

Q1 2012 Earnings Presentation



May 4, 2012



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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>

Opening Remarks & Overview

Pat Vincent-Collawn

Chairman, President and CEO

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

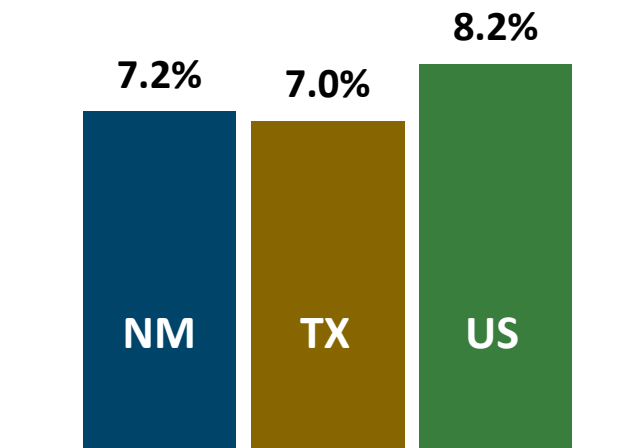
Q1 2012 vs Q1 2011
(weather-normalized)

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

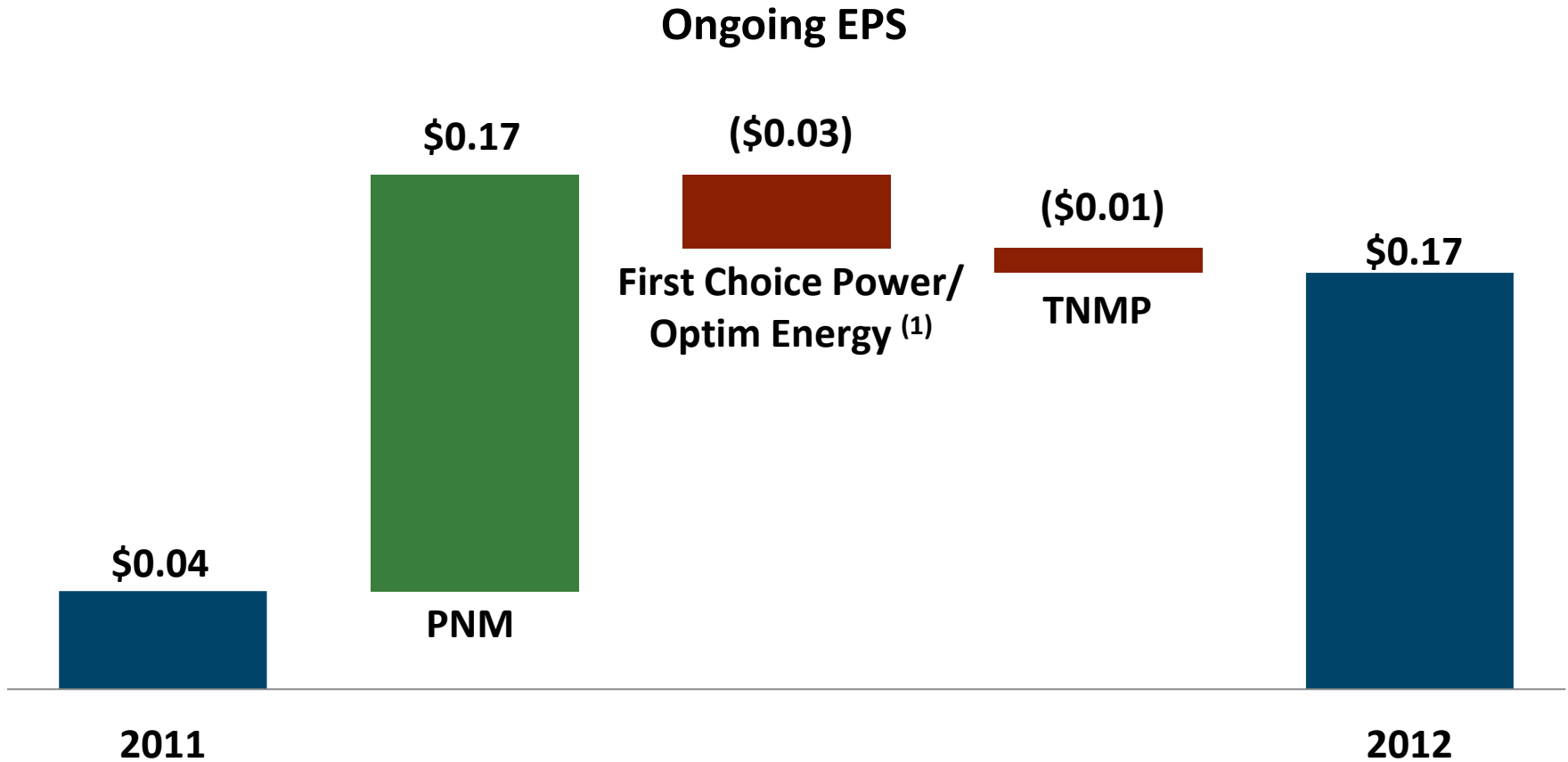
Item	Docket No.	Action	Timing
FERC transmission case	ER11-1915-002, et. al	Settlement discussions	June 1, 2012
FERC generation case	ER11-4535-000 and ER12-72-000	Appearance before FERC settlement judge	May 16, 2012
2013 renewable energy plan	12-00131-UT	Filing made	April 30, 2012
Renewable energy rider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

