

Investor Meetings



May 2012



Safe Harbor Statement

Statements made in this presentation that relate to future events or PNM Resources' ("PNMR"), Public Service Company of New Mexico's ("PNM"), or Texas-New Mexico Power Company's ("TNMP") (collectively, the "Company") expectations, projections, estimates, intentions, goals, targets, and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates. PNMR, PNM, and TNMP assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, PNMR, PNM, and TNMP caution readers not to place undue reliance on these statements. PNMR's, PNM's, and TNMP's business, financial condition, cash flow, and operating results are influenced by many factors, which are often beyond their control that can cause actual results to differ from those expressed or implied by the forward-looking statements. These factors include: The ability of PNM and TNMP to recover costs and earn allowed returns in regulated jurisdictions; the ability of the Company to successfully forecast and manage its operating and capital expenditures; state and federal regulatory, legislative, and judicial decisions and actions on ratemaking, tax, and other matters; state and federal regulation or legislation relating to environmental matters, including the resultant costs of compliance and other impacts on the operations and economic viability of PNM's generating plants; the risk that recently enacted reliability standards regarding available transmission capacity and other Federal Energy Regulatory Commission rulemakings may negatively impact the operation of PNM's transmission system; the performance of generating units, transmission systems, and distribution systems, which could be negatively affected by operational issues, extreme weather conditions, terrorism, and cybersecurity breaches; uncertainties surrounding PNM's collective bargaining agreement, which provides for an expiration date of April 30, 2012; variability of prices and volatility and liquidity in the wholesale power and natural gas markets; changes in price and availability of fuel and water supplies; uncertainties surrounding the mine fire incident at the mine supplying coal to San Juan Generating Station; uncertainty surrounding the status of PNM's participation in jointly-owned generation projects resulting from the scheduled expiration of the operational documents for the projects; the risks associated with completion of generation, transmission, distribution, and other projects; regulatory, financial, and operational risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainties; uncertainty regarding the requirements and related costs of decommissioning power plants and coal mines supplying certain power plants, as well as the ability to recover decommissioning costs from customers; the impacts on the electricity usage of the Company's customers due to performance of state, regional, and national economies and mandatory energy efficiency measures, weather, seasonality, and other changes in supply and demand; the Company's ability to access the financial markets, including disruptions in the credit markets, actions by ratings agencies, and fluctuations in interest rates; the potential unavailability of cash from PNMR's subsidiaries due to regulatory, statutory, or contractual restrictions; the impacts of decreases in the values of marketable equity securities maintained to provide for nuclear decommissioning and pension and other postretirement benefits; commodity and counterparty credit risk transactions and the effectiveness of risk management; the outcome of legal proceedings, including the extent of insurance coverage; changes in applicable accounting principles.

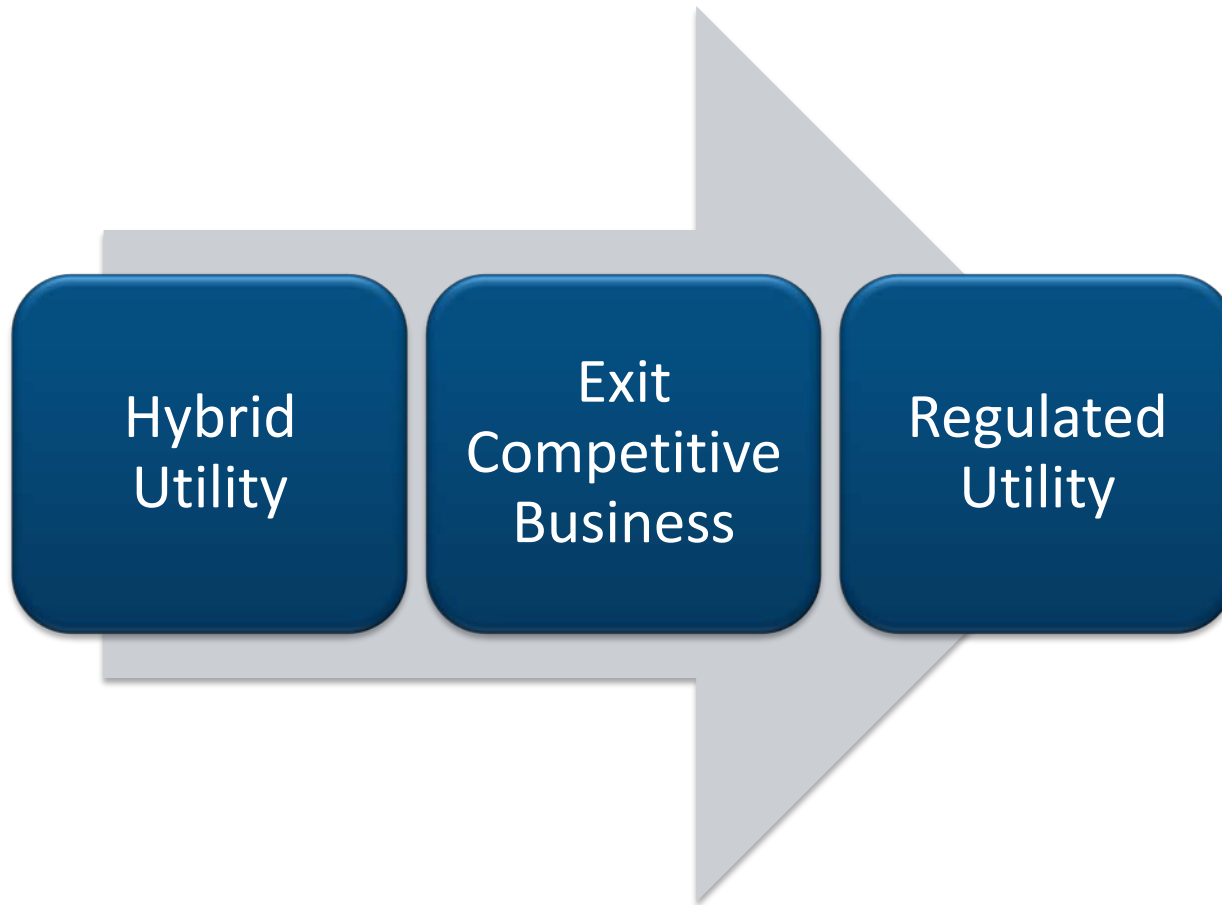
Non-GAAP Financial Measures

For an explanation of the non-GAAP financial measures that appear on certain slides in this presentation (ongoing earnings and ongoing earnings per diluted share), as well as a reconciliation to GAAP measures, please refer to the Company's website as follows:

