

Reconciliation of GAAP net earnings to Ongoing EBITDA (Earnings Before Interest Charges, Income Taxes, Depreciation and Amortization) by segment

Preliminary and Unaudited

(in millions)

	Quarter Ended June 30, 2008					
	<u>PNM Electric</u>	<u>TNMP Electric</u>	<u>PNM Gas</u>	<u>First Choice</u>	<u>Corporate & Other</u>	<u>PNMR Consolidated</u>
GAAP Net Earnings (Loss)	(\$47.1)	(\$28.8)	\$2.8	(\$60.4)	(\$10.0)	(\$143.5)
Interest charges	17.6	4.4	3.6	0.3	9.7	35.6
Income taxes	2.4	3.4	1.8	(8.8)	(7.5)	(8.7)
Depreciation and amortization	20.9	8.8	0.0	0.6	4.4	34.7
EBITDA	(6.2)	(12.2)	8.2	(68.3)	(3.4)	(81.9)
Ongoing adjustments	51.2	34.4	(4.8)	49.7	9.2	139.7
Ongoing EBITDA	\$45.0	\$22.2	\$3.4	(\$18.6)	\$5.8	57.8

	Six Months Ended June 30, 2008					
	<u>PNM Electric</u>	<u>TNMP Electric</u>	<u>PNM Gas</u>	<u>First Choice</u>	<u>Corporate & Other</u>	<u>PNMR Consolidated</u>
GAAP Net Earnings (Loss)	(\$74.2)	(\$25.0)	\$25.3	(\$84.5)	(\$33.7)	(192.1)
Interest charges	31.7	9.4	6.5	0.6	18.2	66.4
Income taxes	(14.6)	5.7	15.5	(21.6)	(22.0)	(37.0)
Depreciation and amortization	41.9	17.1	0.0	1.0	8.7	68.7
EBITDA	(15.2)	7.2	47.3	(104.5)	(28.8)	(94.0)
Ongoing adjustments	72.2	34.4	(10.1)	90.4	36.1	223.0
Ongoing EBITDA	\$57.0	\$41.6	\$37.2	(\$14.1)	\$7.3	129.0