Financial Overview

Chuck Eldred

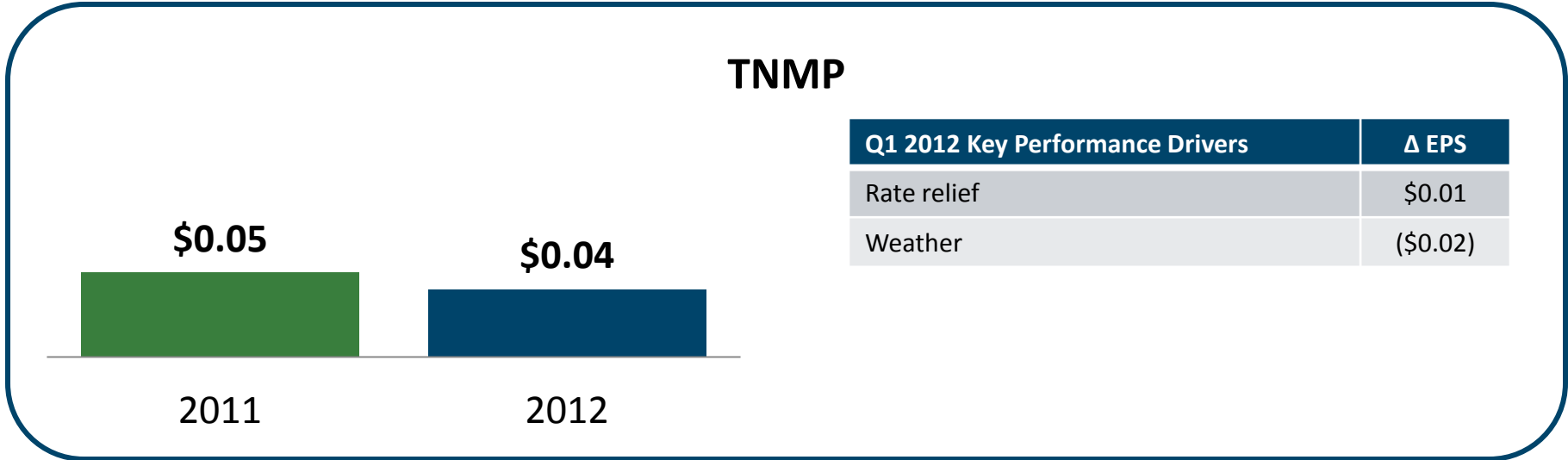
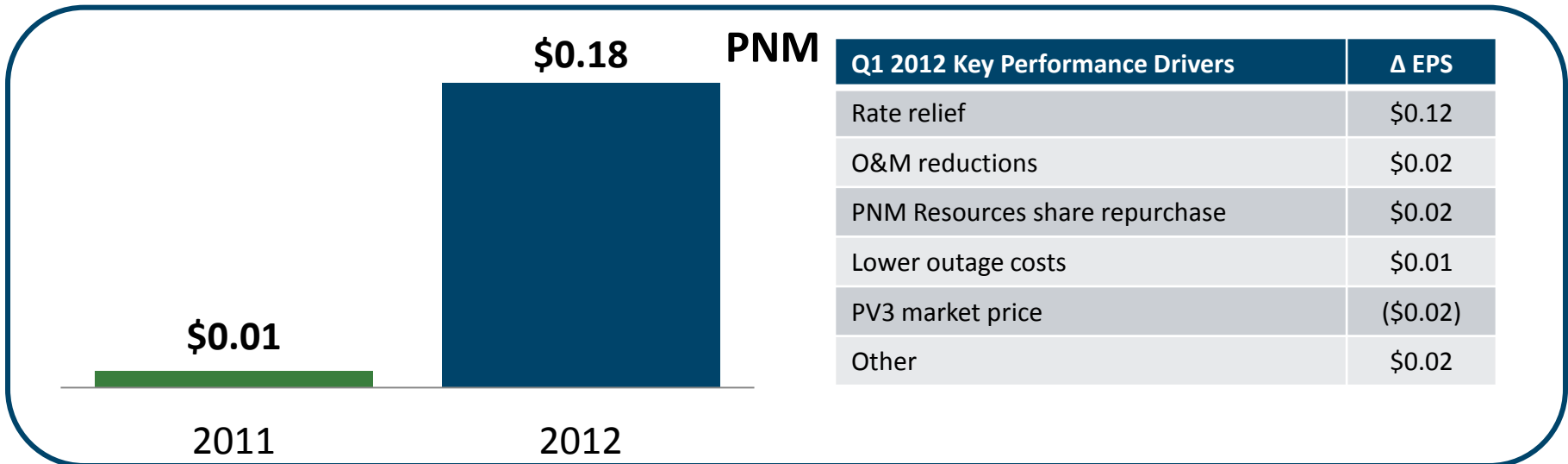
Executive Vice President and CFO

