guarantee or assume liabilities of such affiliated interests.” Also NMSA 62	SAME	Meets Standard
m.	Protected Company is not subject to joint tax liability, other than as required by law	STATUTE US Internal Revenue Act and Internal Revenue Code. PNM is a party to a consolidated tax return with the TXNM companies, and is subject to an intercompany tax sharing agreement. Several liability of parties to consolidated returns is unavoidable.	SAME	Acceptable
I-D Enhances financial viability by controlling financial leverage				
n.	Avoids excessive debt leverage	30. PNM will not take on any new debt in conjunction with the Acquisition. 31. PNM will maintain a minimum equity ratio as set by the Commission in its general rate case filings based on a 13-month rolling average.	30 SAME as old 26; 31 SAME as old 27.	Meets Standard
II. Avoids Consolidation in Bankruptcy of Parent or Affiliates				
II-A Has barriers to involuntary consolidation				
Same as I-A (a)	Is a separate legal entity; separate name and identity	21. PNM will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos of Blackstone and its affiliates provided that the Blackstone name and logo can be added to the PNM name and logo for branding purposes.	21 SAME as old 18.	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)	Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
Same Maintains separate financial accounts. as I-A No commingling of assets (b)	28. PNM will maintain an identity, name, and logo that is separate and distinct from the identity, name, and logos of Blackstone and its affiliates provided that the Blackstone name and logo can be added to the PNM name and logo for branding purposes. 25. PNM will not commingle funds, assets, or cash flows with affiliates (other than PNM or subsidiaries of PNM), except as authorized by the Commission.	28 SAME as old 24. 25 SAME as old 22 with clarification.	Meets Standard
Same Arm's length standard for transfers of as I-A assets, services and supplies (g)	42. PNM, TXNM, and Troy will abide by Commission affiliate standards and PNM will maintain an arms-length relationship with Troy and its affiliates, consistent with any variance approved by the Commission. PNM will continue to engage in shared services arrangements with TXNM and TXNM's subsidiaries in accordance with PNM's Commission approved Cost Allocation Manual, as annually updated. PNM's annual Class I Transaction Reports shall identify and describe any purchase or sale of goods or services between PNM and any Blackstone-affiliated entity, including the nature and terms of the transaction, the compensation, fees or other value provided, and whether the purchase or sale was subject to PNM's corporate policies for procurement. 43. PNM will not offer Blackstone Infrastructure-affiliated entities terms and conditions that are more favorable than those offered to third parties. 44. PNM will include a requirement in its RFPs and contracting processes that bidders identify if they are an affiliate of Blackstone.	42 replaces and greatly expands upon old 28, expanded further by adding 43, 44, 45.	Meets Standard

Standard of Protection from Framework
(Exhibit EL-4)

Regulatory Commitments or Statutory Basis

**Notes on
Revision**

**Fulfills
Standard as
Revised**

45. In any resource portfolio procurement, PNM shall have the obligation to demonstrate: (a) that any affiliate related or utility owned resources proposed are the most beneficial solution for customers, considering factors such as reliability or cost; and (b) that any selected projects that are affiliate related or utility owned were not provided any advantage or favor over all other bids received in the bidding process, analysis and evaluation. PNM shall have the obligation to demonstrate that if selected, contracts for such resources were reached on an arms-length basis.

Same as I-C (l)	Protected Co. does not represent that it is responsible for obligations of parent or affiliates	STATUTE or ADMINISTRATIVE CODE NM Administrative Code 17.6.450.10(C)(5): “the public utility will not without prior approval of the Commission: (a) loan its funds or securities or transfer similar assets to any affiliated interest, or (b) purchase debt instruments of any affiliated interests or guarantee or assume liabilities of such affiliated interests.” Also NMSA 62	SAME	Meets Standard
o.	Protected Co. has separate accounting books & records	28. PNM will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities separate and distinct from other entities	28 SAME as old 24	Meets Standard
p.	Protected Co. maintains all legal formalities to preserve its existence	CONTINUATION OF CURRENT PRACTICES PNM is a long-established entity with procedures and policies that preserve its legal status.	SAME	Meets Standard
q.	Protected Co. does not own shares of parents or affiliates	STATUTE or ADMINISTRATIVE CODE Pursuant to NM Administrative Code 17.6.450.10, doing so would require prior consent of the Commission.	SAME	Meets Standard

Standard of Protection from Framework (Exhibit EL-4)	Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
NEW Independent review of all bankruptcy remoteness provisions and practices	19. Troy will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of TXNM, Troy, Blackstone Infrastructure or any of their affiliates (other than PNM or subsidiaries of PNM), a bankruptcy court will not consolidate the assets and liabilities of PNM with TXNM, Troy, Blackstone Infrastructure or any of their affiliates (other than PNM or subsidiaries of PNM).	New 19: added commitment	Adds Independent Review

1. A provision may appear in more than one category if appropriate. Source: Lapsen Advisory.

III. Additional Regulatory Conditions-- Not required for non-consolidation or rating agency standards, but significant to regulators and stakeholders.			
Maintain authority of the Commission, acknowledge Commission's jurisdiction	15. Commission jurisdiction over PNM remains and will not be adversely affected by the Acquisition. PNM will continue to abide and be bound by existing applicable Commission rules, regulations, orders. 16. Joint Applicants and Blackstone Infrastructure acknowledge the Commission's jurisdiction and authority to initiate a future proceeding to modify any or all these Regulatory Commitments adopted as part of the final order in this proceeding.	15 and 16 are SAME.	*
Sole business is electric utility service	20. Sole authorized purpose of PNM will be the provision of electric utility service and ownership of any subsidiaries.	20 SAME as old 17, adds "ownership of subsidiaries".	*
Maintain-headquarters in jurisdiction	34. TXNM and PNM headquarters will remain in NM as long as owned by Troy ParentCo.	34 SAME as old 31.	*

Standard of Protection from Framework (Exhibit EL-4)	Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
No recovery of acquisition premium.	33. PNM will not seek recovery in rates of any transaction acquisition premium. Any goodwill associated with the Acquisition will not be included in rates, rate base, cost of capital, or operating expenses in future PNM ratemaking proceedings. Neither PNM, TXNM nor any of their affiliates will elect to apply pushdown accounting for the Acquisition and the goodwill as a result of the Acquisition will have no accounting impact on PNM's assets. Furthermore, no incremental goodwill will be allocated to or recognized in PNM's financial statements. Write-downs or write-offs of goodwill associated with the Acquisition will not be included in the calculation of net income of PNM for dividend or other distribution payment purposes.	33 Replaces old 30, expanded with added detail.	*
No recovery of transaction or transition costs	32. PNM will not seek recovery of transaction or transition costs from customers in PNM's rates; transition costs shall not include employee time and labor.	29 SAME as old 29.	*
Books and records/reporting transparency	28. PNM will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities separate and distinct from other entities	28 SAME as old 24.	*
NEW Compliance Reporting	17. For all Regulatory Commitments that have an ongoing obligation or have not yet been completed, PNM will file annual updates as part of the established reporting process for Annual Reports pursuant to 17.3.510 NMAC. Such annual updates will include a list of the directors currently comprising the PNM Board, including identification of the directors currently satisfying the disinterested, utility executive experience and New Mexico residency requirements contemplated by Regulatory Commitment 6.	New compliance reporting commitment.	*

