

2008 Dollars

Quarter Ended June 30, 2008
(in thousands)

	Utilities			FCP	EnergyCo (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas				
Ongoing Earnings (Loss)	\$ 4,058	\$ 5,679	\$ (114)	\$(13,012)	\$ 2,719	\$ (6,705)	\$ (7,375)
Non-Recurring Items							
Business Improvement Plan	39	(5)	(71)	-	-	(1,314)	(1,351)
Afton writedown	(1,199)	-	-	-	-	-	(1,199)
FIN 48 Interest	(1,922)	29	6	66	-	12	(1,809)
Impairment of intangible assets	(51,143)	(34,456)	-	(48,001)	(7,090)	-	(140,690)
Depreciation on gas assets	-	-	3,246	-	-	-	3,246
Speculative trading	-	-	-	(1,248)	(5)	-	(1,253)
Unrealized impairments of NDT securities	147	-	-	-	-	-	147
Gain on sale of merchant portfolio	1,749	-	-	-	-	-	1,749
Economic mark-to-market hedges	1,131	-	(307)	1,776	2,449	-	5,049
Total Non-Recurring Items	(51,198)	(34,432)	2,874	(47,407)	(4,646)	(1,302)	(136,111)
GAAP Earnings (Loss) from Continuing Operations	(47,140)	(28,753)		(60,419)	(1,927)	(8,007)	(146,246)
GAAP Earnings (Loss) from Discontinued Operations			2,760				2,760
GAAP Net Earnings (Loss)	\$ (47,140)	\$ (28,753)	\$ 2,760	\$ (60,419)	\$ (1,927)	\$ (8,007)	\$ (143,486)

Six Months Ended June 30, 2008
(in thousands)

	Utilities			FCP	EnergyCo (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas				
Ongoing Earnings (Loss)	\$ (10,382)	\$ 9,408	\$19,176	\$(10,857)	\$ 2,541	\$(13,971)	\$ (4,085)
Non-Recurring Items							
Business Improvement Plan	280	(4)	(79)	-	-	(2,587)	(2,390)
Afton writedown	(1,199)	-	-	-	-	-	(1,199)
FIN 48 Interest	(1,922)	29	6	66	-	12	(1,809)
Regulatory disallowances	(18,273)	-	-	-	-	-	(18,273)
Impairment of intangible assets	(51,143)	(34,456)	-	(48,001)	(7,090)	-	(140,690)
Depreciation on gas assets	-	-	6,429	-	-	-	6,429
Speculative trading	-	-	-	(31,533)	(740)	-	(32,273)
Unrealized impairments of NDT securities	(1,055)	-	-	-	-	-	(1,055)
Gain on sale of merchant portfolio	3,083	-	-	-	-	-	3,083
Economic mark-to-market hedges	6,362	-	(272)	5,841	(11,792)	-	139
Total Non-Recurring Items	(63,867)	(34,431)	6,084	(73,627)	(19,622)	(2,575)	(188,038)
GAAP Earnings (Loss) from Continuing Operations	(74,249)	(25,023)		(84,484)	(17,081)	(16,546)	(217,383)
GAAP Earnings (Loss) from Discontinued Operations			25,260				25,260
GAAP Net Earnings (Loss)	\$ (74,249)	\$ (25,023)	\$25,260	\$ (84,484)	\$ (17,081)	\$ (16,546)	\$ (192,123)

2007 Dollars

Quarter Ended June 30, 2007

(in thousands)

	Utilities			Altura	FCP	EnergyCo (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas					
Ongoing Earnings (Loss)	\$ 6,941	\$ 4,234	\$ (2,034)	\$ 4,542	\$ 5,284	\$ 1,373	\$ (5,253)	\$ 15,087
Non-Recurring Items								
JV formation costs	-	-	-	-	-	-	(1,878)	(1,878)
Favorable IRS decision							16,038	16,038
Twin Oaks III Impairment							(2,042)	(2,042)
Loss on contribution of Altura (Twin Oaks)							(2,197)	(2,197)
Speculative trading	-	-	-	-	1,082	-	-	1,082
Unrealized impairments of NDT securities	(62)	-	-	-	-	-	-	(62)
Economic mark-to-market hedges	(6,234)	-	446	-	-	-	-	(5,788)
Total Non-Recurring Items	(6,296)	-	446	-	1,082	-	9,921	5,153
GAAP Earnings (Loss) from Continuing Operations	645	4,234		4,542	6,366	1,373	4,668	21,828
GAAP Earnings (Loss) from Discontinued Operations			(1,588)					(1,588)
GAAP Net Earnings (Loss)	\$ 645	\$ 4,234	\$ (1,588)	\$ 4,542	\$ 6,366	\$ 1,373	\$ 4,668	\$ 20,240

Six Months Ended June 30, 2007

(in thousands)

	Utilities			Altura	FCP	EnergyCo (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas					
Ongoing Earnings (Loss)	\$ 19,202	\$ 5,172	\$ 12,613	\$ 5,983	\$ 12,417	\$ 973	\$ (11,541)	\$ 44,819
Non-Recurring Items								
JV formation costs	-	-	-	-	-	-	(2,533)	(2,533)
Favorable IRS decision							16,038	16,038
Twin Oaks III Impairment							(2,042)	(2,042)
Loss on contribution of Altura (Twin Oaks)							(2,197)	(2,197)
Speculative trading	-	-	-	-	(1,069)	-	-	(1,069)
Unrealized impairments of NDT securities	(208)	-	-	-	-	-	-	(208)
Economic mark-to-market hedges	(4,123)	-	321	-	900	-	-	(2,902)
Total Non-Recurring Items	(4,331)	-	321	-	(169)	-	9,266	(4,179)
GAAP Earnings (Loss) from Continuing Operations	14,871	5,172		5,983	12,248	973	(2,275)	36,972
GAAP Earnings (Loss) from Discontinued Operations			12,934					12,934
GAAP Net Earnings (Loss)	\$ 14,871	\$ 5,172	\$ 12,934	\$ 5,983	\$ 12,248	\$ 973	\$ (2,275)	\$ 49,906

