

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR AUTHORIZATION TO ISSUE)
UP TO \$350 MILLION OF SENIOR)
UNSECURED NOTES)**

Case No. 21-____-UT

**PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)**

Applicant)

DIRECT TESTIMONY

OF

SABRINA G. GREINEL

April 26, 2021

**NMPRC CASE NO. 21-____-UT
INDEX TO THE DIRECT TESTIMONY OF
SABRINA G. GREINEL**

**WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO**

I.	INTRODUCTION AND PURPOSE	1
II.	PNM’s PROPOSED SUNS	4
III.	STATUTORY FINDINGS AND APPROVALS	18
IV.	CONCLUSION.....	20

PNM EXHIBIT SGG-1	Curriculum Vitae of Sabrina G. Greinel
PNM EXHIBIT SGG-2	A draft form of the Note Purchase Agreement
PNM EXHIBIT SGG-3	A draft form of the Sixth Supplemental Indenture
PNM EXHIBIT SGG-4	PNM’s Registration Statement on Form S-3, SEC File No. 333-238234
SELF-VERIFICATION	

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1

I. INTRODUCTION AND PURPOSE

2 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

3 **A.** My name is Sabrina G. Greinel. I am the Assistant Treasurer for PNMR Services
4 Company (“PNMR Services”). PNMR Services provides corporate services
5 through shared services agreements to its parent company, PNM Resources, Inc.
6 (“PNMR”), and all of PNMR’s subsidiaries, including Public Service Company of
7 New Mexico (“PNM” or “Company”). My address is 414 Silver Avenue, SW,
8 Albuquerque, New Mexico 87102.

9

10 **Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS ASSISTANT**
11 **TREASURER.**

12 **A.** I have responsibility for providing financial support for PNMR and its subsidiaries,
13 including PNM. My treasury responsibilities include the formulation and
14 implementation of specific financing strategies, direction and management of
15 professional finance staff and external resources, interaction with credit rating
16 agencies, and the management of financial institution relationships for PNMR and
17 its subsidiaries. My educational background and experience are summarized in
18 PNM Exhibit SGG-1.

19

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

21 **A.** The purpose of my testimony is to support PNM’s Application, which seeks
22 authorization from the Commission to issue senior unsecured notes (“SUNs”) in an

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 amount up to \$350 million (the “Proposed SUNs”) to repay the \$160 million of
2 5.35% 2011 Series SUNs (“5.35% SUNs”) maturing on October 1, 2021 (with the
3 option to repay as early as July 1, 2021 without any early redemption premium) and
4 to fund and support PNM’s utility construction program to provide service to
5 PNM’s customers, including funding for PNM’s purchase of the Western Spirit
6 transmission line (authorized in Case No. 19-00129-UT) and repayment of existing
7 short-term debt. PNM is seeking approval to issue the Proposed SUNs in one or
8 more issuances of one or more series, with maturities of up to thirty (30) years, at
9 interest rates fixed to the respective maturity of each series, and to issue such notes
10 in private placement transaction(s) or in registered public offering(s) (the
11 “Proposed Transaction”).

12
13 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

14 **A.** My testimony is organized into the following sections:

- 15 I. Introduction and Purpose
16 II. PNM’s Proposed SUNs
17 III. Statutory Findings and Approvals
18 IV. Conclusion

19
20 **Q. ARE YOU SPONSORING ADDITIONAL EXHIBITS?**

21 **A.** Yes, I am also sponsoring:

- 22 • PNM Exhibit SGG-2, a draft form of the Note Purchase Agreement (“NPA”)

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

- 1 • PNM Exhibit SGG-3, a draft form of the Sixth Supplemental Indenture
- 2 • PNM Exhibit SGG-4, PNM’s Registration Statement on Form S-3, File No.
- 3 333-238234

4

5 **Q. WHAT APPROVAL IS PNM SEEKING FROM THE COMMISSION?**

6 **A.** PNM is seeking approval to:

- 7 (1) issue the Proposed SUNs in one or more issuances of one or more series, with
- 8 maturities of up to thirty (30) years, to repay maturing debt of \$160 million and
- 9 to support PNM’s utility construction program to provide service to PNM’s
- 10 customers, including funding for PNM’s purchase of the Western Spirit
- 11 transmission line and repayment of existing short-term debt; and
- 12 (2) for all other approvals, authorizations, and actions that may be required for PNM
- 13 to effectuate the Proposed Transaction.

14

15 **Q. WHY IS IT NECESSARY THAT PNM SEEK COMMISSION APPROVAL**

16 **TO ISSUE THE PROPOSED SUNS?**

17 **A.** PNM is a public utility governed by the terms of the New Mexico Public Utility

18 Act (the “Act”). Section 62-6-6 of the Act requires a public utility to obtain

19 Commission approval before issuing securities payable at periods of more than

20 eighteen (18) months.

21

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 **Q. WHEN IS PNM REQUESTING THE COMMISSION ISSUE A FINAL**
2 **ORDER IN THIS CASE?**

3 **A.** PNM requests that the Commission issue a final order in this case within the 30-
4 day statutory timeframe outlined in Section 62-6-9 of the Act. This will provide
5 PNM with flexibility to issue the Proposed SUNs when market conditions are
6 favorable, which may be before the \$160 million of 5.35% SUNs mature.

7

8 **II. PNM'S PROPOSED SUNS**

9 **Q. WHY IS PNM PROPOSING TO ISSUE UP TO \$350 MILLION OF SENIOR**
10 **UNSECURED NOTES?**

11 **A.** PNM proposes to issue up to \$350 million of the Proposed SUNs to: (1) repay and
12 refinance all of the outstanding \$160 million of 5.35% SUNs (issued in 2011 as
13 authorized in Case No. 10-00269-UT) upon their October 1, 2021 maturity, or as
14 early as July 1, 2021 when the 5.35% SUNs may be repaid at par and (2) support
15 PNM's utility construction program to provide service to PNM's customers,
16 including funding for PNM's purchase of the Western Spirit transmission line and
17 repayment of existing short-term debt.

18

19 **Q. WHAT ARE SENIOR UNSECURED NOTES OR SUNS?**

20 **A.** Senior Unsecured Notes, or SUNs, are debt obligations that are not secured by any
21 property or assets of PNM. Prior to 2017, all of PNM's SUNs were issued in public

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 market offerings registered by the Securities and Exchange Commission (the
2 “SEC”) under an indenture dated August 1, 1998 between PNM and U.S. Bank,
3 successor to MUFG Union Bank, N.A., as trustee for all the holders of PNM’s
4 SUNs. PNM’s most recent public issuance of SUNs was the August 11, 2015
5 issuance of \$250 million of 3.85% SUNs due 2025, authorized by the Commission
6 in Case No. 15-00203-UT. PNM also issues collateral SUNs to secure its
7 obligations to pay the principal and interest on pollution control revenue refunding
8 bonds where the interest income is generally not taxable to investors. These
9 collateral SUNs are issued under an indenture dated March 11, 1998. Both
10 indentures generally provide that PNM will not issue any secured debt unless all of
11 PNM’s outstanding SUNs are equally and ratably secured with all such debt. As
12 discussed below, PNM utilized the private placement market for the 2018 issuance
13 of \$450 million of SUNs authorized in Case No. 17-00126-UT and for the 2020
14 issuance of \$200 million of SUNs authorized in Case No. 20-00071-UT.

15
16 **Q. WHAT ARE THE PRIMARY DIFFERENCES BETWEEN THE PRIVATE
17 PLACEMENT MARKET AND THE PUBLIC MARKET?**

18 **A.** While the overall process of issuing SUNs is similar in both the private and public
19 markets, issuing the Proposed SUNs in the private placement market affords issuers
20 like PNM a number of advantages. Public market offerings must be at least \$300
21 million or more in size in order to be “Index-Eligible” and included in the
22 Bloomberg Barclays U.S. Aggregate Bond Index, the primary index benchmark for

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 U.S. investors in corporate debt. Public market offerings that are Index-Eligible
2 normally obtain more favorable pricing than smaller public market offerings
3 because there is generally less investor demand for smaller issuances. Additionally,
4 available maturities, or tenors, are more limited in the public market.

5

6 In contrast, the private placement market is generally made up of investors who buy
7 and hold notes, and therefore the level of demand for the notes and related ease of
8 trading after issuance does not factor into the pricing. The private placement market
9 also does not prescribe any transaction size minimums, giving PNM the flexibility
10 to issue the Proposed SUNs in smaller amounts to strategically access the market
11 at advantageous times. In addition, the private placement market generally has a
12 greater range of tenors available, allowing PNM to stagger maturities across its debt
13 maturity tower.

14

15 The private placement market also offers an extended transaction settlement period,
16 or a “delayed draw” feature. Unlike public market offerings, which are typically
17 priced shortly before issuance, the delayed draw allows PNM the option to price
18 the Proposed SUNs several months prior to the actual issuance and funding of the
19 Proposed SUNs. The benefits of this feature are described below.

20

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 **Q. PLEASE DESCRIBE THE BENEFITS OF THE DELAYED DRAW**
2 **FEATURE IN THE PRIVATE PLACEMENT MARKET.**

3 **A.** The delayed draw feature in the private placement market allows PNM to price the
4 Proposed SUNs, fixing the annual coupon rate, in advance of the actual issuance
5 and funding of the Proposed SUNs. Bond pricing is based on the prevailing U.S.
6 Treasury rate at the time of pricing plus a credit spread that investors agree to at the
7 time of this pricing. Investors in the private placement market are long-term
8 investors and, consequently, are willing to accept the risk of credit spread and
9 interest rate movements for the delayed draw period between pricing and issuance
10 of the Proposed SUNs. The delayed draw feature is beneficial for issuers because
11 it mitigates the risk of market volatility and rising interest rates.

12
13 **Q. ARE THERE COSTS ASSOCIATED WITH THE DELAYED DRAW**
14 **FEATURE?**

15 **A.** Investors in debt securities issued in the private placement market allow securities,
16 such as the Proposed SUNs, to be priced up to three months prior to issuance with
17 no adjustment to the coupon rate. However, the coupon rate for any securities
18 priced more than three months prior to issuance and funding will include an
19 adjustment as part of the credit spread. This adjustment generally represents the
20 investors' estimate of the expected rise in interest rates between the pricing and the
21 issuance of the securities. Based on recent indicative pricing PNM has received
22 from banks that participate in PNM's bank group, the adjustment to the coupon rate

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 for utilizing the delayed draw feature may be approximately 2 to 3 basis points for
2 each month that the Proposed SUNs are priced prior to the actual funding date, net
3 of the first no-cost initial three-month period discussed above.

4
5 **Q. ARE THE COUPON RATES FOR SUNS ISSUED IN THE PRIVATE**
6 **MARKET COMPARABLE TO THOSE FOR SUNS ISSUED IN THE**
7 **PUBLIC MARKET?**

8 **A.** Yes. PNM’s bankers have advised PNM that due to the change in the Index-
9 Eligibility minimum, the market for private placement offerings has grown
10 substantially and become more competitive with public registered offerings so that
11 the pricing for more flexible private placement transactions is now comparable to
12 what PNM could obtain for public offerings. Prior to 2017, when the minimum size
13 of an Index-Eligible issuance increased to \$300 million, PNM issued SUNs in
14 registered public offerings because the pricing was more favorable than for SUNs
15 issued in private placements. However, the increase in the minimum transaction
16 size from \$250 million to \$300 million to be Index-Eligible in the public market
17 makes it more difficult for smaller utilities like PNM that issue securities less
18 frequently to obtain favorable Index-Eligible pricing while maintaining a prudent
19 diversification of maturity dates, or “maturity towers,” for long-term debt. Prior to
20 marketing the Proposed SUNs, PNM will work with its banks to determine whether
21 a public or private offering would be most advantageous based on current market
22 conditions.

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 **Q. HAS PNM ISSUED SUNS IN THE PRIVATE PLACEMENT MARKET?**

2 **A.** Yes. Most recently, as authorized in Case No. 20-00071-UT, PNM issued \$200
3 million of SUNs on April 30, 2020 in the private placement market, in two different
4 series of \$150 million and \$50 million, maturing in 2030 and 2039, respectively.
5 As authorized in Case No. 17-00126-UT, PNM issued \$450 million of SUNs in the
6 private placement market in 2018 in eight series with staggered maturities from five
7 (5) to thirty (30) years to refinance \$350 million of SUNs due on May 15, 2018 and
8 \$100.025 million of SUNs due on August 1, 2018. Until the issuance of the SUNs
9 in the private placement market in 2018, PNM had only issued SUNs in the public
10 market.

11

12 **Q. PLEASE DESCRIBE THE PROPOSED SUNS.**

13 **A.** PNM is requesting authorization to issue up to \$350 million of Proposed SUNs, in
14 one or more issuances of one or more series with maturities of up to thirty (30)
15 years, at interest rates fixed through the respective maturities of each series.
16 Depending on market conditions at the time of issuance, the Proposed SUNs will
17 be issued in one or more private placement transactions or public market offerings.
18 One or more banks would participate as placement agent for the private placement
19 of the Proposed SUNs, or as underwriters for a public market offering.

20

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 **Q. WHICH PLACEMENT AGENTS OR UNDERWRITERS WILL PNM**
2 **UTILIZE TO ISSUE THE PROPOSED SUNS?**

3 **A.** The final composition of the placement agents for private placement market
4 transactions or underwriters for public market offerings will be drawn from banks
5 participating in PNM’s revolving credit facility and will depend on the Company’s
6 assessment of each placement agent’s or underwriter’s ability to successfully
7 complete the transaction at the best price and other factors.

8

9 **Q. WHO ARE THE TYPICAL INVESTORS IN SUNS?**

10 **A.** If the Proposed SUNs are issued in the private placement market, it is anticipated
11 that they would be purchased by institutional investors, which typically are
12 insurance companies and similar entities. If the Proposed SUNs are issued in the
13 public market, typical investors include asset managers, pension funds, insurance
14 companies and corporate investors.

15

16 **Q. PLEASE IDENTIFY AND DESCRIBE THE TRANSACTION**
17 **DOCUMENTS FOR THE PROPOSED SUNS.**

18 **A.** The primary document for a private placement transaction is a Note Purchase
19 Agreement (“NPA”) between PNM and all initial purchasers of a series of Proposed
20 SUNs. The NPA contains the terms and conditions of the Proposed SUNs and the
21 covenants with which PNM is required to comply while the Proposed SUNs are
22 outstanding. PNM expects that the representations, warranties, and covenants

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 made by PNM in the NPA will be substantially similar to those made in the NPA
2 approved by, and filed, with the Commission in Case No. 20-00071-UT (the “2020
3 NPA”). The NPA and form of note will contain customary optional and mandatory
4 redemption provisions. Generally, prior to maturity, PNM can only elect to redeem
5 or “call” the SUNs by paying the outstanding principal, interest accrued to date and
6 a make-whole premium to compensate the noteholders for the early redemption. In
7 addition, upon certain change in control events, the holders may have the right to
8 “put” the SUNs back to PNM by tendering the SUNs to the Company and requiring
9 PNM to pay the outstanding principal and interest accrued to date. The proposed
10 merger transaction with Avangrid, Inc. (the “Proposed Merger”) would not
11 constitute a change in control event under the NPA because PNM Resources, Inc.
12 will continue to own PNM after consummation of the Proposed Merger. An initial
13 draft of the NPA based on the 2020 NPA is attached as PNM Exhibit SGG–2.

14
15 The primary transaction document for a public offering of SUNs is the indenture
16 dated as of August 1, 1998 (“Indenture”) between PNM and U.S. Bank, successor
17 to MUFG Bank, N.A., as trustee for all outstanding series of taxable SUNs, as
18 supplemented by a supplemental indenture or indentures, depending on how many
19 series are issued, containing the form and terms of each series of Proposed SUNs,
20 including customary optional and mandatory redemption provisions, but generally
21 not containing any change in control “put” features or the scope of representations,
22 warranties, and covenants that are contained in an NPA, including the 2020 NPA.

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 The Indenture was filed in Case No. 10-00296-UT. A draft form of supplemental
2 indenture(s) for any registered public offering of the Proposed SUNs is attached as
3 PNM Exhibit SGG-3. PNM would also enter into an underwriting agreement with
4 the underwriters of any public offering of the Proposed SUNs (similar to the
5 underwriting agreement filed as PNM Exhibit LLG-2 in Case No. 15-00203-UT.)
6 Because the Proposed SUNs are senior unsecured note obligations of PNM, the
7 Indenture and all NPAs will contain a restriction on liens (often called a “negative
8 pledge”) that prevents PNM from placing liens on its assets, with some exceptions,
9 unless the holders of the Proposed SUNs are secured on an equal basis to such other
10 secured debt.

11
12 **Q. PLEASE DESCRIBE THE DISCLOSURE DOCUMENTS FOR THE**
13 **PROPOSED SUNS.**

14 **A.** The disclosure document for a private placement of the Proposed SUNs would be
15 a private placement memorandum, offering letter, and/or investor presentation that
16 would be prepared in coordination with the placement agent(s). In contrast, the
17 disclosure document for a public offering of the Proposed SUNs would be similar
18 to the base prospectus contained in PNM’s 2020 Form S-3 filed with my testimony
19 as Exhibit SGG-4, and a prospectus supplement that would be prepared in
20 coordination with the underwriters and filed with the SEC. The 2020 Form S-3
21 was filed with the SEC on May 13, 2020 and became effective on May 29, 2020 to
22 register up to \$650 million of SUNs and expires three years from the effective date.

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 **Q. WILL THE PROPOSED SUNS BE RATED BY THE RATING AGENCIES?**

2 **A.** Ratings are not required if the Proposed SUNs are issued in private placement
3 transactions. If the Proposed SUNs are issued in public offerings, investors
4 typically require ratings from at least two rating agencies.

5

6 **Q. WHAT ARE RECENT INDICATIVE INTEREST RATES FOR THE**
7 **ISSUANCE OF THE PROPOSED SUNS?**

8 **A.** The banks in PNM's bank group have provided PNM with estimates of current
9 indicative interest rates for the issuance of the Proposed SUNs. Indicative market
10 interest rates are estimated by taking the current U.S. Treasury bond interest rate,
11 which is considered to be a risk-free interest rate, and then adding a credit spread
12 associated with the credit risk attributed to PNM's Proposed SUNs. If issued in the
13 private market and a delayed draw feature is utilized, then the credit spread may
14 also include an additional adjustment to the coupon rate as described above. PNM
15 has received indicative pricing ranging from 1.8% for a five (5) year term to 3.8%
16 for a thirty (30) year term. However, because U.S. Treasury rates and credit spreads
17 can be volatile, the final rates for the Proposed SUNs may deviate from these
18 indicative rates. PNM's bank group will periodically provide PNM with indicative
19 pricing that reflects prevailing market rates. PNM will continue monitoring market
20 conditions to determine the best time to price and issue the Proposed SUNs. PNM
21 will notify the Commission of the final rates for each series of the Proposed SUNs
22 within ninety (90) days of their issuance.

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 **Q. WHAT IS THE PROPOSED INTEREST RATE STRUCTURE FOR THE**
2 **PROPOSED SUNS?**

3 **A.** PNM plans to issue the Proposed SUNs using a fixed interest rate structure, with
4 interest rates fixed through the respective maturities of each series. As discussed
5 above, the interest rate for notes issued in the private placement market may be set
6 in advance of funding. In contrast, the interest rate for notes issued in a registered
7 public offering would be determined shortly before issuance.

8

9 **Q. WOULD THE ISSUANCE OF THE PROPOSED SUNs TO REPAY THE**
10 **5.35% SUNs IMPACT PNM’S CAPITAL STRUCTURE?**

11 **A.** No. As discussed above, \$160 million of the Proposed SUNs will be used to
12 refinance a like amount of maturing 5.35% SUNs, resulting in no material change
13 to PNM’s long-term debt or capital structure.

14

15 **Q. WOULD THE ISSUANCE OF THE PROPOSED SUNS TO SUPPORT**
16 **PNM’S UTILITY CONSTRUCTION PROGRAM IMPACT PNM’S**
17 **CAPITAL STRUCTURE?**

18 **A.** Yes. The issuance of up to \$190 million of Proposed SUNs to support PNM’s
19 utility construction program to provide service to PNM’s customers, including
20 funding for PNM’s purchase of the Western Spirit transmission line and
21 repayment of existing short-term debt, would result in an increase of long-term
22 debt in PNM’s capital structure. However, PNM receives periodic capital

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 contributions from its parent company to maintain PNM’s targeted capital
2 structure.

3

4 **Q. HOW DOES PNM PROPOSE TO NOTIFY THE COMMISSION THAT THE**
5 **PROPOSED SUNS HAVE BEEN ISSUED?**

6 **A.** PNM will notify the Commission within ninety (90) days after the issuance of each
7 series of the Proposed SUNs. Such notice will include the amount, maturity, and
8 interest rate for each series of Proposed SUNs, as well as include the relevant final
9 form of transaction documents governing each such issuance.

10

11 **Q. IS THE PROPOSED SUNS ISSUANCE INCLUDED IN PNM’S ANNUAL**
12 **INFORMATIONAL FINANCING FILING?**

13 **A.** Yes. In accordance with NMAC 17.1.2.8.A.6, PNM’s Annual Informational
14 Financing Filing (“AIFF”) for the period May 1, 2020 to April 30, 2021 anticipated
15 that PNM may seek Commission approval to issue up to \$300 million of long-term
16 capital taxable debt to meet its capital needs, including refinancing debt and funding
17 capital expenditures to support PNM’s utility construction program to provide
18 service to PNM’s customers. Based on current projections, PNM is now requesting
19 approval to issue up to \$350 million of SUNs for such purposes during the 12-
20 month period covered by the AIFF that PNM will file on April 30, 2021. PNM will

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 include the known and projected issuance of up to \$350 million of SUNs in the
2 AIFB that PNM will file on April 30, 2021 for the period May 1, 2021 to April 30,
3 2022.

