



2015 Earnings Review

February 26, 2016

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. For a discussion of risk factors and other important factors affecting forward-looking statements, please see the Company's Form 10-K and 10-Q filings with the Securities and Exchange Commission, which factors are specifically incorporated by reference herein.

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

2015 Accomplishments and Highlights

Regulatory Accomplishments

- PNM BART plan approved by FERC and NMPRC
- PNM Future Test Year definition resolved
- PNM Transmission formula rate case settled
- TNMP implemented two TCOS increases
- TNMP AMS Reconciliation filing recommended for approval without exception

Operational Highlights

- PNM received 2015 ReliabilityOne™ Award for Outstanding Midsize Utility
- PNM Customer Satisfaction scores increased; NMPRC merited complaints sustained at 5-year record-low levels
- PNM increased generation capacity: 40 MW utility-scale solar, 40 MW La Luz gas peaking station
- TNMP Energy Efficiency program receives ENERGY STAR's Market Leader Award for 11th consecutive year
- TNMP achieved 91% of AMS meter installation; Outage Management System implemented

Q4 2015 Financial Results and Updates

Financial Results:

	Q4 2015 ⁽¹⁾	Q4 2014	2015	2014
Ongoing EPS	\$0.23	\$0.24	\$1.64	\$1.49
GAAP EPS	(\$1.15) ⁽²⁾	\$0.24	\$0.20 ⁽²⁾	\$1.45

- 2016 Guidance of \$1.55 - \$1.76 affirmed

Updates:

- BART implementation
 - SNCRs and Balanced Draft in full operation
 - Savings from new coal supply and restructuring agreements to customers
- August 2015 PNM General Rate Case
 - March 14 – 25, 2016: Hearings
 - Q3 2016: Rates Effective
- TNMP TCOS filing
 - \$4.3 million annual increase expected to be effective March 2016

(1) Q4 2015 presented on a basic basis due to Q4 being a loss for GAAP; other periods presented on a diluted basis.

(2) GAAP EPS in 2015 includes a \$100.7 million after-tax write-off (\$1.26 per share) of the expected unrecovered investment in San Juan Generating Station (San Juan) Units 2 and 3 and certain other items related to San Juan in accordance with the December BART approval.

Financial Overview

Chuck Eldred

Executive Vice President and CFO

Load and Economic Conditions

Regulated Retail Energy Sales

(weather-normalized)

	PNM		
	% of 2015 Sales	Q4 2015 vs. Q4 2014	2015 vs. 2014
Residential	39%	0.0%	0.0%
Commercial	46%	(1.9%)	(2.2%)
Industrial	12%	(4.0%)	(2.7%)
Total Retail		(1.3%)	(1.4%)

2015 Load Forecast: (2%) – 0%

2016 Load Forecast: (2%) – 0%

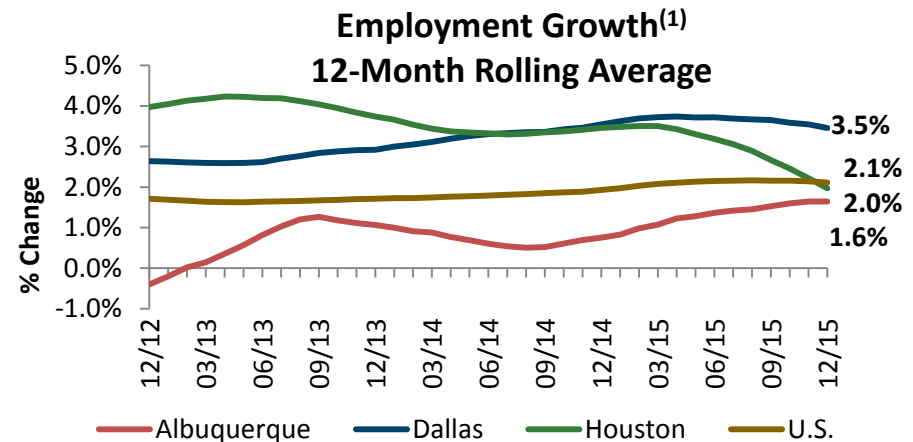
	TNMP		
	% of 2015 Sales	Q4 2015 vs. Q4 2014	2015 vs. 2014
Residential	51%	6.8%	4.2%
Commercial	46%	(1.0%)	1.4%
Total Retail		2.4%	2.6%