Standard of Protection from Framework (Exhibit EL-4)		Regulatory Commitments or Statutory Basis	Notes on Revision	Fulfills Standard as Revised
NEW	Financial Reporting	18. If PNM is not filing or the subject of reports with the United States Securities and Exchange Commission, PNM will file with the Commission financial statements (that are compliant with US GAAP) on the cadence required by the United States Securities and Exchange Commission, including the notes thereto, and Management Discussion and Analysis (substantially consistent with that included in Form 10-K and 10-Q filed with the United States Securities and Exchange Commission).	New financial reporting commitment.	*
	Parent officers and directors	35. PNM President and CEO and senior management will continue to have day-to-day control over operations.	35 SAME as old 32.	*
	Maintain union labor contracts and other labor arrangements	37. For at least three years post-closing, PNM will not implement any involuntary workforce reductions (other than for cause or performance) or reductions in wages or benefits. 38. TXNM will continue to honor PNM's labor contracts with the International Brotherhood of Electrical Workers.	37 SAME as old 34; 38 SAME as old 35.	*
	Continued Ownership	36. Troy will maintain controlling interest in PNM for a period of at least 10 years after the closing of the Acquisition.	36 SAME as old 33.	*
	Assure funding of the capex program	14. PNM will continue to make minimum capital expenditures in an amount equal to PNM's current 2026-2030 capital budget of \$4.9 billion, subject to the following adjustments: PNM may reduce capital spending due to conditions not under PNM's control, including, without limitation, siting delays, cancellation of projects by third parties, weaker than expected economic conditions, or if PNM determines that a particular expenditure would not be prudent.	Moves the dates forward to 2026-2030 and expands amount of capital budget.	*

* These additional regulatory conditions exceed the standards of protection in the Framework, Exhibit EL-4.

S&P Global Ratings, “Public Service Co. of New Mexico”,
December 12, 2025

JA Revised Exhibit EL-6

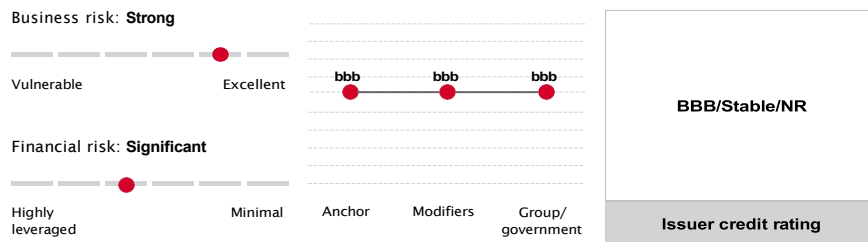
Is contained in the following 9 pages.

Public Service Co. Of New Mexico

December 12, 2025

This report does not constitute a rating action.

Ratings Score Snapshot



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Credit Highlights

Overview

Key strengths	Key risks
Low-risk, rate-regulated, and vertically integrated electric utility with a diverse fuel mix.	Historically challenging regulatory environment in New Mexico.
Steady revenue from residential customer base supports credit quality.	Robust capital spending and continued negative discretionary cash flow indicate external funding needs.
	Elevated physical risks due to wildfire-prone service territory.

We continue to monitor the announced acquisition of the company's parent by Blackstone Infrastructure (BI). Earlier this year, TXNM Energy Inc.--the parent of Public Service Co. of New Mexico (PNM)--entered into a definitive agreement to be acquired by BI through an all-equity transaction. We view the acquisition favorably because we believe BI's experience in the sector and financial strength will support TXNM's expansion. Specifically, we believe the parent's funds from operations (FFO) to debt will increase above 14% following the close of the transaction,

Public Service Co. Of New Mexico

which is a level we view as supportive of our 'BBB' issuer credit rating. We expect the transaction, which remains subject to regulatory approvals, will close in 2026.

The transaction does not affect our ratings on TXNM's subsidiary PNM, which we continue to view as core to its parent. Therefore, we continue to align our rating on PNM with our rating on its parent.

We assess PNM's business risk as strong. This reflects the company's vertically integrated and fully rate-regulated utility business, which is partially offset by the challenging, albeit improving, regulatory environment in New Mexico. Our assessment of PNM's business risk also incorporates its role as an essential service provider in its service territory. Given the material barriers to entry, PNM--and the regulated utility industry as a whole--are effectively insulated from competitive market challenges. This underlines our view of regulated utilities' very low industry risk. Furthermore, our assessment incorporates the company's about 4,268 megawatts (MW) of owned and contracted generation capacity, which it derives from a diverse fuel mix, including about 50% from renewables, about 23% from natural gas, 15% from energy storage, 7% from nuclear, and about 5% from coal.

However, our assessment is constrained by PNM's operation in what we view as one of the most challenging regulatory jurisdictions in the U.S. This reflects the New Mexico Public Regulation Commission's (NMPRC) historical regulatory decisions, including disallowances, which have challenged the consistency of the regulatory construct in New Mexico and led to volatile profit measures for PNM in recent years, despite its stable customer base. That said, we believe recent developments, including the transition to the gubernatorial-appointed commissioners in 2023, PNM's recent credit-supportive rate-case order, and the approval of its 2028 resource plan, are indicative of a potentially improving regulatory environment. That said, the NMPRC will need to demonstrate a longer track record of supportive regulatory decisions before we revise our view of its regulatory construct. PNM's transmission business (about 25% of its rate base) is regulated by the Federal Energy Regulatory Commission (FERC), under which it benefits from the use of forward-looking formula rates.

Our ratings also incorporate the company's exposure to wildfire risks in its service territory. PNM continues to invest in vegetation management and wildfire prevention plans, including its implementation of a Public Safety Power Shutoff (PSPS) in 2024. We view the PSPS as a critical means for utilities to reduce their wildfire risk.

We expect PNM's funds from operations (FFO) to debt will be in the 13%-14% range through 2027. We expect elevated capital spending of roughly \$2.1 billion from 2025-2027, reflecting the company's investments in grid modernization and new resources to support demand. PNM's 2028 resource stipulation filing was approved earlier this year--which allows for the addition of system resources, including battery storage, power purchase agreements, and solar projects--to meet its customers' needs. In addition, the company has filed an update to its first grid modernization plan, under which it requested an approximately \$23 million increase in its investments (to \$367 million over the first six years). PNM will also continue providing service to Meta for a data center, though it will pass the costs for these resources through to Meta under a rate rider, proposed revisions to which are pending approval from the NMPRC. While the company is increasing its capital spending, we believe the recent rate-case order and periodic rate increases for its FERC-regulated assets will support its credit quality. In May 2025, PNM received authorization to increase its revenue by about \$105.0 million based on a 9.45% return on equity and a 51% equity ratio.

Public Service Co. Of New Mexico

We forecast that the company will consistently generate negative discretionary cash flow, which we anticipate it will fund with a combination of debt and capital contributions from its parent. Furthermore, we expect PNM's financial measures will remain at the lower end of our expected range for its financial risk profile category, primarily due to its robust capital spending. Our base-case forecast assumes the company's S&P Global Ratings-adjusted FFO to debt remains in the 13%-14% range through 2027.

We assess PNM's financial risk profile using our medial volatility financial benchmarks, which reflects its steady cash flow and rate-regulated utility operations. These benchmarks are more relaxed than those we use for typical corporate issuers.

Outlook

The stable outlook on PNM reflects our stable outlook on its parent, TXNM. The stable outlook on TXNM reflects our expectation it will improve its financial measures such that it maintains FFO to debt of more than 14%, albeit with a minimal downside cushion. This assumes BI successfully acquires TXNM in 2026, maintains a prudent financial policy, and that TXNM continues to manage its regulatory risk in a constructive manner.

Downside scenario

We could lower our rating on PNM if we lower our rating on TXNM. We could lower our ratings on TXNM in the next 24 months if its FFO to debt remains consistently below 14%. This could occur if the transaction does not close and the company is unable to fund its cash flow deficits in a credit-supportive manner or it receives unfavorable rate outcomes. We could also lower our ratings if BI pursues aggressive financial policies or the company is the cause of a catastrophic wildfire.

Upside scenario

We could raise our ratings on PNM if we raise our ratings on TXNM. Although unlikely, we could raise our ratings on TXNM over the next 24 months if it materially improves its consolidated financial measures, including FFO to debt of consistently above 21%.