Quarter Ended June 30, 2008

	Utilities			FCP	EnergyCo (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas				
Ongoing Earnings (Loss)	\$ 0.05	\$ 0.07	\$ -	\$(0.16)	\$ 0.03	\$(0.08)	\$(0.09)
Non-Recurring Items							
Business Improvement Plan	-	-	-	-	-	(0.02)	(0.02)
Afton writedown	(0.01)	-	-	-	-	-	(0.01)
FIN 48 Interest	(0.02)	-	-	-	-	-	(0.02)
Impairment of intangible assets	(0.63)	(0.42)	-	(0.59)	(0.09)	-	(1.73)
Depreciation on gas assets	-	-	0.04	-	-	-	0.04
Speculative trading	-	-	-	(0.01)	-	-	(0.01)
Unrealized impairments of NDT securities	-	-	-	-	-	-	-
Gain on sale of merchant portfolio	0.02	-	-	-	-	-	0.02
Economic mark-to-market hedges	0.01	-	-	0.02	0.03	-	0.06
Total Non-Recurring Items	(0.63)	(0.42)	0.04	(0.58)	(0.06)	(0.02)	(1.67)
GAAP Earnings (Loss) from Continuing Operations	(0.58)	(0.35)		(0.74)	(0.03)	(0.10)	(1.80)
GAAP Earnings (Loss) from Discontinued Operations			0.04				0.04
GAAP Net Earnings (Loss)	\$ (0.58)	\$ (0.35)	\$0.04	\$(0.74)	\$ (0.03)	\$(0.10)	\$(1.76)
Average Shares Outstanding (Basic and Diluted): 81,883,899							

Six Months Ended June 30, 2008

	Utilities			FCP	EnergyCo (50%)	Corp/ Other	PNMR
	PNM Electric	TNMP Electric	PNM Gas				
Ongoing Earnings (Loss)	\$ (0.13)	\$ 0.12	\$0.24	\$(0.14)	\$ 0.03	\$(0.17)	\$(0.05)
Non-Recurring Items							
Business Improvement Plan	-	-	-	-	-	(0.04)	(0.04)
Afton writedown	(0.02)	-	-	-	-	-	(0.02)
FIN 48 Interest	(0.02)	-	-	-	-	-	(0.02)
Regulatory disallowances	(0.23)	-	-	-	-	-	(0.23)
Impairment of intangible assets	(0.64)	(0.44)	-	(0.60)	(0.09)	-	(1.77)
Depreciation on gas assets	-	-	0.08	-	-	-	0.08
Speculative trading	-	-	-	(0.39)	(0.01)	-	(0.40)
Unrealized impairments of NDT securities	(0.01)	-	-	-	-	-	(0.01)
Gain on sale of merchant portfolio	0.04	-	-	-	-	-	0.04
Economic mark-to-market hedges	0.08	-	-	0.07	(0.15)	-	0.00
Total Non-Recurring Items	(0.80)	(0.44)	0.08	(0.92)	(0.25)	(0.04)	(2.37)
GAAP Earnings (Loss) from Continuing Operations	(0.93)	(0.32)		(1.06)	(0.22)	(0.21)	(2.74)
GAAP Earnings (Loss) from Discontinued Operations			0.32				0.32
GAAP Net Earnings (Loss)	\$ (0.93)	\$ (0.32)	\$0.32	\$(1.06)	\$ (0.22)	\$(0.21)	\$(2.42)
Average Shares Outstanding (Basic and Diluted): 79,415,752							

Calculation of EnergyCo Ongoing EBITDA

	June 30, 2008	
	Quarter Ended	Six Months Ended
	(in thousands)	
GAAP Net Income (Loss)	\$ (5,602)	\$ (56,608)
Interest expense	4,789	11,357
Income tax	91	(293)
Depreciation and amortization expense	7,659	15,227
Purchase accounting contract amortizations	1,567	4,373
Losses on forward mark on economic hedges	(8,107)	39,035
Losses on speculative trading	16	2,448
Impairment of intangible assets	22,530	22,530
Ongoing EnergyCo EBITDA	<u>22,943</u>	<u>38,069</u>
50 percent of Ongoing EBITDA (PNMR share)	<u>\$ 11,472</u>	<u>\$ 19,035</u>

Calculation of EnergyCo Ongoing EBITDA

	June 30, 2007	
	Quarter Ended	Six Months Ended
	(in thousands)	
GAAP Net Income (Loss)	\$ 3,376	\$ 2,052
Interest expense	818	818
Income tax	0	0
Depreciation and amortization expense	1,528	1,528
Purchase accounting contract amortizations	270	270
Ongoing EnergyCo EBITDA	<u>5,992</u>	<u>4,668</u>
50 percent of Ongoing EBITDA (PNMR share)	<u>\$ 2,996</u>	<u>\$ 2,334</u>