4

5 **Q. PLEASE DESCRIBE THE TRANSACTION EXPENSES ASSOCIATED**
6 **WITH THE PROPOSED SUNS.**

7 **A.** The expected transaction expenses to issue the Proposed SUNs include underwriting
8 and placement agent fees as well as other expenses, including legal fees, trustee fees,
9 and printing expenses. If the Proposed SUNs are issued in the public market, issuance
10 expenses would also include SEC registration fees, rating agency fees, and audit fees.
11 PNM expects issuance costs, whether issued in the public or private market, to be
12 approximately 1% of the principal amount to be issued, or approximately \$3.5 million.
13 This fee estimate is similar to fees PNM has paid on recent transactions.

14

15 **Q. ARE THERE OTHER REVIEWS OR REGULATORY APPROVALS**
16 **NEEDED WITH REGARD TO THE PROPOSED NOTES?**

17 **A.** There are no other regulatory approvals needed; however, PNM's rating agencies will
18 need to review the transaction documents and provide a credit rating for any public
19 offering of the Proposed SUNs.

20

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 **Q. WHAT CREDIT RATING DO YOU EXPECT FOR ANY PUBLIC**
2 **OFFERING OF THE PROPOSED SUNS?**

3 **A.** The ratings for the Proposed SUNs will not be known until the ratings are assigned by
4 the rating agencies. The current ratings for PNM's senior unsecured debt are as
5 follows:

- 6 • Moody's Investor Service, Inc.: Baa2 / Stable outlook
- 7 • S&P Global Ratings: BBB / Positive outlook

8
9 **Q. HAS PNM ISSUED THE SUNS AUTHORIZED IN PAST COMMISSION**
10 **CASES?**

11 **A.** Yes. Most recently, on April 30, 2020, PNM issued \$200 million of the \$200
12 million of SUNs that were authorized in Case No. 20-00071-UT. Before that, PNM
13 issued \$350 million of SUNs in May 2018 and \$100 million of SUNs in August
14 2018, comprising the \$450 million of SUNs that were authorized in Case No. 17-
15 00126-UT, and in August 2015 issued \$250 million of the \$300 million of SUNs
16 that were authorized in Case No. 15-00203-UT.

17

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

III. STATUTORY FINDINGS AND APPROVALS

1
2 **Q. DOES THE PROPOSED TRANSACTION MEET ONE OR MORE OF THE**
3 **AUTHORIZED PURPOSES SET FORTH IN THE PUBLIC UTILITY**
4 **ACT?**

5 **A.** Yes. The Proposed Transaction will be used for the discharge or lawful
6 refunding of PNM's obligations, for funding of construction of utility plant, and
7 the reimbursement of funds expended by PNM from income or other sources for
8 utility purposes.

9
10 **Q. IS PNM SEEKING APPROVAL OF THIS APPLICATION WITHIN THE**
11 **STATUTORY TIME PERIOD OF THIRTY (30) DAYS?**

12 **A.** Yes. PNM seeks approval of this application within the Commission's statutory
13 thirty (30) day review period for securities transactions, but in no event later
14 than 45 days (June 10, 2021). Commission approval within the statutory time
15 period of thirty (30) days will provide PNM with flexibility to issue the Proposed
16 SUNs when market conditions are favorable.

17
18 **Q. WHY WOULD PNM ISSUE THE PROPOSED SUNS BEFORE THE**
19 **CLOSING OF THE PROPOSED MERGER?**

20 **A.** As normal course of business, PNM must repay \$160 million of the maturing 5.35%
21 SUNs by October 1, 2021. The timing of the Proposed Merger has no bearing on
22 this deadline. In addition, if warranted by market conditions, PNM could proceed

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 to price the Proposed SUNs through the use of the delayed draw feature in the
2 private placement market upon receipt of regulatory approval. PNM respectfully
3 requests authorization for the Proposed Transaction so that PNM may proceed to
4 price and issue the Proposed SUNs at the most opportune time(s) identified by PNM
5 and its bankers to manage interest rate risk in an environment of rising interest rates.
6

7 **Q. DOES THE PROPOSED TRANSACTION HAVE ANY UNUSUAL**
8 **FEATURES WHICH MAY HAVE AN ADVERSE IMPACT ON CUSTOMERS**
9 **OR ON THE COMMISSION'S ABILITY TO REGULATE PNM?**

10 **A.** No.

11

12 **Q. IF THE COMMISSION AUTHORIZES THE PROPOSED TRANSACTION**
13 **AS REQUESTED, AND THE PROPOSED TRANSACTION IS**
14 **CONSUMMATED, WILL THE AGGREGATE AMOUNT OF PNM**
15 **SECURITIES OUTSTANDING EXCEED THE FAIR VALUE OF PNM'S**
16 **PROPERTY AND BUSINESS?**

17 **A.** No. As shown on PNM's consolidated balance sheet included in PNM's annual
18 report on Form 10-K dated December 31, 2020, the fair value of the properties
19 and businesses of PNM as demonstrated by the total assets of approximately \$5.6
20 billion, exceeds PNM's aggregate amount of securities outstanding or proposed
21 to be outstanding.

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 **Q. IS THE COMPANY REQUESTING ANY RATEMAKING TREATMENT**
2 **IN THIS APPLICATION?**

3 **A.** No. The ratemaking treatment should be decided in a future, comprehensive
4 rate proceeding.

5

6 **Q. IS THE PROPOSED TRANSACTION IN THIS CASE CONSISTENT WITH**
7 **THE PUBLIC INTEREST?**

8 **A.** Yes. Based on the current market estimates discussed above, PNM has the
9 opportunity to refinance the \$160 million debt at a lower interest cost than borne
10 by the maturing 5.35% SUNs. In addition, the issuance of up to an additional \$190
11 million of Proposed SUNs to support PNM's construction program is also in the
12 public interest. PNM will issue long-term fixed-rate debt that better matches the
13 useful lives of the assets being financed and maintain liquidity on the revolving
14 credit facilities for working capital needs, consistent with the purpose of the
15 revolving credit facilities.

16

17

IV. CONCLUSION

18 **Q. PLEASE SUMMARIZE THE REQUESTED APPROVALS IN THIS CASE.**

19 **A.** PNM requests that the Commission issue a Final Order within thirty (30) days, but
20 in any event no later than 45 days from the date of the application (June 10, 2021),
21 that approves the issuance by PNM of up to \$350 million of Proposed SUNs, in one
22 or more issuances of one or more series, with maturities of up to thirty (30) years,

**DIRECT TESTIMONY
OF SABRINA G. GREINEL
NMPRC CASE NO. 21-____-UT**

1 at interest rates fixed to the respective maturity of each series, and to issue such
2 notes in private placement transaction(s) or registered public offering(s).

3

4 **Q. PLEASE SUMMARIZE THE BENEFITS OF APPROVING THIS**
5 **APPLICATION.**

6 **A.** This application meets the requirements for approval of securities transactions by
7 the Public Utility Act. Approval of this application will provide PNM with the
8 opportunity to obtain financial benefits for PNM and its customers and will provide
9 assurance that PNM will have adequate liquidity to meet its capital needs in the
10 near-term and over the longer term.

11

12 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

13 **A.** Yes.

14

GCG#528024

SABRINA G. GREINEL
EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Sabrina G. Greinel

Address: PNM Resources, Inc.
MS 0915
414 Silver SW
Albuquerque, NM 87102

Position: Assistant Treasurer

Education: Bachelor of Business Administration, University of New Mexico, 2005
Master of Business Administration, University of New Mexico, 2009

Employment: Employed by PNM Resources since 2007

Positions held within the Company include:

Senior Manager, Corporate Budget and Enterprise Risk Management
Senior Program Manager, Enterprise Strategy and Risk Management
Project Manager, Enterprise Strategy and Risk Management
Senior Auditor

Prior Testimony:

- Case No. 20-00071-UT: In the Matter of the Application of Public Service Company of New Mexico for Authorization to Issue up to \$200 Million of Senior Unsecured Notes.

GCG#527961

PUBLIC SERVICE COMPANY OF NEW MEXICO

[\$350],000,000

[\$ _____ . ____ % Senior Unsecured Notes, Series __, due _____
\$ _____ . ____ % Senior Unsecured Notes, Series __, due _____]

NOTE PURCHASE AGREEMENT

Dated _____, 2021

TABLE OF CONTENTS

SECTION	HEADING	PAGE
SECTION 1.	AUTHORIZATION OF NOTES	1
SECTION 2.	SALE AND PURCHASE OF NOTES	1
SECTION 3.	CLOSING	2
SECTION 4.	CONDITIONS TO CLOSING.....	2
Section 4.1.	Representations and Warranties.....	2
Section 4.2.	Performance; No Default	2
Section 4.3.	Compliance Certificates.....	3
Section 4.4.	Opinions of Counsel	3
Section 4.5.	Purchase Permitted By Applicable Law, Etc	3
Section 4.6.	Sale of Other Notes	3
Section 4.7.	Payment of Special Counsel Fees	3
Section 4.8.	Private Placement Number	3
Section 4.9.	Changes in Corporate Structure	4
Section 4.10.	Funding Instructions	4
Section 4.11.	Regulatory Approvals	4
Section 4.12.	Delayed Funding Closing Condition	4
Section 4.13.	Proceedings and Documents	4
SECTION 5.	REPRESENTATIONS AND WARRANTIES OF THE COMPANY.....	4
Section 5.1.	Organization; Power and Authority	4
Section 5.2.	Authorization, Etc	5
Section 5.3.	Disclosure	5
Section 5.4.	Organization; Affiliates	5
Section 5.5.	Financial Statements; Material Liabilities	5
Section 5.6.	Compliance with Laws, Other Instruments, Etc	6
Section 5.7.	Governmental Authorizations, Etc.....	6
Section 5.8.	Litigation; Observance of Agreements, Statutes and Orders.....	6
Section 5.9.	Taxes	6
Section 5.10.	Title to Property; Leases	7
Section 5.11.	Licenses, Permits, Etc	7
Section 5.12.	Compliance with Employee Benefit Plans	7
Section 5.13.	Private Offering by the Company	8
Section 5.14.	Use of Proceeds; Margin Regulations.....	8
Section 5.15.	Existing Indebtedness; Future Liens	8
Section 5.16.	Foreign Assets Control Regulations, Etc	9
Section 5.17.	Status under Certain Statutes	10
Section 5.18.	Environmental Matters.....	10
Section 5.19.	Solvency.....	10

SECTION 6.	REPRESENTATIONS OF THE PURCHASERS	10
Section 6.1.	Purchase for Investment.....	10
Section 6.2.	Source of Funds	11
SECTION 7.	INFORMATION AS TO COMPANY	12
Section 7.1.	Financial and Business Information.....	12
Section 7.2.	Officer’s Certificate	15
Section 7.3.	Visitation.....	15
Section 7.4.	Electronic Delivery	16
SECTION 8.	PAYMENT AND PREPAYMENT OF THE NOTES	17
Section 8.1.	Maturity.....	17
Section 8.2.	Optional Prepayments with Make-Whole Amount.....	17
Section 8.3.	Allocation of Partial Prepayments	17
Section 8.4.	Maturity; Surrender, Etc.	18
Section 8.5.	Purchase of Notes	18
Section 8.6.	Make-Whole Amount	18
Section 8.7.	Change of Control.....	20
Section 8.8.	Payments Due on Non-Business Days.....	21
SECTION 9.	AFFIRMATIVE COVENANTS.	21
Section 9.1.	Compliance with Laws	21
Section 9.2.	Insurance	21
Section 9.3.	Maintenance of Properties	21
Section 9.4.	Payment of Taxes and Claims.....	22
Section 9.5.	Corporate Existence, Etc.....	22
Section 9.6.	Books and Records	22
Section 9.7.	Guarantors.....	22
Section 9.8.	Most Favored Lender.....	24
SECTION 10.	NEGATIVE COVENANTS.	25
Section 10.1.	Transactions with Affiliates.....	25
Section 10.2.	Consolidation and Merger.....	25
Section 10.3.	Sale or Lease of Assets	25
Section 10.4.	Line of Business.....	25
Section 10.5.	Economic Sanctions, Etc	25
Section 10.6.	Liens.....	26
Section 10.7.	Financial Covenant	28
SECTION 11.	EVENTS OF DEFAULT	28
SECTION 12.	REMEDIES ON DEFAULT, ETC.....	31
Section 12.1.	Acceleration	31

Section 12.2.	Other Remedies.....	31
Section 12.3.	Rescission	31
Section 12.4.	No Waivers or Election of Remedies, Expenses, Etc	32
SECTION 13.	REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.....	32
Section 13.1.	Registration of Notes	32
Section 13.2.	Transfer and Exchange of Notes.....	32
Section 13.3.	Replacement of Notes	33
SECTION 14.	PAYMENTS ON NOTES	33
Section 14.1.	Place of Payment.....	33
Section 14.2.	Payment by Wire Transfer	33
Section 14.3.	FATCA Information	Error! Bookmark not defined.
SECTION 15.	EXPENSES, ETC	35
Section 15.1.	Transaction Expenses.....	35
Section 15.2.	Certain Taxes	35
Section 15.3.	Survival.....	35
SECTION 16.	SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT	36
SECTION 17.	AMENDMENT AND WAIVER	36
Section 17.1.	Requirements	36
Section 17.2.	Solicitation of Holders of Notes	36
Section 17.3.	Binding Effect, Etc.....	37
Section 17.4.	Notes Held by Company, Etc.....	37
SECTION 18.	NOTICES.....	37
SECTION 19.	REPRODUCTION OF DOCUMENTS.....	38
SECTION 20.	CONFIDENTIAL INFORMATION	38
SECTION 21.	SUBSTITUTION OF PURCHASER.....	40
SECTION 22.	MISCELLANEOUS	40
Section 22.1.	Successors and Assigns.....	40
Section 22.2.	Accounting Terms.....	40
Section 22.3.	Severability	41
Section 22.4.	Construction, Etc.....	41
Section 22.5.	Counterparts.....	Error! Bookmark not defined.
Section 22.6.	Regulatory Statement.....	42
Section 22.7.	Governing Law	42
Section 22.8.	Jurisdiction and Process; Waiver of Jury Trial	43

Signature44

SCHEDULE A	—	Defined Terms
[SCHEDULE 1-A	—	Form of __. __% Senior Unsecured Note, Series __, due _____
SCHEDULE 1-B	—	Form of __. __% Senior Unsecured Note, Series __, due _____]
SCHEDULE 4.4(a)	—	Form of Opinions of Various Counsel for the Company
SCHEDULE 5.3	—	Disclosure Materials
SCHEDULE 5.4	—	Subsidiaries of the Company and Ownership of Subsidiary Stock
SCHEDULE 5.5	—	Financial Statements
SCHEDULE 5.15	—	Existing Indebtedness
PURCHASER SCHEDULE	—	Information Relating to Purchasers

PUBLIC SERVICE COMPANY OF NEW MEXICO
414 SILVER AVE. SW
ALBUQUERQUE, NEW MEXICO 87102

[\$ _____ .__% Senior Unsecured Notes, Series __, due _____
\$ _____ .__% Senior Unsecured Notes, Series __, due _____]

_____, 2021

TO EACH OF THE PURCHASERS LISTED IN
THE PURCHASER SCHEDULE HERETO:

Ladies and Gentlemen:

Public Service Company of New Mexico, a New Mexico corporation (the “**Company**”), agrees with each of the Purchasers as follows:

SECTION 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of [(i) \$ _____ aggregate principal amount of its __. __% Senior Unsecured Notes, Series __, due _____ (the “**Series _ Notes**”); (ii) \$ _____ aggregate principal amount of its __. __% Senior Unsecured Notes, Series __, due _____ (the “**Series _ Notes**”; collectively with the [Series _ Notes], the “**Notes**”). The Notes shall be substantially in the form set out in Schedule 1-[A through Schedule 1-B], as applicable. Certain capitalized and other terms used in this Agreement are defined in Schedule A and, for purposes of this Agreement, the rules of construction set forth in Section 22.4 shall govern. References to “**Series**” of Notes shall refer to the [Series _ Notes, or the Series _ Notes] or all, as the context may require.

SECTION 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser’s name in the Purchaser Schedule at the purchase price of 100% of the principal amount thereof. The Purchasers’ obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The execution and delivery of this Agreement shall occur on _____, 2021. The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, at 7:00 a.m. Chicago time, at two closings (each a “**Closing**”). [The Closing in relation to the [Series _ Notes] (the “**First Closing**”) shall occur on _____, 2021 and the Closing in relation to the [Series _ Notes] (the “**Second Closing**”) shall occur on _____, 2021]; *provided* that the Company shall have the option to select an earlier date for either Closing, *provided* that (i) such earlier date must be a Business Day, (ii) such earlier date must be no more than two (2) Business Days before the date specified for the First Closing or Second Closing, as applicable, and (iii) the Company shall provide the applicable Purchasers at least five (5) Business Days’ written notice of the earlier date for such Closing. At each Closing the Company will deliver to each Purchaser the Notes of such Series to be purchased by such Purchaser in the form of a single Note of such Series (or such greater number of Notes in denominations of at least \$100,000 as such Purchaser may request) dated the date of such Closing and registered in such Purchaser’s name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company in accordance with the instructions delivered by the Company pursuant to Section 4.10. If at such Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser’s satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure by the Company to tender such Notes or any of the conditions specified in Section 4 not having been fulfilled to such Purchaser’s satisfaction.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser’s obligation to purchase and pay for the Notes to be sold to such Purchaser at the applicable Closing is subject to the fulfillment to such Purchaser’s satisfaction, prior to or at such Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at such Closing.

Section 4.2. Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at such Closing. From the date of this Agreement until such Closing, before and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14), no Change of Control, Default or Event of Default shall have occurred and be continuing.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of such Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of such Closing, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and this Agreement and (ii) the Company's organizational documents as then in effect.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of such Closing (a) from Troutman Sanders LLP, counsel for the Company, and in-house legal counsel to the Company, covering the matters set forth in Schedule 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Chapman and Cutler LLP, the Purchasers' special counsel in connection with such transactions, covering such matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc. On the date of such Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Contemporaneously with such Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at such Closing as specified in the Purchaser Schedule.

Section 4.7. Payment of Special Counsel Fees. Without limiting Section 15.1, the Company shall have paid on or before the date of this Agreement and the date of such Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the date of this Agreement or the date of such Closing, as applicable.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each Series of Notes.

Section 4.9. Changes in Corporate Structure. Other than transactions permitted by Section 10, the Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. At least three (3) Business Days prior to the date of such Closing, each Purchaser shall have received written wire transfer instructions signed by a Responsible Officer on letterhead of the Company including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.11. Regulatory Approvals. The issue and sale of the Notes hereunder shall have been duly authorized by each regulatory authority whose consent or approval shall be required for the issue and sale of the Notes to such Purchaser and any orders issued pursuant thereto shall be in full force and effect as of such Closing and all appeal periods, if any, shall have expired; *provided, however*, that with respect to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction, satisfaction of the foregoing condition assumes the accuracy of the representations and warranties of the Purchasers contained in Section 6.1 of this Agreement. Such Purchaser shall have received copies of such consents, approvals or orders including a copy of the approval of the NMPRC authorizing this transaction.

Section 4.12. Delayed Funding Closing Condition. If the Company fails to comply with any provisions of this Agreement on or after the date of this Agreement but prior to such Closing (before and after giving effect to the issuance of the Notes on a pro forma basis), then any of the Purchasers may elect not to purchase the Notes on the date of such Closing specified in Section 3. Furthermore, it shall be a condition to the Second Closing that the First Closing shall have occurred.

Section 4.13. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the

aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company, through its agents, _____, has delivered to each Purchaser a copy of a Private Placement Memorandum, dated ____ 2021 (the "**Memorandum**"), relating to the transactions contemplated hereby. This Agreement, the Memorandum, the financial statements listed in Schedule 5.5 and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company prior to _____, 2021 in connection with the transactions contemplated hereby and identified in Schedule 5.3 (this Agreement, the Memorandum and such documents, certificates or other writings and such financial statements delivered to each Purchaser being referred to, collectively, as the "**Disclosure Documents**"), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since _____, 2021, there has been no change in the financial condition, operations, business, or properties of the Company or any Subsidiary except changes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates. Schedule 5.4 contains (except as noted therein) complete and correct lists of (i) the Company's Affiliates and (ii) the Company's directors and senior officers. The Company has no active Subsidiaries as of the date of this Agreement.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter, regulations or by-laws, shareholders agreement or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, the violation of which would have or would be reasonably be expected to have a Material Adverse Effect, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

Section 5.7. Governmental Authorizations, Etc. No consent, approval, authorization or order of, or registration, filing or declaration with, any Governmental Authority or body having jurisdiction over the Company is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes, except for (i) such approval by the NMPRC as has been obtained and (ii) required notice filings related to this Agreement with the SEC or the NMPRC; *provided* that with respect to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction, the foregoing representation and warranty assumes the accuracy of the representations and warranties of the Purchasers contained in Section 6.1 of this Agreement.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders. (a) Except as disclosed in the Disclosure Documents, there are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is (i) in violation of any order, judgment, decree or ruling of any court, any arbitrator of any kind or any Governmental Authority or (ii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16), which default or violation would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which, individually or in the aggregate, is not Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The charges,

accruals and reserves on the books of the Company and its Subsidiaries in respect of U.S. federal, state or other taxes for all fiscal periods are adequate. The U.S. federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 20[12].