Our Base-Case Scenario

Assumptions
• The continued use of regulatory mechanisms, including general rate case fillings, to manage its regulatory risk; • Capital spending of about \$2.1 billion through 2027; • Consistent negative discretionary cash flow generation; and • All debt maturities are refinanced.

Key metrics

Public Service Co. of New Mexico--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
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Public Service Co. Of New Mexico

Public Service Co. of New Mexico--Forecast summary

	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Adjusted ratios							
Debt/EBITDA (x)	4.3	4.4	6.9	4.8	5.0-6.0	5.0-6.0	5.0-6.0
FFO/debt (%)	21.6	19.5	10.6	17.2	13.0-13.5	13.0-13.5	13.5-14.5
FFO cash interest coverage (x)	8.4	7.9	3.6	5.8	3.5-4.0	3.5-4.0	3.5-4.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. FFO--Funds from operations.

Company Description

PNM is a vertically integrated utility company that generates, transmits, and distributes electricity to about 550,000 customers in New Mexico. The company is a wholly owned subsidiary of TXNM and accounts for about 60% of its parent's EBITDA.

Peer Comparison

Public Service Co. of New Mexico--Peer Comparisons

	Public Service Co. of New Mexico	Arizona Public Service Co.	Tucson Electric Power Co.	Nevada Power Co.	Entergy Texas Inc.
Foreign currency issuer credit rating	BBB/Stable/NR	BBB+/Stable/A-2	A-/Stable/NR	A-/Stable/NR	BBB+/Stable/--
Local currency issuer credit rating	BBB/Stable/NR	BBB+/Stable/A-2	A-/Stable/NR	A-/Stable/NR	BBB+/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	\$	\$	\$	\$	\$
Revenue	1,357	5,125	1,805	2,873	2,024
EBITDA	547	2,222	663	930	768
Funds from operations (FFO)	456	1,624	565	533	582
Interest	123	488	111	237	145
Cash interest paid	96	419	98	220	152
Operating cash flow (OCF)	310	1,660	650	973	801
Capital expenditure	670	2,249	783	1,086	1,276
Free operating cash flow (FOCF)	(360)	(589)	(133)	(112)	(475)
Discretionary cash flow (DCF)	(411)	(1,012)	(218)	(187)	(546)
Cash and short-term investments	3	4	14	23	185
Gross available cash	3	4	14	23	185
Debt	2,653	8,292	2,738	4,300	3,483
Equity	2,190	8,376	3,103	4,448	3,341
EBITDA margin (%)	40.3	43.4	36.7	32.4	38.0
Return on capital (%)	7.1	7.3	7.7	7.6	7.1
EBITDA interest coverage (x)	4.4	4.6	6.0	3.9	5.3
FFO cash interest coverage (x)	5.8	4.9	6.8	3.4	4.8
Debt/EBITDA (x)	4.8	3.7	4.1	4.6	4.5

Public Service Co. Of New Mexico

Public Service Co. of New Mexico--Peer Comparisons

FFO/debt (%)	17.2	19.6	20.6	12.4	16.7
OCF/debt (%)	11.7	20.0	23.7	22.6	23.0
FOCF/debt (%)	(13.6)	(7.1)	(4.9)	(2.6)	(13.6)
DCF/debt (%)	(15.5)	(12.2)	(8.0)	(4.4)	(15.7)

Liquidity

As of September 2025, we assess PNM's liquidity as adequate. We expect the company's sources of cash will be more than 1.1x its uses over the coming 12 months and anticipate that its net sources will remain positive even if its forecast consolidated EBITDA declines by 10%. We believe PNM's predictable regulatory framework provides it with a manageable level of cash flow stability, even in times of economic stress, which supports our use of slightly lower thresholds to assess its liquidity. In addition, we believe the company is able to absorb high-impact, low-probability events, which reflects its about \$400 million of committed credit facilities through March 2029. PNM also has a \$40 million New Mexico facility available through May 2030. Additionally, we believe the company can reduce its high capital spending, if needed, to support its credit measures. Furthermore, our assessment reflects PNM's generally prudent risk management and sound relationships with its banking group. Overall, we believe the company could withstand adverse market circumstances over the next 12 months while maintaining sufficient liquidity to meet its obligations. We expect PNM will proactively address its debt maturities well in advance of their scheduled due dates.

Principal liquidity sources	Principal liquidity uses
• Credit facility availability of about \$282 million as of Sept. 30, 2025; • Cash FFO of about \$440 million; • New \$120 million term loan; and • Ongoing group support.	• Debt maturities of about \$560 million, including long term and short-term debt; and • Maintenance capital spending of about \$325 million.

Covenant Analysis

Requirements

The company is subject to a debt to capitalization ratio of less than 65%.

Compliance expectations

We expect the company will maintain a sufficient cushion under this covenant over our forecast period.

Environmental, Social, And Governance

Environmental and social factors are a negative consideration in our credit rating analysis of PNM, given that it derives about 5% of its generation capacity from coal, 23% from natural gas,

Public Service Co. Of New Mexico

7% from nuclear, 15% from energy storage, and 50% from renewables. The company's environmental risks include the ongoing cost of operating fossil units and the potential for changing environmental regulations, which could require significant capital investments. The company's nuclear power generation also exposes it to potential waste, health, and safety risks. In addition, our assessment considers PNM's exposure to wildfire risk in New Mexico. We are monitoring the lawsuits against the company related to the McBride wildfire in Ruidoso, N.M., which the plaintiffs allege was caused by the utility. The company continues to invest in vegetation management and implemented its PSPS plan in New Mexico in May 2024.

Group Influence

PNM is a wholly owned subsidiary of TXNM. We consider the company to be core to its parent, which reflects our view that it is highly unlikely to be sold, operates in a line of business integral to the group's overall strategy, benefits from a strong long-term commitment from TXNM's senior management, and is closely linked to its parent's name and reputation. Therefore, our issuer credit rating on PNM reflects our 'bbb' group credit profile on TXNM.

Issue Ratings--Subordination Risk Analysis

Capital structure

- As of September 2025, PNM's capital structure comprised about \$3.1 billion of long- and short-term debt, the majority of which was senior unsecured.

Analytical conclusions

- We rate PNM's senior unsecured debt 'BBB', the same level as our issuer credit rating, because we view this instrument to be the unsecured debt of a qualifying investment-grade utility.
- We rate PNM's preferred stock 'BB+', two notches below our issuer credit rating, to reflect the deferability and subordination of the hybrid security.

Public Service Co. Of New Mexico

Rating Component Scores

Foreign currency issuer credit rating	BBB/Stable/NR
Local currency issuer credit rating	BBB/Stable/NR
Business risk	Strong
Country risk	Very Low
Industry risk	Very Low
Competitive position	Satisfactory
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb
Group credit profile	bbb
Entity status within group	Core

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Feb. 10, 2025
- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), April 4, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers](#), Dec. 7, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Public Service Co. Of New Mexico

Related Research

- [TXNM Energy Inc. 'BBB' Rating Affirmed On Acquisition By Blackstone Infrastructure, Outlook Stable](#), May 19, 2025

Ratings Detail (as of December 12, 2025)*

[Public Service Co. of New Mexico](#)

Issuer Credit Rating	BBB/Stable/NR
Preferred Stock	BB+
Issuer Credit Ratings History	
15-Jan-2024	BBB/Stable/NR
21-Sep-2021	BBB/Positive/NR
21-Oct-2020	BBB/Positive/A-2

Related Entities

[Texas-New Mexico Power Co.](#)

Issuer Credit Rating	BBB+/Stable/--
Senior Secured	A

[TXNM Energy Inc](#)

Issuer Credit Rating	BBB/Stable/NR
Junior Subordinated	BB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Public Service Co. Of New Mexico

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S&P Global Ratings, “TXNM Energy Ratings Not Immediately Affected by the Final Show-Cause Order”, July 10, 2026.

JA Revised Exhibit EL-7

Is contained in the following 5 pages.