<http://www.pnmresources.com/investors/results.cfm>

Company Overview

Repositioned as Strong Regulated Utility



Strategic Goals

Earn Authorized
Return on our
Regulated Businesses

Continue to Improve
Credit Ratings

Provide Top Quartile
Total Return

PNM Resources Overview

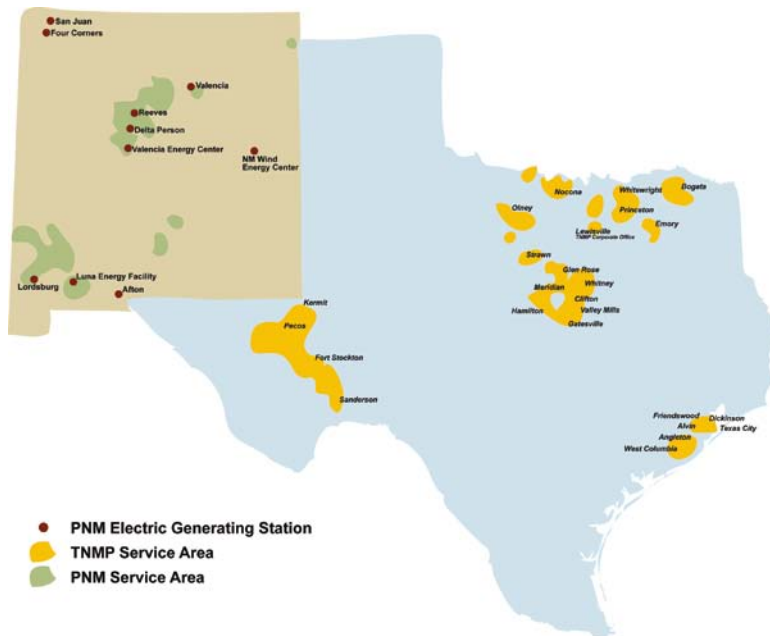
Focus:

- Provide top quartile total return
- Continue to improve credit ratings

By:

- Earning our allowed returns
- Controlling our costs

New Mexico and Texas Service Territories



- Located in New Mexico
- 504,700 customers
- 14,562 miles transmission and distribution lines
- 2,548MW generation capacity



- Located in Texas
- 231,700 end-users
- 9,080 miles transmission and distribution lines

Exit of Competitive Business

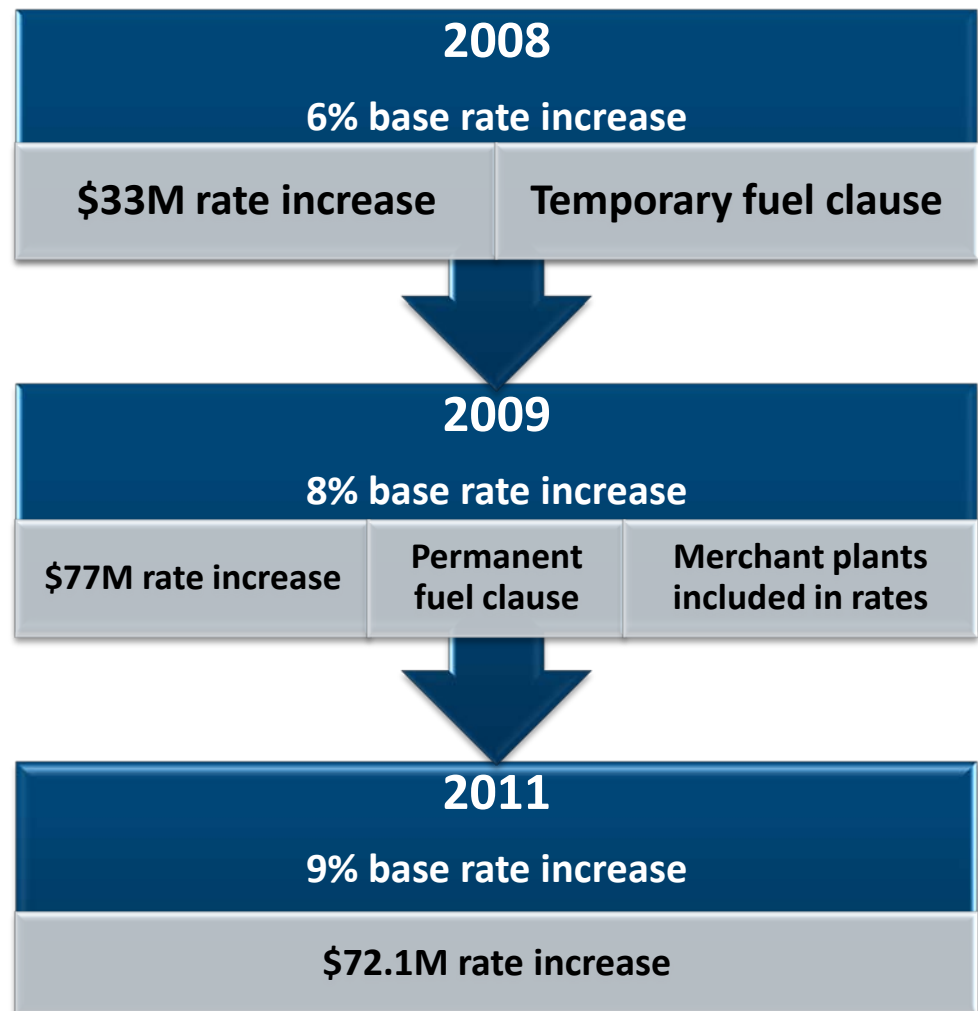
- Strengthened PNM Resources' financial position
- Eliminated financial and business risks associated with competitive entities
- Focused strategic direction on regulated utilities

Recapitalized business using \$329M proceeds

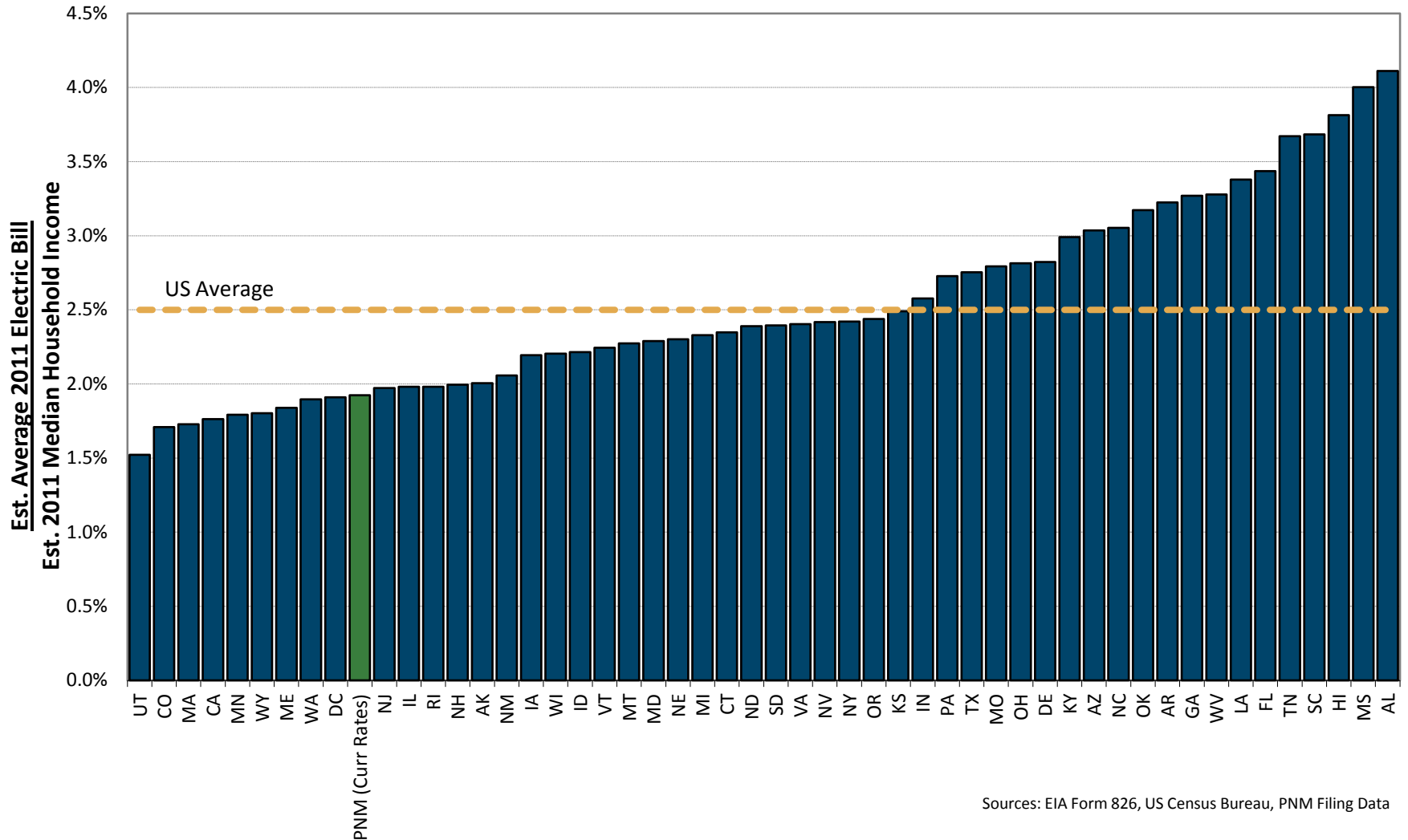
Equity – repurchased preferred shares	\$73.5M	4.8M shares	Closed Oct. 5
Equity – repurchased common shares	\$125.7M	7.0M shares	Closed Nov. 10
Debt – tendered 9.25% SUNs	\$50.0M principal	Fixed price at a 17% premium	Closed Nov. 22