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after such date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement except for those defects in title and Liens that, individually or in the aggregate, would not have a Material Adverse Effect. All Material leases are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. Except as disclosed in the Disclosure Documents, the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

Section 5.12. Compliance with Employee Benefit Plans. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Titles I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition relating to such employee benefit plans has occurred or exists that would, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Titles I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than \$70,000,000 in the case of any single Plan and by more than \$70,000,000 in the aggregate for all Plans. The term "**benefit liabilities**" has the meaning specified in section 4001 of ERISA and the terms "**current value**" and "**present value**" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

(f) The Company and its Subsidiaries do not have any Non-U.S. Plans.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Notes or any similar Securities for sale to, or solicited any offer to buy the Notes or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than seventy-five (75) Institutional Investors (including the Purchasers), each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes hereunder for refinancing existing debt, funding of capital expenditures, and general corporate purposes. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Section, the terms “margin stock” and “purpose of buying or carrying” shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness; Future Liens. (a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all individual items of outstanding

Indebtedness of the Company and its Subsidiaries that exceeds \$40,000,000 (or in the case of Contingent Obligations, such Contingent Obligations guaranteeing or otherwise in respect of obligations that exceed \$40,000,000 described in the definition of “Indebtedness”) as of _____ (including descriptions of the obligors and obligees, principal amounts outstanding, any collateral therefor and any Guaranty thereof), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary the outstanding principal amount of which exceeds \$40,000,000 that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15 or as permitted in Section 10.6, neither the Company nor any Subsidiary has agreed or consented to cause or permit any of its property, whether now owned or hereafter acquired, to be subject to a Lien that secures Indebtedness or to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien that secures Indebtedness.

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including its charter or any other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as disclosed in Schedule 5.15.

Section 5.16. Foreign Assets Control Regulations, Etc. (a) Neither the Company nor any Controlled Entity (i) is a Blocked Person, (ii) has been notified that its name appears or may in the future appear on a State Sanctions List or (iii) is a target of sanctions that have been imposed by the United Nations or the European Union.

(b) Neither the Company nor any Controlled Entity (i) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to the Company’s knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Notes hereunder:

(i) constitutes or will constitute funds obtained on behalf of any Blocked Person in violation of applicable law or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person or any Sanctioned Jurisdiction in violation of applicable law, (B) for any purpose that would cause any Purchaser to be in

violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

(ii) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(iii) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise in compliance with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.

Section 5.17. Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, the ICC Termination Act of 1995, or Section 204 of the Federal Power Act, nor is the Company or any Subsidiary a holding company for the purposes of the Public Utility Holding Company Act of 2005.

Section 5.18. Environmental Matters. Except as would not result or reasonably be expected to result in a Material Adverse Effect: (a) each of the real properties of the Company and its Subsidiaries and all operations at such real 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 such real properties or the businesses operated by the Company and its Subsidiaries that the Company is aware of, and (c) to the Company's knowledge, there are no conditions relating to such businesses or real 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.

Section 5.19. Solvency. The Company is and, after the issuance of Notes and the consummation of the transactions contemplated by this Agreement, will be, Solvent.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that it is (a) purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control and (b) it is an "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act). Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is

available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a “**Source**”) to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an “insurance company general account” (as the term is defined in the United States Department of Labor’s Prohibited Transaction Exemption (“**PTE**”) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the “**NAIC Annual Statement**”)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser’s state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser’s fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an “investment fund” (within the meaning of Part VI of PTE 84-14 (the “**QPAM Exemption**”)) managed by a “qualified professional asset manager” or “QPAM” (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan’s assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be “related” within the meaning of Part VI(h) of the QPAM Exemption

and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a “plan(s)” (within the meaning of Part IV(h) of PTE 96-23 (the “**INHAM Exemption**”)) managed by an “in-house asset manager” or “INHAM” (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of “control” in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “**employee benefit plan**,” “**governmental plan**,” and “**separate account**” shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY

Section 7.1. Financial and Business Information. The Company shall deliver to each Purchaser and each holder of a Note that is an Institutional Investor:

(a) *Quarterly Statements* — within sixty (60) days (or such shorter period as is the earlier of (x) fifteen (15) days greater than the period applicable to the filing of the Company’s Quarterly Report on Form 10-Q (the “**Form 10-Q**”) with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility or the date on which such corresponding financial statements are delivered under any Material Credit Facility if such delivery occurs earlier than such required delivery date) after the end of each Fiscal Quarter in each Fiscal Year of the Company (other than the last quarterly fiscal period of each such Fiscal Year), duplicate copies of

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such Fiscal Quarter,

(ii) consolidated statements of income of the Company and its Subsidiaries, for such Fiscal Quarter and (in the case of the second and third quarters) for the portion of the Fiscal Year ending with such Fiscal Quarter, and

(iii) consolidated statements of changes in shareholders' equity and cash flows of the Company and its Subsidiaries for the portion of the Fiscal Year ending with such Fiscal Quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) *Annual Statements* — within one hundred twenty (120) days (or such shorter period as is the earlier of (x) fifteen (15) days greater than the period applicable to the filing of the Company's Annual Report on Form 10-K (the "**Form 10-K**") with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility or the date on which such corresponding financial statements are delivered under any Material Credit Facility if such delivery occurs earlier than such required delivery date) after the end of each Fiscal Year of the Company, duplicate copies of

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such Fiscal Year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such Fiscal Year,

setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon (without a "going concern" or similar qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice, proxy statement or similar document sent by the Company or any Subsidiary (x) to its creditors under any Material Credit Facility (excluding information sent to such creditors in the ordinary course of administration of a credit facility, such as information relating to pricing and borrowing availability) or (y) to its public Securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC;

(d) *Notice of Default or Event of Default* — promptly, and in any event within ten (10) days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *Employee Benefits Matters* — promptly, and in any event within ten (10) days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof;

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrance of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect;

(f) *Debt Ratings* — prompt notice of any change in its Debt Ratings; and

(g) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including actual copies of the Company's Form 10-Q and Form 10-K) or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such Purchaser or holder of a Note; *provided* that any such requested information is subject to the confidentiality provisions set forth in Section 20.

Section 7.2. Officer's Certificate. In connection with each set of financial statements delivered to a Purchaser or holder of a Note pursuant to Section 7.1(a) or Section 7.1(b), the Company shall deliver on or before the deadline set forth in Section 7.1(a) or Section 7.1(b), as applicable, a certificate of a Senior Financial Officer:

(a) *Covenant Compliance* — setting forth the information from such financial statements that is required in order to establish whether the Company was in compliance with the requirements of Section 10 during the quarterly or annual period covered by the financial statements then being furnished (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Section, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to Section 22.2) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election;

(b) *Event of Default* — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto; and

(c) *Guarantors* — setting forth a list of all Subsidiaries and other entities that are Guarantors and certifying that each Subsidiary or other entity that is required to be a Guarantor pursuant to Section 9.7 is a Guarantor, in each case, as of the date of such certificate of Senior Financial Officer.

Section 7.3. Visitation. The Company shall permit the representatives of each Purchaser and holder of a Note that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such Purchaser or holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 7.4. Electronic Delivery. Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(a) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related Officer's Certificate satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c) are delivered to each Purchaser or holder of a Note by e-mail at the e-mail address set forth in such Purchaser's or holder's Purchaser Schedule or as communicated from time to time in a separate writing delivered to the Company;

(b) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or Section 7.1(b), as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of Section 7.2 available on its home page on the internet, which is located at <https://www.pnm.com> as of the date of this Agreement;

(c) such financial statements satisfying the requirements of Section 7.1(a) or Section 7.1(b) and related Officer's Certificate(s) satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c) are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each Purchaser and holder of Notes has free access; or

(d) the Company shall have timely filed any of the items referred to in Section 7.1(c) with the SEC on EDGAR and shall have made such items available on its home page on the internet or on IntraLinks or on any other similar website to which each Purchaser and each holder of Notes has free access;

provided, however, that in no case shall access to such financial statements, other information and Officer's Certificates be conditioned upon any waiver or other agreement or consent (other than confidentiality provisions consistent with Section 20 of this Agreement); *provided, further*, that in the case of any of clauses (b), (c) or (d), the Company shall have given each Purchaser and each holder of a Note prior written notice, which may be by e-mail or in accordance with Section 18, of such posting or filing in connection with each delivery, *provided, further*, that upon request of any Purchaser or any holder to receive paper copies of such forms, financial statements, other information and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such Purchaser or such holder.

SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of each Note shall be due and payable on the Maturity Date thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount. (a) The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes of any Series, in an amount not less than 20% of the aggregate principal amount of the Notes of any Series to be prepaid then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than ten (10) days and not more than sixty (60) days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to Section 17. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes of each Series to be prepaid on such date, the principal amount of each Note of each Series held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due with respect to each Series of Notes to be prepaid in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two (2) Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

(b) Notwithstanding anything contained in this Section 8.2 to the contrary, if and so long as any Default or Event of Default shall have occurred and be continuing, any prepayment of the Notes pursuant to the provisions of Section 8.2(a) shall be allocated among all of the Notes of all Series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof.

Section 8.3. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes of the Series to be prepaid shall be allocated among all of the Notes of such Series at the time outstanding in proportion, as

nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.4. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes of any Series except (a) upon the payment or prepayment of the Notes of any Series in accordance with this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes of any Series at the time outstanding upon the same terms and conditions, *provided* that if and so long as any Default or Event of Default exists, such written offer shall be made pro rata to the holders of all Notes of all Series outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least five (5) Business Days. If the holders of more than 20% of the principal amount of the Notes of the applicable Series then outstanding accept such offer, the Company shall promptly notify the remaining holders of such Series of Notes of such fact and the expiration date for the acceptance by holders of such Series of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least ten (10) Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment or prepayment of Notes pursuant to this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6. Make-Whole Amount.

The term “**Make-Whole Amount**” means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero; *provided further* that the Make-Whole Amount shall equal zero with respect to the relevant Series of Notes if such prepayment occurs [(i) on or after the date which is thirty (30) days prior to their respective Maturity Dates in the case of the [Series _ Notes], (ii) on or after the date which is sixty (60) days prior to the Maturity Date in the case of the Series _ Notes or (iii) on or after the date which is ninety (90) days prior to their respective Maturity Dates in the case of the Series _ Notes]. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings: “**Called Principal**” means, with respect to any Note, the principal of such Note that is to be

prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

“Discounted Value” means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“Reinvestment Yield” means, with respect to the Called Principal of any Note, the sum of (a) % plus (b) the yield to maturity implied by the “Ask Yield(s)” reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (**“Reported”**) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between the “Ask Yields” Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **“Reinvestment Yield”** means, with respect to the Called Principal of any Note, the sum of (x) % plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

“Remaining Average Life” means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse

between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

“Settlement Date” means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.7. Change of Control.

(a) *Notice of Change of Control.* The Company will, within fifteen (15) Business Days after the occurrence of any Change of Control, give written notice (the **“Change of Control Notice”**) of such Change of Control to each holder of Notes. Such Change of Control Notice shall contain and constitute an offer to prepay the Notes as described in Section 8.7(b) hereof and shall be accompanied by the certificate described in Section 8.7(e).

(b) *Offer to Prepay Notes.* The offer to prepay Notes contemplated by Section 8.7(a) shall be an offer to prepay, in accordance with and subject to this Section 8.7, all, but not less than all, of the Notes held by each holder (in this case only, “holder” in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such Change of Control Notice (the **“Proposed Prepayment Date”**). Such date shall be not fewer than thirty (30) days and not more than sixty (60) days after the date of delivery of the Change of Control Notice.

(c) *Acceptance.* Any holder of Notes may accept the offer to prepay made pursuant to this Section 8.7 by causing a notice of such acceptance to be delivered to the Company not fewer than ten (10) days prior to the Proposed Prepayment Date. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.7 shall be deemed to constitute a rejection of such offer by such holder.

(d) *Prepayment.* Prepayment of the Notes to be prepaid pursuant to this Section 8.7 shall be at 100% of the principal amount of such Notes together with accrued and unpaid interest thereon but without any Make-Whole Amount or other premium. The prepayment shall be made on the Proposed Prepayment Date.

(e) *Officer’s Certificate.* Each offer to prepay the Notes pursuant to this Section 8.7 shall be accompanied by a certificate, executed by a Senior Financial Officer and dated the date of delivery of the Change of Control Notice, specifying: (i) the Proposed Prepayment Date;

(ii) that such offer is made pursuant to this Section 8.7; (iii) the principal amount of each Note offered to be prepaid (which shall be 100% of the outstanding principal balance of each such Note); (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) that the conditions of this Section 8.7 required to be fulfilled prior to the giving of notice have been fulfilled; and (vi) in reasonable detail, the general nature and date of the Change of Control.

Section 8.8. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding, (x) except as set forth in clause (y), any payment of interest on any Note that is due on a date that is not a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; and (y) any payment of principal of or Make-Whole Amount on any Note (including principal due on the Maturity Date of such Note) that is due on a date that is not a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

SECTION 9. AFFIRMATIVE COVENANTS.

From the date of this Agreement until the Second Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 9.1. Compliance with Laws. Without limiting Section 10.4, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject (including ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16) and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section 9.3 shall not prevent the Company 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 Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and *provided, further*, that this provision shall not apply to properties required to be closed, discontinued or abandoned pursuant to a law, legal order, mandate or requirement from the NMPRC or any other federal or state governmental authority or regulatory authority with the authority to regulate or oversee any aspect of the business of the Company or its Affiliates.

Section 9.4. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, levies or claims payable by any of them, to the extent the same have become due and payable and before they have become delinquent, *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge, levy or claim if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes, assessments, charges, levies and claims would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc. Subject to Section 10.2, the Company will at all times preserve and keep its existence in full force and effect. Subject to Sections 10.2 and 10.3, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless dissolved or merged into the Company or a Wholly-Owned Subsidiary) and all Material rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each of its Subsidiaries to, keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company and its Subsidiaries have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

Section 9.7. Guarantors. (a) The Company will (x) cause each of its Subsidiaries that guarantees or otherwise becomes liable at any time, whether as a borrower or an additional or co-borrower or otherwise, for or in respect of any Indebtedness under any Material Credit Facility (a “**Subsidiary Guarantor**”) and (y) use commercially reasonable efforts to cause any other entity that is not a Subsidiary that guarantees or otherwise becomes liable at any time,

whether as a borrower or an additional or co-borrower or otherwise, for or in respect of any Indebtedness under a Material Credit Facility (a “**Non-Subsidiary Guarantor**”; together with any other Non-Subsidiary Guarantors and any Subsidiary Guarantors, each a “**Guarantor**”) to concurrently therewith:

(i) enter into an agreement in form and substance satisfactory to the Required Holders providing for the guaranty by such Guarantor, on a joint and several basis with all other such Guarantors, of (x) the prompt payment in full when due of all amounts payable by the Company pursuant to the Notes (whether for principal, interest, Make-Whole Amount or otherwise) and this Agreement, including all indemnities, fees and expenses payable by the Company thereunder and (y) the prompt, full and faithful performance, observance and discharge by the Company of each and every covenant, agreement, undertaking and provision required pursuant to the Notes or this Agreement to be performed, observed or discharged by it (a “**NPA Guaranty**”); and

(ii) deliver the following to each Purchaser and holder of a Note:

(A) an executed counterpart of such NPA Guaranty;

(B) a certificate signed by an authorized responsible officer of such Guarantor containing representations and warranties on behalf of such Guarantor to the same effect, *mutatis mutandis*, as those contained in Sections 5.1, 5.2, 5.6, 5.7 and 5.16 of this Agreement (but with respect to such Guarantor and such NPA Guaranty rather than the Company);

(C) all documents as may be reasonably requested by the Required Holders to evidence the due organization, continuing existence and, where applicable, good standing of such Guarantor and the due authorization by all requisite action on the part of such Guarantor of the execution and delivery of such NPA Guaranty and the performance by such Guarantor of its obligations thereunder; and

(D) an opinion of counsel reasonably satisfactory to the Required Holders covering such matters relating to such Guarantor and such NPA Guaranty as the Required Holders may reasonably request.

(b) At the election of the Company and by written notice to each holder of Notes, any Guarantor may be discharged from all of its obligations and liabilities under its NPA Guaranty and shall be automatically released from its obligations thereunder without the need for the execution or delivery of any other document by the holders, *provided* that (i) if such Guarantor is a guarantor or is otherwise liable for or in respect of any Material Credit Facility, then such Guarantor has been released and discharged (or will be released and discharged concurrently with the release of such Guarantor under its NPA Guaranty) under such Material Credit Facility, (ii) at the time of, and after giving effect to, such release and discharge, no Default or Event of Default shall be existing, (iii) no amount is then due and payable under such NPA Guaranty, (iv) if in connection with such Guarantor being released and discharged under any Material

Credit Facility, any fee or other form of consideration is given to any holder of Indebtedness under such Material Credit Facility for such release, the holders of the Notes shall receive equivalent consideration substantially concurrently therewith and (v) each holder shall have received a certificate of a Responsible Officer certifying as to the matters set forth in clauses (i) through (iv).

(c) The failure of a Non-Subsidiary Guarantor to comply with Section 9.7(a)(i) or (ii) will constitute non-compliance by a Guarantor with this Section 9.7.

Section 9.8. Most Favored Lender. (a) If at any time after the date of this Agreement the Company amends or modifies any financial covenant or any event of default in the nature of a financial covenant (or the related definitions or provisions governing accounting terms) (each, a “**Financial Covenant**”) in any Material Credit Facility that is similar to any Financial Covenant now or hereafter included herein, or if a Financial Covenant is added to such Material Credit Facility (any such amended, modified or added Financial Covenant, a “**Modified Covenant**”), then the Company shall provide a Most Favored Lender Notice to each holder of the Notes, and such Financial Covenant herein shall be deemed to be amended, modified or added automatically without any further action on the part of the Company or any holder; *provided* that if such Modified Covenant is less restrictive on the Company, then the amendment, modification or addition to this Agreement shall take effect fifteen (15) days after all holders’ receipt of such Most Favored Lender Notice, unless the Required Holders notify the Company of their objection to such amendment, modification or addition within such fifteen (15) day period, in which case such amendment, modification or addition to this Agreement will not take effect; *provided further* that, notwithstanding the foregoing, no such amendment, modification or addition shall increase the ratio contained in this Section 10.7 in excess of 0.65 to 1.00 (whether by amending the ratio, the related definitions or provisions governing accounting terms) without the consent of the Required Holders.

(b) Notwithstanding the foregoing, if a Default or an Event of Default then exists and the amendment, modification or addition of any Financial Covenant herein would make such provision less restrictive on the Company, then such Financial Covenant shall only be deemed automatically amended, modified or added at such time when such Default or Event of Default no longer exists, if such time should occur. Furthermore, if any fee or other consideration shall be given to the lenders under such Material Credit Facility in connection with a Modified Covenant, the equivalent of such fee or other consideration shall be given, pro rata, to the holders of the Notes; *provided* that no fee or other consideration shall be due if the Modified Covenant is made in connection with a renewal, restatement or extension of or entry into such Material Credit Facility.

(c) “**Most Favored Lender Notice**” means, in respect of any Modified Covenant, a written notice to each of the holders of the Notes delivered promptly, and in any event within twenty (20) Business Days after the inclusion of such Modified Covenant in any Material Credit Facility (including by way of amendment or other modification of any existing provision thereof) from a Responsible Officer referring to the provisions of this Section 9.8 and setting forth a reasonably detailed description of such Modified Covenant (including any defined terms used therein) and related explanatory calculations, as applicable.

SECTION 10. NEGATIVE COVENANTS.

From the date of this Agreement until the Second Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 10.1. Transactions with Affiliates. The Company will not, and will not permit any Subsidiary to, enter into directly or indirectly any Material transaction or Material group of related transactions (including the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

Section 10.2. Consolidation and Merger. The Company will not (a) enter into any transaction of merger 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 Company so long as the Company shall be the continuing or surviving Person.

Section 10.3. Sale or Lease of Assets. The Company will not (nor will it permit its Subsidiaries to) sell, lease, transfer or otherwise dispose of, any of its assets (including 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 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 Company (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.

Section 10.4. Line of Business. The Company will not and will not permit any Subsidiary to engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Subsidiaries, taken as a whole, are engaged on the date of this Agreement as described in the Memorandum.

Section 10.5. Economic Sanctions, Etc. The Company will not, and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or knowingly indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any holder or any affiliate of such holder to be in violation of any law

or regulation applicable to such holder or (ii) is prohibited by any U.S. Economic Sanctions Laws.

Section 10.6. Liens. The Company 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 Notes;
- (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 ninety (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 Company 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 one hundred eighty (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 \$50,000,000 at any one time outstanding;

(k) any Lien on Margin Stock;

(l) the assignment of, or Liens on, accounts receivable and related rights to payment in connection with (i) a State Approved Securitization or (ii) any other accounts receivable securitization so long as such other securitization is non-recourse to the Company (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 Company 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 Company with respect to asset sales permitted herein;

(n) 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 (m), 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);

(o) Liens on Property that is subject to a lease that is classified as an operating lease as of the date of the Second Closing but which is subsequently converted into a capital lease;

(p) Liens securing obligations under Hedging Agreements entered into in the ordinary course of business and not for speculative purposes;

(q) Liens granted by bankruptcy remote special purpose Subsidiaries to secure stranded cost securitization bonds in connection with the San Juan Generating Station or any other energy-generating facility or property of the Company; and

(r) Liens on Property, in addition to those otherwise permitted by clauses (a) through (q) 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; *provided* that the Company and its Subsidiaries shall not secure pursuant to this Section 10.6(r) any Indebtedness outstanding under any Material Credit Facility unless and until the Notes (and any guaranty delivered in connection therewith) shall concurrently be secured equally and ratably with such Indebtedness pursuant to documentation reasonably acceptable to the Required Holders in substance and in form.