2015 Load Forecast: 2% – 3%

2016 Load Forecast: 2% – 3%

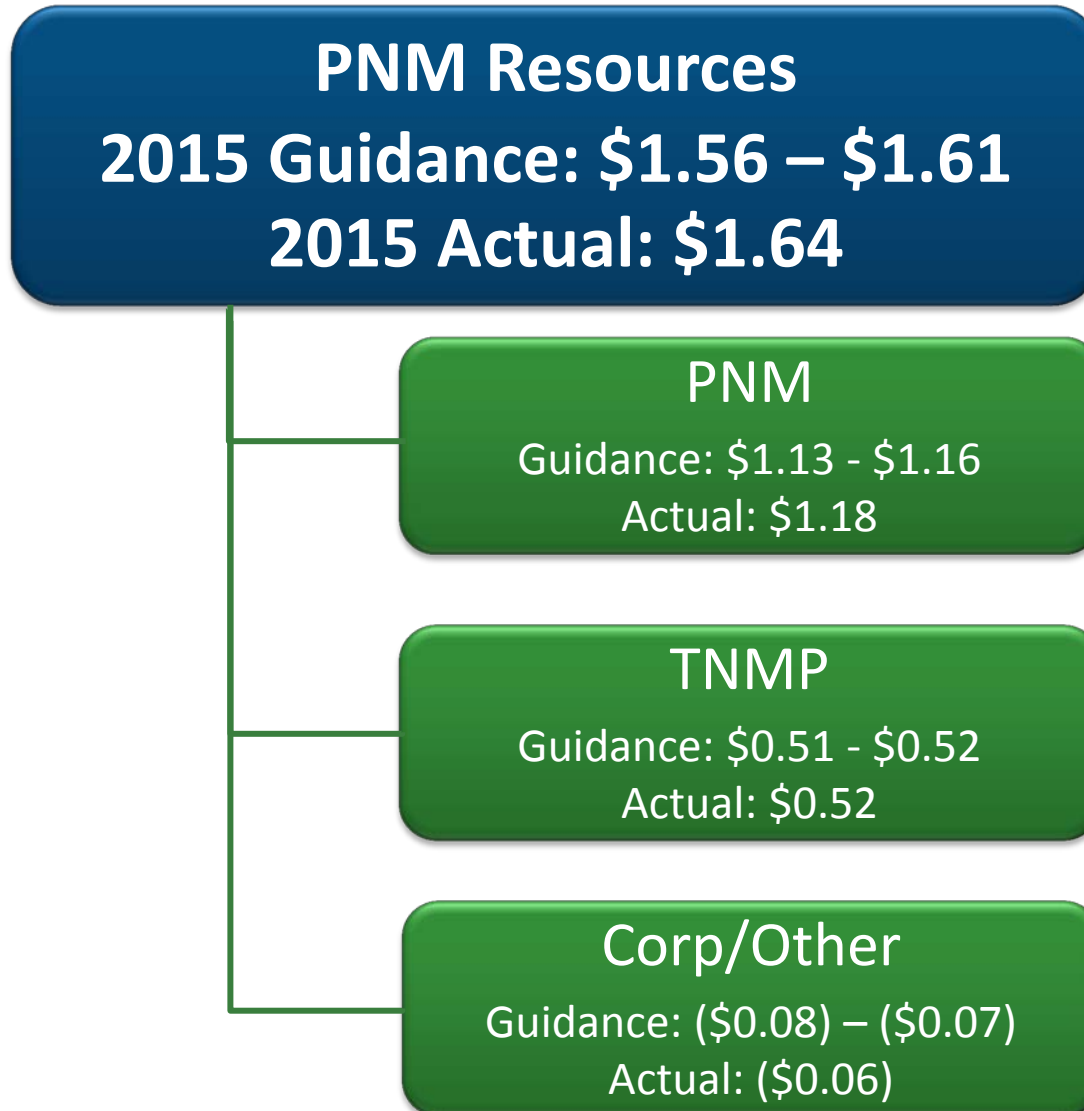
Average Customer Growth

	Q4 2015 vs. Q4 2014	2015 vs. 2014	2015 Forecast	2016 Forecast