PNM: Recent Accomplishments

- Significant progress has been made to improve PNM's financial health
 - Three rate increases in the past four years
 - Exited gas operations, used 100% of the proceeds to reduce debt
 - Substantially improved credit metrics



2011 Electric Affordability by State



Sources: EIA Form 826, US Census Bureau, PNM Filing Data

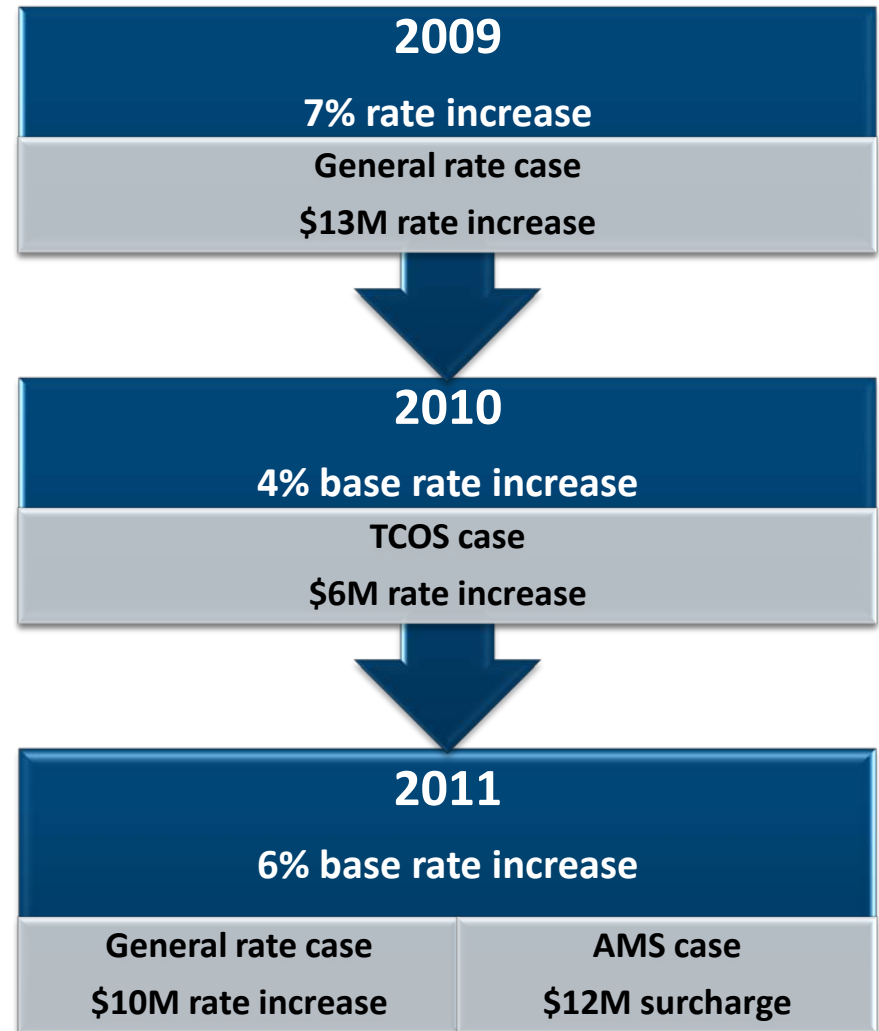
PNM rates reflect the most recent rate increase. All others reflect U.S. Energy Information Administration's Forecasted Residential Rate increases through 2012.

PNM: Pathway to Continued Success

- Earn allowed return
 - Synchronize revenues and expenses
 - Use of future test year
 - Balance future rate increases for customers while ensuring the appropriate return is earned for our shareholders
- Continue to get positive regulatory outcomes
- Continue to strengthen investment grade credit metrics
- Continue to control costs

TNMP: Recent Accomplishments

- Restored earnings potential working with a constructive Texas regulatory framework
 - Achieved successful outcomes in four cases over the past three years
 - No current plans to file another general rate case in the near-term
- Steady load growth since 2007



TNMP: Pathway to Continued Success

- Continue to earn allowed rate of return
- Use transmission and distribution cost of service filings to
 - Minimize regulatory lag
- Retain solid credit metrics
- Invest in the business
- Continue to control costs

Long-term goal: Provide top quartile total return to shareholders

- Total return is 5-year ongoing EPS growth + 5-year average dividend yield
- Top quartile total return currently equal to an average annual rate of 10% - 13% over a 5 year period ⁽¹⁾
- Earnings growth driven primarily by rate base growth paired with earning allowed returns
 - Timing of rate cases and capital spending may cause the earnings growth trajectory to vary year to year
- Sustainable and growing dividend

⁽¹⁾ Beginning in 2012

Common Stock Dividend

2012 Dividend:

\$0.58

Payout ratio:

46% ⁽¹⁾

Dividend yield:

3.2% ⁽²⁾

⁽¹⁾ Assumes mid-point of the 2012 guidance range

⁽²⁾ Based on 5/11/12 stock price of \$18.29

- The annual common stock dividend was raised by \$0.08 on February 29, 2012
- Long-term target: 50% - 60% payout ratio
- The Board will continue to evaluate the dividend on an annual basis, considering:
 - Sustainability and growth
 - Capital planning
 - Industry standards

Recent Credit Rating Accomplishments

- Ratings upgraded Sept. 26, Nov. 1, Apr. 13
- Strength, stability and predictability recognized