Tear Sheet:

TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

July 10, 2026

This report does not constitute a rating action.

What's new: The New Mexico Public Regulation Commission (NMPRC) has issued a final order in its show-cause proceeding, requiring TXNM Energy Inc. (TXNM) to unwind its \$400 million equity sale to Blackstone Infrastructure (BI) during 2025. The transaction--an all-equity deal signed in 2025--involved the sale of 8 million shares to BI. The commission alleges that this sale violated state statutes by occurring without prior commission approval.

Why it matters: TXNM exited fiscal year 2025 with funds from operation (FFO) to debt of 14.1%, just above our downside trigger. Unwinding the \$400 million equity issuance would have affected the ratio by about 100 basis points, breaching the 14% threshold. In addition, we expect the compliance filing and subsequent proceedings will push the transaction's closing into 2027. This delay introduces uncertainty, particularly given the precedent of Avangrid Inc.'s abandonment of its \$8.3 billion bid to acquire TXNM in 2024.

While we view this development will be negative, our ratings are not immediately affected. The merger has already received approvals from the FERC, Federal Communications Commission, and the Public Utility Commission of Texas. Consequently, we still expect the transaction to close, albeit in 2027 and subject to approval from NMPRC. We also view the impact on credit measures as temporary and assume management will take necessary steps to maintain FFO to debt above the 14% threshold. We also anticipate that upon closing, BI will provide equity and/or maintain dividend flexibility to maintain credit measures above our downside threshold.

Our base-case scenario continues to incorporate cash flow growth from PNM's 2025 rate case order and continued cost recovery through riders for fuel costs, energy efficiency programs, and grid modernization plans. We expect subsidiary Texas-New Mexico Power (TNMP) to maintain cost recovery through mechanisms such as transmission and distribution cost recovery, as well as capital recovery under the system resiliency plan.

Our forecasts include one-time transaction costs associated with the merger with BI to incur in 2027, alongside elevated capital spending averaging approximately \$2 billion annually through 2028. This primarily reflects rising capital needs in Texas and investments in transmission and distribution infrastructure to support the energy transition. Accordingly, we expect FFO to debt to recover to above 14% in 2027 and 2028, albeit with a minimal cushion.

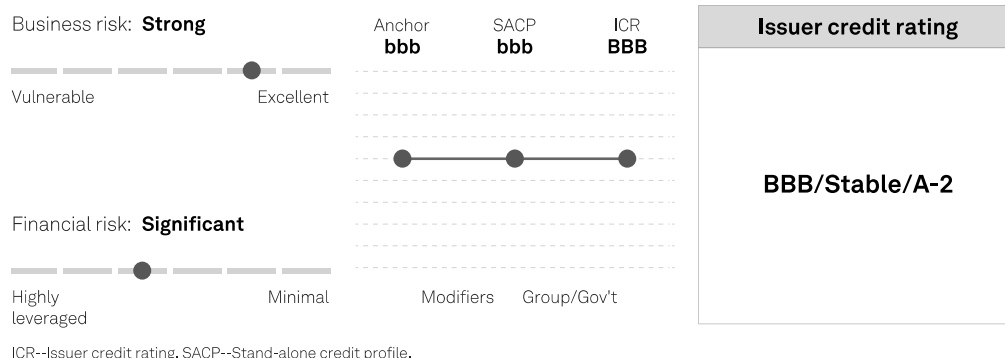
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Ratings Score Snapshot



Recent Research

- [TXNM Energy Inc. Assigned 'A-2' Short-Term Rating; \\$300 Million Commercial Paper Program Rated 'A-2', May 1, 2026](#)
- [TXNM Energy Inc. 'BBB' Rating Affirmed On Acquisition By Blackstone Infrastructure, Outlook Stable, May 19, 2025](#)

Company Description

TXNM is a publicly traded utility holding company that wholly owns subsidiaries 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 transmission and distribution utility operating, providing electric service to customers on behalf of competitive retail providers within the Electric Reliability Council of Texas power system.

On a consolidated basis, TXNM provides electricity to about 800,000 customers in New Mexico and Texas. The company owns, contracts, and leases generation capacity of about 4,268 megawatts.

Outlook

The stable outlook on TXNM reflects our expectation of FFO to debt of about 14%, with minimal downside cushion. This assumes BI acquires TXNM in 2027 and maintains a prudent financial policy while TXNM continues to manage its regulatory risk in a constructive manner.

Downside scenario

We could lower our ratings on TXNM within the next 24 months if TXNM's financial measures were consistently below our downgrade threshold of FFO to debt of 14%. This could occur if the transaction does not close, and the company is unable to fund its cash flow deficits in a credit-supportive manner or receives unfavorable rate outcomes. We could also lower our ratings if BI pursues aggressive financial policies or if the company were the cause of a catastrophic wildfire.

Upside scenario

TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

Although unlikely, we could raise our ratings on TXNM over the next 24 months if it materially improves consolidated financial measures, including FFO to debt of consistently above 21%.

Key Metrics

TXNM Energy Inc--Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
	2022a	2023a	2024a	2025a	2026e	2027f	2028f
Adjusted ratios							
Debt/EBITDA (x)	5.6	7.4	5.7	5.2	5.0-5.5	5.0-5.5	5.0-5.5
FFO/debt (%)	14.7	9.4	12.9	14.1	13.0-14.0	13.5-14.5	13.5-14.5
FFO cash interest coverage (x)	5.8	3.3	3.8	3.7	3.5-4.0	3.5-4.0	3.5-4.0

All figures are adjusted by S&P Global Ratings, unless stated as reported, a--Actual, e--Estimate, f--Forecast.

Financial Summary

TXNM Energy Inc--Financial Summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	\$	\$	\$	\$	\$	\$
Revenues	1,523	1,780	2,250	1,937	1,945	2,139
EBITDA	646	673	780	615	892	948
Funds from operations (FFO)	534	566	647	429	659	690
Interest expense	131	115	149	220	245	280
Cash interest paid	112	107	134	185	234	256
Operating cash flow (OCF)	508	559	578	534	477	566
Capital expenditure	679	930	905	1,061	1,226	1,174
Free operating cash flow (FOCF)	(171)	(371)	(328)	(526)	(749)	(608)
Discretionary cash flow (DCF)	(282)	(494)	(455)	(662)	(907)	(800)
Cash and short-term investments	48	1	4	2	4	18
Gross available cash	48	1	4	2	4	18
Debt	3,434	3,871	4,405	4,583	5,099	4,911
Common equity	2,114	2,229	2,251	2,405	2,864	3,904
Adjusted ratios						
EBITDA margin (%)	42.4	37.8	34.7	31.8	45.9	44.3
Return on capital (%)	6.0	5.9	6.8	4.1	6.5	5.7
EBITDA interest coverage (x)	4.9	5.8	5.2	2.8	3.6	3.4
FFO cash interest coverage (x)	5.8	6.3	5.8	3.3	3.8	3.7
Debt/EBITDA (x)	5.3	5.7	5.6	7.4	5.7	5.2
FFO/debt (%)	15.5	14.6	14.7	9.4	12.9	14.1
OCF/debt (%)	14.8	14.4	13.1	11.7	9.4	11.5
FOCF/debt (%)	(5.0)	(9.6)	(7.4)	(11.5)	(14.7)	(12.4)

TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

TXNM Energy Inc--Financial Summary

DCF/debt (%)	(8.2)	(12.8)	(10.3)	(14.4)	(17.8)	(16.3)
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Rating Component Scores

Foreign currency issuer credit rating	BBB/Stable/A-2
Local currency issuer credit rating	BBB/Stable/A-2
Business risk	Strong
Country risk	Very Low
Industry risk	Very Low
Competitive position	Satisfactory
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

TXNM Energy Inc. Ratings Not Immediately Affected By The Final Show-Cause Order

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Moody's Ratings, "Public Service Company of New Mexico, June 30, 2026.

