

2007

Reconciliation of Ongoing Earnings to GAAP Net Earnings  
For the Year Ended December 31, 2007  
(in \$ millions)

	PNM Gas	PNM Electric	Wholesale		TNMP	FCP	EnergyCo	Corp/Other		PNMR
			PNM Wholesale	Altura				PNM Corp/Other	PNMR Corp/Other	
<b>Ongoing Earnings - Previous Segments</b>	\$10,092	\$35,833	\$4,173	\$7,259	\$18,923	\$26,843	\$4,579	\$781	(\$24,278)	\$84,205
<b>Electric Segment Changes</b>										
Combine PNM Electric (Retail) and PNM Wholesale		4,173	(4,173)							0
Reclass PNM Corporate/Other	(98)	879						(781)		0
<b>After Electric Segment Changes</b>	<b>9,994</b>	<b>40,885</b>	<b>0</b>	<b>7,259</b>	<b>18,923</b>	<b>26,843</b>	<b>4,579</b>	<b>0</b>	<b>(24,278)</b>	<b>84,205</b>
	<b>PNM Gas</b>	<b>PNM Electric</b>	<b>Altura</b>	<b>TNMP</b>	<b>FCP</b>	<b>EnergyCo</b>	<b>PNM Corp/Other</b>	<b>PNMR Corp/Other</b>	<b>PNMR</b>	
	9,994	40,885	7,259	18,923	26,843	4,579	0	(24,278)	84,205	
Corporate items allocated to PNM Gas that are not considered discontinued operations under GAAP:	6,362	(6,362)	0	0	0	0	0	0	0	0
<b>Ongoing Earnings</b>	<b>16,356</b>	<b>34,523</b>	<b>7,259</b>	<b>18,923</b>	<b>26,843</b>	<b>4,579</b>	<b>0</b>	<b>(24,278)</b>	<b>84,205</b>	
<b>Non-Recurring Items</b>										
Favorable Tax Decisions		4,709						16,037		20,746
Twin Oaks III Impairment			(2,042)							(2,042)
Business Improvement Plan	(859)	(2,277)		(524)				(5,417)		(9,077)
Loss on Altura Contribution								(2,577)		(2,577)
Sale of Turbine		2,633								2,633
Afton Write-Down		(11,780)								(11,780)
JV Formation Costs								(1,600)		(1,600)
Economic Mark-to-Market	1	(4,504)			341					(4,162)
<b>Total Non-Recurring Items</b>	<b>(858)</b>	<b>(11,219)</b>	<b>(2,042)</b>	<b>(524)</b>	<b>341</b>	<b>0</b>		<b>6,443</b>		<b>(7,859)</b>
<b>GAAP Earnings from Continuing Operations</b>	<b>15,498</b>	<b>23,304</b>	<b>5,217</b>	<b>18,399</b>	<b>27,184</b>	<b>4,579</b>		<b>(17,835)</b>		<b>60,848</b>
<b>GAAP Earnings from Discontinued Operations</b>										<b>15,498</b>
<b>GAAP Net Earnings</b>	<b>\$15,498</b>	<b>\$23,304</b>	<b>\$5,217</b>	<b>\$18,399</b>	<b>\$27,184</b>	<b>\$4,579</b>		<b>(\$17,835)</b>		<b>\$76,346</b>