Moody's

	PNMR	PNM	TNMP
Debt rating	Ba1 ⁽¹⁾	Baa3 ⁽¹⁾	A3 ⁽²⁾
Outlook	Stable	Stable	Stable

S&P

	PNMR	PNM	TNMP
Debt rating	BB+ ⁽¹⁾	BBB- ⁽¹⁾	BBB+ ⁽²⁾
Outlook	Stable	Stable	Stable

⁽¹⁾ Senior unsecured

⁽²⁾ Senior secured

Environmental Compliance

San Juan – BART Timeline

- Proposed State Implementation Plan revisions filed with EPA in July 2011
 - Called for SNCR technology
 - PNM estimate of costs @ ~\$77M (total plant costs)
- Final BART determination issued Aug. 5, 2011
 - Calls for installation of SCR technology on all four units within five years
 - PNM current estimate of costs is at least \$750M
 - Decision bypassed alternative technology (SNCR) approved by the state
 - PNM and others have challenged the EPA decision
 - A Petition for Review of the EPA decision was filed in the U.S. Court of Appeals for the Tenth Circuit on Sept. 16, 2011
 - Also on Sept. 16, 2011 PNM asked EPA to stay the effective date of the rule pending judicial review
 - A Petition for Reconsideration with the EPA was filed on October 21, 2011. In this filing, PNM also asks EPA to stay the effective date of the rule pending EPA's review.
 - On October 21, 2011 Governor Martinez and the NM Environmental Dept also filed a Petition for Reconsideration with a request for a stay as well as a Petition for Review in the Tenth Circuit
 - WildEarth Guardians filed a Petition for Review of the EPA decision (based on the 5 year vs 3 year compliance schedule) in the Tenth Circuit
 - PNM Intervened in that proceeding
 - On October 17, 2011 several other environmental groups (EarthJustice, Sierra Club, Dine CARES, New Energy Economy and others) also filed a separate Petition for Review and were granted leave to intervene in PNM's appeal; PNM also was granted leave to intervene in their appeal
 - In November 2011, NMED, Governor Martinez and PNM filed Motions to Stay the effective date of the rule
 - On March 1, 2012 the U.S. Court of Appeals for the Tenth Circuit denied the motions to stay filed by PNM and NMED/Governor Martinez
 - On April 26, 2012 Gov. Martinez sent a letter requesting EPA to stay the FIP and approve or otherwise act on the NM SIP. Gov. Martinez also asked PNM to develop alternatives beyond the FIP and SIP.
 - Briefing on Merits to be completed by September 18, 2012
 - Oral Argument scheduled for the week of October 22, 2012
- PNM issued RFP in January 2012 for the installation of SCR technology

Environmental Control Equipment at Coal Units

Coal Unit	PNM Share Capacity (MW)	Low NOx Burners/ Overfired Air	Activated Carbon Injection ⁽¹⁾	SNCR ⁽²⁾	SCR ⁽²⁾	Baghouse ⁽³⁾	Scrubbers
San Juan Unit 1	170	X	X			X	X
San Juan Unit 2	170	X	X			X	X
San Juan Unit 3	249	X	X			X	X
San Juan Unit 4	194	X	X			X	X
Four Corners Unit 4	97.5	Pre-2000 low NOx burners-considered outdated				X	X
Four Corners Unit 5	97.5	Pre-2000 low NOx burners-considered outdated				X	X

⁽¹⁾ Activated carbon injection systems reduce mercury emissions. For San Juan, the installation was completed in 2009, as part of a 3-year, \$320M environmental upgrade.

⁽²⁾ SNCR refers to selective non-catalytic reduction systems. SCR refers to selective catalytic reduction systems. Both systems reduce NOx emissions.

⁽³⁾ Baghouses collect flyash and other particulate matter. For San Juan, the installation was completed in 2009, as part of a 3-year, \$320M environmental upgrade.

Impact of Proposed Environmental Regulation

	Estimated Compliance Costs (PNM Share)	Comments
San Juan Generating Station		
Clean Air Act – Regional Haze (FIP) – SCR	~\$340M - \$460M	See “San Juan – BART Timeline” slide
Clean Air Act – Regional Haze (SIP) – SNCR	~\$36M	State of NM submitted with EPA in early July
Clean Air Act – National Ambient Air Quality Standards (NAAQS)	~\$65M	BART upgrade will assist with compliance of NAAQS
Mercury Rules (MATS) (proposed)	None to minimal	Testing shows 99% removal
Clean Water Act - 316(b) (proposed)	Minimal to some exposure	Performing analysis to determine cost of compliance
Four Corners (Units 4 and 5)		
Clean Air Act – Regional Haze - SCR	~\$69M	APS in negotiations with EPA
Mercury Rules (MATS) (proposed)	Slight exposure	APS evaluating options
Clean Water Act – 316(b) (proposed)	Some exposure	Performing analysis to determine cost of compliance
Palo Verde		
Clean Water Act – 316(b) (proposed)	None to minimal	N/A

First Quarter Earnings

Q1 2012 Financial Results and Company Updates

	Q1 2012	Q1 2011
Ongoing EPS	\$0.17	\$0.04
GAAP EPS	\$0.21	\$0.18

- Rate relief and structure, cost control improve PNM results
- Mild winter offsets benefit of full-quarter rate increase for TNMP
- S&P upgraded debt ratings for PNM Resources and TNMP
 - Corporate credit rating also upgraded

Economic Conditions

Regulated Retail Energy Sales Growth

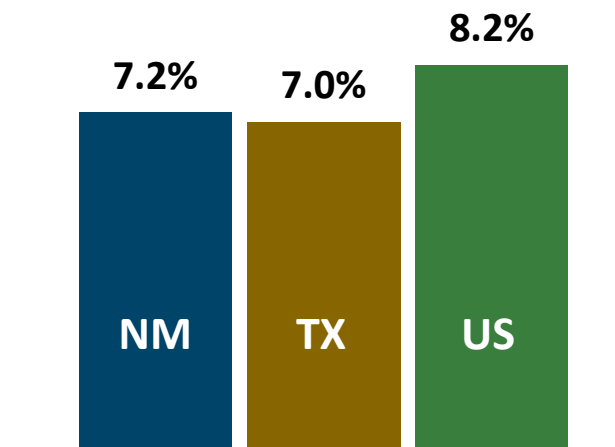
Q1 2012 vs Q1 2011
(weather-normalized)

Leap Year Included	PNM ⁽¹⁾	TNMP ⁽²⁾
Residential	(0.3%)	5.4%
Commercial	1.6%	(3.5%)
Industrial	2.2%	(7.8%)
Total Retail	0.8%	0.6%

Leap Year Excluded	PNM ⁽¹⁾	TNMP ⁽²⁾
Residential	(1.5%)	4.2%
Commercial	0.5%	(4.6%)
Industrial	1.1%	(8.8%)
Total Retail	(0.3%)	(0.5%)