Section 10.7. Financial Covenant. The Company shall not permit the ratio of (a) Consolidated Indebtedness to (b) Consolidated Capitalization to be greater than 0.65 to 1.0 as of the last day of any Fiscal Quarter.

SECTION 11. EVENTS OF DEFAULT.

An “**Event of Default**” shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for payment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five (5) Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 7.1(d), Section 9.5 or Section 10; or

(d) the Company or any Guarantor defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11(a), (b) and (c)) or in any NPA Guaranty and such default is not remedied within thirty (30) days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a “notice of default” and to refer specifically to this Section 11(d)); or

(e) (i) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made, or (ii) any representation or warranty made in writing by or on behalf of any Guarantor or by any officer of such Guarantor in any NPA Guaranty or any writing furnished in connection with such NPA Guaranty proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Significant Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$40,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (ii) the Company or any Significant Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$40,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), (x) the Company or any Significant Subsidiary has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$40,000,000 (or its equivalent in the relevant currency of payment), or (y) one or more Persons have the right to require the Company or any Significant Subsidiary so to purchase or repay such Indebtedness in an amount of at least \$40,000,000; or

(g) the Company or any Significant Subsidiary (i) admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Significant Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Significant Subsidiaries, or any such petition shall be filed against the Company or any of its Significant Subsidiaries and such petition shall not be dismissed within sixty (60) days; or

(i) any event occurs with respect to the Company or any Significant Subsidiary which under the laws of any jurisdiction is analogous to any of the events described in Section 11(g) or Section 11(h), *provided* that the applicable grace period, if

any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Section 11(g) or Section 11(h); or

(j) any final judgment or order for the payment of money aggregating in excess of \$40,000,000 or one or more such judgments or orders in excess of \$80,000,000 in the aggregate (or its equivalent in the relevant currency of payment), including any such final order enforcing a binding arbitration decision, are rendered against one or more of the Company and its Significant Subsidiaries and which judgments are not, within sixty (60) days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within sixty (60) days after the expiration of such stay; or

(k) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) there is any “amount of unfunded benefit liabilities” (within the meaning of section 4001(a)(18) of ERISA) under one or more Plans, determined in accordance with Title IV of ERISA, (iv) the aggregate present value of accrued benefit liabilities under all funded Non-U.S. Plans exceeds the aggregate current value of the assets of such Non-U.S. Plans allocable to such liabilities, (v) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (vi) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, (vii) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder, (viii) the Company or any Subsidiary fails to administer or maintain a Non-U.S. Plan in compliance with the requirements of any and all applicable laws, statutes, rules, regulations or court orders or any Non-U.S. Plan is involuntarily terminated or wound up, or (ix) the Company or any Subsidiary becomes subject to the imposition of a financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans; and any such event or events described in clauses (i) through (ix) above, either individually or together with any other such event or events, would reasonably be expected to have a Material Adverse Effect. As used in this Section 11(k), the terms **“employee benefit plan”** and **“employee welfare benefit plan”** shall have the respective meanings assigned to such terms in section 3 of ERISA; or

(l) any NPA Guaranty shall cease to be in full force and effect, any Guarantor or any Person acting on behalf of any Guarantor shall contest in any manner the validity, binding nature or enforceability of any NPA Guaranty, or the obligations of any Guarantor under any NPA Guaranty are not or cease to be legal, valid, binding and enforceable in accordance with the terms of such NPA Guaranty.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in Section 11(g), (h) or (i) (other than an Event of Default described in clause (i) of Section 11(g) or described in clause (vi) of Section 11(g) by virtue of the fact that such clause encompasses clause (i) of Section 11(g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including interest accrued thereon at the Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note or NPA Guaranty, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become

due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, any NPA Guaranty or any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten (10) Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes of the same series (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Schedule 1-A through Schedule 1-[B], as applicable. Each such new

Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes of a Series, one Note of such Series may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

Section 13.3. Replacement of Notes. Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (*provided* that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten (10) Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of [Wells Fargo Bank, National Association] in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Payment by Wire Transfer. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in the Purchaser Schedule, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the

presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

Section 14.3. FATCA Information. By acceptance of any Note, the holder of such Note agrees that such holder will with reasonable promptness duly complete and deliver to the Company, or to such other Person as may be reasonably requested by the Company, from time to time (a) in the case of any such holder that is a United States Person, such holder's United States tax identification number or other Forms reasonably requested by the Company necessary to establish such holder's status as a United States Person under FATCA and as may otherwise be necessary for the Company to comply with its obligations under FATCA and (b) in the case of any such holder that is not a United States Person, such documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be necessary for the Company to comply with its obligations under FATCA and to determine that such holder has complied with such holder's obligations under FATCA or to determine the amount (if any) to deduct and withhold from any such payment made to such holder (and the Company agrees that under current FATCA regulations in place as of the date of this Agreement as originally executed, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, as well as a U.S. Tax Compliance Certificate substantially in the form of Schedule 14.3 attached hereto, in both cases completed and executed, shall satisfy this requirement). Nothing in this Section 14.3 shall require any holder to provide information that is confidential or proprietary to such holder unless the Company is required to obtain such information under FATCA and, in such event, the Company shall treat any such information it receives as confidential. Notwithstanding any other provision of this Agreement, the Company or its agent shall be entitled to make a deduction or withholding from any payment which it makes under this Agreement for or on account of any present or future taxes, duties or charges if and to the extent so required by any applicable law and any current or future regulations or agreements thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto or by virtue of the holder failing to satisfy any certification or other requirements in respect of the Notes, in which event the Company or its agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so withheld or deducted and shall have no obligation to gross up any payment hereunder or pay any additional amount as a result of such withholding tax.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, any NPA Guaranty or the Notes (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, any NPA Guaranty or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, any NPA Guaranty or the Notes, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes and any NPA Guaranty and (c) the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO, *provided* that such costs and expenses under this clause (c) shall not exceed \$5,000 per Series of Note. If required by the NAIC, the Company shall obtain and maintain at its own cost and expense a Legal Entity Identifier (LEI).

The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes), (ii) any and all wire transfer fees that any bank or other financial institution deducts from any payment under such Note to such holder or otherwise charges to a holder of a Note with respect to a payment under such Note and (iii) any judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense (including reasonable attorneys' fees and expenses) or obligation resulting from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Notes by the Company.

Section 15.2. Certain Taxes. The Company agrees to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the enforcement of this Agreement or any NPA Guaranty or the execution and delivery (but not the transfer) or the enforcement of any of the Notes in the United States or any other jurisdiction where the Company or any Guarantor has assets or of any amendment of, or waiver or consent under or with respect to, this Agreement or any NPA Guaranty or of any of the Notes, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Company pursuant to this Section 15, and will save each holder of a Note to the extent permitted by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by the Company hereunder.

Section 15.3. Survival. The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, any NPA Guaranty or the Notes, and the termination of this Agreement.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a validly transferred Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement, the Notes and any NPA Guaranty embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

(a) no amendment or waiver of any of Sections 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing; and

(b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Note at the time outstanding, (i) subject to Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (x) interest on the Notes or (y) the Make-Whole Amount, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any amendment or waiver or the principal amount of the Notes that the Purchasers are to purchase pursuant to Section 2 upon the satisfaction of the conditions to Closing that appear in Section 4, or (iii) amend any of Sections 8 (except as set forth in the second sentence of Section 8.2), 11(a), 11(b), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation.* The Company will provide each Purchaser and each holder of a Note with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Purchaser or such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes or any NPA Guaranty. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this Section 17 or any NPA Guaranty to each Purchaser and each holder of a Note promptly following the date on which it is executed

and delivered by, or receives the consent or approval of, the requisite Purchasers or holders of Notes.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any Purchaser or holder of a Note as consideration for or as an inducement to the entering into by such Purchaser or holder of any waiver or amendment of any of the terms and provisions hereof or of any NPA Guaranty or any Note unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each Purchaser and each holder of a Note even if such Purchaser or holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer.* Any consent given pursuant to this Section 17 by a holder of a Note that has transferred or has agreed to transfer its Note to (i) the Company, (ii) any Subsidiary or any other Affiliate or (iii) any other Person in connection with, or in anticipation of, such other Person acquiring, making a tender offer for or merging with the Company and/or any of its Affiliates, in each case in connection with such consent, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 17 or any NPA Guaranty applies equally to all Purchasers and holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any Purchaser or holder of a Note and no delay in exercising any rights hereunder or under any Note or NPA Guaranty shall operate as a waiver of any rights of any holder of such Note.

Section 17.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the Purchasers or holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement, any NPA Guaranty or the Notes, or have directed the taking of any action provided herein or in any NPA Guaranty or the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES.

Except to the extent otherwise provided in Section 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day

sends a confirming copy of such notice by an internationally recognized overnight delivery service (charges prepaid), (b) by registered or certified mail with return receipt requested (postage prepaid) or (c) by an internationally recognized overnight delivery service (charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in the Purchaser Schedule, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the Treasurer of the Company, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notwithstanding the foregoing, any notices or communications to be provided by the Company hereunder may be delivered to each Purchaser or its nominee by electronic delivery at the e-mail address set forth for such Purchaser or nominee in the Purchaser Schedule, or, for each Purchaser or its nominee or any holder of a Note, to the e-mail address as communicated from time to time in a separate writing delivered to the Company.

Notices under this Section 18 will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at any Closing (except the Notes themselves) and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, “**Confidential Information**” means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in

nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, *provided* that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's behalf or any Person from whom such disclosure would, to the knowledge of such Purchaser, violate a duty of confidentiality to the Company or any Subsidiary, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or any Person from whom such disclosure would, to the knowledge of such Purchaser, violate a duty of confidentiality to the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, *provided* that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (v) any Person from which it offers to purchase any Security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes, this Agreement or any NPA Guaranty. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying this Section 20.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be

amended thereby and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

SECTION 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates or another Purchaser or any one of such other Purchaser's Affiliates (a "**Substitute Purchaser**") as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Substitute Purchaser, shall contain such Substitute Purchaser's agreement to be bound by this Agreement and shall contain a confirmation by such Substitute Purchaser of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Substitute Purchaser in lieu of such original Purchaser. In the event that such Substitute Purchaser is so substituted as a Purchaser hereunder and such Substitute Purchaser thereafter transfers to such original Purchaser all of the Notes then held by such Substitute Purchaser, upon receipt by the Company of notice of such transfer, any reference to such Substitute Purchaser as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Substitute Purchaser, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including any subsequent holder of a Note) whether so expressed or not, except that, subject to Section 10.2, the Company may not assign or otherwise transfer any of its rights or obligations hereunder or under the Notes without the prior written consent of each holder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 22.2. Accounting Terms. (a) All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP and (ii) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including Section 9, Section 10 and the definition of "Indebtedness"), any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option*, International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in this Agreement (including the financial covenant contained in Section 10.7), and either the Company or the Required Holders shall so request, the holders of Notes and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Holders); *provided* that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Company shall provide to the holders of Notes financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

Section 22.3. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Defined terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein) and, for purposes of the Notes, shall also include any such notes issued in substitution therefor pursuant to Section 13, (b) subject to Section 22.1, any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections and Schedules shall be construed to refer to Sections of, and Schedules to, this Agreement, and (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

Section 22.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one

instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement. The parties agree to electronic contracting and signatures with respect to this Agreement and any other agreement or instrument hereunder (other than the Notes). Delivery of an electronic signature to, or a signed copy of, this Agreement and any other agreement or instrument delivered hereunder (other than the Notes) by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes. The words “execution,” “execute,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement and any other agreement or instrument delivered hereunder shall be deemed to include electronic signatures, the electronic matching of assignment terms (other than the Notes) and contract formations on electronic platforms approved by the Issuer, 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.

Section 22.6. Regulatory Statement. Pursuant to the terms of an order issued by the NMPRC and a stipulation that has been approved by the NMPRC, the Company is required to include the following separateness covenants in any debt instrument:

(a) The Company and its corporate parent, the Parent, are being operated as separate corporate and legal entities. In agreeing to make loans to Parent, Parent’s lenders are relying solely on the creditworthiness of Parent based on the assets owned by Parent, and the repayment of any loan to Parent will be made solely from the assets of Parent and not from any assets of the Company; and the Parent’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 the Company.

(b) Notwithstanding any of the foregoing set forth in this Section 22.6, the Company and the holders hereby acknowledge and agree that (i) this Agreement and the Notes evidence Indebtedness of the Company and not of the Parent, (ii) the holders are not, and shall not at any time be deemed to be, “Parent’s lenders” under this Agreement and the Notes, (iii) as set forth in this Agreement and the Notes, the Company is responsible for the repayment of all amounts outstanding hereunder, and (iv) the holders of Notes reserve all rights to pursue any and all remedies available at law and otherwise (including in bankruptcy) should the Company breach any of its obligations under this Agreement and/or the Notes.

Section 22.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in Section 22.8(a) brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

(c) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered, certified, priority or express mail (or any substantially similar form of mail), postage prepaid, return receipt or delivery confirmation requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(d) Nothing in this Section 22.8 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(e) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

PUBLIC SERVICE COMPANY OF NEW MEXICO

By _____
Name:
Title:

This Agreement is hereby
accepted and agreed to as
of the date hereof.

[ADD PURCHASER SIGNATURE BLOCKS]

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

“Acceptable Rating Agency” means S&P, Moody’s or other nationally recognized statistical ratings organization so designated by the SEC, in each case, whose status has been confirmed by the SVO.

“Affiliate” means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. Unless the context otherwise clearly requires, any reference to an “Affiliate” is a reference to an Affiliate of the Company.

“Agreement” means this Note Purchase Agreement, including all Schedules attached to this Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

“Anti-Corruption Laws” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

“Anti-Money Laundering Laws” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

“Authorized Officer” means any of the president, chief executive officer, chief financial officer or treasurer of the Company.

“Bankruptcy Code” means the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

“Blocked Person” means (a) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a Person, entity or organization that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a Person that is an agent, department or instrumentality of, or otherwise beneficially owned fifty percent (50%) or more by, controlled by or acting on behalf of, directly or indirectly, any one or more Person(s), entity or organization described in clause (a) or (b) or a Sanctioned Jurisdiction.

“Business Day” means any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed.

“Capital Lease” means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

“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 Agreement, 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 or directives thereunder or issued in connection therewith shall be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued and (ii) all requests, rules, guidelines 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 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 or issued.

“Change of Control” means the failure of the Parent to own and control more than 50% of the Voting Stock of the Company.

“Closing” is defined in Section 3.

“Code” means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder from time to time.

“Company” is defined in the first paragraph of this Agreement.

“Confidential Information” is defined in Section 20.

“Consolidated Capitalization” means the sum of (a) all of the shareholders’ equity or net worth of the Company and its Subsidiaries, as determined in accordance with GAAP plus (b) Consolidated Indebtedness minus (c) Securitization Equity.

“Consolidated Indebtedness” means, as of any date of determination, with respect to the Company and its Subsidiaries on a consolidated basis, the difference of (a) an amount equal

to all Indebtedness of the Company and its Subsidiaries as of such date minus (b) Non-Recourse Securitization 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 obligations (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 Company 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).

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms **“Controlled”** and **“Controlling”** shall have meanings correlative to the foregoing.

“Controlled Entity” means (a) any of the Subsidiaries of the Company and any of their or the Company’s respective Controlled Affiliates and (b) if the Company has a parent company, such parent company and its Controlled Affiliates.

“Debt Rating” means the long term unsecured senior non-credit enhanced debt rating of the Company by an Acceptable Rating Agency.

“Default” means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Default Rate” means that rate of interest as defined in the first paragraph of the Notes of such Series.

“Disclosure Documents” is defined in Section 5.3.

“EDGAR” means the SEC’s Electronic Data Gathering, Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

“Environmental Claim” 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 (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 Materials or arising from alleged injury or threat of injury to human health or the environment.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

“Event of Default” is defined in Section 11.

“FATCA” means (a) sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version), together with any current or future regulations or official interpretations thereof, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of the foregoing clause (a), and (c) any agreements entered into pursuant to section 1471(b)(1) of the Code.

“Financial Covenant” is defined in Section 9.8(a).

“First Closing” is defined in Section 3.

“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.

“Form 10-K” is defined in Section 7.1(b).

“Form 10-Q” is defined in Section 7.1(a).

“GAAP” means (a) generally accepted accounting principles as in effect from time to time in the United States of America and (b) for purposes of Section 9.6, with respect to any Subsidiary, generally accepted accounting principles (including International Financial Reporting Standards, as applicable) as in effect from time to time in the jurisdiction of organization of such Subsidiary.

“Guarantor” is defined in Section 9.7.

“Governmental Authority” means

(a) the government of

(i) the United States of America or any state or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

“Governmental Official” means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

“Guaranty” means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

“Hazardous Materials” means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law, including asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“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 Company to its jurisdictional and wholesale customers in the ordinary course of business).

“holder” means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1, *provided, however*, that if such Person is a nominee, then for the purposes of Sections 7, 12, 17.2 and 18 and any related definitions in this Schedule A, “holder” shall mean the beneficial owner of such Note whose name and address appears in such register.

“INHAM Exemption” is defined in Section 6.2(e).

“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) and (k) all indebtedness referred to in clauses (a) through (j) 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.

“Institutional Investor” means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

“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 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.

“Make-Whole Amount” is defined in Section 8.6.

“Margin Stock” has the meaning ascribed to such term in Regulation U.

“Material” means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement and the Notes or (c) the validity or enforceability of this Agreement or the Notes, *provided, however,* that a Material Adverse Effect shall not include the effect of the shutdown or closure of the San Juan Generating Station or the Four Corners Power Plant, *provided* that the Company remains in compliance with Section 10.7 of this Agreement.

“Material Credit Facility” means, as to the Company and its Subsidiaries,

(a) the Fourth Amendment to and Restatement of Credit Agreement dated as of October 19, 2018 among the Company, the lenders identified therein and Wells Fargo Bank, National Association as administrative agent, including any renewals, extensions, amendments, supplements, restatements, replacements or refinancing thereof;

(b) the Term Loan Agreement dated as of _____ among the Company, the lenders identified therein and _____, as administrative agent, including any renewals, extensions, amendments, supplements, restatements, replacements or refinancing thereof;

(c) the Note Purchase Agreement dated as of July 28, 2017 among the Company and the holders of the notes issued thereunder, including any renewals, extensions, amendments, supplements, restatements, replacements or refinancing thereof;

(d) the Note Purchase Agreement dated as of April 30, 2020 among the Company and the holders of the notes issued thereunder, including any renewals, extensions, amendments, supplements, restatements, replacements or refinancing thereof;

(e) any other agreement(s) creating or evidencing indebtedness for borrowed money entered into on or after the date of this Agreement by the Company or any Subsidiary, or in respect of which the Company or any Subsidiary is an obligor or otherwise provides a guarantee or other credit support (“**Credit Facility**”), in a principal amount outstanding or available for borrowing equal to or greater than (i) \$75,000,000 for the purposes of Section 9.8 (or the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of such facility based on the exchange rate of such other currency) or (ii) \$40,000,000 for all other provisions under this Agreement (or the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of such facility based on the exchange rate of such other currency); and if no Credit Facility or Credit Facilities equal or exceed such amounts, then the largest Credit Facility shall be deemed to be a Material Credit Facility.

“**Maturity Date**” is defined in the first paragraph of each Note.

[“**Memorandum**” is defined in Section 5.3.]

“**Modified Covenant**” is defined in Section 9.8(a).

“**Moody’s**” means Moody’s Investors Service, Inc. and its successors.

“**Most Favored Lender Notice**” is defined in Section 9.8(c).

“**Multiemployer Plan**” means any Plan that is a “multiemployer plan” (as such term is defined in section 4001(a)(3) of ERISA).

“**NAIC**” means the National Association of Insurance Commissioners.

“**NMPRC**” means the New Mexico Public Regulation Commission or any successor commission.

“**Non-U.S. Plan**” means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment and (b) is not subject to ERISA or the Code.

“Non-Recourse Securitization Indebtedness” means, as of any date of determination, all Indebtedness related to State Approved Securitizations up to a maximum amount of \$500,000,000 at any one time; *provided* that such Indebtedness is non-recourse to the Company, other than with respect to Standard Securitization Undertakings.

“Non-Subsidiary Guarantor” is defined in Section 9.7(a).

“Notes” is defined in Section 1.

“NPA Guaranty” is defined in Section 9.7(a).

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“OFAC Sanctions Program” means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

“Officer’s Certificate” means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

“Parent” means PNM Resources, Inc., a New Mexico corporation.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“Person” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“Plan” means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five (5) years, has been established or maintained, or to which contributions are or, within the preceding five (5) years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

[**“Presentation”** is defined in Section 5.3.]

“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.

“property” or **“properties”** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“PTE” is defined in Section 6.2(a).

“Purchaser” or **“Purchasers”** means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser’s successors and assigns (so long as any such assignment complies with Section 13.2), *provided, however*, that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Section 13.2 shall cease to be included within the meaning of “Purchaser” of such Note for the purposes of this Agreement upon such transfer.

“Purchaser Schedule” means the Purchaser Schedule to this Agreement listing the Purchasers of the Notes and including their notice and payment information.

“Qualified Institutional Buyer” means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

“QPAM Exemption” is defined in Section 6.2(d).

“Related Fund” means, with respect to any holder of any Note, any fund or entity that (a) invests in Securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

“Required Holders” means (i) prior to the Second Closing, the Purchasers and (ii) at any time on or after the Second Closing, or if no Second Closing occurs but the Notes issued at the First Closing remain outstanding, the holders of at least 51% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

“Responsible Officer” means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

“Sanctioned Jurisdiction” means, at any time, a country or territory which is itself subject to or the target of any comprehensive country-wide sanctions under U.S. Economic Sanctions (as opposed to individual, entity or other list-based Sanctions) (at the time of this Agreement, the Crimea Region of Ukraine, Cuba, Iran, North Korea, Sudan and Syria).