JA Revised Exhibit EL-8

Is contained in the following 15 pages.

CREDIT OPINION

30 June 2026

Update



Send Your Feedback

RATINGS

Public Service Company of New Mexico

Domicile	Albuquerque, New Mexico, United States
Long Term Rating	Baa2
Type	LT Issuer Rating
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Public Service Company of New Mexico

Update to credit analysis

Summary

Public Service Company of New Mexico's (PNM, Baa2 stable) credit profile reflects its business risk as a regulated, vertically integrated electric utility operating in the New Mexico regulatory environment, which we continue to view as more challenging than most US jurisdictions. While recent actions provide evidence of improvement, including more constructive rate case outcomes, regulatory approval of energy transition related investments, and greater use of targeted cost recovery mechanisms, whether this more constructive regulatory trajectory is sustained over time remains a key consideration, particularly as the scale of PNM's capital program increases.

PNM's credit profile also incorporates its financial performance, which has historically supported the current rating level but softened in 2025. This resulted from adverse weather impacts, timing effects related to regulatory lag, and the initial phase of a higher capital investment cycle. As of 31 March 2026, PNM's ratio of CFO pre WC to debt was 12.4%, or approximately 13.9% on an adjusted basis excluding one time items and securitization related debt. Looking ahead, PNM is expected to account for a significant portion of TXNM's incremental capital spending as investment remains elevated to support the energy transition and load growth. As a result, credit metrics are expected to remain somewhat weaker during the current investment cycle, with CFO pre working capital to debt in the mid-teens, subject to variation depending on the pace of project approvals, execution, and recovery.

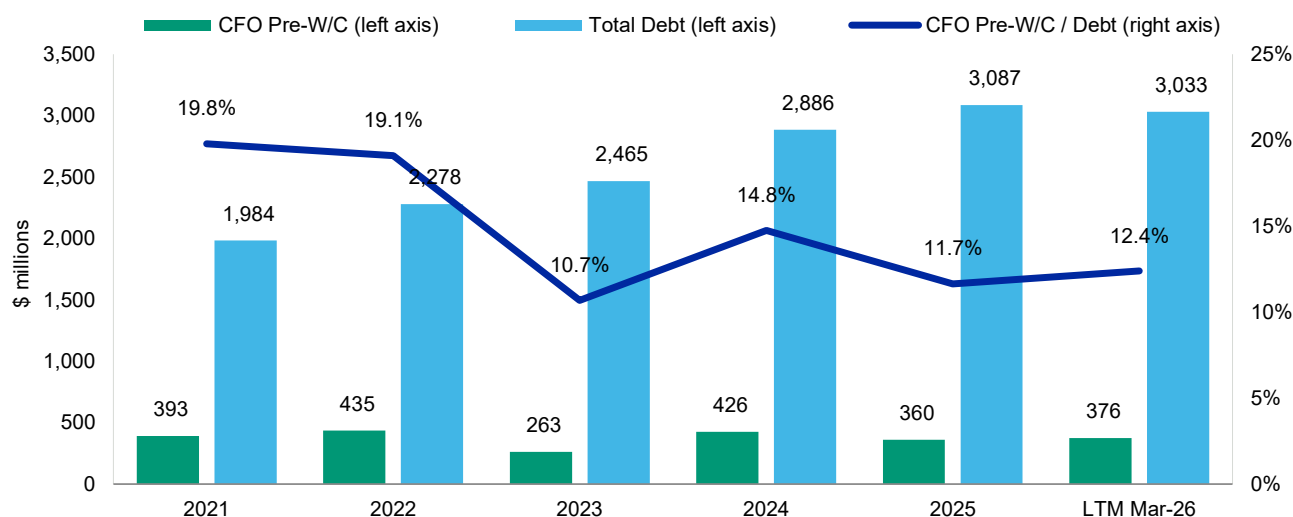
Recent Developments

In June 2026, New Mexico Public Regulation Commission (NMPRC) hearing examiners issued a recommendation in the show cause proceeding related to the proposed Blackstone acquisition, finding that a prior equity investment required Commission approval. TXNM is responding and awaiting a final order, which may affect the timing and structure of the transaction. More information can be found below.

On May 1st, 2026, Moody's assigned a Prime-2 (P-2) short-term rating to PNM's new \$400 million commercial paper (CP) program. The program will be used to fund working capital and growing capital expenditure needs in the service territory. The CP program is back-stopped by PNM's existing \$400 million revolving credit facility which expires in March 2030 (not rated).

Exhibit 1

Historical CFO pre-W/C, Total Debt and ratio of CFO pre-W/C to Debt



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Source: Moody's Financial Metrics™

Credit strengths

- » Financial profile expected to continue to support credit quality
- » Complete overhaul of the regulatory commission has the potential to lead to a more stable and predictable regulatory regime over time
- » New Mexico's Energy Transition Act (NM ETA) should provide construct for PNM to transition its generation portfolio toward clean energy
- » Cost recovery mechanisms like securitization are available through legislation to recover stranded costs, although regulatory approval has not always been straightforward

Credit challenges

- » Regulatory environment in New Mexico has historically been more challenging than most US jurisdictions mainly due to inconsistent and unpredictable regulatory decisions
- » Approval to abandon Four Corners coal-fired power plant and cost recovery through securitization had been denied, although PNM has the option to request again
- » Capital investments increasingly elevated which will require additional debt financing

Rating outlook

PNM's stable outlook reflects our expectation the company is able to maintain financial metrics that support credit quality including a ratio of CFO pre-W/C to debt in the mid-teens range. The stable outlook incorporates our expectation that the regulatory environment will remain generally supportive and the company's elevated capital expenditures will be financed in a balanced manner that is consistent with PNM's targeted capital structure.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Factors that could lead to an upgrade

PNM could be upgraded if the New Mexico regulatory environment was to exhibit a sustained improvement through credit supportive regulatory decisions that reduce the utility's business and financial risks, and enhance PNM's ability to consistently recover prudently incurred costs and investments and earn its allowed return. Moreover, if financial metrics improve such that PNM's ratio of CFO pre-W/C to debt is sustained above 20%, the rating could be upgraded.

Factors that could lead to a downgrade

PNM could be downgraded if the New Mexico regulatory environment becomes more contentious such that the company's ability to earn its allowed return becomes more challenging or its business risk profile becomes elevated because of material cost recovery disallowances. Moreover, if financial metrics decline such that PNM's ratio of CFO pre-W/C to debt is sustained below 16% on an adjusted basis, the rating could be downgraded.

Key indicators

Exhibit 2

Public Service Company of New Mexico

	2021	2022	2023	2024	2025	LTM Mar-26
CFO Pre-W/C + Interest / Interest	7.8x	7.4x	3.6x	4.5x	3.5x	3.5x
CFO Pre-W/C / Debt	19.8%	19.1%	10.7%	14.8%	11.7%	12.4%
CFO Pre-W/C – Dividends / Debt	16.7%	12.3%	10.7%	13.0%	11.6%	12.4%
Debt / Capitalization	42.8%	46.2%	47.8%	49.5%	48.7%	47.5%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Source: Moody's Financial Metrics™

Profile

PNM is the principal operating subsidiary of TXNM Energy, Inc. (TXNM, Baa3 stable), a regulated utility holding company that also owns Texas-New Mexico Power Company (Baa1 stable). PNM is a regulated vertically integrated electric utility with over 550,000 electricity customers in north central New Mexico, including the cities of Albuquerque, Rio Rancho, and Santa Fe, and certain areas of southern New Mexico. PNM also provides electricity to wholesale customers in New Mexico and has approximately 4,700 MWs of generation capacity.

