

PNM Resources
2008 Reconciliation of Ongoing to GAAP Earnings
(Preliminary and Unaudited)

Three Months Ended December 31, 2008

(in thousands)

	Utilities			First Choice	Optim Energy (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas				
Ongoing Earnings (Loss)	\$ (3,699)	\$ 5,581	\$ 6,952	\$ (8,248)	\$ (5,508)	\$ (5,872)	\$ (10,794)
Non-Recurring Items							
Acquisition/Divestiture	(686)	-	(4)	-	-	(748)	(1,438)
Business improvement plan	(358)	62	(169)	-	-	(2,092)	(2,557)
Economic mark-to-market hedges	(455)	-	(72)	(1,690)	5,148	-	2,931
Depreciation on gas assets	-	-	3,299	-	-	-	3,299
Impairment of intangible assets	-	-	-	(24,953)	-	-	(24,953)
Speculative trading	-	-	-	(680)	0	-	(680)
Texas deferred tax adjustments	-	2,494	-	-	-	3,000	5,494
Unrealized impairments of NDT securities	(3,356)	-	-	-	-	-	(3,356)
Total Non-Recurring Items	(4,855)	2,556	3,054	(27,323)	5,148	160	(21,260)
GAAP Earnings (Loss) from Continuing Operations	(8,554)	8,137		(35,571)	(360)	(5,712)	(42,060)
GAAP Earnings (Loss) from Discontinued Operations			10,006				10,006
GAAP Net Earnings (Loss)	\$ (8,554)	\$ 8,137	\$ 10,006	\$ (35,571)	\$ (360)	\$ (5,712)	\$ (32,054)

Twelve Months Ended December 31, 2008

(in thousands)

	Utilities			First Choice	Optim Energy (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas				
Ongoing Earnings (Loss)	\$ 15,684	\$ 23,224	\$ 21,944	\$ (22,110)	\$ (2,531)	\$ (26,359)	\$ 9,852
Non-Recurring Items							
Acquisition/Divestiture	(2,170)	-	(13)	-	-	(4,096)	(6,279)
Afton writedown	(1,199)	-	-	-	-	-	(1,199)
Business improvement plan	(165)	(84)	(312)	-	-	(6,526)	(7,087)
Depreciation on gas assets	-	-	13,004	-	-	-	13,004
Economic mark-to-market hedges	(3,471)	-	(1)	(2,136)	1,901	-	(3,707)
FIN 48 interest	(1,922)	29	6	66	-	12	(1,809)
Gain on sale of merchant portfolio	3,083	-	-	-	-	-	3,083
Impairment of intangible assets	(51,143)	(34,456)	-	(80,280)	(6,978)	-	(172,857)
Regulatory disallowances	(18,273)	-	-	-	-	-	(18,273)
Speculative trading	-	-	-	(32,131)	(739)	-	(32,870)
Texas deferred tax adjustments	-	2,494	-	-	-	3,000	5,494
Unrealized impairments of NDT securities	(7,426)	-	-	-	-	-	(7,426)
Write-off of emissions allowances	-	-	-	-	(9,587)	-	(9,587)
Total Non-Recurring Items	(82,686)	(32,017)	12,684	(114,481)	(15,403)	(7,610)	(239,513)
GAAP Earnings (Loss) from Continuing Operations	(67,002)	(8,793)		(136,591)	(17,934)	(33,969)	(264,289)
GAAP Earnings (Loss) from Discontinued Operations			34,628				34,628
GAAP Net Earnings (Loss)	\$ (67,002)	\$ (8,793)	\$ 34,628	\$ (136,591)	\$ (17,934)	\$ (33,969)	\$ (229,661)

Ongoing earnings include earnings from discontinued operations and exclude the impact of non-recurring items and net unrealized mark-to-market gains and losses on economic hedges. Ongoing earnings also exclude gains and losses from speculative trading activity and unrealized losses recorded as impairments of assets held in the Nuclear Decommissioning Trust.

PNM Resources
2007 Reconciliation of Ongoing to GAAP Earnings
(Preliminary and Unaudited)

Three Months Ended December 31, 2007

(in thousands)