“S&P” means S&P Global Ratings and its successors.

“SEC” means the Securities and Exchange Commission of the United States of America.

“Second Closing” is defined in Section 3.

“Securities” or **“Security”** shall have the meaning specified in section 2(1) of the Securities Act.

“Securities Act” means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“Securitization Equity” means, as of any date of determination, with respect to a Subsidiary of the Company formed for the purpose of entering into a State Approved Securitization, all of the equity of such Subsidiary, as determined in accordance with GAAP.

“Senior Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Company.

“Series” is defined in Section 1.

“[Series _ Notes” is defined in Section 1.

“Series _ Notes” is defined in Section 1.]

“Significant Subsidiary” means at any time any Subsidiary that would at such time constitute a “significant subsidiary” (as such term is defined in Regulation S-X of the SEC as in effect on the date of this Agreement) of the Company.

“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 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.

“Source” is defined in Section 6.2.

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Company or a Subsidiary thereof that are reasonably customary in non-recourse securitization transactions.

“State Approved Securitization” means a securitization financing entered into by the Company pursuant to existing or future New Mexico statutory authority and regulatory approval by 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, so long as such securitization financing is non-recourse to the Company (other than with respect to Standard Securitization Undertakings).

“State Sanctions List” means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other

commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

“Subsidiary” means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Any reference to a Subsidiary of the Company herein shall not include a Subsidiary that is inactive, has minimal or no assets and does not generate revenues. Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

“Substitute Purchaser” is defined in Section 21.

“SVO” means the Securities Valuation Office of the NAIC.

“United States Person” has the meaning set forth in Section 7701(a)(30) of the Code.

“USA PATRIOT Act” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the rules and regulations promulgated thereunder from time to time in effect.

“U.S. Economic Sanctions Laws” means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

“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).

“Wholly-Owned Subsidiary” means, at any time, any Subsidiary all of the equity interests (except directors’ qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company’s other Wholly-Owned Subsidiaries at such time.

[FORM OF SERIES _ NOTE]

PUBLIC SERVICE COMPANY OF NEW MEXICO

_.__% SENIOR UNSECURED NOTE, SERIES __, DUE ____ . ____

No. [____]
\$[____]

[Date]
PPN _____

FOR VALUE RECEIVED, the undersigned, PUBLIC SERVICE COMPANY OF NEW MEXICO (herein called the “**Company**”), a corporation organized and existing under the laws of the State of New Mexico, hereby promises to pay to [____], or registered assigns, the principal sum of [____] DOLLARS (or so much thereof as shall not have been prepaid) on _____ (the “**Maturity Date**”), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of .__% per annum from the date hereof, payable semiannually, on the __ day of _____ and _____ in each year, commencing with the _____ or _____ next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) .__% or (ii) .__% over the rate of interest publicly announced by [Wells Fargo Bank, National Association] from time to time in New York, New York as its “base” or “prime” rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand) (the “**Default Rate**”).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at [Wells Fargo Bank, National Association] or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Unsecured Notes (herein called the “**Notes**”) issued pursuant to the Note Purchase Agreement, dated _____, 2020 (as from time to time amended, the “**Note Purchase Agreement**”), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder’s attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of,

the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

PUBLIC SERVICE COMPANY OF NEW MEXICO

By _____
[Title]

[FORM OF SERIES _ NOTE]

PUBLIC SERVICE COMPANY OF NEW MEXICO

_.__% SENIOR UNSECURED NOTE, SERIES _, DUE _____

No. [_____]
 \$[_____]

[Date]
 PPN _____

FOR VALUE RECEIVED, the undersigned, PUBLIC SERVICE COMPANY OF NEW MEXICO (herein called the “**Company**”), a corporation organized and existing under the laws of the State of New Mexico, hereby promises to pay to [_____] , or registered assigns, the principal sum of [_____] DOLLARS (or so much thereof as shall not have been prepaid) on _____ (the “**Maturity Date**”), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of .__% per annum from the date hereof, payable semiannually, on the __ day of ____ and _____ in each year, commencing with the ____ or _____ next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) .__% or (ii) .__% over the rate of interest publicly announced by [Wells Fargo Bank, National Association] from time to time in New York, New York as its “base” or “prime” rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at [Wells Fargo Bank, National Association] or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Unsecured Notes (herein called the “**Notes**”) issued pursuant to the Note Purchase Agreement, dated _____ (as from time to time amended, the “**Note Purchase Agreement**”), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder’s attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of,

the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

PUBLIC SERVICE COMPANY OF NEW MEXICO

By _____
[Title]

SCHEDULE 4.4(A)

FORM OF OPINION OF IN-HOUSE COUNSEL TO THE COMPANY

The following opinions are to be provided by in-house counsel to the Company, pursuant to New Mexico law, subject to customary assumptions, limitations and qualifications. All capitalized terms used herein without definition shall have the meanings ascribed thereto in the Note Purchase Agreement.

1. The Company is a corporation validly existing and in good standing under the laws the State of New Mexico.

2. The Company has the corporate power and execute, deliver and perform its obligations under the Note Purchase Agreement and the Notes, and the Company has taken all necessary corporate action to authorize the execution, delivery and performance by it of the Note Purchase Agreement and the Notes.

3. The Company has duly executed and delivered the Note Purchase Agreement and the Notes.

4. Other than the Company's filing with the NMPRC, and the NMPRC's approval, of the transactions contemplated by the Note Purchase Agreement, which have previously been made and obtained, no consent, approval or authorization of, or filing with, any governmental authority of the State of New Mexico applicable to the Company is required in connection with the execution, delivery or performance of the Note Purchase Agreement and the Notes by the Company, except (i) as have been previously made or obtained and (ii) filings which are necessary in order to release liens not permitted by the Note Purchase Agreement.

5. The execution, delivery and performance by the Company of the Note Purchase Agreement and the Notes do not (i) violate the articles of incorporation or bylaws of the Company, (ii) violate any applicable law or regulation of the State of New Mexico, (iii) violate or constitute a default under any order, decree, injunction or judgment (each an "Order") or under any material indenture, credit agreement, mortgage, deed of trust, contract or other agreement or instrument (each an "Agreement"), in each case known to me and to which the Company is a party or by which the Company or its properties may be bound or (iv) to my knowledge, result in the creation or imposition of any Lien on any asset of the Company pursuant to the terms of any Order or Agreement.

6. To my knowledge, after making reasonable inquiry of other members of the law department of the Company, and except as disclosed in the Company's Annual Report on Form 10-K for the Fiscal Year ended December 31, 2020, and in the Borrower's Quarterly Report on Form 10-Q for the Fiscal Quarter[s] ended March 31, 2021 [and June 30, 2021], there are no actions, suits or legal, equitable, arbitration or administrative proceedings pending or threatened

against the Borrower that (a) draw into question the validity of the Note Purchase Agreement or the Notes or (b) would have or would be reasonably expected to have a Material Adverse Effect.

**FORM OF OPINION OF SPECIAL COUNSEL
FOR THE COMPANY**

The following opinions are to be provided by the special counsel of the Company, pursuant to New York and federal law, subject to customary assumptions (including assumptions regarding matters covered by the opinion of Company counsel), limitations and qualifications. All capitalized terms used herein without definition shall have the meanings ascribed thereto in the Note Purchase Agreement.

[1. Each of the Note Purchase Agreement and the Notes constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance its terms under the laws of the State of New York.

2. No consent, approval or authorization of or filing with, any Governmental Authority of the State of New York or the United States that, in each case, is applicable to the Company is required for the execution, delivery or performance by the Company of the Note Purchase Agreement or the Notes, except (i) as have been previously made or obtained and (ii) filings which are necessary in order to release liens not permitted by the Note Purchase Agreement, if any.

3. The Company is not required to be registered under the Investment Company Act of 1940, as amended.

4. No registration under the Securities Act of 1933, as amended, of the Notes, and no qualification of an Indenture under the Trust Indenture Act of 1939, as amended, in respect of the Notes, is required for the offer and sale of the Notes in the manner contemplated by the Note Purchase Agreement, it being understood that no opinion is expressed as to any subsequent resale of any Notes.

5. Neither the execution and delivery by the Company of the Note Purchase Agreement or the Notes, nor the performance by the Company of its obligations thereunder violates any statute or regulation of New York or United States federal law (including Regulation T, U or X of the Board of Governors of the United States Federal Reserve System) that is applicable to the Company.]

SCHEDULE 5.3

DISCLOSURE MATERIALS

PUBLIC SERVICE COMPANY OF NEW MEXICO

IntraLinks Items:	Document Title
PNM Cover Letter	PNM Cover Letter __.__.21.pdf
PNM Note Purchase Agreement	PNM Note Purchase Agreement.pdf (Draft of __.__.__)
PNM Note Purchase Agreement – Redline	PNM Note Purchase Agreement_Redline.pdf (redlined to _____)
PNM Investor Call Presentation	PNM Investor Presentation _____ 2021 PNM FINAL.pdf]

Financial Statements Listed in Schedule 5.5

SEC Filings: PNM's Annual Reports on Form 10-K for the years ended December 31, 2018-2020, Quarterly Report[s] on Form 10-Q for [March 31, 2021], and Current Reports on Form 8-K filed in 2021 to date prior to _____ are all available on the following link:

<http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000081023&owner=exclude&count=40&hidefilings=0>

SCHEDULE 5.4

SUBSIDIARIES AND AFFILIATES OF THE COMPANY AS OF _____, 2021

i) The Company's Subsidiaries (as defined):

None

i) The Company's Affiliates¹, other than Subsidiaries (as defined):

- a) PNM Resources, Inc.
- b) TNP Enterprises, Inc.
- c) Texas-New Mexico Power Company
- d) PNMR Services Company
- e) PNMR Development and Management Corporation
- f) NM Renewable Development, LLC
- g) NMRD Data Center, LLC
- h) NMRD Data Center II, LLC
- i) NMRD Data Center II-Britton, LLC
- j) NMRD Data Center III, LLC
- k) NMRD Data Center III-Encino, LLC
- l) New Mexico PPA Corporation

ii) The Company's Directors and Officers:

a) Directors:

Patricia K. Collawn, Chairman
Ronald N. Darnell, Director
Charles N. Eldred, Director
Chris M. Olson, Director

b) Officers

Patrick V. Apodaca, Senior Vice President, General Counsel and Secretary
Patricia K. Collawn, Chief Executive Officer and President
Ronald N. Darnell, Senior Vice President, Public Policy
Elisabeth A. Eden, Vice President and Chief Information Officer
Charles N. Eldred, Executive Vice President, Corporate Development and Finance

¹ List does not include inactive Affiliates.

Thomas G. Fallgren, Vice President, PNM Generation
Todd Fridley, Vice President, NM Operations
Michael P. Mertz, Vice President and Treasurer
Henry E. Monroy, Vice President and Corporate Controller
Chris M. Olson, Senior Vice President, Utility Operations
Julie Rowley, Vice President, Chief Customer Officer
Joseph D. Tarry, Senior Vice President and Chief Financial Officer
Becky R. Teague, Vice President, Human Resources:

SCHEDULE 5.5

**Financial Statements of Public Service Company of New Mexico
contained in the following SEC Filings:**

Date Filed	SEC Filings	Description
_____	[10-Q	Quarterly Report for quarter ended 3/31/21]
3/2/2021	10-K	Annual Report for year ended 12/31/20
3/2/2020	10-K	Annual Report for year ended 12/31/19
3/1/2019	10-K	Annual Report for year ended 12/31/18
3/1/2018	10-K	Annual Report for year ended 12/31/17

Available on the following link:

<http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000081023&owner=exclude&count=40&hidefilings=0>

SCHEDULE 5.15

[see attached]

**PUBLIC SERVICE COMPANY OF MEXICO
414 SILVER AVENUE SW
ALBUQUERQUE, NM 87102-3289**

INFORMATION RELATING TO PURCHASERS

PRINCIPAL AMOUNT OF
NOTES TO BE PURCHASED

NAME AND ADDRESS OF PURCHASER

[NAME OF PURCHASER] \$

(1) All payments by wire transfer of immediately available funds to:

with sufficient information to identify the source and application of such funds.

(2) All notices of payments and written confirmations of such wire transfers:

(3) E-mail address for Electronic Delivery:

(4) All other communications:

(5) U.S. Tax Identification Number:

PURCHASER SCHEDULE
(to Note Purchase Agreement)

PUBLIC SERVICE COMPANY OF NEW MEXICO
TO
U.S. BANK NATIONAL ASSOCIATION
Trustee

SIXTH SUPPLEMENTAL INDENTURE

Dated as of _____, 2021

To

INDENTURE

Dated as of August 1, 1998

Providing for

___% Senior Unsecured Notes due 20__

SIXTH SUPPLEMENTAL INDENTURE, dated as of _____, 2021, between **PUBLIC SERVICE COMPANY OF NEW MEXICO**, a New Mexico corporation (the “**Company**”), having its principal office at 414 Silver Ave. SW, Albuquerque, New Mexico 87102, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association (as ultimate successor to The Chase Manhattan Bank, as trustee), as Trustee (the “**Trustee**”) under the Indenture, dated as of August 1, 1998, between the Company and the Trustee (the “**Indenture**”).

RECITALS OF THE COMPANY

The Company has executed and delivered the Indenture to the Trustee to provide for the issuance from time to time of its senior notes (the “**Notes**”), said Notes to be issued in one or more series as in the Indenture provided.

The Company has executed and delivered to the Trustee a First Supplemental Indenture, dated as of August 1, 1998, between the Company and the Trustee to establish the forms and terms of two series of Notes, a Second Supplemental Indenture, dated as of September 1, 2003, between the Company and the Trustee to establish the form and terms of one series of Notes, a Third Supplemental Indenture, dated as of May 13, 2008, between the Company and the Trustee, among other things, to establish the form and terms of one series of Notes, a Fourth Supplemental Indenture, dated as of October 12, 2011, between the Company and the Trustee, among other things, to establish the form and terms of one series of Notes, and a Fifth Supplemental Indenture, dated as of August 11, 2015, between the Company and the Trustee, among other things, to establish the form and terms of one series of Notes (the Indenture, as supplemented and amended by said First Supplemental Indenture, said Second Supplemental Indenture, said Third Supplemental Indenture, said Fourth Supplemental Indenture, and said Fifth Supplemental Indenture, the “**Indenture, as heretofore supplemented**”).

Effective as of March 15, 2021, U.S. Bank National Association succeeded to MUFG Union Bank, N.A., as Trustee. Effective June 1, 2011, MUFG Union Bank, N.A. (under its then name, Union Bank, N.A.) succeeded to The Bank of New York Mellon Trust Company, N.A. as Trustee. Effective as of October 1, 2006, The Bank of New York Mellon Trust Company, N.A. (under its then name, The Bank of New York Trust Company, N.A.) succeeded to JPMorgan Chase Bank, N.A. (formerly JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank)) as Trustee.

Pursuant to the terms of the Indenture, the Company desires to provide for the establishment of a new series of its Notes to be known as its ___% Senior Unsecured Notes due 20__ (herein called the “**2021 Notes**”), the form and substance of the 2021 Notes and the terms, provisions, and conditions thereof to be set forth as provided in the Indenture, as heretofore supplemented, and this Sixth Supplemental Indenture.

Section 9.01 of the Indenture provides that, without the consent of any Holders, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental to the Indenture, as heretofore supplemented, as provided in Section 9.01 of the Indenture, as heretofore

supplemented, and the Company desires to amend the Indenture, as heretofore supplemented, as hereinafter provided, and has requested that the Trustee join in the execution and delivery hereof.

All things necessary to make this Sixth Supplemental Indenture a valid, binding and enforceable agreement of the Company, and to make the 2021 Notes, when executed by the Company and authenticated and delivered by the Trustee, the valid obligations of the Company have been done.

NOW, THEREFORE, THIS SIXTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the 2021 Notes by the Holders thereof, and for the purpose of setting forth, as provided in the Indenture, the form and substance of the 2021 Notes and the terms, provisions, and conditions thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the 2021 Notes as follows:

ARTICLE I

GENERAL TERMS AND CONDITIONS OF THE 2021 NOTES

Section 1.01 There shall be and is hereby authorized a series of Notes designated the “ ___% Senior Unsecured Notes due 20__”. The 2021 Notes shall initially be authenticated and delivered in the aggregate principal amount of \$__0,000,000. The 2021 Notes shall mature and the principal thereof shall be due and payable together with all accrued and unpaid interest thereon on _____. The Company may issue, without the consent of the Holders of the 2021 Notes, additional 2021 Notes from time to time in accordance with Section 3.01 hereof. Any such additional 2021 Notes shall have identical terms as the 2021 Notes, unless otherwise determined by the Company with respect to their original date of issuance, their original interest accrual date, and their original Interest Payment Date (as hereinafter defined), provided that if such additional 2021 Notes are not fungible with the 2021 Notes initially authenticated and delivered for U.S. federal income tax purposes, such additional 2021 Notes will be issued with a separate CUSIP number. Any such additional 2021 Notes, together with the other 2021 Notes, shall constitute a single series for purposes of the Indenture.

Section 1.02 The 2021 Notes shall be issued in fully registered form without coupons, initially as one or more Global Notes to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as Depository therefor. Any 2021 Notes to be issued or transferred to, or to be held by, Cede & Co. (or any successor thereof) for such purpose shall bear the depository legend in substantially the form set forth in the second paragraph at the top of the form of 2021 Note in Article II hereof (in addition to that set forth in Section 2.04 of the Indenture), unless otherwise agreed by the Company, such agreement to be confirmed in writing to the Trustee. Each such Global Note may be exchanged in whole or in part for a 2021 Note registered, and any transfer of such Global Note in whole or in part may be registered, in the name or names of Persons other than such Depository or a nominee thereof only under the circumstances set forth in Clause (2) of the last paragraph of Section 3.05 of the Indenture, or such other circumstances in addition to or in lieu of those set forth in Clause (2) of the last

paragraph of Section 3.05 of the Indenture as to which the Company shall agree, such agreement to be confirmed in writing to the Trustee.

Section 1.03 Each 2021 Note will bear interest at the rate of ___% per annum, from [____][____], 2021 or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, payable semi-annually in arrears on _____ 1 and _____ 1 in each year (each an “**Interest Payment Date**”), commencing _____, 202[1] until the principal thereof is paid or made available for payment. The interest so payable on a 2021 Note, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name such 2021 Note or any Predecessor Note is registered at the close of business on the Regular Record Date for such interest, which shall be the second Business Day immediately preceding the applicable Interest Payment Date. Any such installment of interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name such 2021 Note or any Predecessor Note is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of the 2021 Notes not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the 2021 Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The amount of interest payable on the 2021 Notes for any period will be computed on the basis of a 360-day year of twelve 30-day months. In the event that any Interest Payment Date, Redemption Date or Stated Maturity of any 2021 Note is not a Business Day, then payment of interest or principal (and premium, if any) payable on such date will be made on the next Business Day (and without any interest or other payment in respect of any such delay), in each case with the same force and effect as if made on such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

As used in this Sixth Supplemental Indenture, “**Business Day**” means any day, other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in The City of New York are authorized or required by law, regulation, or executive order to remain closed, or (iii) a day on which the Corporate Trust Office of the Trustee is closed for business.

Section 1.04 Payment of the principal of, and premium, if any, and interest on the 2021 Notes shall be payable, registration of transfer or exchange of the 2021 Notes may be effected, and notices and demands to or upon the Company in respect of the 2021 Notes and the Indenture, as heretofore and hereby supplemented and amended, may be served at the office or agency of the Company maintained for that purpose in the City of Phoenix, Arizona, which shall be the office of the Trustee located at U.S. Bank Center, Phoenix 101 N 1st Ave, Suite 1600, Phoenix, AZ 85003 or at such other office or agency in the City of Los Angeles and State of California as may be designated for such purpose by the Company from time to time; and such payment shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Note

Register. Notices and demands to or upon the Company in respect of the 2021 Notes and the Indenture may be served at the office or agency of the Company maintained for that purpose, which initially shall be the Corporate Trust Office of the Trustee.

Section 1.05 The Company, at its option, may redeem at any time all, or from time to time, any part of the 2021 Notes on not less than 30 days nor more than 60 days notice as provided in the Indenture (except that, in respect of any redemption referred to below in Paragraph A of this Section 1.05, notwithstanding the provisions of Section 11.04 of the Indenture, any notice of redemption for the 2021 Notes given pursuant to said Section need not set forth the Redemption Price but only the manner of calculation thereof) at a Redemption Price equal to:

A. in the event of any redemption, the Redemption Date in respect of which occurs prior to _____ (____ months prior to the Stated Maturity of _____), the greater of the following amounts:

- (i) 100% of the principal amount of the 2021 Notes then Outstanding to be so redeemed; and
- (ii) the sum of the present values of the remaining scheduled payments of principal amount and interest on the 2021 Notes to be redeemed that would be due if such 2021 Notes matured on _____, but for the redemption (not including any portion of payments of interest accrued as of the applicable Redemption Date), discounted to the applicable Redemption Date in accordance with customary market practice on a semi-annual basis at a rate equal to the sum of the Treasury Rate plus .__%,

plus, in either of the above cases, accrued and unpaid interest on the principal amount being redeemed to the applicable Redemption Date; or

B. in the event of any redemption, the Redemption Date in respect of which occurs on or after _____ (____ months prior to the Stated Maturity of _____), 100% of the principal amount of the 2021 Notes then Outstanding to be so redeemed, plus accrued and unpaid interest on the principal amount being redeemed to the applicable Redemption Date.

The Redemption Price referred to in Paragraph A of this Section 1.05 shall be calculated by the Independent Investment Banker assuming a 360-day year consisting of twelve 30-day months.

