

Note: In this print-friendly version, definitions and other popup information are not on each page, but instead, can be found at the end of this document in alphabetical order. (In the interactive version, popups provide definitions of words that are capitalized or **orange**, as well as other important information.)

The **Non-Union Severance Pay Plan** is designed to offer severance benefits to eligible employees who receive a **Notice of Impaction** indicating that their employment is being terminated due to the elimination of their position. There are three levels of [benefits under this program](#) – Regular Severance Benefits, Enhanced Severance Benefits and Officer Group Severance Benefits.

Severance benefits are provided under the PNM Resources, Inc. Non-Union Severance Pay Plan (the “Plan” or the “Non-Union Severance Pay Plan”).

This website is the Summary Plan Description (SPD) for the Non-Union Severance Pay Plan and is effective January 1, 2016. It applies to [eligible employees](#) of PNM Resources, Inc. and its participating subsidiaries and **Affiliates** (“PNM Resources” or the “Company”).

Benefits received from the Non-Union Severance Pay Plan are not independent of benefits received from the [Employee Retention Plan](#), Officer Retention Plan and the Union Severance Pay Plan and you cannot receive benefits under more than one plan. If you have questions about the Non-Union Severance Pay Plan, contact the **PNMR Services Company Benefits Department**.

¿No Entiende Ingles?

Haga clic [aquí](#).

Eligibility

To be eligible for benefits from the Non-Union Severance Pay Plan, you must:

- Have completed six months of service. If your employment terminates before you complete six months of service, you are not eligible for benefits from this Plan
- Be a full-time employee of the **Company** scheduled to work at least 32 hours per week or a regular part-time or job share employee scheduled to work at least 20 hours per week
- Be “impacted.” Impacted means your position is eliminated by the Company, the Company provides you with a **Notice of Impaction** stating that your position has been selected for impaction and your employment by the Company, its **Affiliates** and **50% Affiliates** is later terminated
- Not be **specifically excluded**

Special Note: Benefits under PNM Resources, Inc. retirement plans and this Plan are independent. That means that, if you are eligible, you can receive benefits from any PNM Resources, Inc. retirement plan while you are receiving severance benefits.

Benefits

The Non-Union Severance Pay Plan offers severance pay, extended health care coverage, life insurance benefits and placement assistance. Severance pay is a one-time, lump sum payment.

	Severance Pay	Medical, Dental & Vision	Life Insurance	Placement Assistance**
Regular Severance Benefits	Four weeks of <u>Base Salary</u>	Coverage extended for three months immediately following the employee's termination date	Coverage in the face amount of \$10,000 provided for the three month period following the employee's termination date	Up to six months of placement assistance
Enhanced Severance Benefits*	<p>Non-Management Group Benefit: Four (4) months of Base Salary plus one additional week of Base Salary for each <u>Year of Service</u></p> <p>Management Group Benefit: Above plus one additional month of Base Salary</p> <p>In addition: The enhanced Severance amount determined above will be increased as follows based on Years of Service:</p>	Coverage extended for six months immediately following the employee's termination date	Coverage in the face amount of \$10,000 provided for the six month period following the employee's termination date	Up to six months of placement assistance

	<p>Less than 10 yrs. = 10% of Enhanced Severance amount</p> <p>10 yrs. and over, but less than 20 yrs. = 20% of Enhanced Severance amount</p> <p>20 yrs. and over = 30% of Enhanced Severance amount</p>			
Officer Group Severance Benefits*	Fourteen (14) months of Base Salary plus one additional week of Base Salary for each Year of Service	Coverage extended for 12 months immediately following the officer's termination date	Coverage (life insurance and AD&D) in the face amount of one times Base Salary provided for the 12 month period following the officer's termination date	Reimbursement of placement assistance

* Enhanced Severance benefits and Officer Group Severance Benefits only are payable if you execute a valid **Release Form**.

** The level of Placement Assistance benefits you can receive depends on your salary grade at the time of impaction.

Special Note: The actively-at-work requirement does not apply to employees who receive life and AD&D coverage under the Non-Union Severance Pay Plan.

Enhanced Severance benefits and Officer Group Severance Benefits only are payable if you execute a valid **Release Form**.

Payment of Benefits

Generally, Regular Severance Benefits will be paid within five calendar days (six calendar days in Texas) of your employment terminating. The balance of severance pay, if any (including Enhanced Severance Benefits or Officer Group Severance Benefits), will be paid within ten business days following the last day on which you can revoke your [Release Form](#).