	PNM	TNMP
Customer Growth	0.3%	0.6%
Load Guidance Range	0.5% - 1.5%	

Unemployment Rate⁽³⁾



⁽¹⁾ Excluding Economy Service customers

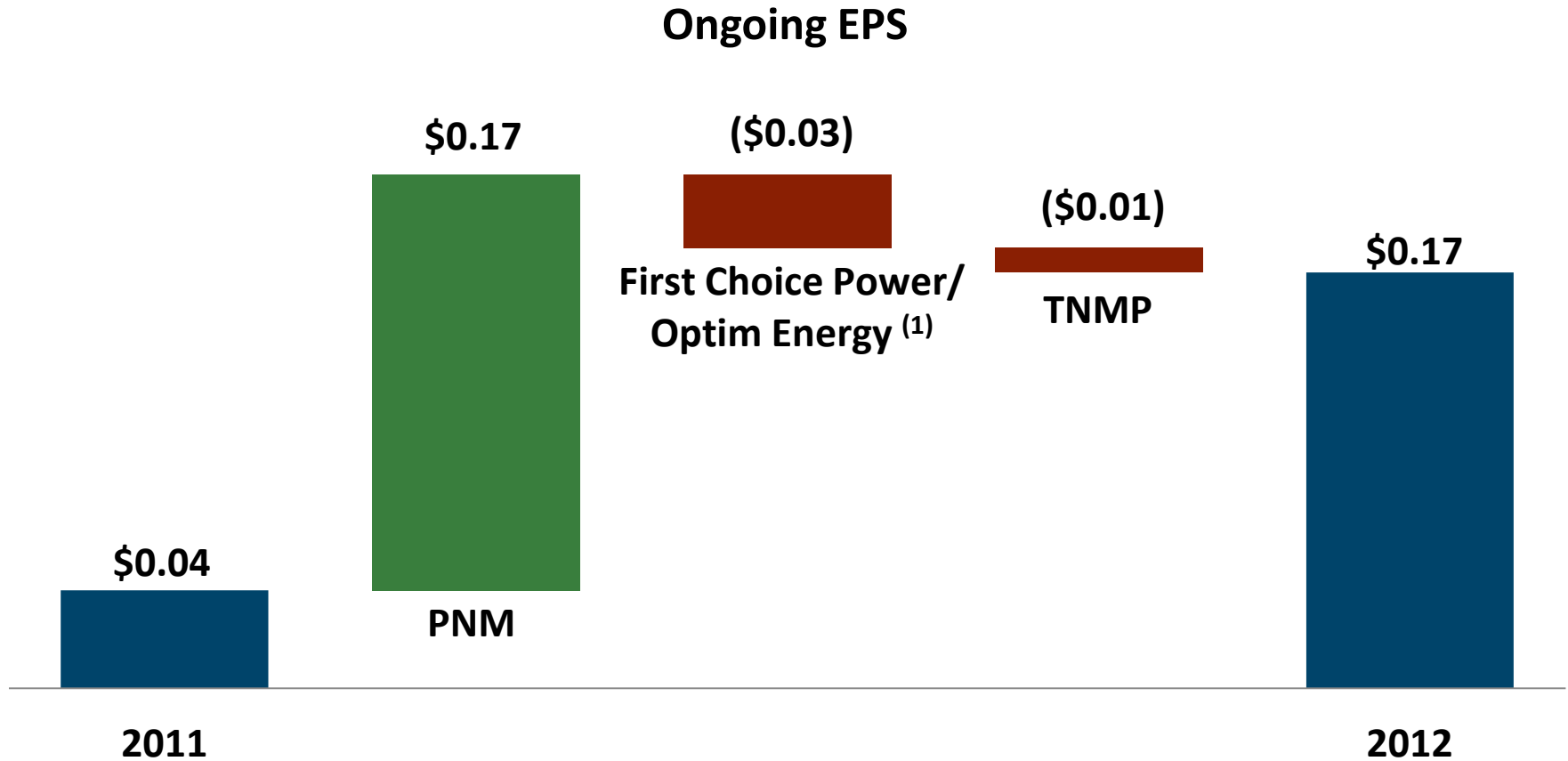
⁽²⁾ Excluding Transmission Service end-users

⁽³⁾ U.S. Bureau of Labor Statistics, March 2012

New Mexico Regulatory Update

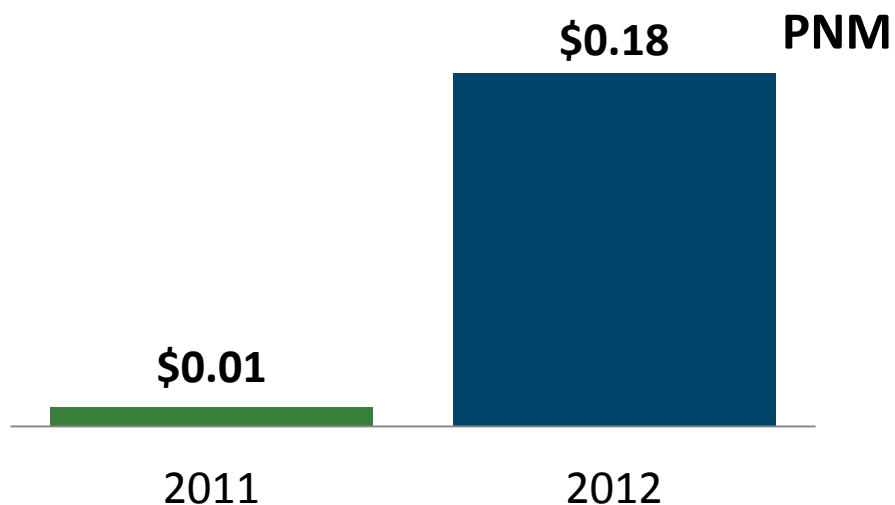
Item	Docket No.	Action	Timing
FERC transmission case	ER11-1915-002, et. al	Settlement discussions	June 1, 2012
FERC generation case	ER11-4535-000 and ER12-72-000	Appearance before FERC settlement judge	May 16, 2012
2013 renewable energy plan	12-00131-UT	Filing made	April 30, 2012
Renewable energy rider	12-00007-UT	Hearing scheduled	May 14, 2012
Future-test-year rulemaking	12-00029-UT	Hearing scheduled	June 13, 2012

Q1 2012 Financial Summary



⁽¹⁾ After August 31, 2011 Optim Energy's financial results have not been included in PNM Resources' ongoing earnings results. Sale of First Choice Power was completed on November 1, 2011.

PNM and TNMP: Q1 2012 vs Q1 2011 EPS (Ongoing)



Q1 2012 Key Performance Drivers	Δ EPS
Rate relief	\$0.12
O&M reductions	\$0.02
PNM Resources share repurchase	\$0.02
Lower outage costs	\$0.01
PV3 market price	(\$0.02)
Other	\$0.02

TNMP



Q1 2012 Key Performance Drivers	Δ EPS
Rate relief	\$0.01
Weather	(\$0.02)

Affirming 2012 Guidance (Ongoing)



Key Strategic Goals and 2012 Checklist

Strategic Goals

Earn Authorized Return on our Regulated Businesses

Continue to Improve Credit Ratings

Provide Top Quartile Total Return

2012 Checklist

- Achieve successful outcomes in:
 - PNM future test year rulemaking
 - PNM FERC transmission rate case
 - PNM FERC generation rate case
 - PNM renewable rider
- Maintain strong electric reliability and power plant availability
- Control O&M and capital costs

Appendix

Utility Rate Base and Return

PNM	Test Period ⁽¹⁾	Rate Base in Filing	Projected 2012 Avg. Rate Base	% of Rate Base	Allowed Equity Ratio	ROE	Increase
Retail							
Current Rates	June 30, 2010	\$1.8B	\$1.8B	86%	51.28%	10.00%	\$72.1M
Renewables	Dec. 31, 2011	\$68M	\$74M	4%	50.61%	10.00%	\$18.0M
FERC Transmission							
Current Rates ⁽²⁾	Dec. 31, 2011	\$156.2M	\$153M	7%	49.40%	12.25% ⁽⁴⁾	\$11.1M ⁽⁴⁾
FERC Generation ⁽³⁾							
Current Rates	Dec. 31, 2012 ⁽⁵⁾	\$67.6M	\$68M	3%	49.46% ⁽⁵⁾	11.00% ⁽⁵⁾	\$8.7M ⁽⁵⁾
TNMP	Test Period ⁽¹⁾	Rate Base in Filing	Projected 2012 Avg. Rate Base	% of Rate Base	Allowed Equity Ratio	ROE	Increase
Current Rates	Mar. 31, 2010	\$448.2M	\$482M	100%	45.00%	10.125%	\$10.3M

⁽¹⁾ Period is for the 12 months ending on stated date

⁽²⁾ Rates implemented June 1, 2011, subject to refund pending final order by FERC

⁽³⁾ FERC Generation is comprised of three separate wholesale customer contracts under the jurisdiction of FERC: Navopache Electric Cooperative, Inc., City of Gallup, and City of Aztec

⁽⁴⁾ Supplemental testimony filed on September 12, 2011 reflects an 11% ROE, which would result in an increase of \$9.6M

⁽⁵⁾ Reflects the amount of annual increase filed with FERC under an unexecuted amended sales agreement between PNM and Navopache Electric Cooperative, Inc., which represents 62% of the total FERC Generation rate base amount. The increase for Navopache was implemented April 14, 2012, subject to refund.