For purposes of Paragraph A of this Section 1.05, the following terms will have the meanings set forth below.

“Comparable Treasury Issue” means the U.S. Treasury security or securities selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the 2021 Notes to be redeemed (assuming for this purpose, that the 2021 Notes matured on _____) that would be used, at the time of selection and in accordance with customary market practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such 2021 Notes.

“**Comparable Treasury Price**” means, with respect to any Redemption Date:

- (i) the bid-side for the Comparable Treasury Issue as of the third Business Day preceding the Redemption Date, as set forth in the daily statistical release (or any successor release) published by *The Wall Street Journal* in the table entitled “Treasury Bonds, Notes, and Bills,” as determined by the Independent Investment Banker, or
- (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day:
 - (x) the average of the Reference Treasury Dealer Quotations for that Redemption Date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations,
 - (y) if the Independent Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received, or
 - (z) if only one Reference Treasury Dealer Quotation is received, such quotation.

“**Independent Investment Banker**” means one of the Reference Treasury Dealers selected by the Company.

“**Reference Treasury Dealer**” means each of four primary U.S. Government securities dealers in New York City (each a “**Primary Treasury Dealer**”), consisting of (i) _____ (or its affiliates), (ii) one Primary Treasury Dealer selected by _____, and (iii) two other nationally recognized investment banking firms (or their affiliates) that are selected by the Company in connection with the particular redemption, and their respective successors, provided that if any of them ceases to be a Primary Treasury Dealer, the Company will substitute another nationally recognized investment banking firm (or its affiliate) that is a Primary Treasury Dealer.

“**Reference Treasury Dealer Quotations**” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that Redemption Date.

“**Treasury Rate**” means, with respect to any Redemption Date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated on the third Business Day preceding the applicable Redemption Date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date.

The Independent Investment Banker shall give to the Company and the Trustee written notice of any Redemption Price referred to in Paragraph A of this Section 1.05 applicable to the 2021 Notes promptly after its calculation thereof.

The Trustee shall be under no duty to inquire into, may conclusively presume the correctness of, and shall be fully protected in relying upon the Independent Investment Banker's calculation of any Redemption Price referred to in Paragraph A of this Section 1.05, and shall have no responsibility for such calculation.

If less than all of the 2021 Notes are to be redeemed, the Trustee shall select by lot, on a pro-rata basis or in such other manner as it shall deem appropriate and fair, the particular 2021 Notes or portions thereof to be redeemed. Notice of redemption shall be given by mail not less than 30 nor more than 60 days prior to the Redemption Date to the Holders of 2021 Notes to be redeemed (which, as long as the 2021 Notes are held in the book-entry only system, will be The Depository Trust Company (or its nominee) or a successor Depository); *provided, however*, that the failure to duly give such notice by mail, or any defect therein, shall not affect the validity of any proceedings for the redemption of 2021 Notes as to which there shall have been no such failure or defect. Such notice may state that such redemption shall be conditional upon receipt by the Paying Agent or Agents for such 2021 Notes, on or prior to the Redemption Date, of money sufficient to pay the principal of and premium, if any, and interest, if any, on such 2021 Notes and that if such money shall not have been so received such notice shall be of no force or effect and the Company shall not be required to redeem such 2021 Notes. On and after the Redemption Date (unless the Company shall default in the payment of the 2021 Notes or portions thereof to be redeemed at the applicable Redemption Price, together with interest accrued thereon to such date), interest on the 2021 Notes or the portions thereof so called for redemption shall cease to accrue.

Section 1.06 The 2021 Notes will not be subject to any sinking fund.

Section 1.07 The 2021 Notes are subject to defeasance pursuant to and in accordance with Section 13.02 and Section 13.03 of the Indenture.

Section 1.08 Regulatory Statement. Pursuant to the terms of an order issued by the New Mexico Public Regulation Commission each of the Company and its corporate parent, PNM Resources, Inc. ("**Parent**"), is required to include the following covenants in any debt instrument:

The Company and its Parent are being operated as separate corporate and legal entities. In agreeing to make loans to Parent, Parent's lenders are relying solely on the creditworthiness of Parent based on the assets owned by Parent, and the repayment of the loan will be made solely from the assets of Parent and not from any assets of the Company; and the Parent'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 the Company.

ARTICLE II

FORM OF 2021 NOTES

Section 2.01 The 2021 Notes and the Trustee's certificate of authentication to be endorsed thereon are to be substantially in the following form:

Form of 2021 Note.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A NOTE REGISTERED, AND NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO PUBLIC SERVICE COMPANY OF NEW MEXICO OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Form of Face of ___% Senior Unsecured Notes due 20__.

PUBLIC SERVICE COMPANY OF NEW MEXICO

___% Senior Unsecured Notes due 20__

No. _____

\$ _____
CUSIP No. _____
ISIN No. _____

PUBLIC SERVICE COMPANY OF NEW MEXICO, a corporation duly organized and existing under the laws of New Mexico (herein called the "**Company**", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on _____ and to pay interest thereon from _____ or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on February 1 and August 1 in each year, commencing _____ at the rate of ___% per annum, until the

principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest, which shall be the second Business Day immediately preceding the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and interest on this Note will be made at the office or agency of the Company maintained for that purpose in the City of Los Angeles, California, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: _____
[Name:]
[Title:]

Attest:

[Assistant] Secretary

Form of Trustee's Certificate of Authentication.

CERTIFICATION OF AUTHENTICATION

This is one of the Notes of the series designated therein referred to in the within-mentioned Indenture.

Dated:

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Signatory

Form of Reverse of ___% Senior Unsecured Notes due 20__.

This Note is one of a duly authorized issue of senior notes of the Company (herein called the “Notes”), issued and to be issued in one or more series under an Indenture, dated as of August 1, 1998, as supplemented and amended (herein, together with any amendments thereto, called the “**Indenture**”, which term shall have the meaning assigned to it in such instrument), between the Company and MUFG Union Bank, N.A., a national banking association (formerly known as Union Bank, N.A., as ultimate successor to The Chase Manhattan Bank, as trustee), as Trustee (herein called the “**Trustee**”, which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture, including the Sixth Supplemental Indenture, dated as of _____, 2021 (the “**Sixth Supplemental Indenture**”), creating the series designated on the face hereof, for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof to be authenticated and delivered in an unlimited aggregate principal amount.

The Company, at its option, may redeem all, or from time to time, any part of the Notes of this series at the then applicable Redemption Price set forth in the Sixth Supplemental Indenture and upon the other terms and conditions therein and in the Indenture provided.

The Notes of this series will not be subject to any sinking fund.

In the event of redemption of this Note in part only, a new Note or Notes of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Note or certain restrictive covenants and Events of Default with respect to this Note, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Notes of this series shall occur and be continuing, the principal of the Notes of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the Company and the Trustee to enter into one or more supplemental indentures for certain purposes as therein provided without the consent of any Holders. In addition, the Indenture permits, with certain exceptions as therein provided, the Company and the Trustee to enter into one or more supplemental indentures for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes of all series then Outstanding under the Indenture, considered as one class; provided, however, that if there shall be Notes of more than one series Outstanding under the Indenture and if a proposed supplemental indenture shall directly affect the rights of the Holders of Notes of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Notes of all series so directly affected, considered as one class, shall be required; and provided, further, that if the Notes of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Notes of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Notes of all Tranches so directly affected, considered as one class, shall be required. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Notes of each, or all series, as the case may be, then Outstanding under the Indenture, on behalf of the Holders of all Notes of such series, to waive compliance by the Company with certain provisions of the Indenture and permitting the Holders of specified percentages in principal amount of the Notes of each series Outstanding under the Indenture, on behalf of the Holders of all Notes of such series, to waive certain past defaults under the Indenture and their consequences, provided, however, that if any such past default affects more than one series of Notes, the Holders of a majority in aggregate principal amount of the Outstanding Notes of all such series, considered as one class, shall have the right to waive such past default, and not the Holders of the Notes of any one such series. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

As provided in and subject to the provisions of the Indenture, the Holder of this Note shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Notes of this series, the Holders of not less than a majority in aggregate principal amount of the Notes of all series at the time Outstanding in respect of which an Event of Default shall have occurred and be continuing shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Notes of all series at the time Outstanding in respect of which an Event of Default shall have occurred and be continuing a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer

of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Note for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Note Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes of this series are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes of this series are exchangeable for a like aggregate principal amount of Notes of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with transfer or exchange.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

As used in this Note, "Business Day" means any day other than (i) a Saturday or a Sunday, (ii) a day on which banking institutions in The City of New York are authorized or required by law, regulation, or executive order to remain closed, or (iii) a day on which the Corporate Trust Office of the Trustee is closed for business. Unless otherwise defined herein, all other terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ARTICLE III

ORIGINAL ISSUE OF 2021 NOTES

Section 3.01 2021 Notes in the aggregate principal amount of \$__0,000,000, and additional 2021 Notes as in Section 1.01 of this Sixth Supplemental Indenture provided, may,

upon execution of this Sixth Supplemental Indenture, or from time to time thereafter, be executed on behalf of the Company by any officer or employee authorized to do so by a Board Resolution, under its corporate seal affixed thereto or reproduced thereon attested by its Secretary or by one of its Assistant Secretaries and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said 2021 Notes in accordance with a Company Order delivered to the Trustee by the Company, all pursuant to and in accordance with Section 3.03 of the Indenture, as heretofore supplemented.

ARTICLE IV

PAYING AGENT AND REGISTRAR

Section 4.01 U.S. Bank National Association will be the Paying Agent and Note Registrar for the 2021 Notes.

ARTICLE V

SUNDRY PROVISIONS

Section 5.01 Except as otherwise expressly provided in this Sixth Supplemental Indenture or in the form of 2021 Notes or otherwise clearly required by the context hereof or thereof, all terms used herein or in said form of the 2021 Notes that are defined in the Indenture shall have the several meanings respectively assigned to them thereby.

Section 5.02 The Indenture, as heretofore supplemented and as supplemented and amended by this Sixth Supplemental Indenture, is in all respects ratified and confirmed, and this Sixth Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

Section 5.03 The Trustee hereby accepts the trusts herein declared, provided, created, supplemented, or amended and agrees to perform the same upon the terms and conditions herein and in the Indenture, as heretofore supplemented, set forth and upon the following terms and conditions:

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Sixth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general, each and every term and condition contained in Article VI of the Indenture shall apply to and form part of this Sixth Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations, and insertions, if any, as may be appropriate to make

the same conform to the provisions of this Sixth Supplemental Indenture.

Section 5.04 This Sixth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 5.05 This Sixth Supplemental Indenture shall be governed by and construed in accordance with the law of the State of New York (including without limitation Section 5-1401 of the New York General Obligations Law or any successor to such statute).

IN WITNESS WHEREOF, the parties hereto have caused this Sixth Supplemental Indenture to be duly executed as of the day and year first above written.

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: _____
Name:
Title:

Attest:

Assistant Secretary

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

By: _____
Name:
Title:

As filed with the Securities and Exchange Commission on May 13, 2020

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

**PUBLIC SERVICE COMPANY
OF NEW MEXICO**

(Exact name of registrant as specified in its charter)

New Mexico
(State or other jurisdiction of
incorporation or organization)

85-0019030
(I.R.S. Employer
Identification Number)

414 Silver Ave. SW
Albuquerque, New Mexico 87102-3289
(505) 241-2700

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Patrick V. Apodaca, Esq.
Senior Vice President, General Counsel and Secretary
Public Service Company of New Mexico
414 Silver Ave. SW
Albuquerque, New Mexico 87102-3289
Telephone: (505) 241-2898
Fax: (505) 241-2368

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Leonard D. Sanchez, Esq.
Associate General Counsel
PNM Resources, Inc.
414 Silver Ave. SW
Albuquerque, New Mexico 87102-3289
Tel. (505) 241-4941
Fax. (505) 241-2338

David I. Meyers, Esq.
Troutman Sanders LLP
1001 Haxall Point
12th Floor
Richmond, Virginia 23219
Tel. (804) 697-1239
Fax. (804) 698-5176

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price per Unit ⁽¹⁾	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Debt Securities	\$650,000,000	100%	\$650,000,000 ⁽²⁾	\$22,715 ⁽³⁾

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Exclusive of accrued interest, if any.

(3) As discussed in the paragraph below, pursuant to Rule 415(a)(6) under the Securities Act of 1933 as amended (the “Securities Act”), this registration statement includes, as of the date of filing of this registration statement, \$475,000,000 of unsold securities that had previously been registered and for which the registration fee had previously been paid. Accordingly, the amount of the registration fee due is for the \$175,000,000 of additional securities being registered on this registration statement.

Pursuant to Rule 415(a)(6) under the Securities Act, a portion of the securities registered pursuant to this registration statement includes, as of the date of filing of this registration statement, \$475,000,000 of unsold securities previously registered on the registrant’s Registration Statement on Form S-3 (Registration Statement No.

333-218059), which we refer to as the 2017 Registration Statement. Pursuant to Rule 415(a)(6), the offering of any unsold securities registered under the 2017 Registration Statement will be deemed terminated as of the date of effectiveness of this registration statement. If the registrant sells any of such unsold securities pursuant to the 2017 Registration Statement after the date of this filing, and prior to the date of effectiveness of this registration statement, the registrant will file a pre-effective amendment to this registration statement which will reduce the number of such unsold securities included on this registration statement and increase the additional securities registered hereon so that the total amount of securities registered hereon will equal \$650,000,000, as reflected in footnote 3 to the table above, and will pay the additional registration fee resulting therefrom.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 13, 2020

PROSPECTUS

\$650,000,000
PUBLIC SERVICE COMPANY OF NEW MEXICO
SENIOR UNSECURED NOTES

We may offer from time to time up to an aggregate of \$650,000,000 of our senior unsecured notes. We will specify the principal amount of senior unsecured notes being offered and the underwriters, dealers or agents, if any, for the offering, together with the terms and conditions for such offering, the public offering price, the underwriting discounts and commissions or other fees and our net proceeds from the sale thereof, in supplements to this prospectus. You should read both the prospectus and the applicable prospectus supplement carefully before you invest.

Our principal executive offices are located at 414 Silver Ave. SW, Albuquerque, New Mexico, 87102-3289 and our telephone number is (505) 241-2700.

Investing in our senior unsecured notes involves risk. See "Risk Factors" on page 3.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2020.

Prospectus

ABOUT THIS PROSPECTUS	1
WHERE YOU CAN FIND MORE INFORMATION	2
PUBLIC SERVICE COMPANY OF NEW MEXICO	3
RISK FACTORS	3
DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS	3
USE OF PROCEEDS	6
DESCRIPTION OF SENIOR UNSECURED NOTES	7
PLAN OF DISTRIBUTION	18
LEGAL MATTERS	20
EXPERTS	20

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using a “shelf” registration process. Under this shelf registration process, we may sell the securities described in this prospectus in one or more offerings up to a total dollar amount of \$650,000,000. This prospectus provides you with a general description of the securities that we may offer. Each time we offer any of the securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the documents that are incorporated by reference herein that are described under the heading “Where You Can Find More Information” before investing in the securities. This prospectus contains summaries of certain provisions contained in some of the documents described in this prospectus. Please refer to the actual documents for complete information. All of these summaries are qualified in their entirety by the actual documents. Copies of the documents referred to in this prospectus have been filed, or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under “Where You Can Find More Information.”

Unless otherwise indicated or unless the context otherwise requires, all references in this prospectus to “PNM”, “we”, “our”, “us”, or similar references mean Public Service Company of New Mexico and all of its subsidiaries.

You should rely only on the information contained or incorporated by reference in this prospectus, any applicable prospectus supplements and any free writing prospectus prepared by or on behalf of us. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, any applicable prospectus supplement, any free writing prospectuses and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

In particular, you should carefully consider the risks and uncertainties described under the section titled “Risk Factors” or otherwise included in any applicable prospectus supplement or incorporated by reference in this prospectus before you decide whether to purchase the securities. These risks and uncertainties, together with those not known to us or those that we may deem immaterial, could impair our business and ultimately affect our ability to make payments on the securities.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports and other information with the SEC. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, available at www.sec.gov.

Our Internet address is www.pnm.com. 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 Securities Exchange Act of 1934, as amended (the “Exchange Act”), are accessible free of charge at www.pnm.com/investors or www.pnmresources.com/investors, the website of PNM Resources, Inc. (“PNMR”), our parent company, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The contents of the websites are not a part of the registration statement of which this prospectus is a part. These reports are also available upon request in print from us free of charge.

We are “incorporating by reference” in this prospectus information we file with the SEC, which means that we are disclosing important information to you by referring you to those documents. Our filings with the SEC present separate filings by PNMR, PNM and Texas-New Mexico Power Company (“TNMP”), an indirect wholly-owned subsidiary of PNMR. Information contained therein relating to an individual registrant is filed by that registrant on its own behalf and each registrant makes no representation as to information relating to other registrants. The information we incorporate by reference is considered to be part of this prospectus, unless it is updated or superseded by the information contained in this prospectus or the information we file subsequently with the SEC that is incorporated by reference in this prospectus or a prospectus supplement. We are incorporating by reference the following documents that we have filed with the SEC (except those portions of filings that relate to PNMR or TNMP as separate registrants), other than any information in these documents that is deemed not to be “filed” with the SEC:

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 as filed on March 2, 2020;
- Our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020 as filed on May 1, 2020;
- PNMR’s Proxy Statement on Schedule 14A as filed on March 31, 2020; and
- Our Current Reports on Form 8-K as filed on March 30, 2020 and April 17, 2020.

We also incorporate by reference into this prospectus any filings we make with the SEC (excluding information furnished under Items 2.02 or 7.01 of Current Reports on Form 8-K) under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, after the date of initial filing of the registration statement that contains this prospectus.

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 Public Service Company of New Mexico, 414 Silver Ave. SW, Albuquerque, New Mexico, 87102-3289, Attention: Shareholder Services, or by telephone at (505) 241-2868.

PUBLIC SERVICE COMPANY OF NEW MEXICO

We are an electric utility that provides electric generation, transmission, and distribution service to our rate-regulated customers. We were incorporated in the State of New Mexico in 1917. Our retail electric service territory covers a large area of north-central New Mexico, including the cities of Albuquerque, Rio Rancho, and Santa Fe, and certain areas of southern New Mexico. Service to retail electric customers is subject to the jurisdiction of the New Mexico Public Regulation Commission (“NMPRC”).

Other services provided by us include wholesale transmission services to third parties as well as the generation and sale of electricity into the wholesale market, which services are regulated by Federal Energy Regulatory Commission (“FERC”). We own transmission lines that are interconnected with other utilities in New Mexico, Texas, Arizona, Colorado, and Utah. Regulation encompasses the utility’s electric rates, service, accounting, issuances of securities, construction of major new generation, abandonment of existing generation, types of generation resources, transmission and distribution facilities, and other matters. We are a wholly-owned subsidiary of PNMR, an investor-owned holding company of energy and energy-related businesses.

Our executive offices are located at 414 Silver Ave. SW, Albuquerque, New Mexico 87102-3289, and our telephone number is (505) 241-2700.

RISK FACTORS

Investing in the securities involves risk. Please carefully consider the specific risks set forth under the section entitled “Risk Factors” in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other reports filed with the SEC, which are all incorporated by reference in this prospectus and in the applicable prospectus supplement. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus or the applicable supplement to this prospectus. The risks and uncertainties described are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations, financial results and the value of our securities.

DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

This prospectus contains or incorporates by reference “forward-looking statements,” which you can generally identify by our use of forward-looking words including “believe,” “expect,” “intend,” “may,” “will,” “should,” “could,” “anticipate” or “plan” or the negative or other variations of these terms or comparable terminology, or by discussion of strategies that involve risks and uncertainties. These forward-looking statements relate to future events or our expectations, projections, estimates, intentions, goals, targets, and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. You are cautioned that all forward-looking statements are based upon current expectations and estimates, and we assume no obligation to update this information.