	Utilities			Altura	First Choice	Optim Energy (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas					
Ongoing Earnings (Loss)	\$ (4,325)	\$ 3,339	\$ 6,969	\$ -	\$ 9,915	\$ (2,782)	\$ (6,563)	\$ 6,553
Non-Recurring Items								
Business improvement plan	1,910	(331)	(859)	-	-	-	(2,195)	(1,475)
Economic mark-to-market hedges	4,204	-	(158)	-	(149)	(241)	-	3,656
Favorable tax decisions	4,708	-	-	-	-	-	-	4,708
Loss on contribution of Altura	-	-	-	-	-	-	(380)	(380)
JV formation costs	-	-	-	-	-	-	840	840
Sale of turbine	804	-	-	-	-	-	-	804
Speculative trading	-	-	-	-	2,426	253	-	2,679
Unrealized impairments of NDT securities	(789)	-	-	-	-	-	-	(789)
Total Non-Recurring Items	10,837	(331)	(1,017)	-	2,277	12	(1,735)	10,043
GAAP Earnings (Loss) from Continuing Operations	6,512	3,008		-	12,192	(2,770)	(8,298)	10,644
GAAP Earnings (Loss) from Discontinued Operations			5,952					5,952
GAAP Net Earnings (Loss)	\$ 6,512	\$ 3,008	\$ 5,952	\$ -	\$12,192	\$ (2,770)	\$ (8,298)	\$ 16,596

Twelve Months Ended December 31, 2007

(in thousands)

	Utilities			Altura	First Choice	Optim Energy (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas					
Ongoing Earnings (Loss)	\$ 35,918	\$ 18,932	\$ 16,374	\$ 7,259	\$29,134	\$ 4,343	\$ (25,236)	\$ 86,724
Non-Recurring Items								
Afton write-down	(11,780)	-	-	-	-	-	-	(11,780)
Business improvement plan	(2,277)	(524)	(859)	-	-	-	(5,417)	(9,077)
Economic mark-to-market hedges	(5,107)	-	1	-	341	(83)	-	(4,848)
Favorable tax decision	4,709	-	-	-	-	-	16,037	20,746
JV formation costs	-	-	-	-	-	-	(1,702)	(1,702)
Loss on contribution of Altura	-	-	-	-	-	-	(2,577)	(2,577)
Sale of turbine	2,482	-	-	-	-	-	-	2,482
Speculative trading	-	-	-	-	(2,289)	319	-	(1,970)
Twin Oaks III impairment	-	-	-	(2,042)	-	-	-	(2,042)
Unrealized impairments of NDT securities	(1,082)	-	-	-	-	-	-	(1,082)
Total Non-Recurring Items	(13,055)	(524)	(858)	(2,042)	(1,948)	236	6,341	(11,850)
GAAP Earnings (Loss) from Continuing Operations	22,863	18,408		5,217	27,186	4,579	(18,895)	59,358
GAAP Earnings (Loss) from Discontinued Operations			15,516					15,516
GAAP Net Earnings (Loss)	\$ 22,863	\$ 18,408	\$ 15,516	\$ 5,217	\$27,186	\$ 4,579	\$ (18,895)	\$ 74,874

Ongoing earnings include earnings from discontinued operations and exclude the impact of non-recurring items and net unrealized mark-to-market gains and losses on economic hedges. Ongoing earnings also exclude gains and losses from speculative trading activity and unrealized losses recorded as impairments of assets held in the Nuclear Decommissioning Trust.

PNM Resources
2008 Reconciliation of Ongoing to GAAP Earnings Per Share
(Preliminary and Unaudited)

Three Months Ended December 31, 2008

	Utilities			First Choice	Optim Energy (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas				
Ongoing Earnings (Loss)	\$ (0.04)	\$ 0.06	\$ 0.08	\$ (0.09)	\$ (0.06)	\$ (0.07)	\$ (0.12)
Non-Recurring Items							
Acquisition/Divestiture	(0.01)	-	0.00	-	-	(0.01)	(0.02)
Business improvement plan	0.00	0.00	0.00	-	-	(0.02)	(0.02)
Economic mark-to-market hedges	(0.01)	-	0.00	(0.02)	0.06	-	0.03
Depreciation on gas assets	-	-	0.04	-	-	-	0.04
Impairment of intangible assets	-	-	-	(0.28)	-	-	(0.28)
Speculative trading	-	-	-	(0.01)	0.00	-	(0.01)
Texas deferred tax adjustments	-	0.03	-	-	-	0.03	0.06
Unrealized impairments of NDT securities	(0.04)	-	-	-	-	-	(0.04)
Total Non-Recurring Items	(0.06)	0.03	0.04	(0.31)	0.06	0.00	(0.24)
GAAP Earnings (Loss) from Continuing Operations	(0.10)	0.09		(0.40)	0.00	(0.07)	(0.48)
GAAP Earnings (Loss) from Discontinued Operations			0.12				0.12
GAAP Net Earnings (Loss)	\$ (0.10)	\$ 0.09	\$ 0.12	\$ (0.40)	\$ 0.00	\$ (0.07)	\$ (0.36)