Any employee contributions that were required for medical, dental and vision coverage before your employment terminated will continue to be required during the three, six or 12-month period (whichever applies to you) of continued coverage under this Plan.

If you are rehired by the Company during the continuation period, the medical, dental, vision, life and AD&D insurance benefits provided under this Plan will end. The Company may require you to repay some or all of the benefits received under the Non-Union Severance Pay Plan as a condition of reemployment.

No Duplication of Benefits

The right to receive benefits under the Plan is specifically conditioned upon you waiving or being ineligible to receive benefits under the:

- PNM Resources, Inc. Employee Retention Plan
- PNM Resources, Inc. Union Severance Pay Plan
- PNM Resources, Inc. Officer Retention Plan or
- Any successor or other severance, retention or change in control plan program or agreement sponsored by the Company.

The above does not apply to an individual agreement providing a special payment to induce you to remain employed with the Company, unless the agreement states otherwise. In addition, the Company has the right to allow for certain benefits from such other plans or agreements to supplement this Plan.

Claims Procedure

A claim for benefits under the Plan must be submitted to the [PNMR Services Company Benefits Department](#). For details about filing medical, dental or vision claims, see the applicable [medical, dental or vision summary plan description](#).

The Benefits Department will write you with its decision within a reasonable period of time, but not later than 90 days of receiving your claim. Under special circumstances, if the Benefits Department needs more time to decide, you will receive a letter before the end of the original 90-day period advising you of the need for a 90-day extension. The extension notice will indicate the special circumstances that require the extension of time and the date by which the Benefits Department expects to make a decision. The Benefits Department must decide on your claim within 180 days of receiving it.

If a claim is denied, you can file an [appeal](#).

Appeal Procedure

If all or part of a claim for benefits is denied (including, but not limited to, whether your termination was for **Cause**), the **PNMR Services Company Benefits Department** will notify you in writing or electronically. The written or electronic denial letter will include:

- The specific reasons for the denial
- References to the specific Plan provisions on which the denial is based
- A description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary
- If an internal rule, guideline, protocol or other similar criterion was relied upon, either the specific rule, guideline or protocol or a statement that it will be provided free of charge upon request
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim
- A description of the appeal procedure, including the time limits
- A statement of your right to bring an action under section 502(a) of ERISA

If you disagree with a claim denial, you must follow the appeal procedure described here. If you do not, you may give up legal rights. You may, at your own expense, have an attorney or other person act on your behalf during an appeal, but the PNM Resources Benefits Governance Committee reserves the right to require a written authorization from you.

How to File an Appeal

Submitting – All appeals must be in writing. Send your written appeal request to the [PNM Resources Benefits Governance Committee](#) (use the address listed under "Plan Administrator")

Timing – In all cases, an appeal must be received by the Committee within 60 days of the date you received the original claim denial

What to include – In your appeal letter, explain why you are requesting a review and include any supporting documentation, records or other information relating to your claim

Access to information – During all stages of an appeal, if needed, you or your representative can call or write the Committee and ask to see or get copies of all plan documents, records and other information **relevant** to your claim. These materials must be provided free of charge

About the appeal process – An individual or individuals who were not involved in the original decision and who are not subordinates of the initial decision maker will decide the appeal. The appeal process will take into account all information regarding the denied claim (whether or not presented or available when the original decision was made) and the original decision will not be given any weight

Response – Following receipt of your appeal, you will be provided with a written or electronic notice of the decision within 60 days of receiving your appeal letter. Under special circumstances, the Committee may need more time to decide. If so, before the end of the original 60-day period, you will receive a letter advising you of the need and reason for additional time and the date by which you can expect a decision from the Committee. The Committee has to decide within 120 days of receiving your appeal letter

If your appeal is denied – If your appeal is denied, the Committee will provide a written or electronic denial letter that includes:

- The specific reasons for the denial
- References to the specific Plan provisions on which the denial is based
- If an internal rule, guideline, protocol or other similar criterion was relied upon, either the specific rule, guideline or protocol or a statement that it will be provided free of charge upon request
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim
- A statement of your right to bring an action under section 502(a) of ERISA

Legal Action

To the extent permitted by law and unless waived by the Committee, you must follow the preceding appeals procedure before taking any legal or equitable action against the Plan. In addition, any legal or equitable action must be filed within two years of the date you receive the final appeals decision from the Committee or, if earlier, when the shortest applicable statute of limitations expires.