Because actual results may differ materially from those expressed or implied by these forward-looking statements, we caution you not to place undue reliance on these statements. Our business, financial condition, cash flows, and operating results are influenced by many factors, which are often beyond our control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. These factors include:

- Our ability to recover costs and earn allowed returns in regulated jurisdictions, including the impacts of the NMPRC orders in our Request for a General Increase in Electric Rates Filed by PNM on August 27, 2015 (“NM 2015 Rate Case”), the New Mexico Supreme Court’s decisions in the appeal of that order, our Request for a General Increase in Electric Rates Filed by PNM on December 7, 2016 (“NM 2016 Rate Case”) and related deferral of the issue of the prudence of our decision to continue participation in the Four Corners Power Plant (“Four Corners”) to our next general rate case and recovery of our investments and other costs associated with that plant, and any actions resulting from the pending appeal of the NMPRC’s approval of our request to issue securitized bonds under the New Mexico Energy Transition Act (“ETA”) and the NMPRC’s future actions regarding replacement resources in our July 1, 2019 consolidated application (the “SJGS Abandonment Application”) seeking NMPRC approval to retire our share of San Juan Generating Station (“SJGS”) in 2022 and for related replacement generating resources, (collectively, the “Regulatory Proceedings”) and the impact on service levels for our customers if the ultimate outcomes do not provide for the recovery of costs and operating and capital expenditures, as well as other impacts of federal or state regulatory and judicial actions
- Our ability to successfully forecast and manage our operating and capital expenditures, including aligning expenditures with the revenue levels resulting from the ultimate outcomes of the Regulatory Proceedings, or resulting from potential mid-term or long-term impacts related to COVID-19, and supporting forecasts utilized in future test year rate proceedings
- Uncertainty regarding what actions we may take with respect to the generating capacity in Palo Verde Nuclear Generating Station (“PVNGS”) Units 1 and 2 that is under lease at the expiration of the lease terms in 2023 and 2024, including our decisions related to purchasing or returning the assets underlying the leases, or upon the occurrence of certain specific events, as well as the related treatment for ratemaking purposes by the NMPRC
- Uncertainty surrounding the status of our participation in jointly-owned generation projects, including the 2022 scheduled expiration of the operational and fuel supply agreements for SJGS, the results of our 2017 Integrated Resource Plan filing, which indicates that our customers would benefit from our exit from Four Corners in 2031, including regulatory recovery of undepreciated investments and other costs in the event the NMPRC orders generating facilities be retired, and the impacts of the ETA
- Uncertainty regarding the requirements and related costs of decommissioning power plants and reclamation of coal mines supplying certain power plants, as well as the ability to recover those costs from customers, including the potential impacts of the ultimate outcomes of the Regulatory Proceedings
- The impacts on the electricity usage of customers and consumers due to performance of state, regional, and national economies, energy efficiency measures, weather, seasonality, alternative sources of power, advances in technology, the impacts of COVID-19 on customer usage, and other changes in supply and demand
- Our ability to access the financial markets in order to provide financing to repay or refinance debt as it comes due, as well as for ongoing operations and construction expenditures, including disruptions in the capital or credit markets, actions by ratings agencies, and fluctuations in interest rates, including any

negative impacts that could result from the ultimate outcomes of the Regulatory Proceedings or from the economic impacts of COVID-19

- The performance of generating units, transmission systems, and distribution systems, which could be negatively affected by operational issues, fuel quality and supply issues, unplanned outages, extreme weather conditions, wildfires, terrorism, cybersecurity breaches, and other catastrophic events, including the impacts of COVID-19, as well as the costs we may incur to third parties in connection with such issues
- State and federal regulation or legislation relating to environmental matters and renewable energy requirements, the resultant costs of compliance, and other impacts on the operations and economic viability of our generating plants
- State and federal regulatory, legislative, executive, and judicial decisions and actions on ratemaking, and taxes, including guidance related to the Tax Cuts and Jobs Act, and other matters
- Risks related to climate change, including potential financial risks resulting from climate change litigation and legislative and regulatory efforts to limit greenhouse gas emissions, including the impacts of the recently enacted ETA
- Employee workforce factors, including cost control efforts and issues arising out of collective bargaining agreements and labor negotiations with union employees
- Variability of prices and volatility and liquidity in the wholesale power and natural gas markets
- Changes in price and availability of fuel and water supplies, including the ability of the mines supplying coal to our coal-fired generating units and the companies involved in supplying nuclear fuel to provide adequate quantities of fuel
- The risks associated with completion of generation, transmission, distribution, and other projects, including uncertainty related to regulatory approvals and cost recovery, and the ability of counterparties to meet their obligations under certain arrangements, and supply chain or other outside support services that may be disrupted by the impacts of COVID-19
- Regulatory, financial, and operational risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainties
- The impacts of decreases in the values of marketable securities maintained in trusts to provide for decommissioning, reclamation, pension benefits, and other postretirement benefits, including potential increased volatility resulting from international developments and the impacts of COVID-19, as well as our ability to recover future decommissioning and reclamation costs from customers
- Uncertainty surrounding counterparty performance and credit risk, including the ability of counterparties to supply fuel and perform reclamation activities and impacts to financial support provided to facilitate the coal supply at SJGS
- The effectiveness of risk management regarding commodity transactions and counterparty risk
- The outcome of legal proceedings, including the extent of insurance coverage
- Changes in applicable accounting principles or policies

Important risk factors that could cause our results to differ materially from those expressed in the forward-looking statements are listed under “Risk Factors” in a prospectus supplement and may also be found in our periodic reports filed with the SEC at www.sec.gov.

USE OF PROCEEDS

Except as may otherwise be set forth in a prospectus supplement, the proceeds from the sale of these senior unsecured notes may be used to retire outstanding debt, to finance a portion of our capital expenditures and for other general corporate purposes.

DESCRIPTION OF SENIOR UNSECURED NOTES

General

The following description sets forth certain general terms and provisions of our senior unsecured notes, or SUNs. When we offer SUNs in the future, a prospectus supplement will explain the particular terms of those SUNs, and the extent to which any of these general provisions will not apply.

The SUNs will be our unsecured and unsubordinated obligations ranking equally with all of our existing and future unsecured and unsubordinated obligations. We may issue the SUNs from time to time in one or more series, under the indenture dated as of August 1, 1998 between us and MUFG Union Bank, N.A. (ultimate successor to The Chase Manhattan Bank), as trustee (the "Trustee"). This indenture, as heretofore amended and supplemented, and as it may be amended and supplemented from time to time, is referred to in this prospectus as the Indenture.

We have summarized selected provisions of the Indenture below. You should read this summary together with the Indenture, any supplemental indentures or other documents establishing the SUNs for a complete understanding of the provisions that may be important to you. You should also read this prospectus and any applicable prospectus supplement before you make any investment decision. The following descriptions of the SUNs and the Indenture are qualified by reference to the Indenture, which is filed as an exhibit to the registration statement of which this prospectus is a part. References to certain sections of the Indenture are included in parentheses. Whenever particular provisions or defined terms in the Indenture are referred to under this "Description of Senior Unsecured Notes," such provisions or defined terms are incorporated by reference herein. The Indenture is qualified under the Trust Indenture Act of 1939. You should refer to the Trust Indenture Act of 1939 for provisions that apply to the SUNs.

The Indenture provides that the applicable SUNs will be issued in one or more series, may be issued at various times, may have differing maturity dates and may bear interest at differing rates. We need not issue all SUNs of one series at the same time and, unless otherwise provided, we may reopen a series, without the consent of the holders of the SUNs of that series for issuances of additional SUNs of that series.

The prospectus supplement relating to any series of SUNs being offered will include specific terms relating to that offering. These terms will include any of the following terms that apply to that series:

- the title of the SUNs;
- the total principal amount of the SUNs;
- the person or persons to whom interest payments are made, if other than the registered holder;
- the date or dates on which the principal of the SUNs will be payable, and how the dates will be determined;
- the rate or rates at which the SUNs will bear interest, if any, and how the rate or rates will be determined;
- the date or dates from which interest on the SUNs will accrue, the interest payment dates on which interest will be paid, and the record dates for the interest payments;
- the right, if any, to extend the interest payment periods for the SUNs and the duration of the extension;
- the place or places at which or methods by which payments will be made;
- whether we have the option to redeem the SUNs and, if so, the terms of our redemption option;
- any sinking fund or other provisions or options held by holders of the SUNs that would obligate us to repurchase or otherwise redeem the SUNs;
- if the SUNs will be issued in denominations other than \$1,000 and integral multiples thereof;
- any index or formula used for determining principal, premium or interest;

- the currency or currencies in which payments will be made if other than United States dollars, and the manner of determining the equivalent of those amounts in United States dollars;
- if payments may be made on any of the SUNs, at our election or at the holder's election, in a currency or currencies other than that in which the SUNs are stated to be payable, then the currency or currencies in which those payments may be made, the terms and conditions of the election and the manner of determining those amounts;
- the portion of the principal payable upon acceleration of maturity, if other than the entire principal;
- if the principal payable on the maturity date will not be determinable on one or more dates prior to the maturity date, the amount which will be deemed to be such principal amount as of any such date or the manner of determining such amount;
- whether the provisions described below under “ - Discharge, Defeasance and Covenant Defeasance” will apply to the SUNs;
- whether the SUNs will be issuable as global securities and, if so, the securities depository;
- any changes or additions to the events of default under the Indenture or changes or additions to our covenants under the Indenture; and
- any other terms of the SUNs not inconsistent with the terms of the Indenture.

(See Section 3.01)

All SUNs of any one series will be substantially identical except as to denomination and except as may otherwise be determined in the manner provided for in the Indenture. (See Section 3.01)

The SUNs are not secured by any property or assets and represent our unsecured debt obligations. As discussed below under “ - Restrictions on Liens” and “ - Restrictions on Sale and Lease-Back Transactions,” the Indenture contains certain limitations on our ability to create liens and enter into sale and leaseback transactions. Such limitations do not afford holders of the SUNs protection in the event of a highly leveraged or other transaction involving us that may adversely affect the holders of the SUNs. The Indenture does not limit our ability to pay dividends or limit our ability to incur other unsecured and unsubordinated debt ranking equally with all of our existing and future unsecured and unsubordinated obligations. However, debt to capital requirements in certain of our financial instruments and regulatory agreements would limit the amount of additional debt we could issue.

SUNs may be sold at a substantial discount below their principal amount. You should consult the applicable prospectus supplement for a description of certain special United States federal income tax considerations which may apply to SUNs sold at an original issue discount or denominated in a currency other than United States dollars.

Global SUNs

We may issue some or all of the SUNs as book-entry securities. Any such book-entry securities will be represented by one or more fully registered global securities. We will register each global security with or on behalf of a securities depository identified in the applicable prospectus supplement. Each global security will be deposited with the securities depository or its nominee or a custodian for the securities depository.

As long as the securities depository or its nominee is the registered holder of a global security representing SUNs, that person will be considered the sole owner and holder of the global security and the SUNs it represents for all purposes. Except in limited circumstances, owners of beneficial interests in a global security:

- may not have the global security or any of the SUNs it represents registered in their names;
- may not receive or be entitled to receive physical delivery of certificated SUNs in exchange for the global security; and

- will not be considered the owners or holders of the global security or any of the SUNs it represents for any purposes under the SUNs or the Indenture.

We will make all payments of principal and any premium and interest on a global security to the securities depository or its nominee as the holder of the global security. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in a global security.

Ownership of beneficial interests in a global security will be limited to institutions having accounts with the securities depository or its nominee, which are called “participants” in this discussion, and to persons that hold beneficial interests through participants. When a global security representing SUNs is issued, the securities depository will credit on its book entry, registration and transfer system the principal amounts of SUNs the global security represents to the accounts of its participants. Ownership of beneficial interests in a global security will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by:

- the securities depository, with respect to participants’ interests; and
- any participant, with respect to interests the participant holds on behalf of other persons.

Payments to owners of beneficial interests held through participants will be the responsibility of those participants. The securities depository may from time to time adopt various policies and procedures governing payments, transfers, exchanges and other matters relating to beneficial interests in a global security. None of the following will have any responsibility or liability for any aspect of the securities depository’s or any participant’s records relating to beneficial interests in a global security representing SUNs, for payments made on account of those beneficial interests or for maintaining, supervising or reviewing any records relating to those beneficial interests:

- PNM;
- the Trustee; or
- an agent of either of them.

Redemption

We will set forth any terms for the redemption of the SUNs in a prospectus supplement. Unless we indicate differently in a prospectus supplement, the SUNs will be redeemable upon notice by mail to the holders between 30 and 60 days prior to the redemption date. If less than all of the SUNs of any series are to be redeemed, the Trustee will select the SUNs to be redeemed. In the absence of any provision for selection, the Trustee will choose a method of random selection that it deems fair and appropriate. (See Sections 11.03 and 11.04)

The SUNs will cease to bear interest on the redemption date. We will pay the redemption price and any accrued interest once the SUNs are surrendered for redemption. (See Section 11.06) If only part of a SUN is redeemed, the Trustee will deliver to you a new SUN of the same series for the remaining portion without charge. (See Section 11.07)

We may make any redemption, at our option, conditional upon the receipt by the paying agent or agents, on or prior to the date fixed for redemption, of money sufficient to pay the redemption price. If the paying agent or agents have not received the money by the date fixed for redemption, we will not be required to redeem the SUNs. (See Section 11.04)

Payment

Except as may be provided in the prospectus supplement, interest, if any, on each SUN payable on each interest payment date will be paid to the person in whose name the SUN is registered as of the close of business on the regular record date for the interest payment date. If there has been a default in the payment of interest on any SUN, the defaulted interest may be paid to the holder of that SUN as of the close of business on a date to be fixed by

the Trustee, which will be between 10 and 15 days prior to the date we proposed for payment of the defaulted interest, and not less than 10 days after receipt by the Trustee of the notice of the proposed payment. The defaulted interest may also be paid in any other manner permitted by any securities exchange on which that SUN may be listed, if the Trustee finds it practicable. (See Section 3.07)

Registration of Transfer and Exchange

Unless otherwise specified in a prospectus supplement, the transfer of the SUNs may be registered, and the SUNs may be exchanged for other SUNs of the same series, of authorized denominations and with the same terms and principal amount, at the corporate trust office of the Trustee. We may change the place for registration of transfer and exchange of the SUNs and may designate additional places for registration and exchange. Unless otherwise provided in the prospectus supplement, no service charge will be made for any transfer or exchange of the SUNs. However, we may require payment to cover any tax or other governmental charge that may be imposed. We will not be required to execute or to provide for the registration of transfer of, or the exchange of:

- any SUN during a period of 15 days prior to giving any notice of redemption; or
- any SUN selected for redemption except the unredeemed portion of any SUN being redeemed in part.

(See Section 3.05)

Restrictions on Liens

The Indenture provides that so long as any SUNs are outstanding, we will not issue, assume, or guarantee any Debt (as defined below) secured by any mortgage, security interest, pledge, or lien (Mortgage) of or on any Operating Property (as defined below), owned as of the date of the Indenture or thereafter acquired, without also securing the outstanding SUNs (so long as the other Debt is so secured) equally and ratably with the Debt.

This limitation does not apply in the case of any Debt secured by:

- Mortgages on any property existing at the time we acquired it;
- Mortgages on property of a corporation with which we consolidated or merged or which transfers or leases all or substantially all of its properties to us;
- Mortgages on property to secure all or part of the cost of acquiring, constructing, developing, or substantially repairing, altering, or improving the property, or to secure indebtedness incurred to provide funds for any of these purposes or for the reimbursement of funds previously expended for any of these purposes if created within a certain period;
- Mortgages in favor of the United States of America or any State thereof, or any department, agency, or instrumentality or political subdivision of the United States of America or any State thereof, or for the benefit of holders of securities issued by any such entity, to secure any Debt incurred for the purpose of financing all or any part of the purchase price or the cost of constructing, developing or substantially repairing, altering, or improving the property subject to such Mortgages;
- Mortgages on any property (x) which, at any time subsequent to January 1, 1985 through the date of the Indenture, was leased to us, or (y) pursuant to the terms of any lease to us in effect at any time subsequent to January 1, 1985 through the date of the Indenture, title to which would not have been vested in us (assuming that the lease remained in effect on the date of determination as the lease was in effect immediately prior to the date of the Indenture);
- the extension, renewal or replacement, in whole or in part, of any Mortgage referred to above; provided, however, that the principal amount of Debt so secured and not otherwise authorized by the previous clauses, shall not exceed the principal amount of Debt, plus any premium or fee payable in connection with any such extension, renewal, or replacement, so secured at the time of such extension, renewal, or replacement.

Notwithstanding the foregoing, so long as any SUNs are outstanding, we may issue, assume, or guarantee Debt, or permit to exist Debt, secured by mortgages which would otherwise be subject to the foregoing restrictions up to an aggregate principal amount that, together with the principal amount of all of our other Debt, secured by mortgages (other than mortgages permitted by the Indenture that would otherwise be subject to the foregoing restrictions) and the Value (as defined below) of all Sale and Lease-Back Transactions (as defined below) in existence at such time (other than certain Sale and Lease-Back Transactions specified in the Indenture), does not exceed at the time the greater of ten percent (10%) of Net Tangible Assets (as defined below) or ten percent (10%) of Capitalization (as defined below). (See Section 10.05)

Restrictions on Sale and Lease-Back Transactions

The Indenture provides that so long as any SUNs are outstanding, we will not enter into any Sale and Lease-Back Transaction with respect to any Operating Property if the commitment by or on behalf of the purchaser was obtained more than 18 months after the later of (i) the completion of the acquisition, construction, or development of the Operating Property or (ii) the placing in operation of the Operating Property or of the Operating Property as constructed, developed, or substantially repaired, altered, or improved, unless:

- we are entitled pursuant to the Indenture to issue, assume, or guarantee Debt secured by a mortgage on such Operating Property without equally and ratably securing the SUNs; or
- we are entitled pursuant to the Indenture, after giving effect to the Sale and Lease-Back Transaction, to incur \$1.00 of additional Debt secured by mortgages (other than mortgages permitted by the Indenture); or
- we apply or cause to be applied:
 - in the case of a sale or transfer for cash, an amount equal to the net proceeds thereof (but not in excess of the net book value of the Operating Property at the date of sale or transfer), or,
 - in the case of a sale or transfer otherwise than for cash, an amount equal to the fair value (as determined by our board of directors) of the Operating Property so leased, to the retirement, within 180 days after the effective date of the Sale and Lease-Back Transaction, of our Debt ranking senior to, or equally with, the SUNs. However, the amount to be applied to the retirement of Debt will be reduced by an amount equal to the principal amount, plus any premium or fee paid in connection with any redemption in accordance with the terms of Debt voluntarily retired by us within the 180-day period, excluding retirement pursuant to mandatory sinking fund or prepayment provisions and payments at maturity. (Section 10.10)

Certain Definitions

The term “Capitalization,” as used above, means the total of all the following items appearing on, or included in, our consolidated balance sheet: (i) liabilities for indebtedness maturing more than twelve (12) months from the date of determination; and (ii) any common stock, preferred stock, premium on capital stock, capital surplus, capital in excess of par value, and retained earnings (however the foregoing may be designated), less, to the extent not otherwise deducted, the cost of shares of our capital stock held in our treasury.

The term “Debt,” as used above, means any outstanding debt for money borrowed evidenced by notes, debentures, bonds, or other securities.

The term “Net Tangible Assets,” as used above, means the amount shown as total assets on our consolidated balance sheet, less the following: (i) intangible assets including, but without limitation, such items as goodwill, trademarks, trade names, patents, and unamortized debt discount and expense and other regulatory assets carried as an asset on our consolidated balance sheet; and (ii) appropriate adjustments, if any, on account of minority interests.

The term “Operating Property,” as used above, means (i) any interest in real property owned by us and (ii) any asset owned by us that is depreciable in accordance with generally accepted accounting principles.

The term “Sale and Lease-Back Transaction,” as used above, means any arrangement with any entity providing for the leasing to us of any Operating Property (except for temporary leases for a term, including any renewal thereof, of not more than forty-eight (48) months), which Operating Property has been or is to be sold or transferred by us to such entity; provided, however, Sale and Lease-Back Transaction shall not include any arrangement (i) first entered into prior to the date of the Indenture and (ii) involving the exchange of any Operating Property for any property subject to an arrangement specified in the preceding clause (i).

The term “Value,” as used above, means, with respect to a Sale and Lease-Back Transaction, as of any particular time, the amount equal to the greater of (1) the net proceeds to us from the sale or transfer of the property leased pursuant to such Sale and Lease-Back Transaction or (2) the net book value of such property, as determined in accordance with generally accepted accounting principles by us at the time of entering into such Sale and Lease-Back Transaction, in either case multiplied by a fraction, the numerator of which shall be equal to the number of full years of the term of the lease that is part of such Sale and Lease-Back Transaction remaining at the time of determination and the denominator of which shall be equal to the number of full years of such term, without regard, in any case, to any renewal or extension options contained in such lease.

Restrictions on Mergers and Sale of Assets

Under the terms of the Indenture, we may not consolidate with or merge into any other entity or convey, transfer or lease our properties and assets substantially as an entirety to any entity, unless:

- the surviving or successor entity is organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and it expressly assumes our obligations on all SUNs and under the Indenture;
- immediately after giving effect to the transaction, no event of default and no event which, after notice or lapse of time or both, would become an event of default shall have occurred and be continuing; and
- we deliver to the Trustee, an officers’ certificate and an opinion of counsel as to compliance with the foregoing.

(See Section 8.01)

Discharge, Defeasance and Covenant Defeasance

The Indenture provides that we may be:

- discharged from our obligations, with certain limited exceptions, with respect to any series of SUNs, as described in the Indenture and any additional covenants set forth in the applicable prospectus supplement, such a discharge being called a “defeasance” in this prospectus; and
- released from our obligations under certain restrictive covenants especially established with respect to any series of SUNs, including the covenants described under “ - Restrictions on Liens” and “ - Restrictions on Sale-Leaseback Transactions” as described in the Indenture, such a release being called a “covenant defeasance” in this prospectus. (See Sections 13.02 and 13.03)

We must satisfy certain conditions to effect a defeasance or covenant defeasance. Those conditions include the irrevocable deposit with the Trustee, in trust, of money or government obligations which through their scheduled payments of principal and interest would provide sufficient money to pay the principal and any premium and interest on those SUNs on the maturity dates of those payments or upon redemption. (See Section 13.04)

In addition, we will be required to deliver to the Trustee an opinion of counsel to the effect that the deposit and related defeasance or covenant defeasance will not cause the holders of the applicable series of SUNs to recognize gain or loss for federal income tax purposes, and that such holders will be subject to federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and related defeasance or covenant defeasance were not to occur. In the case of a defeasance, that opinion of counsel must be based upon a ruling from the Internal Revenue Service or a change in federal income tax law. (See Section 13.04)

Modification of the Indenture

We and the Trustee may enter into one or more supplemental indentures without the consent of any holder of the SUNs for certain specified purposes, including:

- to evidence the assumption by any permitted successor of our covenants in the Indenture and in the SUNs;
- to add to our existing covenants for the benefit of the holders or to surrender any of our rights or powers under the Indenture;
- to add additional events of default;
- to add to or change any of the provisions to such extent necessary for the issuance of SUNs in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of SUNs in uncertificated form;
- to change, eliminate, or add any provision to the Indenture; provided, however, if the change, elimination, or addition will adversely affect the interests of the holders of the SUNs of any series in any material respect, that change, elimination, or addition will become effective only:
 - when the consent of the holders of a majority in aggregate principal amount of the SUNs of that series has been obtained in accordance with the Indenture; or
 - when no SUNs of the affected series remain outstanding under the Indenture;
- to secure the SUNs;
- to establish the form or terms of the SUNs of any other series as permitted by the Indenture;
- to evidence and provide for the acceptance of appointment of a successor trustee;
- to provide for or facilitate the administration of the trusts by more than one Trustee;
- to cure any ambiguity or inconsistency or to make any other provisions with respect to matters and questions arising under the Indenture; provided that the action will not adversely affect the interests of the holders of the SUNs of any series in any material respect.