Average Shares Outstanding (Basic and Diluted): 88,823,719

Twelve Months Ended December 31, 2008

	Utilities			First Choice	Optim Energy (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas				
Ongoing Earnings (Loss)	\$ 0.19	\$ 0.28	\$ 0.26	\$ (0.26)	\$ (0.03)	\$ (0.32)	\$ 0.12
Non-Recurring Items							
Acquisition/Divestiture	(0.03)	-	0.00	-	-	(0.04)	(0.07)
Afton writedown	(0.02)	-	-	-	-	-	(0.02)
Business improvement plan	0.00	0.00	0.00	-	-	(0.07)	(0.07)
Depreciation on gas assets	-	-	0.16	-	-	-	0.16
Economic mark-to-market hedges	(0.04)	-	0.00	(0.03)	0.02	-	(0.05)
FIN 48 interest	(0.03)	0.00	0.00	0.00	-	0.00	(0.03)
Gain on sale of merchant portfolio	0.03	-	-	-	-	-	0.03
Impairment of intangible assets	(0.61)	(0.42)	-	(0.96)	(0.08)	-	(2.07)
Regulatory disallowances	(0.22)	-	-	-	-	-	(0.22)
Speculative trading	-	-	-	(0.39)	(0.01)	-	(0.40)
Texas deferred tax adjustments	-	0.03	-	-	-	0.04	0.07
Unrealized impairments of NDT securities	(0.09)	-	-	-	-	-	(0.09)
Write-off of emissions allowances	-	-	-	-	(0.11)	-	(0.11)
Total Non-Recurring Items	(1.01)	(0.39)	0.16	(1.38)	(0.18)	(0.07)	(2.87)
GAAP Earnings (Loss) from Continuing Operations	(0.82)	(0.11)		(1.64)	(0.21)	(0.39)	(3.17)
GAAP Earnings (Loss) from Discontinued Operations			0.42				0.42
GAAP Net Earnings (Loss)	\$ (0.82)	\$ (0.11)	\$ 0.42	\$ (1.64)	\$ (0.21)	\$ (0.39)	\$ (2.75)

Average Shares Outstanding (Basic and Diluted): 83,467,701

Ongoing earnings include earnings from discontinued operations and exclude the impact of non-recurring items and net unrealized mark-to-market gains and losses on economic hedges. Ongoing earnings also exclude gains and losses from speculative trading activity and unrealized losses recorded as impairments of assets held in the Nuclear Decommissioning Trust.

PNM Resources
2007 Reconciliation of Ongoing to GAAP Earnings Per Share
(Preliminary and Unaudited)

Three Months Ended December 31, 2007

	Utilities			Altura	First Choice	Optim Energy (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas					
Ongoing Earnings (Loss)	\$ (0.06)	\$ 0.04	\$ 0.09	\$ -	\$ 0.13	\$ (0.04)	\$ (0.08)	\$ 0.08
Non-Recurring Items								
Business improvement plan	0.03	0.00	(0.01)	-	-	-	(0.03)	(0.01)
Economic mark-to-market hedges	0.05	-	0.00	-	0.00	0.00	-	0.05
Favorable tax decisions	0.06	-	-	-	-	-	-	0.06
Loss on contribution of Altura	-	-	-	-	-	-	(0.01)	(0.01)
JV formation costs	-	-	-	-	-	-	0.01	0.01
Sale of turbine	0.01	-	-	-	-	-	-	0.01
Speculative trading	-	-	-	-	0.03	0.00	-	0.03
Unrealized impairments of NDT securities	(0.01)	-	-	-	-	-	-	(0.01)
Total Non-Recurring Items	0.14	0.00	(0.01)	-	0.03	0.00	(0.03)	0.13
GAAP Earnings (Loss) from Continuing Operations	0.08	0.04		-	0.16	(0.04)	(0.11)	0.13
GAAP Earnings (Loss) from Discontinued Operations			0.08					0.08
GAAP Net Earnings (Loss)	\$ 0.08	\$ 0.04	\$ 0.08	\$ -	\$ 0.16	\$ (0.04)	\$ (0.11)	\$ 0.21

Average Diluted Shares Outstanding: 77,256,702

Twelve Months Ended December 31, 2007

	Utilities			Altura	First Choice	Optim Energy (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas					
Ongoing Earnings (Loss)	\$ 0.46	\$ 0.24	\$ 0.21	\$ 0.09	\$ 0.37	\$ 0.06	\$ (0.32)	\$ 1.11
Non-Recurring Items								
Afton write-down	(0.15)	-	-	-	-	-	-	(0.15)
Business improvement plan	(0.03)	(0.01)	(0.01)	-	-	-	(0.07)	(0.12)
Economic mark-to-market hedges	(0.07)	-	0.00	-	0.01	0.00	-	(0.06)
Favorable tax decision	0.06	-	-	-	-	-	0.21	0.27
JV formation costs	-	-	-	-	-	-	(0.02)	(0.02)
Loss on contribution of Altura	-	-	-	-	-	-	(0.03)	(0.03)
Sale of turbine	0.03	-	-	-	-	-	-	0.03
Speculative trading	-	-	-	-	(0.03)	0.00	-	(0.03)
Twin Oaks III impairment	-	-	-	(0.03)	-	-	-	(0.03)
Unrealized impairments of NDT securities	(0.01)	-	-	-	-	-	-	(0.01)
Total Non-Recurring Items	(0.17)	(0.01)	(0.01)	(0.03)	(0.02)	0.00	0.09	(0.15)
GAAP Earnings (Loss) from Continuing Operations	0.29	0.23		0.06	0.35	0.06	(0.23)	0.76
GAAP Earnings (Loss) from Discontinued Operations			0.20					0.20
GAAP Net Earnings (Loss)	\$ 0.29	\$ 0.23	\$ 0.20	\$ 0.06	\$ 0.35	\$ 0.06	\$ (0.23)	\$ 0.96