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)



Credit Rating Agency Actions

S&P

- Upgraded PNM Resources' corporate credit rating to BBB- from BB on April 13, 2012, outlook stable
- Upgraded debt ratings one notch for PNM Resources and TNMP, PNM rating remains the same

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

⁽¹⁾ Senior unsecured debt

⁽²⁾ Senior secured debt

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

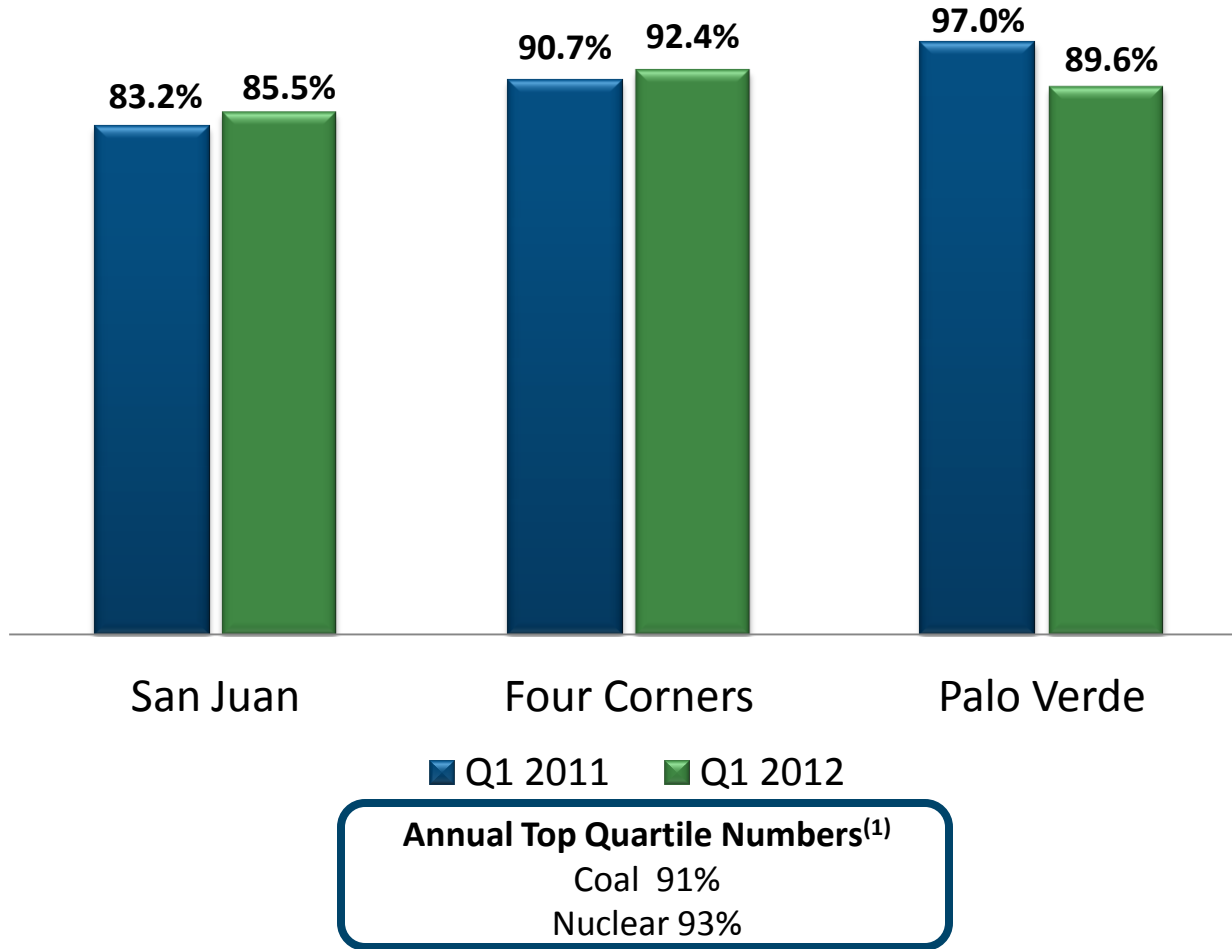
2012 Checklist

- 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

Questions & Answers

Appendix

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

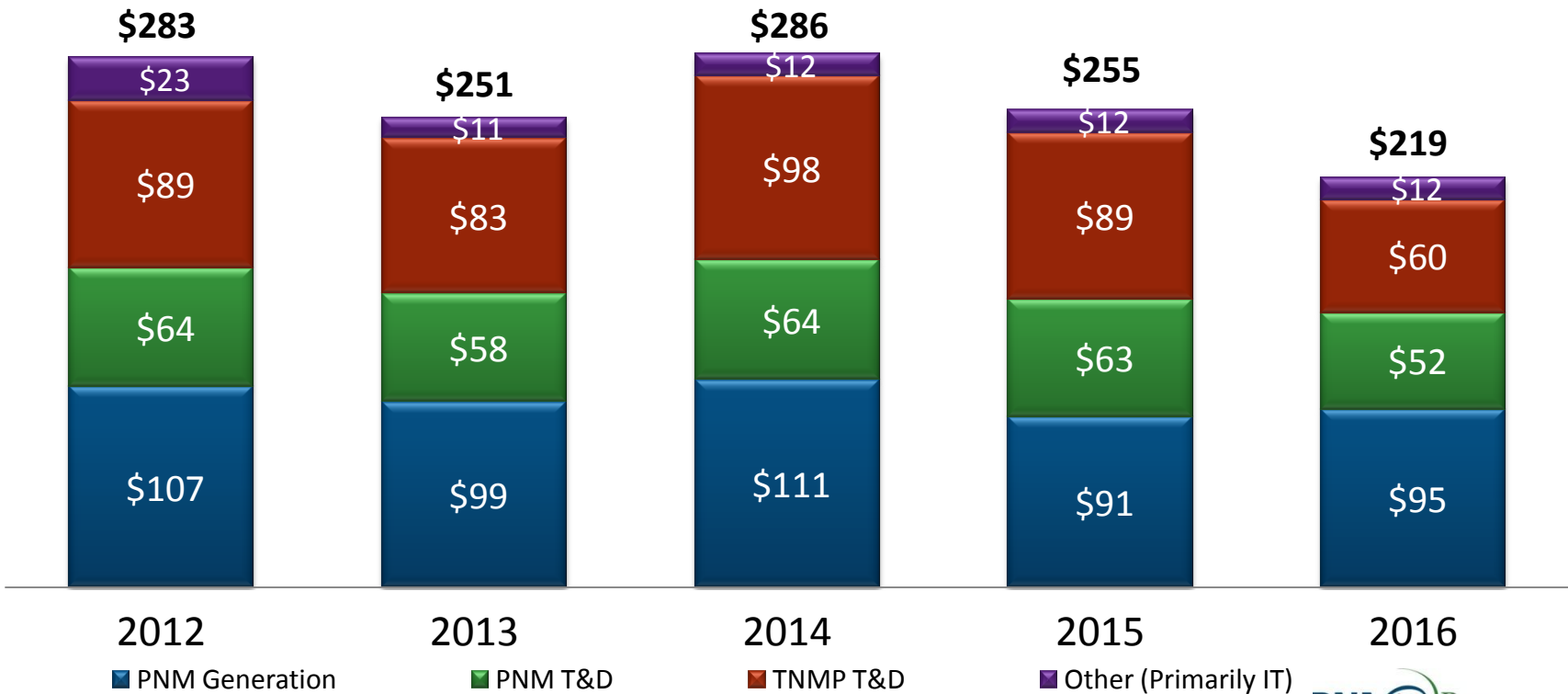
⁽¹⁾Annual top quartile numbers from the North American Electricity Reliability Corporation as of August 2011

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)