When Coverage Ends

See the applicable [medical, dental or vision summary plan description](#) for details. It will include information about the right to continue coverage under COBRA (a federal law) when coverage under the medical, dental and vision programs end for you or a covered dependent. Any continuation under COBRA will not begin until the expiration of the [three, six or 12 months](#) (whichever applies) of continued medical, dental and vision coverage provided under this Plan.

Other Important Information

Plan Name, Number & Type of Plan

The official plan name is the "PNM Resources, Inc. Non-Union Severance Pay Plan" and its official plan number is 607. The Plan is a self-funded severance pay plan.

Plan Sponsor Identification Number

The Plan Sponsor is PNM Resources, Inc. and its employer identification number (EIN) is 85-0468296. Contact the Plan Sponsor at:

PNM Resources, Inc.
PNMR Services Company Benefits Department
Corporate Headquarters
Albuquerque, NM 87158-0745
Phone: 505-241-4919 or toll-free 800-640-4692

Plan Administrator

The Plan Administrator oversees the operation and records of the Plan, construes and interprets Plan provisions and authorizes benefit payments. Duties and responsibilities of the Plan Administrator are handled by the PNMR Services Company Benefits Department and the Company's Benefits Governance Committee. In the case of Severance benefits, the PNMR Services Company Benefits Department handles claims and the Company's Benefits Governance Committee handles appeals. Contact the Plan Administrator or the Benefits Governance Committee at:

Plan Administrator of (or "Benefits Governance Committee for") the PNM Resources, Inc. Non-Union Severance Pay Plan
c/o PNM Resources, Inc.
PNMR Services Company Benefits Department
Corporate Headquarters
Albuquerque, NM 87158-0745
Phone: 505-241-4919 or toll-free 800-640-4692

Plan Year

The Plan year is a calendar year that begins each January 1 and ends December 31. The Plan's records are kept on a plan-year basis.

Electronic Administration

The Plan Administrator may distribute and collect information and conduct transactions by electronic media, including, but not limited to, electronic mail systems, Internet, Intranet, telephone and voice response systems, except when prohibited by law. Electronic media may provide the means by which you receive information and notices, submit elections, directions and forms required for participation in the Plan. If used by the Plan Administrator, electronic media will satisfy the Plan's requirement that such elections, directions and forms be in writing.

Plan Funding

Benefits under the Plan are paid from the general assets of the Company.

Amendment & Termination

The Company expects to continue the Plan indefinitely. However, subject to its collective bargaining obligations and applicable law, the Company reserves the right to amend, modify or terminate the Plan or any component program, in whole or in part – or to transfer the Plan to its successor(s) – at any time, for any or no reason and

without prior notice. The Company also may modify or amend the Plan as needed to comply with legislative or regulatory changes.

In the event of a Plan change, merger or consolidation, the Plan's assets or debts may be transferred to another plan. If the Plan is changed or terminated, the Company may or may not decide to establish a different plan providing similar benefits. You do not have ongoing rights to any Plan benefit, other than payment of covered expenses you incurred or benefits to which you otherwise became entitled prior to a Plan amendment, modification or termination.

Legal Process

You should send or deliver all papers concerning a lawsuit against the Plan to the following agent for service of legal process:

PNM Resources, Inc.
General Counsel
Corporate Headquarters
Albuquerque, NM 87158-1245
Phone: 505-241-2700

Legal process also may be served on the Plan Administrator.

No Employment Guarantee

The Plan is not an employment contract. Your participation in the Plan does not guarantee your continued employment with the Company or otherwise affect your employment rights or the right of the Company to discharge you. The employment relationship between you and the Company is "at will," unless otherwise provided in writing.

ERISA Rights

As a participant in a PNM Resources, Inc. Non-Union Severance Pay Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA):

- Free of charge, you can examine copies of all Plan documents. These include the official Plan document, collective bargaining agreements, annual financial reports (Form 5500 series) filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration (EBSA) and summary plan descriptions. Copies of Plan documents are available during normal working hours at the Company's principal office. In addition, by writing the Company's principal office, a copy of Plan documents will be made available for your review at other Company locations.
- You can receive copies of all Plan documents by sending a written request to the Company's **principal office** address. The Company can charge you a reasonable amount for copies.