Average Diluted Shares Outstanding: 77,927,851

Ongoing earnings include earnings from discontinued operations and exclude the impact of non-recurring items and net unrealized mark-to-market gains and losses on economic hedges. Ongoing earnings also exclude gains and losses from speculative trading activity and unrealized losses recorded as impairments of assets held in the Nuclear Decommissioning Trust.

PNM Resources
Reconciliation of Ongoing (non-GAAP) Net Earnings (Loss) to GAAP Consolidated Statements of Earnings (Loss)
(Preliminary and Unaudited)
(in thousands, except per share data)

	Year Ended December 31, 2008			Year Ended December 31, 2007		
	GAAP	Adjustments	Ongoing	GAAP	Adjustments	Ongoing
Operating revenues	\$ 1,959,522	\$ (7,497) (a),(b),(c)	\$ 1,952,025	\$ 1,914,029	\$ 50,121 (a),(b)	\$ 1,876,326
Cost of energy	1,239,854	(61,299) (a)	1,178,555	1,121,525	38,638 (a)	1,135,017
Gross margin	719,668	53,802	773,470	792,504	11,483	803,987
Operating expenses	763,203	(231,619) (d),(e),(f), (g),(h)	531,584	531,767	(38,249) (d),(g),(n), (o),(p),(q)	439,551
Depreciation and amortization	144,362	-	144,362	135,695	-	135,695
Operating income (loss)	(187,897)	285,421	97,524	125,042	49,732	174,774
Equity in net earnings of Optim Energy	(29,687)	25,497 (a),(b),(e),(j)	(4,190)	7,581	(391)	7,190
Net other income and deductions	(3,104)	15,533 (g),(k),(l)	12,430	50,644	(6,031) (g),(k),(m)	32,305
Interest charges	132,955	(4,533) (h)	128,422	120,155	-	120,155
Earnings (Loss) before Income Taxes	(353,643)	330,984	(22,659)	63,112	43,311	106,423
Income Taxes (Benefit)	(89,882)	78,787 (r),(s)	(11,095)	3,226	32,319 (m),(s)	35,545
Preferred Stock Dividend Requirements of Subsidiary	528	-	528	528	-	528
Earnings (Loss) from Continuing Operations	(264,289)	252,197	(12,092)	59,358	10,992	70,350
Earnings from Discontinued Operations, net of Income Taxes	34,628	(12,684) (a),(g),(h), (i),(l)	21,944	15,516	858 (a),(g)	16,374
Net Earnings (Loss)	\$ (229,661)	\$ 239,514	\$ 9,853	\$ 74,874	\$ 11,850	\$ 86,724

Net Earnings (Loss) from Continuing Operations per Common Share:

Basic	\$ (3.17)	\$ 3.02	\$ (0.14)	\$ 0.77	\$ 0.14	\$ 0.92
Diluted	\$ (3.17)	\$ 3.02	\$ (0.14)	\$ 0.76	\$ 0.14	\$ 0.90

Net Earnings (Loss) per Common Share:

Basic	\$ (2.75)	\$ 2.87	\$ 0.12	\$ 0.98	\$ 0.15	\$ 1.13
Diluted	\$ (2.75)	\$ 2.87	\$ 0.12	\$ 0.96	\$ 0.15	\$ 1.11

Average common shares outstanding:

Basic	83,468	76,719
Diluted	83,468	77,928

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| (a) Economic mark-to-market hedges | (k) Unrealized impairments of NDT securities |
| (b) Speculative trading | (l) FIN 48 interest |
| (c) Gain on sale of merchant portfolio | (m) Favorable tax decision |
| (d) Afton write-down | (n) JV formation costs |
| (e) Impairment of intangible assets | (o) Loss on contribution of Altura |
| (f) Regulatory disallowances | (p) Sale of turbine |
| (g) Business improvement plan | (q) Twin Oaks III impairment |
| (h) Acquisition/Divestiture | (r) Texas deferred tax adjustments |
| (i) Depreciation on gas assets | (s) Tax impact of pretax adjustments |
| (j) Write-off of emissions allowances | |