	PNM	0.8%	0.7%	0.5%
TNMP	1.5%	1.5%	1.0%	1.0%



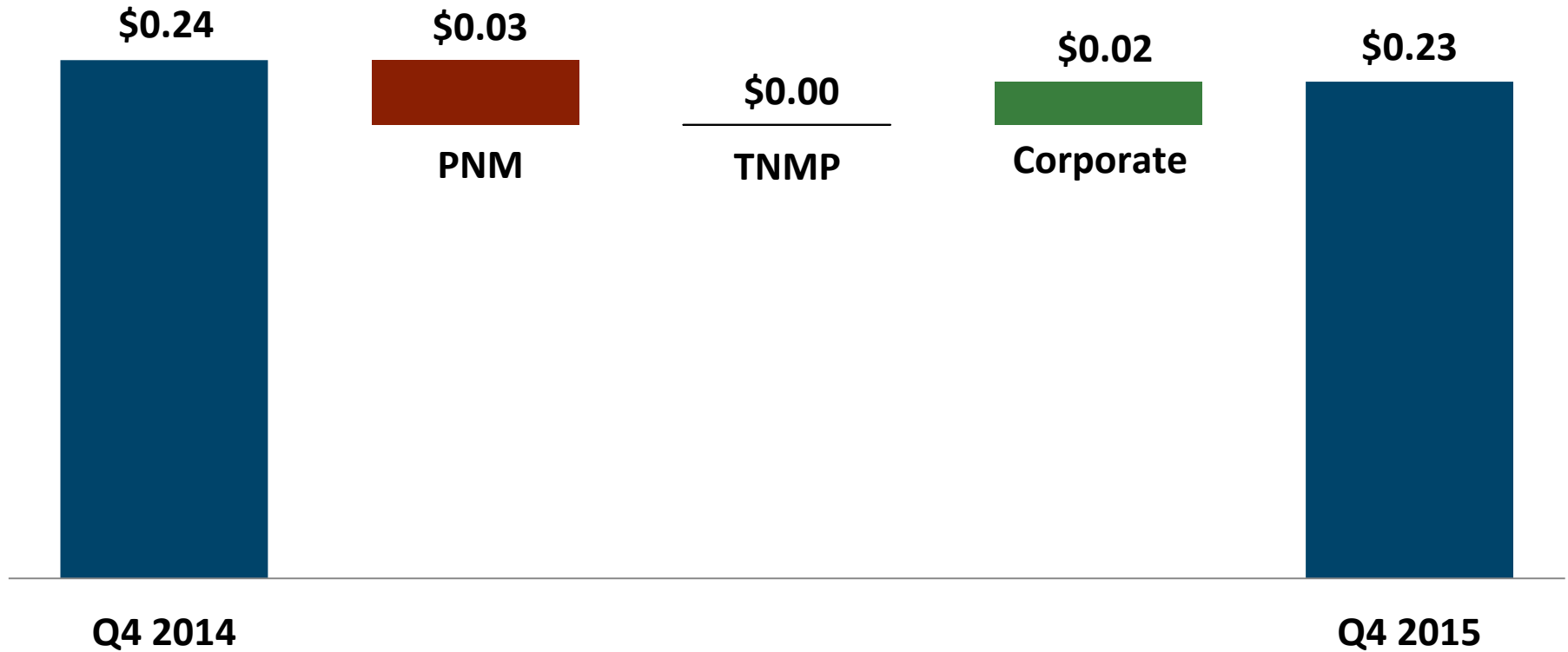
⁽¹⁾ U.S. Bureau of Labor Statistics, December 2015