- You will receive a written summary of the Plan's annual financial report. By law, the Company must provide you with a copy of this "summary annual report."
- No one, including your employer, union or any other person, can fire you or discriminate against you to stop you from obtaining a benefit or exercising your rights under ERISA.
- If your claim for a benefit is denied, in whole or in part, the Plan must give you a written explanation of the reason for the denial. You have the right to obtain copies of documents relating to the decision without charge and to have the claim reviewed and reconsidered, all within certain time frames prescribed by regulation.

Besides creating rights for plan participants, ERISA also specifies certain duties for people who are responsible for operating the Plan. These people are called "fiduciaries." The plan's fiduciaries must operate it prudently and in the sole interest of you, other Plan participants and beneficiaries.

There are steps you can take to enforce your ERISA rights. For example:

- If you request a copy of the Plan document or the latest annual report from the Plan and do not receive them within 30 days, you can file suit in a federal court. In such a case, the court may require the **Plan Administrator** to provide the materials and pay you up to \$110 a day until you receive them, unless the materials were not sent because of reasons beyond the Plan Administrator's control.
- After following the plan's appeal procedures, if your claim for benefits is ignored or denied, in whole or in part, you can file suit in a state or federal court.
- If you disagree with the plan's decision, or no decision is made by the plan, concerning the qualified status of a medical child support order, you can file suit in a federal court.
- If the Plan's fiduciaries misuse the Plan's money or if you are fired or discriminated against for claiming benefits or exercising your rights under ERISA, you can get help from the U.S. Department of Labor or you can file suit in a federal court.

If you file a suit, the court will decide who should pay court costs and legal fees. If you win the suit, the court may order the person you sued to pay those costs and fees. If you lose the suit, or if the court decides the suit was frivolous, the court may order you to pay the costs and fees.

If you have any questions about a plan, contact the **Plan Administrator**. If you have any questions about this statement or your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, contact the nearest office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in your telephone directory or:

Division of Technical Assistance and Inquiries,
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the EBSA.

About this SPD/Disclaimer

This website makes up the Summary Plan Description (SPD) for the PNM Resources, Inc. Non-Union Severance Pay Plan (“the Plan”) and is **effective January 1, 2016**. It describes and provides only an overview of the major features of the Plan and does not cover all of its terms. Words that have special meaning are capitalized and are defined in a popup when they first appear on a page.

This SPD is intended to comply with the Employee Retirement Income Security Act of 1974 (ERISA) and other applicable legislation. Periodically, revisions may be necessary. If so, you will receive notification of the availability of a revised online document.

This SPD does not replace the official Plan document that legally governs the terms and operation of the Plan. In the event of conflicting information, the official Plan document or current laws and legislation always governs.

Subject to its collective bargaining obligations and applicable law, PNM Resources, Inc. reserves the right to amend, modify or terminate the Plan, in whole or in part, at any time.

Appendix of Pop-ups

50% Affiliate means any of the following:

- An entity that would be a member of a “controlled group of corporations” that includes PNM Resources as a member or
- An entity that would be a member of a group of trades or businesses under common control that includes PNM Resources as a member

In determining if an entity is a member of the above groups, the language “at least 50 percent” will be used instead of “at least 80 percent” each place it appears in the applicable sections of the Internal Revenue Code.

Affiliate means any of the following under the Internal Revenue Code:

- Any member of a “controlled group of corporations” that includes PNM Resources as a member
- Any member of a group of trades or businesses under common control that includes PNM Resources as a member

Base Salary means the annual rate of base earnings immediately preceding the termination date, exclusive of overtime pay, bonuses, commission, payments for accrued vacations or other special payments. Base Salary is determined before deductions for federal, state and other taxes and before salary reductions amounts contributed to benefit plans or programs.

PNMR Services Company Benefits Department

PNM Resources, Inc.
PNMR Services Company Benefits Department
Corporate Headquarters
Albuquerque, NM 87158-0745
Phone: 505-241-4919 or toll-free 800-640-4692

Cause generally means any of the following:

- Willful and continued failure to substantially perform the duties of your job after written demand for substantial performance is delivered to you. The written demand will specifically identify the manner in which you have not substantially performed your duties
- Willful failure to report for work for more than 30 days
- Willfully engaging in conduct that is demonstrably and materially injurious to PNM Resources or any affiliate, monetarily or otherwise. This includes, but is not limited to acts of fraud, misappropriation, violence, embezzlement for personal gain at the expense of PNM Resources or any affiliate, conviction of a felony or conviction of a misdemeanor involving immoral acts.