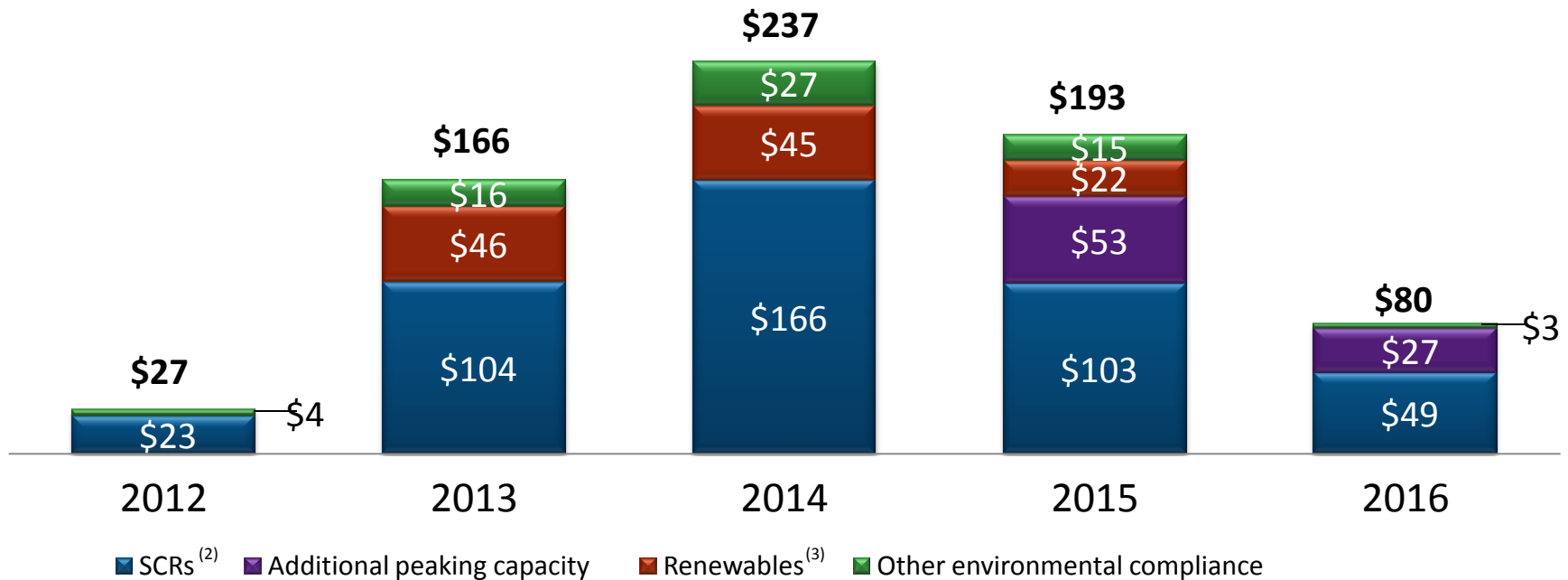


Amounts may not visually add due to rounding

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⁾ Updated for recent renewable plan filing

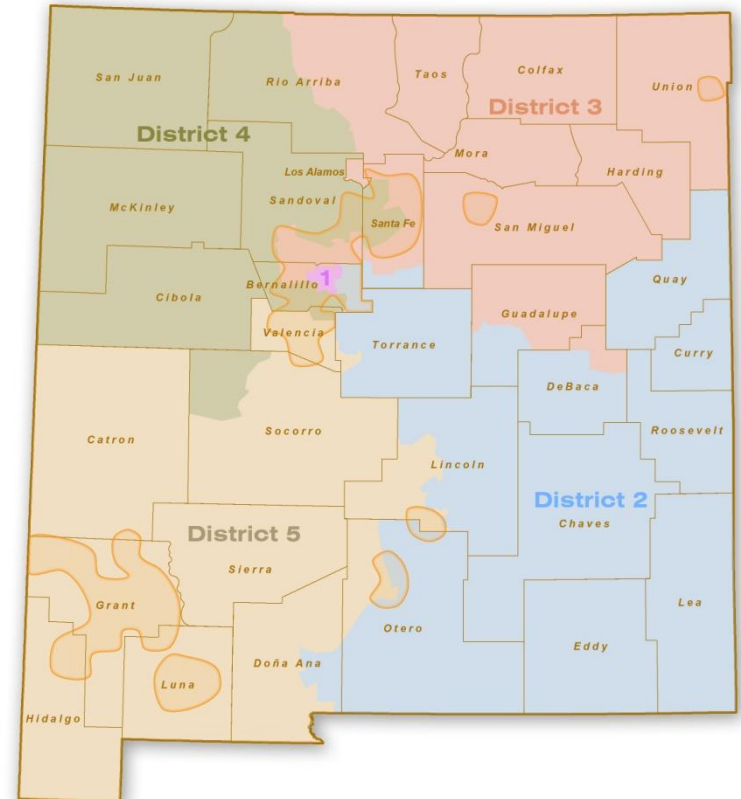
Amounts may not visually add due to rounding

Regulatory Information

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**



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.

Balance Sheet and Credit Metrics

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 debt from affiliates

Liquidity as of April 27, 2012

	PNM Resources	PNM	TNMP	PNM Resources Consolidated
Financing Capacity:	(In millions)			
Revolving credit facility	\$300.0	\$400.0	\$75.0	\$775.0
Bi-lateral line of credit	5.0	-	-	5.0
Total Capacity	\$305.0	\$400.0	\$75.0	\$780.0
As of 4/27/12:				
Short-term debt and LOC balances	\$123.3	\$68.6	\$0.3	\$192.2
Available liquidity as of 4/27/12:	\$181.7	\$331.4	\$74.7	\$587.8

Credit Ratings

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 debt

⁽²⁾ Senior secured debt

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
 - 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

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