Exhibit 3
PNM's service territory



Source: Company website

Detailed credit considerations

New Mexico's regulatory framework has shown greater consistency amid rising investment needs

PNM's most recent general rate case provides a clearer indication of the commission's current posture. In May 2025, the commission approved a settlement that resulted in an authorized return on equity (ROE) of 9.45% and a 51% equity layer, with rate implementation phased over 2025 and 2026. This compares with a 9.26% authorized ROE and 50% equity approved previously. At the same time, certain settlement provisions reflect continued customer affordability sensitivity, including the recovery of energy storage costs through base rates rather than a dedicated rider and the extension of depreciation lives for legacy assets. As a result, while the outcome represents incremental improvement, it continues to embed timing risk in cost recovery.

Beyond base rates, the commission has shown a greater willingness to rely on targeted mechanisms to support rising investment needs. These include approval of PNM's grid modernization plan and associated recovery rider in 2023, as well as accounting authorization to defer costs related to participation in organized western power markets. Together, these mechanisms support earnings stability as investment increases, although they generally do not provide immediate cash recovery, leaving interim cash flow metrics sensitive during construction and before assets are placed into service.

The commission has also demonstrated alignment with PNM's long term decarbonization strategy. It accepted PNM's 2023 integrated resource plan, which outlines a pathway to a fully carbon free portfolio by 2040 and has approved multiple near term solar and battery storage additions consistent with that plan. These approvals, together with enhanced regulatory oversight of procurement activity, indicate acceptance of the need for sustained investment in generation, storage, and supporting transmission infrastructure as legacy resources retire and operational flexibility requirements increase.

Proposed acquisition remains subject to New Mexico regulatory approval

TXNM Energy has agreed to be acquired by an entity affiliated with Blackstone Infrastructure in an all cash transaction valued at \$61.25 per share, implying a total enterprise value of approximately \$11.5 billion, including the assumption of existing debt (excluding securitization debt) and preferred stock. The transaction is structured to be funded with no incremental debt solely related to the acquisition. In connection with the proposed acquisition, Blackstone made a \$400 million equity investment in TXNM in June 2025, and the company has since issued additional equity prior to the acquisition closing. The acquisition has received TXNM shareholder approval and all required regulatory approvals outside the Nuclear Regulatory Commission (NRC) and New Mexico, leaving approval by the NRC and NMPRC as the principal remaining conditions to closing.

The NMPRC review has become more protracted than initially anticipated and remains subject to additional procedural and regulatory uncertainty. In June 2026, hearing examiners issued a recommendation in the show cause proceeding related to the proposed Blackstone acquisition, concluding that the \$400 million equity investment by a Blackstone affiliate required prior Commission approval. The examiners recommended remedial actions, including unwinding or curing the transaction, and indicated that the applicants may need to withdraw and refile the merger application. TXNM and the other joint applicants have filed responses and are awaiting a final Commission order. While the core evidentiary hearing for the acquisition remains scheduled for August 2026, the outcome of the show cause proceeding could delay or alter the review process. As a result, timing for regulatory approval and closing, which had been targeted for the second half of 2026, is increasingly uncertain, and approval is not assured given New Mexico's historical skepticism toward utility mergers. A previous attempt by TXNM to be acquired by Avangrid (Baa2 positive) in 2021 was not approved by New Mexico regulators, underscoring execution risk for the current transaction.

The proposed transaction is neutral to modestly supportive if completed as planned. The all equity financing plan, together with Blackstone's prior equity investment and the expectation of additional equity issuance, limits incremental leverage and supports funding of TXNM's elevated capital spending program. Until the NMPRC review is concluded, however, uncertainty around the timing and outcome of the transaction remains, and TXNM will need to manage group funding, dividend policy, and capital program on a standalone basis.

Ongoing energy transition and load growth continue to drive elevated capital investment

TXNM is undertaking a materially expanded capital program reflecting the combined demands of the clean energy transition and accelerating load growth across its regulated utilities. The company's updated 2026–2030 capital investment plan totals approximately \$10.2 billion, up from approximately \$7.8 billion prior. PNM accounts for approximately 48% of the consolidated plan, with annual

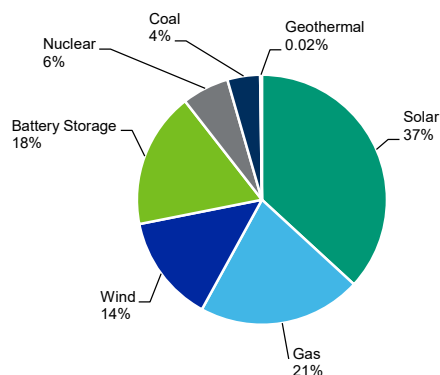
capital spending ranging from approximately \$655 million to \$1.5 billion over the period, weighted toward the later years as generation replacements, transmission buildout, and large-load infrastructure development accelerate.

PNM continues to execute a multiyear transition of its generation portfolio toward carbon free resources in line with New Mexico's Energy Transition Act, which targets 100% carbon free electricity by 2045. As of 2026, the company's installed and contracted capacity is already majority carbon free, with renewables and energy storage representing roughly two thirds of total capacity, supplemented by nuclear generation and a declining share of natural gas. Achieving the remaining transition requires continued investment in utility owned and contracted renewables, battery storage, and supporting transmission infrastructure, as well as incremental dispatchable resources to maintain system reliability as legacy thermal generation retires.

PNM's transition strategy has advanced through a series of Integrated Resource Plans (IRP) and resource specific filings with the NMPRC. The company's approved 2023 IRP established a long term pathway for decarbonization while accounting for reliability, cost, and system flexibility. More recently, PNM has obtained NMPRC approval for multiple near term resource additions, including solar generation and battery storage under its 2026 and 2028 resource plans, as well as approval of utility owned distribution level batteries. In addition, PNM has filed for renewable and storage resources selected through its 2029–2032 request for proposals, alongside related transmission projects intended to integrate new wind and solar resources into the system. The resource filings are intended to address a forecasted increase in demand of approximately 40% by 2032. Further, PNM is looking to exit its 13% ownership interest or 200 MWs in the Four Corners coal-fired power plant by no later than its 2031 ownership agreement expiration date. The IRP incorporates replacing the power from San Juan and Four Corners with a combination of carbon-free resources such as renewables and energy storage. The next IRP is scheduled to be filed in September 2026.

Exhibit 4

Generation capacity by fuel type, owned, leased and PPAs as of 31 December 2025



Source: Company filings

At the same time, expansion of existing data center demand and the entry of new large commercial and industrial customers are necessitating additional investment in substations, transmission lines, and, in some cases, incremental generation and storage capacity. These growth related investments often must be undertaken in advance of load taking service, adding to the overlap between policy driven transition spending and customer driven system expansion.

Recent New Mexico legislation (SB 169 and SB 170) establishes a framework for accelerated site-readiness and approval intended to facilitate large load development. SB 169 identifies and funds strategic development sites, while SB 170 allows utilities to seek expedited regulatory approval and defer recovery of prudently incurred costs associated with investments made ahead of load. However, SB 170 does not provide immediate cash recovery, and capital expenditures tied to both clean energy transition and large load growth continue to be funded in advance of rate recognition. As a result, PNM's sustained investment in renewables, storage, transmission, and growth related infrastructure could result in interim pressure on cash flow metrics, until assets are placed in service and recovery mechanisms are reflected in customer rates.

