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

Preliminary and Unaudited
(in millions)

	Three Months Ended September 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)	\$15.8	\$8.1	(\$0.6)	(\$16.5)	(\$12.3)	(\$5.5)
Interest charges	20.3	4.2	3.4	1.8	12.8	42.5
Income taxes	9.5	4.9	0.8	(6.8)	(10.7)	(2.3)
Depreciation and amortization	21.0	9.9	0.0	0.6	4.5	36.0
EBITDA	66.6	27.1	3.6	(20.9)	(5.7)	70.7
Ongoing adjustments	21.3	0.2	(5.9)	17.6	10.2	43.4
Ongoing EBITDA	\$87.9	\$27.3	(\$2.3)	(\$3.3)	\$4.5	114.1

	Nine Months Ended September 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)	(\$58.4)	(\$16.9)	\$24.6	(\$101.0)	(\$45.9)	(197.6)
Interest charges	51.8	13.6	9.9	2.5	30.9	108.7
Income taxes	(5.1)	10.6	16.3	(28.4)	(32.7)	(39.3)
Depreciation and amortization	62.8	27.0	0.0	1.7	13.2	104.7
EBITDA	51.1	34.3	50.8	(125.2)	(34.5)	(23.5)
Ongoing adjustments	93.5	34.6	(15.9)	108.0	46.5	266.7
Ongoing EBITDA	\$144.6	\$68.9	\$34.9	(\$17.2)	\$12.0	243.2

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

Preliminary and Unaudited

(in millions)

	Three Months Ended September 30, 2007					Corporate & Other	PNMR Consolidated
	PNM Electric	TNMP Electric	PNM Gas	Altura	First Choice		
GAAP Net Earnings (Loss)	\$1.4	\$10.2	(\$3.3)	\$0.0	\$2.7	(\$2.6)	\$8.4
Interest charges	13.0	5.8	3.9	0.0	0.6	12.0	35.3
Income taxes	0.4	5.5	(2.1)	0.0	1.7	(3.4)	2.1
Depreciation and amortization	20.7	7.1	5.3	0.0	0.5	3.1	36.7
EBITDA	35.5	28.6	3.8	0.0	5.5	9.1	82.5
Ongoing adjustments	32.4	0.3	0.3	0.0	6.3	4.9	44.2
Ongoing EBITDA	\$67.9	\$28.9	\$4.1	\$0.0	\$11.8	\$14.0	126.7

	Nine Months Ended September 30, 2007					Corporate & Other	PNMR Consolidated
	PNM Electric	TNMP Electric	PNM Gas	Altura	First Choice		
GAAP Net Earnings (Loss)	\$16.2	\$15.4	\$9.7	\$6.0	\$15.0	(\$4.0)	58.3
Interest charges	38.9	19.7	9.7	8.6	1.8	24.3	103.0
Income taxes	9.6	7.8	6.3	3.9	9.1	(31.7)	5.0
Depreciation and amortization	62.2	21.1	16.3	7.7	1.4	8.2	116.9
EBITDA	126.9	64.0	42.0	26.2	27.3	(3.2)	283.2
Ongoing adjustments	39.6	0.3	(0.3)	0.0	6.6	16.1	62.3
Ongoing EBITDA	\$166.5	\$64.3	\$41.7	\$26.2	\$33.9	\$12.9	345.5

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

	September 30, 2008	
	<u>Three Months Ended</u>	<u>Nine Months Ended</u>
	(in thousands)	
GAAP Net Income (Loss)	\$ (2,308)	\$ (58,917)
Interest expense	3,662	15,019
Income tax	64	(229)
Depreciation and amortization expense	7,659	22,886
Purchase accounting contract amortizations	(1,996)	2,377
Losses on forward mark on economic hedges	(28,287)	10,749
Speculative trading	(2)	2,446
Write-off of emissions allowances	31,739	31,739
Impairment of intangible assets	<u>321</u>	<u>22,851</u>
Ongoing EnergyCo EBITDA	<u>10,852</u>	<u>48,921</u>
50 percent of Ongoing EBITDA (PNMR share)	<u>\$ 5,426</u>	<u>\$ 24,461</u>

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

	September 30, 2007	
	<u>Three Months Ended</u>	<u>Nine Months Ended</u>
	(in thousands)	
GAAP Net Income (Loss)	\$ 18,815	\$ 20,866
Interest expense	6,978	7,796
Income tax	399	399
Depreciation and amortization expense	5,790	7,318
Purchase accounting contract amortizations	(27,842)	(35,455)
Losses on forward mark on economic hedges	(526)	(526)
Speculative trading	<u>(215)</u>	<u>(215)</u>
Ongoing EnergyCo EBITDA	<u>3,399</u>	<u>183</u>
50 percent of Ongoing EBITDA (PNMR share)	<u><u>\$ 1,700</u></u>	<u><u>\$ 92</u></u>