

**PNM Resources**  
**Reconciliation of Optim Energy GAAP Net Income to Ongoing EBITDA**  
**(Preliminary and Unaudited)**

**Calculation of Optim Energy Ongoing EBITDA**

	<b>December 31, 2008</b>	
	<b>Three Months Ended</b>	<b>Year Ended</b>
	<b>(in millions)</b>	
GAAP Net Income (Loss)	\$ (1.6)	\$ (60.5)
Interest expense	4.2	19.2
Income tax	0.1	(0.1)
Depreciation and amortization expense	7.7	30.6
Purchase accounting contract amortizations	6.6	8.9
Losses on forward mark on economic hedges	(17.1)	(6.3)
Speculative trading	0.0	2.4
Write-off of emissions allowances	0.0	31.7
Impairment of intangible assets	0.0	23.0
	<u>(0.1)</u>	<u>48.9</u>
Ongoing Optim Energy EBITDA		
50 percent of Ongoing EBITDA (PNMR share)	<u>\$ -</u>	<u>\$ 24.5</u>

**Calculation of Optim Energy Ongoing EBITDA**

	<b>December 31, 2007</b>	
	<b>Three Months Ended</b>	<b>Year Ended</b>
	<b>(in millions)</b>	
GAAP Net Income (Loss)	\$ (10.7)	\$ 10.2
Interest expense	10.1	17.9
Income tax	0.0	0.4
Depreciation and amortization expense	8.3	15.7
Purchase accounting contract amortizations	(36.5)	(34.2)
Losses on forward mark on economic hedges	0.8	0.3
Speculative trading	(0.7)	(1.1)
	<u>(28.7)</u>	<u>9.2</u>
Ongoing Optim Energy EBITDA		
50 percent of Ongoing EBITDA (PNMR share)	<u>\$ (14.4)</u>	<u>\$ 4.6</u>

**PNM Resources**  
**2008 Reconciliation of GAAP Net Earnings to Ongoing EBITDA by Segment**  
**(Preliminary and Unaudited)**  
**(in millions)**

	Three Months Ended December 31, 2008					PNMR Consolidated
	PNM Electric	TNMP Electric	PNM Gas	First Choice	Corporate & Other	
<b>GAAP Net Earnings (Loss)</b>	(\$8.6)	\$8.1	\$10.0	(\$35.6)	(\$6.0)	(\$32.1)
Interest charges	17.8	4.8	3.3	1.5	9.8	37.2
Income taxes	(4.9)	0.5	6.7	(18.2)	(11.7)	(27.6)
Depreciation and amortization	21.5	11.7	0.0	0.7	4.3	38.2
<b>EBITDA</b>	25.8	25.1	20.0	(51.6)	(3.6)	15.7
Ongoing adjustments	7.1	(0.1)	0.4	42.0	(3.8)	45.6
<b>Ongoing EBITDA</b>	<b>\$32.9</b>	<b>\$25.0</b>	<b>\$20.4</b>	<b>(\$9.6)</b>	<b>(\$7.4)</b>	<b>\$61.3</b>

	Year Ended December 31, 2008					PNMR Consolidated
	PNM Electric	TNMP Electric	PNM Gas	First Choice	Corporate & Other	
<b>GAAP Net Earnings (Loss)</b>	(\$67.0)	(\$8.8)	\$34.6	(\$136.6)	(\$51.9)	(\$229.7)
Interest charges	69.9	18.3	13.2	4.0	40.8	146.2
Income taxes	(10.0)	11.1	23.0	(46.6)	(44.4)	(66.9)
Depreciation and amortization	85.7	38.7	0.0	2.4	17.6	144.4
<b>EBITDA</b>	78.6	59.3	70.8	(176.8)	(37.9)	(6.0)
Ongoing adjustments	98.6	34.6	0.5	150.0	42.1	325.8
<b>Ongoing EBITDA</b>	<b>\$177.2</b>	<b>\$93.9</b>	<b>\$71.3</b>	<b>(\$26.8)</b>	<b>\$4.2</b>	<b>\$319.8</b>

**PNM Resources**  
**2007 Reconciliation of GAAP Net Earnings to Ongoing EBITDA by Segment**  
**(Preliminary and Unaudited)**  
**(in millions)**

**Three Months Ended December 31, 2007**

	<b>PNM Electric</b>	<b>TNMP Electric</b>	<b>PNM Gas</b>	<b>Altura</b>	<b>First Choice</b>	<b>Corporate &amp; Other</b>	<b>PNMR Consolidated</b>
<b>GAAP Net Earnings (Loss)</b>	\$6.5	\$3.0	\$6.0	\$0.0	\$12.2	(\$11.1)	\$16.6
Interest charges	13.8	5.5	2.5	0.0	(1.1)	8.7	29.4
Income taxes	1.8	2.8	3.9	0.0	5.8	(5.7)	8.6
Depreciation and amortization	21.0	9.3	5.3	0.0	0.5	4.4	40.5
<b>EBITDA</b>	43.1	20.6	17.7	0.0	17.4	(3.7)	95.1
Ongoing adjustments	(17.8)	0.5	1.6	0.0	(3.5)	1.7	(17.5)
<b>Ongoing EBITDA</b>	<b>\$25.3</b>	<b>\$21.1</b>	<b>\$19.3</b>	<b>\$0.0</b>	<b>\$13.9</b>	<b>(\$2.0)</b>	<b>77.6</b>

**Year Ended December 31, 2007**

	<b>PNM Electric</b>	<b>TNMP Electric</b>	<b>PNM Gas</b>	<b>Altura</b>	<b>First Choice</b>	<b>Corporate &amp; Other</b>	<b>PNMR Consolidated</b>
<b>GAAP Net Earnings (Loss)</b>	\$22.9	\$18.4	\$15.5	\$5.2	\$27.2	(\$14.3)	74.9
Interest charges	52.7	25.2	12.2	8.5	0.8	33.0	132.4
Income taxes	11.2	10.6	10.4	3.4	14.9	(36.9)	13.6
Depreciation and amortization	83.2	30.4	21.6	7.7	1.9	12.5	157.3
<b>EBITDA</b>	170.0	84.6	59.7	24.8	44.8	(5.7)	378.2
Ongoing adjustments	22.2	0.8	1.5	3.4	3.0	14.4	45.3
<b>Ongoing EBITDA</b>	<b>\$192.2</b>	<b>\$85.4</b>	<b>\$61.2</b>	<b>\$28.2</b>	<b>\$47.8</b>	<b>\$8.7</b>	<b>423.5</b>