Assumptions for Potential Earnings Power

Reducing regulatory lag and improving market prices could improve EPS by \$0.15 to \$0.20 without growing rate base

	Mid Point Guidance Range		Potential Earnings Power		Growth Potential EPS	Potential Achievement
	Return	EPS	Allowed Return	Resulting EPS		
PNM						
PNM Retail	10%	\$1.13	10%	\$1.13		
Renewables	7%	\$0.03	10%	\$0.05	\$0.02	2013
FERC Transmission	8%	\$0.08	9% - 11%	\$0.09 - \$0.10	\$0.01 - \$0.02	2012
FERC Generation	-5%	(\$0.02)	9% - 11%	\$0.04 - \$0.05	\$0.06 - \$0.07	2014 ⁽¹⁾
Costs not included in rate base		(\$0.05)		(\$0.03)	\$0.02	2014
PV3		(\$0.06)		(\$0.03) - \$0.00	\$0.03 - \$0.06	See Note 2
TNMP						
T&D	9.6%	\$0.26	10.125%	\$0.27	\$0.01	2013
Competitive transition charge (CTC)		\$0.03		\$0.03		
Automated meter system (AMS)		\$0.01		\$0.01		
Corporate/Other		(\$0.15)		(\$0.15)		
Total		\$1.26		\$1.41 - \$1.46	\$0.15 - \$0.20	

⁽¹⁾ FERC Generation's potential achievement would occur with the filing and resolution of new rates for the Gallup contract, which is expected in 2014

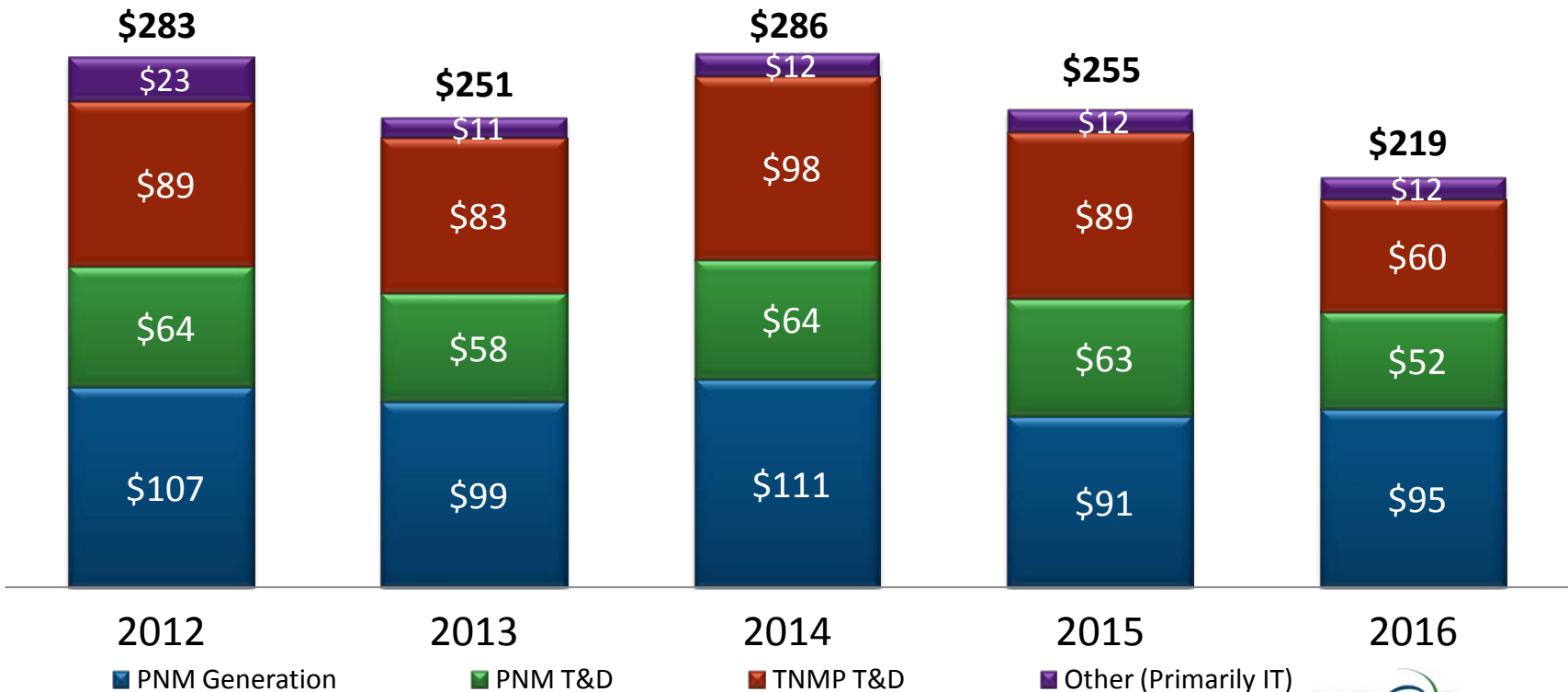
⁽²⁾ PV3 generation is currently sold at market. The range assumes a market price of \$39 to \$42

PNM Resources 5-Year Capital Plan

2012 - 2016
Total Capital Plan: \$1.3B

Amounts do not include potential capital spending at PNM including SCRs, renewables and additional peaking capacity

(In millions)