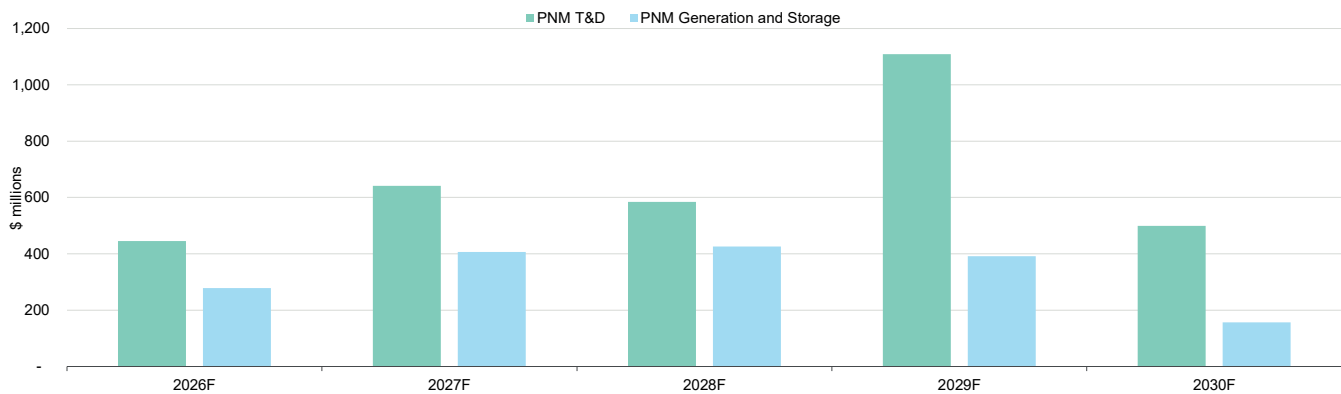
Financial profile expected to remain stable and continue to support credit quality

PNM has generally maintained a financial profile consistent with its current rating level. Recent financial metrics have weakened relative to historical averages, largely reflecting adverse weather conditions in the service territory, incremental capital spend, phased rate implementation, and other non recurring items. As of 31 March 2026, PNM's ratio of CFO pre WC to debt was 12.4%, or approximately 13.9% when excluding the impact of securitization debt.

Looking forward, PNM's capital investment program remains elevated as the utility continues to invest in T&D infrastructure, renewable generation, energy storage, and grid modernization to support the clean energy transition and accommodate incremental load growth. The degree to which credit metrics will be affected over the investment cycle remains uncertain, as it will depend on the pace and timing of project approvals, execution, regulatory recovery, and the extent to which rate mechanisms keep pace with capital deployment. A meaningful portion of planned capital spending remains subject to additional approvals from the NMPRC, which could influence the ultimate pacing of expenditures.

Exhibit 5

PNM projected capital investments

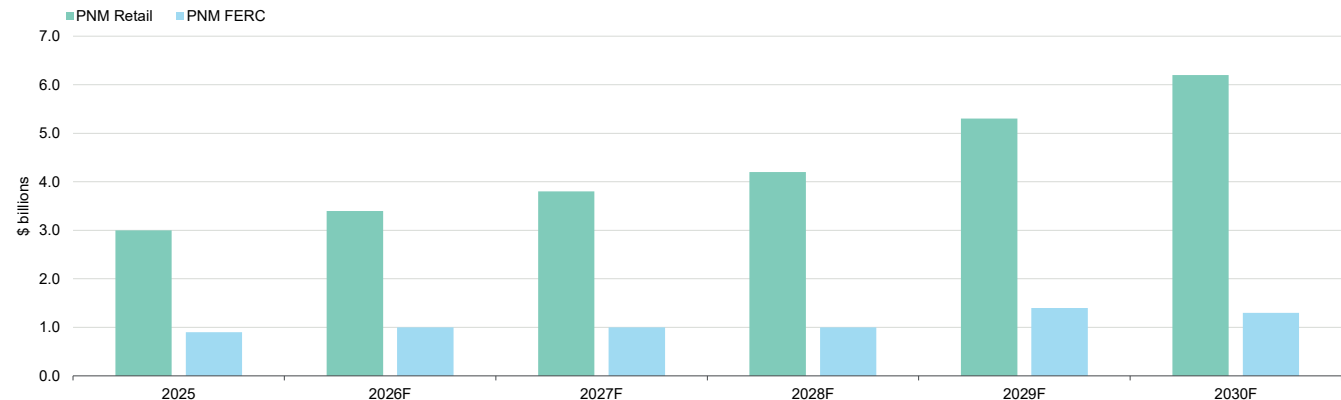


Source: Company filings

We expect PNM's credit metrics to face pressure in the short to medium term as capital spending accelerates, with CFO pre WC to debt expected in the mid-teens percent with potential for further compression during peak investment years. Over time, the placement of new assets into service and associated cost recovery should alleviate some of this pressure, although the timing and magnitude of improvement are difficult to predict given the scope and duration of the current investment cycle.

Exhibit 6

PNM's current and projected rate base



Includes FERC Rate Base

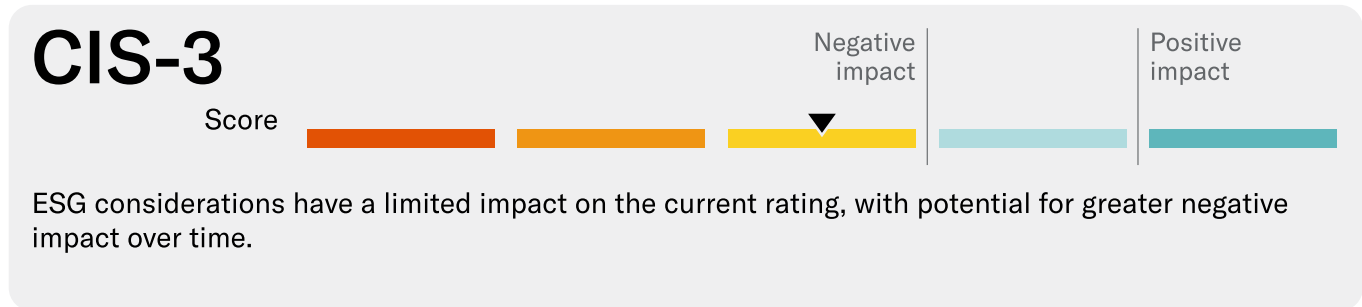
Source: Company filings

ESG considerations

Public Service Company of New Mexico's ESG credit impact score is CIS-3

Exhibit 7

ESG credit impact score

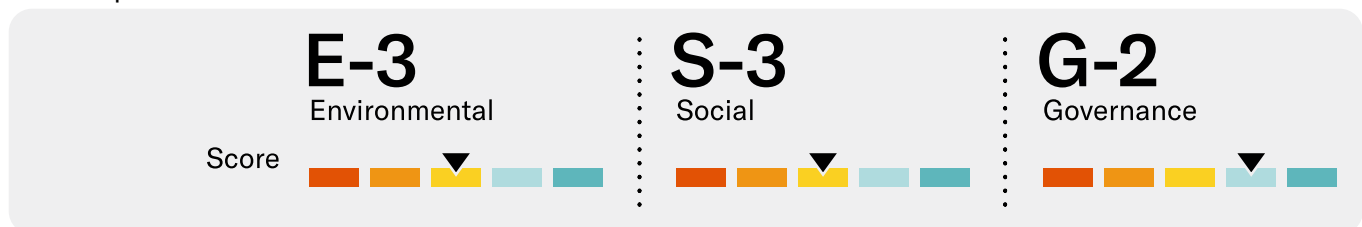


Source: Moody's Ratings

PNM's **CIS-3** indicates that ESG considerations have a limited impact on the current rating with potential for greater negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term.

Exhibit 8

ESG issuer profile scores



Source: Moody's Ratings

Environmental

PNM's **E-3** issuer profile score is driven primarily by its exposure to physical climate risks, mostly in the form of extreme weather patterns including excessive heat. The company is managing its carbon transition risk as it evaluates its ability to exit its only remaining coal plant prior to its 2031 ownership expiration and continues to add renewable energy to its generation portfolio. Operating nuclear generation also exposes the company to waste and pollution risks.

Social

PNM's **S-3** issuer profile score primarily reflects customer relations and demographic and societal trends that may increase public concern over environmental, reputational, or affordability issues and lead to adverse regulatory or political intervention, particularly in a New Mexico regulatory environment that has historically been inconsistent and unpredictable.

