

Q4 2007

Reconciliation of Ongoing Earnings to GAAP Net Earnings  
For the Quarter Ended December 31, 2006  
(in \$ millions)

	PNM Gas	PNM Electric	Wholesale		TNMP	FCP	EnergyCo	Corp/Other		PNMR
			PNM Wholesale	Altura				PNM Corp/Other	PNMR Corp/Other	
Ongoing Earnings - Previous Segments	\$5,413	\$1,780	(\$6,379)	\$0	\$3,330	\$12,339	(\$4,585)	\$711	(\$3,791)	\$8,818
<b>Electric Segment Changes</b>										
Combine PNM Electric (Retail) and PNM Wholesale		(6,379)	6,379							0
Reclass PNM Corporate/Other	(79)	790						(711)		0
<b>After Electric Segment Changes</b>	<b>5,334</b>	<b>(3,809)</b>	<b>0</b>	<b>0</b>	<b>3,330</b>	<b>12,339</b>	<b>(4,585)</b>	<b>0</b>	<b>(3,791)</b>	<b>8,818</b>
	<b>PNM Gas</b>	<b>PNM Electric</b>	<b>Altura</b>	<b>TNMP</b>	<b>FCP</b>	<b>EnergyCo</b>	<b>PNM Corp/Other</b>	<b>PNMR Corp/Other</b>	<b>PNMR</b>	
	5,334	(3,809)	0	3,330	12,339	(4,585)	0	(3,791)	8,818	
Corporate items allocated to PNM Gas that are not considered discontinued operations under GAAP:	1,595	(1,595)	0	0	0	0	0	0	0	0
<b>Ongoing Earnings</b>	<b>6,929</b>	<b>(5,404)</b>	<b>0</b>	<b>3,330</b>	<b>12,339</b>	<b>(4,585)</b>	<b>0</b>	<b>(3,791)</b>	<b>8,818</b>	
<b>Non-Recurring Items</b>										
Favorable Tax Decisions		4,708								4,708
Twin Oaks III Impairment										0
Business Improvement Plan	(860)	1,910		(330)					(2,195)	(1,475)
Loss on Altura Contribution									(380)	(380)
Sale of Turbine		955								955
Afton Write-Down										0
JV Formation Costs									942	942
Economic Mark-to-Market	(158)	4,807			(148)					4,501
<b>Total Non-Recurring Items</b>	<b>(1,018)</b>	<b>12,380</b>	<b>0</b>	<b>(330)</b>	<b>(148)</b>	<b>0</b>			<b>(1,633)</b>	<b>9,251</b>
<b>GAAP Earnings from Continuing Operations</b>		<b>6,976</b>	<b>0</b>	<b>3,000</b>	<b>12,191</b>	<b>(4,585)</b>			<b>(5,424)</b>	<b>12,158</b>
<b>GAAP Earnings from Discontinued Operations</b>	<b>5,911</b>									<b>5,911</b>
<b>GAAP Net Earnings</b>	<b>\$5,911</b>	<b>\$6,976</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$12,191</b>	<b>(\$4,585)</b>			<b>(\$5,424)</b>	<b>\$18,069</b>