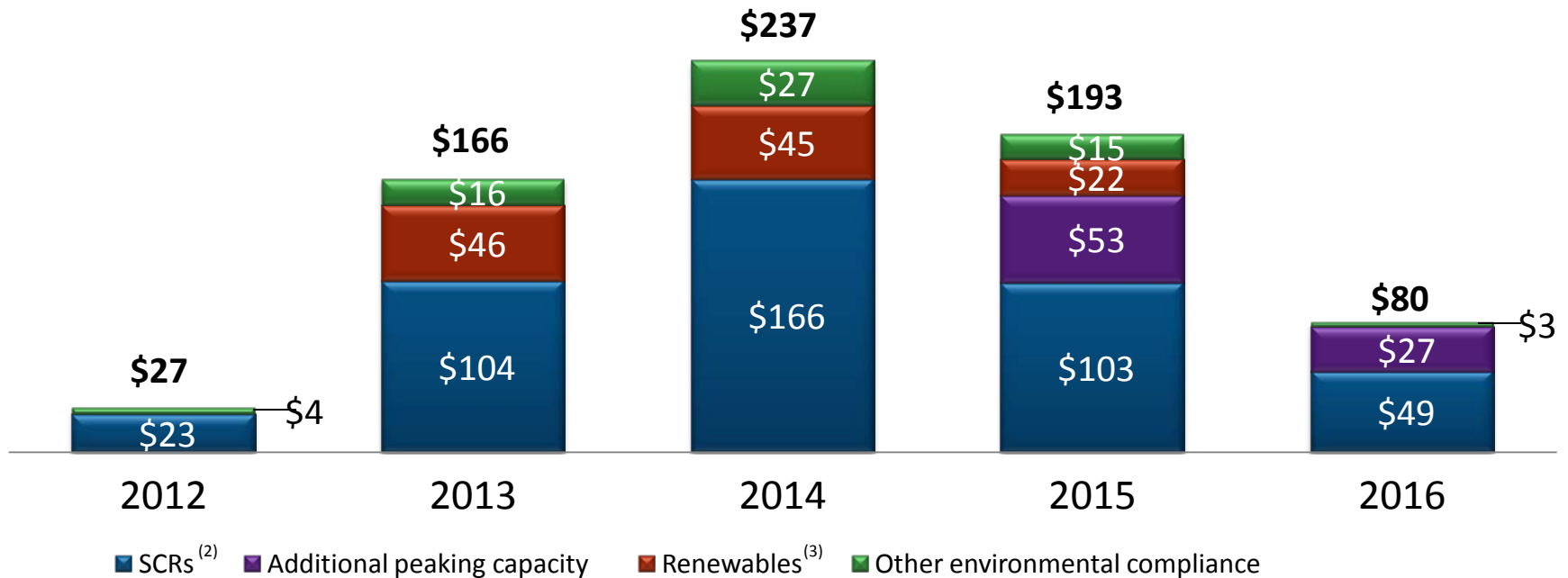


Amounts may not visually add due to rounding

PNM Resources 5-Year Potential Capital Additions

2012 – 2016
Total Potential Capital⁽¹⁾: \$0.7B

(In millions)



⁽¹⁾ Not all potential capital expenditures will be realized. Amounts are representative of the middle of the potential range.

⁽²⁾ PNM's portion of SCRs for San Juan and Four Corners

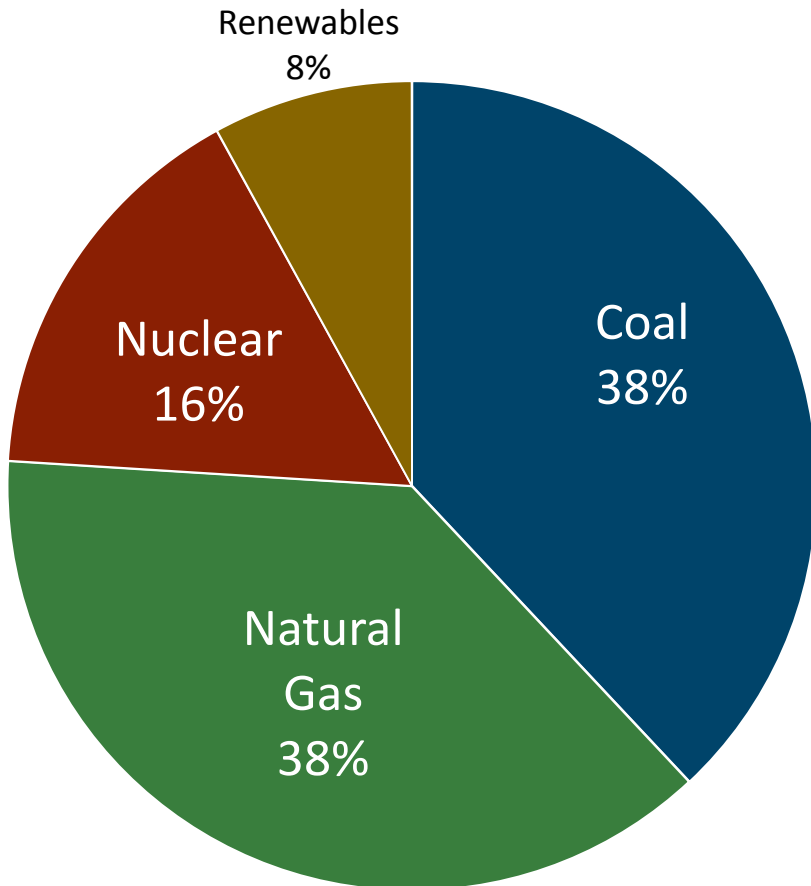
⁽³⁾ Includes recent renewable plan filing

