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Contact: **Raymond G. Sandoval**; (505) 241-2782; Raymond.Sandoval@PNM.com

AVANGRID and PNM Resources to Combine in Strategic Merger Transaction

Strategic alignment in transition to clean energy creates a leading U.S. regulated utility and renewable energy platform

(ALBUQUERQUE, N.M.) –Public Service Company of New Mexico’s (PNM) parent company, PNM Resources, today announced with AVANGRID that they have entered into a definitive agreement under which AVANGRID will acquire PNM Resources, including PNM. The agreement, which has been unanimously approved by both companies’ Boards of Directors, creates a leading U.S. regulated utility and renewable energy platform.

“We are excited to be part of this transaction that provides so many benefits to our customers, communities, employees and shareholders,” said Pat Vincent-Collawn, Chairman, President and CEO of PNM Resources. “Our combined companies provide greater opportunities to invest in the infrastructure and new technologies that will help us navigate our transition to clean energy while maintaining our commitments to our local teams and communities.”

Highlights of the transaction:

- *Transaction merges two strategically aligned, premier companies to create a large, diversified national regulated utility and renewable energy platform with approximately \$14 billion of rate base, more than 4 million electric and natural gas utility customers and more than 7.4 gigawatts of renewable energy assets.*
- *Customers will continue to count on us for safe and reliable electric service. We intend to provide rate benefits to our customers if approved by regulators, and customers will not pay for transaction costs.*
- *Positions us to tap into Avangrid’s advanced technologies and infrastructure to support our customers and enhance the customer experience.*
- *Commitment to preserving and creating jobs in New Mexico, maintaining local presence and supporting growth of local economies.*
- *No intent to reduce PNM employee headcount as a result of the transaction; headquarters and management will stay in New Mexico.*
- *Combined entity will also maintain PNM Resources’ historical charitable contributions levels through its various existing programs.*
- *New combined company’s largest shareholder will be Iberdrola, S.A., the third largest electricity company in the world and a leading global renewable energy company.*
- *Continued commitment to exit coal with the approved abandonment of the San Juan coal plant in 2022 and continued efforts to exit Four Corners coal plant prior to the expiration of ownership and coal supply agreements in 2031.*

COMBINED COMPANY

Customers of Public Service Company of New Mexico (PNM) and Texas-New Mexico Power Company (TNMP), the wholly-owned regulated utility subsidiaries of PNM Resources, will benefit from the shared knowledge and technology across a global organization. The combined entity will have access to greater financial resources to continue providing safe and reliable service that supports an accelerated transition to clean energy and provides customer value. The transaction offers new opportunities for regional economic growth. The combined entity will also maintain PNM Resources' historical charitable contribution levels through its various existing programs.

The combination creates a larger, more diversified regulated utility and renewable energy company with electric and gas utilities in complementary geographies. Regulated utility operations expand under the transaction and provide increased operational and regulatory diversification, serving more than 4 million electric and natural gas customers of 10 regulated utilities across New York, Connecticut, Maine, Massachusetts, New Mexico, and Texas. These combined operations are supported by \$14 billion of rate base, including over 104,000 miles of electric transmission and distribution lines.

AVANGRID is the third largest wind operator in the U.S. and is a leading sustainable energy company with more than 7.5 gigawatts of installed wind and solar capacity. The strategic combination with PNM Resources also provides a platform for AVANGRID to expand its renewables business in the Southwest beyond its existing 1.5-gigawatt capacity wind projects in New Mexico and Texas and 200 megawatts of wind and solar capacity in Arizona. The scope and diversity of the combined business results in greater ability to invest in energy efficiency and new technologies.

OTHER INFORMATION

The combined company recognizes the value that local management's knowledge and expertise brings to serving the communities in which its businesses operate. PNM Resources operations will continue to be overseen locally and the current headquarters of PNM will remain in New Mexico and of TNMP will remain in Texas. The combined entity will have access to greater resources to continue providing safe and reliable service that supports an accelerated transition to clean energy and provides customer value.

Pat Vincent-Collawn will step down as Chairman, President and Chief Executive Officer upon closing of the transaction. Don Tarry, current Chief Financial Officer of PNM Resources, will oversee the continuing operations of Public Service Company of New Mexico (PNM) and Texas-New Mexico Power (TNMP).

PNM remains committed to exiting coal through the approved abandonment of San Juan Generating Station in 2022 and the continued efforts to exit its 200-megawatt ownership interest in the Four Corners Power Plant earlier than originally planned. PNM sees the potential for additional customer savings by exiting the plant sooner than the expiration of the ownership and coal supply agreements in 2031. An earlier exit from Four Corners also opens the door for the combined company to bring additional renewable resources onto the grid in support of New Mexico's increasing renewable energy standards and 2045 carbon-free mandate.