(See Section 9.01)

If the Trust Indenture Act of 1939 is amended after the date of the Indenture to require changes to the Indenture, the Indenture will be deemed to be amended so as to conform to that amendment of the Trust Indenture Act of 1939. We and the Trustee may, without the consent of any of the holders, enter into one or more supplemental indentures to evidence that amendment. (See Section 9.01)

The consent of the holders of a majority in aggregate principal amount of the SUNs of all series then outstanding, considered as one class, is required for all other modifications to the Indenture. However, if less than all of the series of SUNs outstanding are directly affected by a proposed supplemental indenture, then only the consent of the holders of a majority in aggregate principal amount of the outstanding SUNs of all series that are directly affected will be required. No amendment or modification may:

- change the stated maturity of the principal of, or any installment of principal of or interest on, any SUN, or reduce the principal amount of any SUN or its rate of interest or change the method of calculating the interest rate or reduce any premium payable upon redemption, or change the currency in which payments are made, or impair the right to institute suit for the enforcement of any payment on or after the date that any principal or interest is due and payable on any SUN, without the consent of the holder;
- reduce the percentage in principal amount of the outstanding SUNs of any series the consent of which is required for any supplemental indenture or any waiver of compliance with a provision of the Indenture or any default thereunder and its consequences, or reduce the requirements for quorum or voting, without the consent of all the holders of the series; or

- modify certain provisions of the Indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults with respect to the SUNs of any series, without the consent of the holder of each outstanding SUN affected thereby.

(See Section 9.02)

A supplemental indenture which changes the Indenture solely for the benefit of one or more particular series of SUNs, or modifies the rights of the holders of the SUNs of one or more series, will not affect the rights under the Indenture of the holders of the SUNs of any other series. (See Section 9.02)

The Indenture provides that the SUNs owned by us or anyone else required to make payment on the SUNs will be disregarded and considered not to be outstanding in determining whether the required holders have given a request or consent. (See Section 1.01)

We may fix in advance a record date to determine the required number of holders entitled to give any request, demand, authorization, direction, notice, consent, waiver or other such act of the holders, in certain situations. If the record date is fixed, the holders of the outstanding SUNs of the relevant series on that record date, and no other holders, will be entitled to take or revoke the relevant action, whether or not those holders remain holders after that record date. No action, however, will be effective unless taken on or prior to the applicable expiration date by holders of the requisite principal amount of the outstanding SUNs of that series on that record date. Any request, demand, authorization, direction, notice, consent, waiver or other act of a holder will bind every future holder of the same SUNs and the holder of every SUN issued upon the registration of transfer of or in exchange of those SUNs. A transferee will be bound by our acts or those of the Trustee taken in reliance thereon, whether or not notation of that action is made upon that SUN. (See Section 1.04)

Events of Default

“Event of default” when used in the Indenture with respect to any series of SUNs, means any of the following:

- failure to pay interest on any SUN of the applicable series for 60 days after it is due;
- failure to pay the principal of or premium on any SUN of the applicable series when due (whether at maturity or upon earlier redemption);
- failure to pay the deposit of any sinking fund payment, when and as due by the terms of the applicable series;
- failure to perform any other covenant in the Indenture, other than a covenant that does not relate to that series of SUNs, that continues for 90 days after we receive written notice from the Trustee, or we and the Trustee receive a written notice from the holders of a majority in principal amount of the SUNs of such series; however, the Trustee or the Trustee and such holders can agree to an extension of the 90-day period and this extension will be automatic if we are diligently pursuing action to correct the default;
- certain events in bankruptcy, insolvency or reorganization of PNM; or
- any other event of default provided with respect to the SUNs of that series.

(See Section 5.01)

Remedies

Acceleration of Maturity

If an event of default with respect to any one series of SUNs occurs and continues, either the Trustee or the holders of a majority in principal amount of the outstanding SUNs of that series may declare the principal amount of all the SUNs of that series to be due and payable immediately. However, if the event of default is applicable to more than one series of SUNs, the Trustee or the holders of a majority in principal amount of all the outstanding SUNs of

all series, considered as one class, and not the holders of any one series, may make a declaration of acceleration. (See Section 5.02)

At any time after a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the event of default giving rise to the declaration of acceleration will be considered waived, and the declaration and its consequences will be automatically rescinded and annulled, if:

- we have paid or deposited with the Trustee a sum sufficient to pay:
 - all overdue interest on all the SUNs of the series;
 - the principal of and premium, if any, on any SUNs of the series which have otherwise become due and interest, if any, that is currently due;
 - interest, if any, on overdue interest (to the extent lawful);
 - all amounts due to the Trustee under the Indenture; and
- any other event of default with respect to the SUNs of that series has been cured or waived as provided in the Indenture.

(See Section 5.02)

The holders of a majority in principal amount of the outstanding SUNs of any series may on behalf of the holders of all the SUNs of that series waive any past default under the Indenture with respect to that series and its consequences, except a default (i) in the payment of the principal of or any premium or interest on any SUN of that series, or (ii) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the holder of each outstanding SUN of the series affected. However, if a default occurs and continues with respect to more than one series of SUNs, the holders of a majority in aggregate principal amount of the outstanding SUNs of all such series, considered as one class, have the right to waive the default, and not the holders of the SUNs of any one such series. Upon any waiver, the default ceases to exist, and any and all events of default arising therefrom is deemed to have been cured, for every purpose of the Indenture; but no waiver will extend to any subsequent or other default or impair any right consequent thereon. (See Section 5.13)

Right to Direct Proceedings

If an event of default with respect to any series of SUNs occurs and continues, the holders of a majority in principal amount of the outstanding SUNs of that series have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the SUNs of that series. However, if an event of default occurs and continues with respect to more than one series of SUNs, the holders of a majority in aggregate principal amount of the outstanding SUNs of all such series, considered as one class, have the right to make the direction, and not the holders of the SUNs of any one of such series. In either case, the Indenture further provides that:

- such direction will not be in conflict with any rule of law or with the Indenture;
- the Trustee may take any other action deemed proper by the Trustee and not inconsistent with such direction; and
- subject to the provisions of the Indenture the Trustee will have the right to decline to follow any direction if the Trustee in good faith determines that the proceeding so directed would involve the Trustee in personal liability.

(See Section 5.12)

Limitation on Right to Institute Proceedings

No holder of SUNs of any series will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture, unless:

- the holder has previously given to the Trustee written notice of a continuing event of default;

- the holders of a majority in aggregate principal amount of the outstanding SUNs of all series in respect of which an event of default has occurred and is continuing, considered as one class, have made a written request to the Trustee;
- such holder or holders have offered reasonable indemnity to the Trustee to institute proceedings; and
- the Trustee has failed to institute any proceeding for 60 days after notice, request and offer of indemnity and has not received any direction inconsistent with the written request of the holders during that period.

(See Section 5.07)

No Impairment of Right to Receive Payment

The limitations on the right to institute proceedings, however, do not apply to a suit by a holder of a SUN for payment of the principal of or premium, if any, or interest if any, on that SUN on or after the applicable due date. (See Section 5.08)

Annual Notice to Trustee

We will provide to the Trustee an annual statement, within 120 days after the end of each fiscal year, by an appropriate officer as to whether we are in default in the performance and observance of any of the terms, provisions and conditions of the Indenture. (See Section 10.04)

Notices

Notices to holders of the SUNs will be given by mail to the holders at the addresses that appear in the security register. (See Section 1.06)

Title

We, the Trustee, and any of our agents or the agents of the Trustee, may treat the person in whose name the SUNs are registered as the absolute owner thereof, whether or not such SUNs may be overdue, for the purpose of making payments and for all other purposes irrespective of notice to the contrary. (See Section 3.08)

Governing Law

The Indenture and the SUNs are governed by, and construed in accordance with, the laws of the State of New York. (See Section 1.12)

Regarding the Trustee

The Trustee is MUFG Union Bank, N.A. (ultimate successor to The Chase Manhattan Bank as trustee). In addition to acting as the Trustee, MUFG Union Bank, N.A. acts as trustee under various indentures of our affiliates. We and our affiliates also maintain credit and liquidity facilities and conduct other banking transactions with the Trustee and affiliates of the Trustee in the ordinary course of our businesses.

The Trustee may resign at any time by giving us written notice or be removed at any time by an act of the holders of a majority in principal amount of any series of SUNs then outstanding delivered to the Trustee and PNM. In addition, provided that no event of default has occurred or is continuing, we may appoint a new trustee upon delivering to the Trustee, a resolution of our board of directors appointing a successor trustee and the successor's acceptance of our appointment. In this case, the Trustee will be deemed to have resigned and the successor will be deemed to have been appointed as trustee in accordance with the Indenture. In any event, the resignation or removal of the Trustee, and no appointment of a successor trustee, will be effective until the acceptance of appointment by a successor trustee. (See Section 6.10)

The Trustee will perform only those duties that are specifically set forth in the Indenture unless an event of default under the Indenture occurs and continues. In case an event of default occurs and continues, the Trustee will exercise the same degree of care and skill as a prudent individual would exercise under the circumstances in the conduct of his or her own affairs. (See Section 6.01)

PLAN OF DISTRIBUTION

We may sell SUNs, in or outside of the United States, to underwriters or dealers, through agents, directly to purchasers or through a combination of these methods. The applicable prospectus supplement will contain specific information relating to the terms of the offering, including, to the extent not otherwise included in the prospectus:

- the name or names of any underwriters or agents;
- the purchase price of the SUNs;
- our net proceeds from the sale of the SUNs;
- any underwriting discounts or agency fees and other items constituting underwriters' or agents' compensation; and
- any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers.

By Underwriters

If underwriters are used in the sale, the SUNs will be acquired by the underwriters for their own account. Underwriters may offer the SUNs directly or through underwriting syndicates represented by one or more managing underwriters. The underwriters may resell the SUNs in one or more transactions, including negotiated transactions, at a fixed public offering price, which may be changed, or at varying prices determined at the time of sale. The obligations of the underwriters to purchase the SUNs will be subject to certain conditions. The initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

By Dealers

If dealers are used in the sale, unless otherwise specified in the applicable prospectus supplement, we will sell the SUNs to the dealers as principals. The dealers may then resell the SUNs to the public at varying prices to be determined by the dealers at the time of resale. The applicable prospectus supplement will contain more information about the dealers, including the names of the dealers and the terms of our agreement with them.

By Agents and Direct Sales

We may sell the SUNs directly to the public, without the use of underwriters, dealers or agents. We may also sell the SUNs through agents we designate from time to time. The applicable prospectus supplement will contain more information about the agents, including the names of the agents and any commission we agree to pay the agents.

We also may engage a broker-dealer from time to time to act as agent or principal for the offer of our SUNs in one or more placements pursuant to a distribution agreement. If we and the broker-dealer agree, we will sell to the broker-dealer as agent or as principal, and the broker-dealer will seek to solicit offers to purchase on an agency basis and/or will purchase on a principal basis, our SUNs. The amount and purchase price (less an underwriting discount) of the SUNs we sell to the broker-dealer will be mutually agreed on the relevant trading day. The SUNs sold under the distribution agreement will be sold at prices related to the prevailing market price for such securities, and therefore exact figures regarding the price, proceeds that will be raised or commissions to be paid will be described in a prospectus supplement to this prospectus or in other filings made in accordance with and as permitted by the Securities Act and the Exchange Act. The broker-dealer may make sales of our SUNs pursuant to the distribution agreement in privately negotiated transactions and/or any other method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act including sales made on the New York Stock Exchange, the current trading market for our debt securities.

General Information

Underwriters, dealers and agents that participate in the distribution of the SUNs may be deemed underwriters as defined in the Securities Act, and any discounts or commissions we pay to them and any profit made by them on the resale of the SUNs may be treated as underwriting discounts and commissions under the Securities Act. Any underwriters or agents will be identified and their compensation from us will be described in the applicable prospectus supplement.

We may agree with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may be customers of, engage in transactions with or perform services for, us in the ordinary course of their businesses.

LEGAL MATTERS

Certain legal matters in connection with the SUNs offered hereby will be passed upon for us by Leonard D. Sanchez, Esq., Associate General Counsel of PNMR and Troutman Sanders LLP. As of April 30, 2020, Mr. Sanchez held 545 shares of PNMR common stock (pursuant to the vesting of restricted stock rights) and 1,423 unvested restricted stock rights (which vest in equal annual installments over a three-year period from the respective grant date). If legal matters in connection with offerings made pursuant to this prospectus are passed upon by counsel for the underwriters, dealers or agents, if any, such counsel will be named in the applicable prospectus supplement relating to such offering.

EXPERTS

The consolidated financial statements and schedule of Public Service Company of New Mexico and subsidiaries as of December 31, 2019 and 2018, and for each of the years in the three-year period ended December 31, 2019, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. *Other Expenses of Issuance and Distribution.*

The estimated expenses of issuance and distribution other than underwriting discounts and commissions, to be paid by PNM are as follows:

	Amount to be Paid
SEC Filing Fees	\$22,715
Printing and engraving expenses	*
Accounting Fees and Expenses	*
Legal Fees and Expenses	*
Trustee Fees and Expenses	*
Rating Agency Fees	*
Miscellaneous	*
Total Expenses	\$22,715

* Estimated expenses are not presently known. The foregoing sets forth the general categories of expenses (other than underwriting discounts and commissions) that we anticipate we will incur in connection with the offering of securities under this registration statement. An estimate of the aggregate expenses in connection with the issuance and distribution of the securities being offered will be included in the applicable prospectus supplement.

Each prospectus supplement will reflect estimated expenses of PNM based upon the amount of the related offering.

Item 15. *Indemnification of Directors and Officers.*

Section 7 of Article II of Public Service Company of New Mexico's Bylaws contains the following provisions with respect to indemnification of directors and officers:

Each person serving as a director or an officer of the Corporation, or, at the request of the Corporation, as a director or an officer of any other company in which the Corporation has a financial interest and regardless of whether or not the person is then in office, and the heirs, executors, administrators and personal representatives of the person, shall be indemnified by the Corporation to the full extent of the authority of the Corporation to so indemnify as authorized by New Mexico law.

Section 53-11-4.1 of the Business Corporation Act of the State of New Mexico provides that a corporation shall have power to indemnify any person made (or threatened to be made) a party to any proceeding (whether threatened, pending or completed) by reason of the fact that the person is or was a director (or, while a director, is or was serving in any of certain other capacities) if: (1) the person acted in good faith; (2) the person reasonably believed: (a) in the case of conduct in the person's official capacity with the corporation, that the person's conduct was in its best interests; and (b) in all other cases, that the person's conduct was at least not opposed to its best interests; and (3) in the case of any criminal proceeding, the person had no reasonable cause to believe the person's conduct was unlawful. Indemnification may be made against judgments, penalties, fines, settlements and reasonable expenses, actually incurred by the person in connection with the proceeding, but may be limited or unavailable with respect to certain proceedings. In some instances, indemnification of a director may be mandatory or, upon the application of a director, may be ordered by a court. Reasonable expenses incurred by a director may, under certain circumstances, be paid or reimbursed in advance of a final disposition of a proceeding. Unless limited by its articles of incorporation, a corporation may (or, as the case may be, shall) indemnify and advance expenses to an officer of

the corporation to the same extent as to a director under Section 53-11-4.1. Also, unless limited by its articles of incorporation, a corporation has (1) the power to indemnify and to advance expenses to an employee or agent of the corporation to the same extent that it may indemnify and advance expenses to directors under the statute and (2) additional power to indemnify and to advance reasonable expenses to an officer, employee or agent who is not a director to such further extent, consistent with law, as may be provided by its articles of incorporation, bylaws, general or specific action of its Board of Directors, or contract.

Section 53-11-4.1 was amended in 1987 to provide that the indemnification authorized thereunder shall not be deemed exclusive of any rights to which those seeking indemnification may be entitled under the articles of incorporation, the by-laws, an agreement, a resolution of shareholders or directors or otherwise. PNM and/or its parent PNMR, have entered into agreements with each director and officer which provide for indemnification of directors and officers to the fullest extent permitted by law including advancement of litigation expenses where appropriate. The agreements provide for the appointment of a reviewing party by the applicable board of directors to make a determination whether claimed indemnification is permitted under applicable law.

Insurance is maintained on a regular basis (and not specifically in connection with this offering) against liabilities arising on the part of directors and officers out of their performance in such capacities or arising on the part of PNM out of its foregoing indemnification provisions, subject to certain exclusions and to the policy limits.

Item 16. Exhibits.

Exhibit

Number Exhibit Description

- | | |
|-------|--|
| 1.1** | Form of Underwriting Agreement for Senior Unsecured Notes. |
| 3.1* | Restated Articles of Incorporation of Public Service Company of New Mexico, as amended through May 31, 2002 (Exhibit 3.1.1 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 in File No. 1-6986). |
| 3.2* | Bylaws of Public Service Company of New Mexico with all amendments to and including May 31, 2002 (Exhibit 3.1.2 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 in File No. 1-6986). |
| 4.1* | Indenture (for Senior Notes), dated as of August 1, 1998, between Public Service Company of New Mexico and MUFG Union Bank, N.A. (ultimate successor trustee to The Chase Manhattan Bank), as Trustee (Exhibit 4.1 to Form S-3 No. 333-106079). |
| 4.2* | Fourth Supplemental Indenture, dated as of October 12, 2011, supplemental to Indenture dated as of August 1, 1998, between PNM and Union Bank, N.A. (ultimate successor as trustee to The Chase Manhattan Bank), as Trustee (Exhibit 4.1 to Current Report on Form 8-K filed October 12, 2011 in File No. 1-6986). |
| 4.3* | Fifth Supplemental Indenture, dated as of August 11, 2015, supplemental to the Indenture dated as of August 1, 1998, between PNM and MUFG Union Bank, N.A. (ultimate successor as trustee to The Chase Manhattan Bank), as Trustee (Exhibit 4.2 to Current Report on Form 8-K filed August 11, 2015 in File No. 1-6986). |
| 4.4** | Form of Supplemental Indenture establishing Senior Unsecured Notes (with form of note attached). |
| 5.1 | Opinion of Leonard D. Sanchez, Esq., Associate General Counsel of PNM Resources, Inc. |
| 5.2 | Opinion of Troutman Sanders LLP. |

- 23.1 Consent of KPMG LLP.
- 23.2 Consent of Leonard D. Sanchez, Esq. (included in Exhibit 5.1).
- 23.3 Consent of Troutman Sanders LLP (included in Exhibit 5.2).
- 24 Power of Attorney (contained on the signature page of this registration statement).
- 25.1 Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of MUFG Union Bank, N.A. (ultimate successor to The Chase Manhattan Bank), as Trustee for the Senior Unsecured Notes.

*Incorporated herein by reference as indicated.

**To be filed by an amendment or pursuant to a report to be filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as applicable.

Item 17. Undertakings.

(a). The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

- (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
- (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; *provided, however*, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an

underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; *provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b). The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c). Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, and will be governed by the final adjudication of such issue.

(d). That, for purposes of determining any liability under the Securities Act of 1933:

(1) The information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(2) Each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Albuquerque, State of New Mexico, on May 13, 2020.

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: /s/ J. D. TARRY
J. D. Tarry
Senior Vice President and
Chief Financial Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints, jointly and severally, Patricia K. Collawn, Joseph D. Tarry and Henry E. Monroy, and each of them acting individually, as his or her attorney-in-fact, each with full power of substitution, for him or her any and all capacities, to sign any and all amendments (including, without limitation, post-effective amendments and any amendments or abbreviated registration statements increasing the amount of securities for which registration is being sought) to this registration statement, with all exhibits and any and all documents required to be filed with respect thereto, with the Securities and Exchange Commission or any regulatory authority, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in order to effectuate the same as fully to all intents and purposes as he or she might or could do if personally present, hereby ratifying and confirming all that such attorneys-in-fact and agents, or any of them, or their substitute or substitutes, may lawfully do or cause to be done.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Date	Title
<u>/s/ P. K. COLLAWN</u> P. K. Collawn	May 13, 2020	President and Chief Executive Officer; Chairman of the Board of Directors (Principal Executive Officer)
<u>/s/ J. D. TARRY</u> J. D. Tarry	May 13, 2020	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ H.E. MONROY</u> H. E. Monroy	May 13, 2020	Vice President and Corporate Controller (Principal Accounting Officer)
<u>/s/ R. N. DARNELL</u> R. N. Darnell	May 13, 2020	Director
<u>/s/ C. N. ELDRED</u> C. N. Eldred	May 13, 2020	Director
<u>/s/ C. M. OLSON</u> C. M. Olson	May 13, 2020	Director

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR AUTHORIZATION TO ISSUE)
UP TO \$350 MILLION OF SENIOR)
UNSECURED NOTES)**

Case No. 21-____-UT

**PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
)
Applicant)
_____)**

SELF AFFIRMATION

SABRINA G. GREINEL, Assistant Treasurer for Public Service Company of New Mexico Resources, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the foregoing **Direct Testimony of Sabrina G. Greinel** and it is true and correct based on my personal knowledge and belief.

DATED this 26th day of April, 2021.

/s/ Sabrina G. Greinel
SABRINA G. GREINEL