Amounts may not visually add due to rounding

PNM Diversified Fuel Mix

Capacity

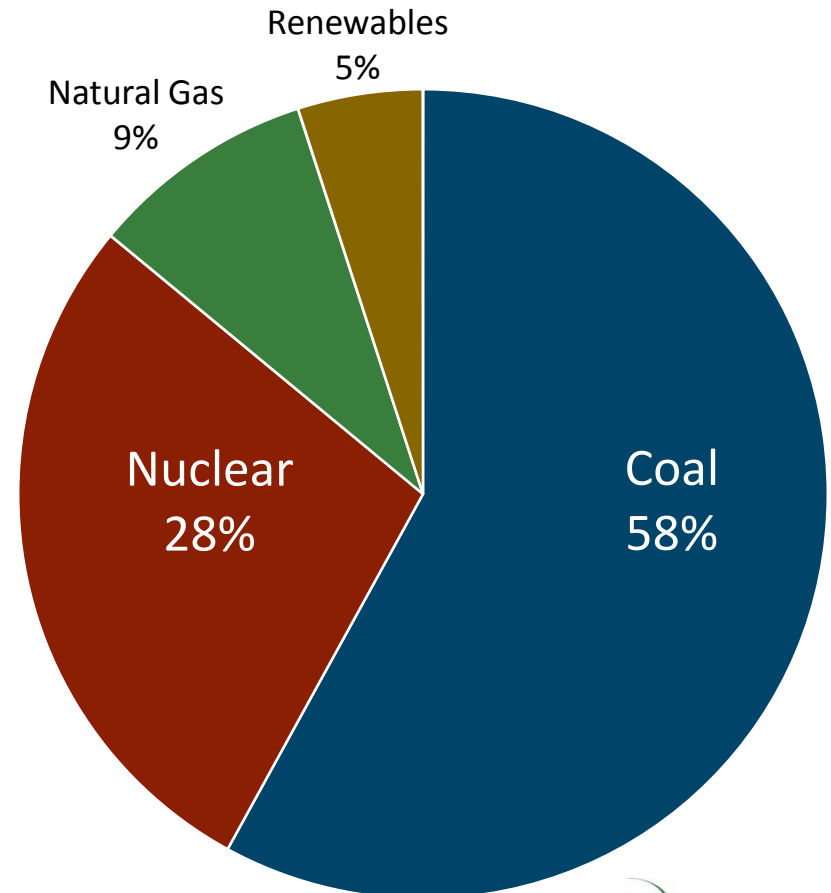
2,548MW



Generation ⁽¹⁾

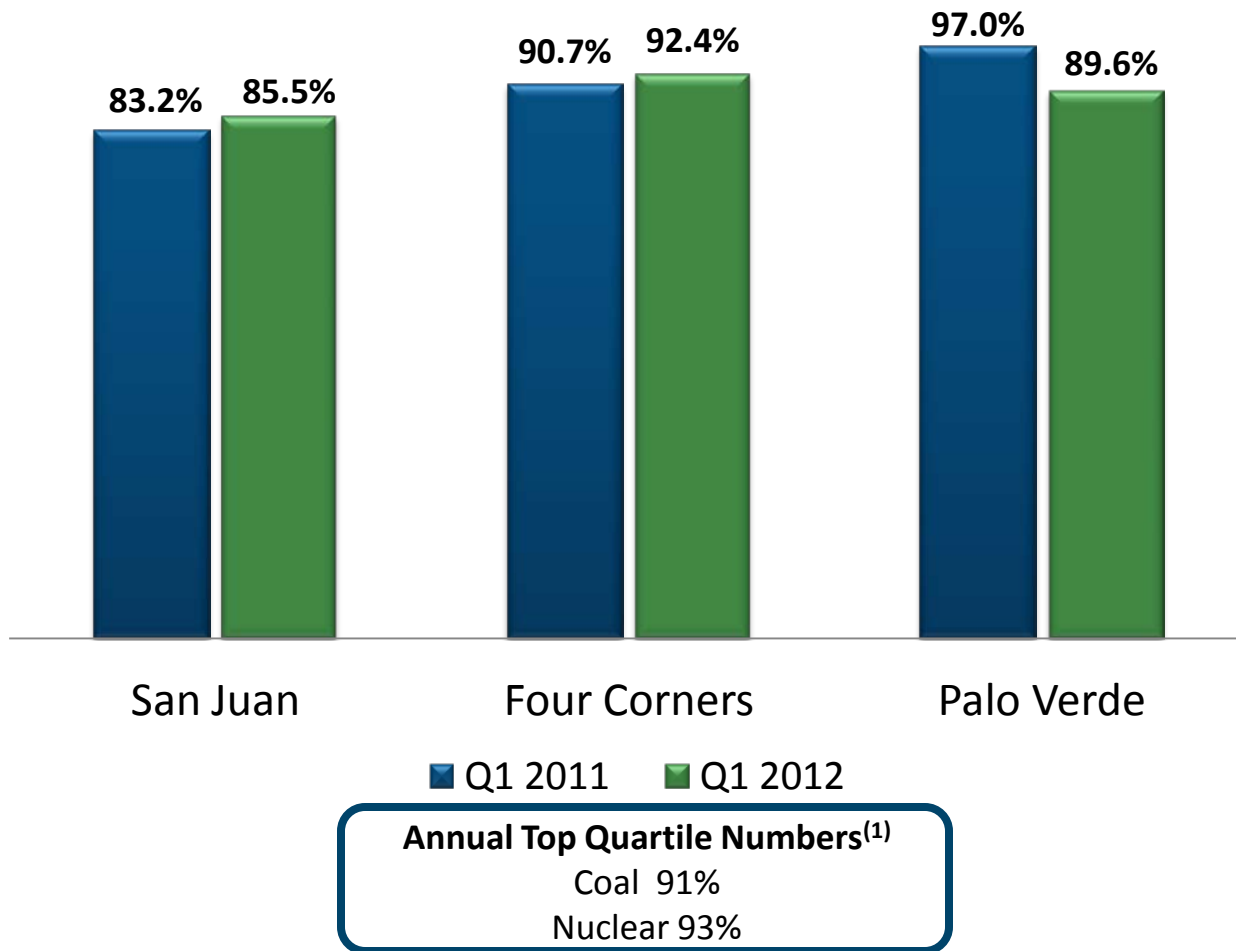
11,507 GWh

Based on last 12 months ending 12/31/11



⁽¹⁾ Includes PNM generation and PPAs

PNM Plant EAF and Outages



2012 and 2013 Outage Schedule

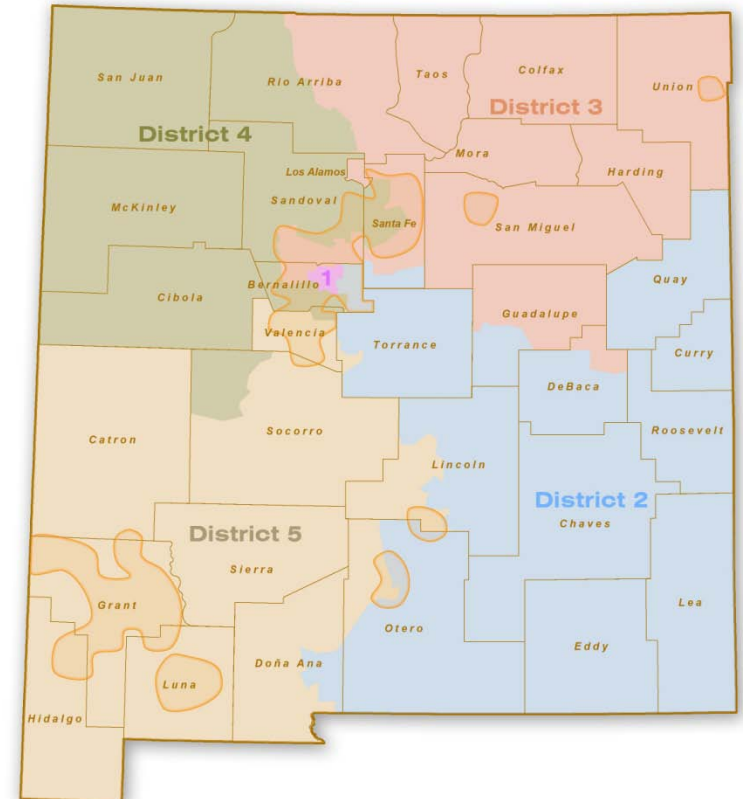
Unit	Duration in Days	Time Period
San Juan		
2	47	Q1 – Q2 2012
3	54	Q3 – Q4 2012
4	47	Q1 – Q2 2013
1	40	Q4 2013
Four Corners		
5	17	Q2 2012
4	21	Q2 2013
Palo Verde		
3	32	Q1 - Q2 2012
2	44	Q4 2012
1	40	Q1 – Q2 2013
3	42	Q3 – Q4 2013

⁽¹⁾Annual top quartile numbers from the North American Electricity Reliability Corporation as of August 2011

NMPRC Commissioners and Districts

Name	District	Term Ends	Party
Jason Marks	District 1	2012	Democrat
Patrick Lyons Chairman	District 2	2014	Republican
Douglas Howe	District 3	2012	Independent
Theresa Becenti-Aguilar Vice Chair	District 4	2014	Democrat
Ben Hall	District 5	2014	Republican

**NMPRC Districts and
PNM Service Areas**



Selected Balance Sheet Information

(In millions)	Dec 31, 2011	Mar 31, 2012
Long-Term Debt (incl. current portion)		
PNM	\$1,215.5	1,215.6
TNMP	311.0	311.1
PNMR	147.5	147.5
Consolidated	\$1,674.0	\$1,674.2
Total Debt (incl. short-term) ⁽¹⁾		
PNM	\$1,281.5	\$1,259.7
TNMP	311.0	311.1
PNMR	164.2	253.2
Consolidated	\$1,756.7	\$1,824.0

⁽¹⁾ Excludes inter-company debt

Liquidity/Capital Structure

- In October 2011, refinanced PNMR and PNM revolvers (\$700M)
- Targeting cap structure of
 - 50/50 at PNM
 - 55/45 at TNMP

	PNMR	PNM	TNMP	Total
Financing Capacity as of Apr. 27, 2011				
Total Capacity	\$305.0	\$400.0	\$75.0	\$780.0
Less short-term debt and LOC balances	(123.3)	(68.6)	(0.3)	(192.2)
Total Available Liquidity	\$181.7	\$331.4	\$74.7	\$587.8