The transaction is subject to PNM Resources shareholder approval, regulatory approvals from the New Mexico Public Regulation Commission, Public Utility Commission of Texas, Federal Energy Regulatory Commission, Department of Justice, Nuclear Regulatory Commission, Federal Communications Commission and Committee on Foreign Investment in the United States, and other customary closing conditions. The transaction is expected to close between October and December 2021.

Background:

PNM Resources (NYSE: PNM) is an energy holding company based in Albuquerque, N.M., with 2019 consolidated operating revenues of \$1.5 billion. Through its regulated utilities, PNM and TNMP, PNM Resources has approximately 2,811 megawatts of generation

capacity and provides electricity to approximately 790,000 homes and businesses in New Mexico and Texas. For more information, visit the company's website at www.PNMResources.com.

Avangrid, Inc. is a leading, sustainable energy company with approximately \$35 billion in assets and operations in 24 U.S. states. With headquarters in Orange, Connecticut, Avangrid has two primary lines of business: Avangrid Networks and Avangrid Renewables. Avangrid Networks owns eight electric and natural gas utilities, serving more than 3.3 million customers in New York and New England. Avangrid Renewables owns and operates a portfolio of renewable energy generation facilities across the United States.

Additional Information about the Proposed Transaction and Where to Find It

The proposed business combination transaction between PNM Resources and Avangrid will be submitted to the shareholders of PNM Resources for their consideration. PNM Resources will file a proxy statement and other documents with the Securities and Exchange Commission (the "SEC") regarding the proposed business combination transaction. This document is not a substitute for the proxy statement or any other document which PNM Resources may file with the SEC and send to PNM Resources' shareholders in connection with the proposed business combination transaction. INVESTORS AND SECURITY HOLDERS OF PNM RESOURCES ARE URGED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT PNM RESOURCES AND THE PROPOSED TRANSACTION. You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website (www.sec.gov). You may also obtain these documents, free of charge, from PNM Resources' website (<https://www.pnmresources.com/>) under the tab "Investor" and then under the heading "SEC Filings."

Participants in the Solicitation

Avangrid, PNM Resources, their respective directors and certain of their respective executive officers and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction under the rules of the SEC. Information about PNM Resources' directors and executive officers is set forth in its definitive proxy statement for its 2020 Annual Meeting of Shareholders, which was filed with the SEC on March 31, 2020, and its Form 10-K filed with the SEC on March 2, 2020. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed transaction will be included in the proxy statement and other relevant materials PNM Resources intends to file with the SEC.

FORWARD-LOOKING STATEMENTS

Statements made in this press release that relate to future events or expectations, projections, estimates, intentions, goals, targets, and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally include statements regarding the potential transaction between PNM Resources and Avangrid, including any statements regarding the expected timetable for completing the potential merger, the ability to complete the potential merger, the expected benefits of the potential merger, projected financial information, future opportunities, and any other statements regarding PNM Resources' and Avangrid's future expectations, beliefs, plans, objectives, results of operations, financial condition and cash flows, or future events or performance. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates. Neither Avangrid nor PNM Resources assumes any obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, Avangrid and PNM Resources caution readers not to place undue reliance on these statements. Avangrid's and PNM Resources' business, financial condition, cash flow, and operating results are influenced by many factors, which are often beyond its control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. For a discussion of risk factors and other important factors affecting forward-looking statements, please see PNM Resources' Form 10-K and Form 10-Q filings and the information filed on PNM Resources' Forms 8-K with the SEC, which factors are specifically incorporated by reference herein and the risks and uncertainties related to the proposed merger with Avangrid, including, but not limited to: the expected timing and likelihood of completion of the pending merger, including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the pending merger that could reduce anticipated benefits or cause the parties to abandon the transaction, the failure by Avangrid to obtain the necessary financing arrangement set forth in commitment letter received in connection with the merger, the ability to successfully integrate the businesses, the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, the possibility that PNM Resources' shareholders may not approve the merger agreement, the risk that the parties may not be able to satisfy the conditions to the proposed merger in a timely manner or at all, risks related to disruption of management time from ongoing business operations due to the proposed merger, and the risk that the proposed transaction and its announcement could have an adverse effect on the ability of PNM Resources to retain and hire key personnel and maintain relationships with its customers and suppliers, and on its operating results and businesses generally. Other unpredictable or unknown factors not discussed in this communication could also have material adverse effects on forward-looking statements. Readers are cautioned not to place

undue reliance on these forward-looking statements that speak only as of the date hereof.

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