Governance

PNM's **G-2** issuer profile is driven by that of its parent, TXNM, which is broadly in line with other utilities and does not pose a particular risk. It reflects the company's financial policy to maintain the capital structure authorized by regulators with any dividends distributed to TXNM, offset by sufficient equity injections to maintain the target capital structure.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

PNM has an adequate liquidity profile driven by relatively stable cash flow generation, availability on external credit facilities and typically minimal cash on hand.

For last twelve months ending 31 March 2026, PNM generated cash flow from operations of \$389 million, had capital expenditures of \$616 million and paid \$1 million in dividends, resulting in negative free cash flow of \$227 million. The shortfall was largely supplemented with long-term debt issuance. Going forward, we expect the company will use short and long-term debt borrowings, as well as parent capital contributions, to help finance its elevated capital investment program and dividend distributions. We expect any financings will be made in a balanced manner that will maintain its regulated capital structure of around 50% debt and equity.

PNM has a \$400 million revolving credit facility. The facility was recently extended to March 2030; however, one lender did not consent to the extension, resulting in available facility capacity reducing to \$354.1 million effective March 30, 2029. A second one year extension option, if exercised and approved by a majority of lenders, would extend the maturity to March 2031. Under the terms of the CP program, PNM is required to always maintain unused revolving credit facility capacity in an amount not less than CP borrowings outstanding. As a result, PNM's effective CP borrowing capacity will be limited to \$354.1 million following the step down, unless the departing lender is replaced or the facility is otherwise amended. PNM also has an additional \$40 million facility with local New Mexico banks, which expires in May 2030. As of 31 March 2026, PNM had \$88.1 million of borrowings outstanding under the \$400 million revolving credit facility and \$40 million of borrowings outstanding on the \$40 million local bank credit facility. The credit facilities do not contain a material adverse change clause for new borrowings and have only one financial maintenance covenant limiting debt to total capitalization to 65%. As of 31 March 2026, PNM was well in compliance with this debt covenant.

PNM can also borrow up to \$100 million from its parent as part of an intercompany borrowing arrangement. As of 31 March 2026, PNM had no intercompany borrowings from TXNM.

PNM's next near-term debt maturity is a \$195 million unsecured term loan due in July 2026.

Methodology and scorecard

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for Public Service Company of New Mexico.

Exhibit 9

Rating factors

Public Service Company of New Mexico

Regulated Electric and Gas Utilities Industry	Current LTM 3/31/2026		Moody's 12-18 Month Forward View	
	Measure	Score	Measure	Score
Factor 1 : Regulatory Framework (25%)				
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Baa	Baa	Baa	Baa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	Ba	Ba	Ba	Ba
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	A	A	A	A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	3.7x	Baa	3.5x - 4.5x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	11.9%	Ba	12% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	11.3%	Baa	11% - 13%	Baa
d) Debt / Capitalization (3 Year Avg)	48.7%	Baa	45% - 50%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa2		Baa2
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned				(P)Baa2

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 10

Peer comparison

Public Service Company of New Mexico

(In \$ millions)	Public Service Company of New Mexico (P)Baa2 Stable			Tucson Electric Power Company A3 Stable			Evergy Metro, Inc. Baa1 Stable			El Paso Electric Company Baa2 Stable			Southwestern Public Service Company Baa2 Stable		
	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM
	Dec-24	Dec-25	Mar-26	Dec-24	Dec-25	Mar-26	Dec-24	Dec-25	Mar-26	Dec-24	Dec-25	Mar-26	Dec-24	Dec-25	Mar-26
Revenue	1,379	1,484	1,481	1,805	1,689	1,661	1,894	1,916	1,934	1,121	1,139	1,121	1,939	2,180	2,189
CFO Pre-W/C	426	360	376	592	634	606	724	739	742	333	310	297	914	833	892
Total Debt	2,886	3,087	3,033	2,599	2,824	2,899	3,702	3,802	3,883	2,245	2,451	2,684	3,751	4,369	4,143
CFO Pre-W/C + Interest / Interest	4.5x	3.5x	3.5x	6.5x	6.2x	6.0x	5.3x	5.7x	5.7x	3.3x	3.1x	3.0x	6.6x	5.2x	5.5x
CFO Pre-W/C / Debt	14.8%	11.7%	12.4%	22.8%	22.5%	20.9%	19.6%	19.4%	19.1%	14.8%	12.6%	11.1%	24.4%	19.1%	21.5%
CFO Pre-W/C - Dividends / Debt	13.0%	11.6%	12.4%	19.5%	22.5%	15.7%	15.7%	13.1%	14.2%	8.2%	6.7%	6.0%	13.0%	10.6%	12.7%
Debt / Capitalization	49.5%	48.7%	47.5%	40.7%	40.6%	41.4%	47.3%	47.6%	47.9%	47.3%	45.8%	47.9%	42.9%	43.7%	40.3%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Exhibit 11

Moody's-adjusted cash flow reconciliation

Public Service Company of New Mexico

(In \$ millions)	2021	2022	2023	2024	2025	LTM Mar-26
FFO	399.2	454.9	209.0	457.5	401.9	396.8
+/- Other	(6.5)	(19.7)	54.4	(31.7)	(42.2)	(21.2)
CFO Pre-WC	392.7	435.2	263.4	425.8	359.7	375.6
+/- ΔWC	19.1	(60.2)	79.4	(111.5)	(11.6)	5.8
CFO	411.8	375.0	342.8	314.3	348.1	381.4
- Div	60.5	154.0	0.5	51.5	0.5	0.5
- Capex	622.4	454.7	565.7	676.9	578.9	609.5
FCF	(271.1)	(233.7)	(223.4)	(414.1)	(231.4)	(228.6)
(CFO Pre-W/C) / Debt	19.8%	19.1%	10.7%	14.8%	11.7%	12.4%
(CFO Pre-W/C - Dividends) / Debt	16.7%	12.3%	10.7%	13.0%	11.6%	12.4%
Debt / Capitalization	42.8%	46.2%	47.8%	49.5%	48.7%	47.5%
(FFO + Interest) / Interest	7.9x	7.7x	3.1x	4.8x	3.8x	3.7x
Revenue	1,362.0	1,766.8	1,403.9	1,379.1	1,484.3	1,480.9
Interest Expense	57.9	67.7	99.5	121.5	145.5	148.4
Net Income	158.1	103.7	31.8	182.6	125.9	109.0
Total Assets	6,056.7	6,268.5	6,803.6	7,394.4	7,674.2	7,674.1
Total Liabilities	4,088.3	4,352.8	4,848.7	5,255.7	5,276.0	5,186.2
Total Equity	1,968.5	1,915.7	1,954.8	2,138.6	2,398.2	2,487.9

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Source: Moody's Financial Metrics™

Ratings

Exhibit 12

Category	Moody's Rating
PUBLIC SERVICE COMPANY OF NEW MEXICO	
Outlook	Stable
Issuer Rating	Baa2
LT IRB/PC	Baa2
Commercial Paper	P-2
PARENT: TXNM ENERGY, INC.	
Outlook	Stable
Issuer Rating	Baa3
Jr Subordinate	Ba1
Commercial Paper	P-3

Source: Moody's Ratings

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Moody's Ratings

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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00060-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **Ellen Lapson, CFA, founder and principal of Lapson Advisory, a division of Trade Resources Analytics, LLC.**, upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Revised Testimony and Exhibits of Ellen Lapson, CFA in Support of the Revised Application** and it is true and correct based on my personal knowledge and belief.

DATED this 15th day of September, 2026.

/s/ Ellen Lapson
ELLEN LAPSON

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF)
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
)
JOINT APPLICANTS.)

Case No. 25-00060-UT

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the **Joint Applicants' Motion to Revise Merger Application and Supporting Testimony and for Leave to Supplement Compliance Report and Request for Subsequent Status Conference** was emailed to parties listed below on September 15, 2026:

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