Cause will not be considered to exist in the first two instances, if the failure results from your incapacity due to a verifiable physical or mental illness substantiated by medical evidence. In addition, an act, or failure to act, will not be considered “willful” if you do it or omit it in good faith and with a reasonable belief that your action was in the best interests of the Company.

PNM Resources or the **Company** means PNM Resources, Inc. and its participating subsidiaries and affiliates.

You are **not eligible for benefits** under this Plan if:

- Your position is eliminated, but you are transferred to another position instead of being terminated
- Your duties change, but you are not terminated by the Company
- Your employment is terminated, but your position is not eliminated
- The terms and conditions of your employment are subject to collective bargaining
- Your employment is terminated for **Cause**
- You voluntarily resign from employment with the Company
- Your employment with the Company is terminated due to sale of the Company or a portion of the Company if you are offered a position with the acquiring company, regardless if that position is comparable and regardless if you decline or accept such offer of employment
- You do not terminate employment with the Company and all of its Affiliates and 50% Affiliates
- You are a consultant, leased employee or worker, an individual providing services to the Company under a contract with a third party, a temporary employee or

worker, an independent contractor or an employee of an independent contractor, an intern or co-op employee

Questions about the Severance Pay Plan?

PNMR Services Company Benefits Department
1-800-640-4692 or 505-241-4919

Lump Sum Award means any cash award paid as a merit increase in lieu of an increase in Base Salary received during the 12-month period immediately preceding the participant's termination.

Management Group means employees who are salary grade P15 or higher at the time of impaction.

Notice of Impaction means the written notice issued by the Company, at its sole discretion, to an employee stating that his or her position with the Company has been selected for elimination.

Officer Group means employees who are officers of the Company and who are salary grade H18 or higher at the time of impaction.

Plan Administrator

Plan Administrator of the PNM Resources, Inc. Non-Union Severance Pay Plan
c/o PNM Resources, Inc.
PNMR Services Company Benefits Department
Corporate Headquarters
Albuquerque, NM 87158-0745
Phone: 505-241-4919 or toll-free 800-640-4692

Principal Office

PNM Resources, Inc.
PNMR Services Company Benefits Department
Corporate Headquarters
Albuquerque, NM 87158-0745
Phone: 505-241-4919 or toll-free 800-640-4692

Release Form means the waiver prepared by the Company only, and executed by an employee in order to be eligible for Enhanced Severance Benefits and Officer Group Severance Benefits.

The Release Form releases the Company, its employees, officers and directors from any and all claims you may have against it. You will receive a Release Form on, or within five days of, the date your employment ends. You will have up to 45 days from the date you receive it to sign and return the Release Form to the Company. This 45-day period is unpaid. You may revoke the Release Form if, within seven calendar days after delivery of the Release Form to the Company, you return a signed copy or counterpart original of the Release Form that includes your signature and a statement indicating your decision to revoke the Release Form. If you revoke a Release Form, you will receive Regular Severance Benefits only.

Relevant means that requested documents, records or other information:

- Were relied on in making the benefit determination
- Were submitted, considered or generated in the course of the benefit determination even if the PNMR Services Company Benefits Department did not rely on them in making its determination or
- Demonstrate compliance with the administrative processes and safeguards required for making the benefit determination

¿No Entiende Ingles?

Si usted no lee o no entiende inglés, por favor póngase en contacto con la oficina de Recursos Humanos y ellos arreglarán para que alguien pueda explicarle la información de este folleto en Español.

Year of Service means a 12 month period during which an employee performs services for the Company, counting each month as one-twelfth of a year (if the employee was employed any day during that month). If the participant's service includes a break in service, only the Years of Service in the last period of service will be included. Under certain circumstances, service with TNP Enterprises, Inc., Texas-New Mexico Power Company, First Choice Power, Inc., any other TNP Enterprises, Inc. subsidiary, Twin Oaks Power LP and its affiliates and EnergyCo, LLC and its affiliates may be included – contact the PNMR Services Company Benefits Department for details.