2015 Ongoing EPS



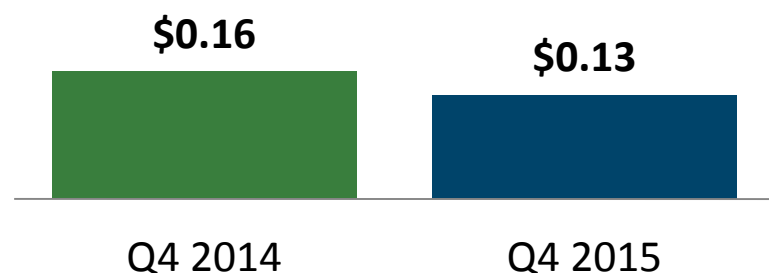
Q4 2015 Financial Summary

Ongoing EPS



PNM and TNMP: Q4 2015 vs Q4 2014 EPS (Ongoing)

PNM



Q4 2015 Key Performance Drivers	Δ EPS
AFUDC	\$0.03
Palo Verde Unit 1 leases at half price	\$0.03
Weather	\$0.02
Palo Verde Nuclear Decommissioning Trust gains	\$0.02
Renewable rate relief	\$0.01
O&M increases	(\$0.03)
Outage costs	(\$0.02)
Exploration of alternative San Juan fuel supply contracts	(\$0.02)
Interest expense	(\$0.02)
Load	(\$0.01)
Transmission margins	(\$0.01)
Depreciation and property tax	(\$0.01)
Capitalized A&G	(\$0.01)
Other	(\$0.01)

TNMP



Q4 2015 Key Performance Drivers	Δ EPS
TCOS rate relief	\$0.01
Other	\$0.01
Weather	(\$0.01)
Depreciation and property tax	(\$0.01)

2016 Guidance

	2016 Earnings Guidance		
	Avg Rate Base	Return	EPS
PNM Retail ⁽¹⁾	\$2.4 B	7.3% - 8.4%	\$1.08 - \$1.24
PNM Renewables ⁽²⁾	\$100 M	10.0%	\$0.06
PNM FERC Transmission ⁽³⁾	\$180 M	8.1% - 9.0%	\$0.09 - \$0.10
PV3 ⁽⁴⁾			(\$0.14)
Items not in rates ⁽⁵⁾			\$0.03 - \$0.04
Total PNM	\$2.7 B		\$1.12 - \$1.30
TNMP ⁽⁶⁾	\$700 M	~10.125%	\$0.49 - \$0.51
Corporate/Other ⁽⁷⁾			(\$0.06) - (\$0.05)
Total PNM Resources	\$3.4 B		\$1.55 - \$1.76

⁽¹⁾ EPS range assumes implementation of the full rate request filed in the August 2015 General Rate Case, including a 10.5% ROE, between July and October 2016.

⁽²⁾ PNM Renewables reflect assets collected through the Renewable Rate Rider.

⁽³⁾ Transmission is recovered under the FERC formula rate methodology, which uses prior year average rate base and assumes mid-year rate increases, at a 10% ROE.

⁽⁴⁾ 2016 Guidance assumes a fully-hedged market price of ~\$26/MWh ; a price of \$43/MWh is required to break even

⁽⁵⁾ Consists primarily of Palo Verde Nuclear Decommissioning Trust gains and losses, AFUDC, refined coal, certain incentive compensation, and earnings in 2016 associated with the Navopache contract.

⁽⁶⁾ TNMP EPS includes \$0.02 of CTC, which will be fully amortized in 2020. TNMP Earnings Potential is based on allowed returns in the most recently filed general rate case. Changes in certain factors, including load growth and lower debt costs, present opportunities for further potential.

⁽⁷⁾ Corporate/Other includes the capital expenditures and restructuring fees associated with the 65MW of San Juan Unit 4 that PNM is expected to acquire at the end of 2017. Also includes short and intermediate term bank debt.

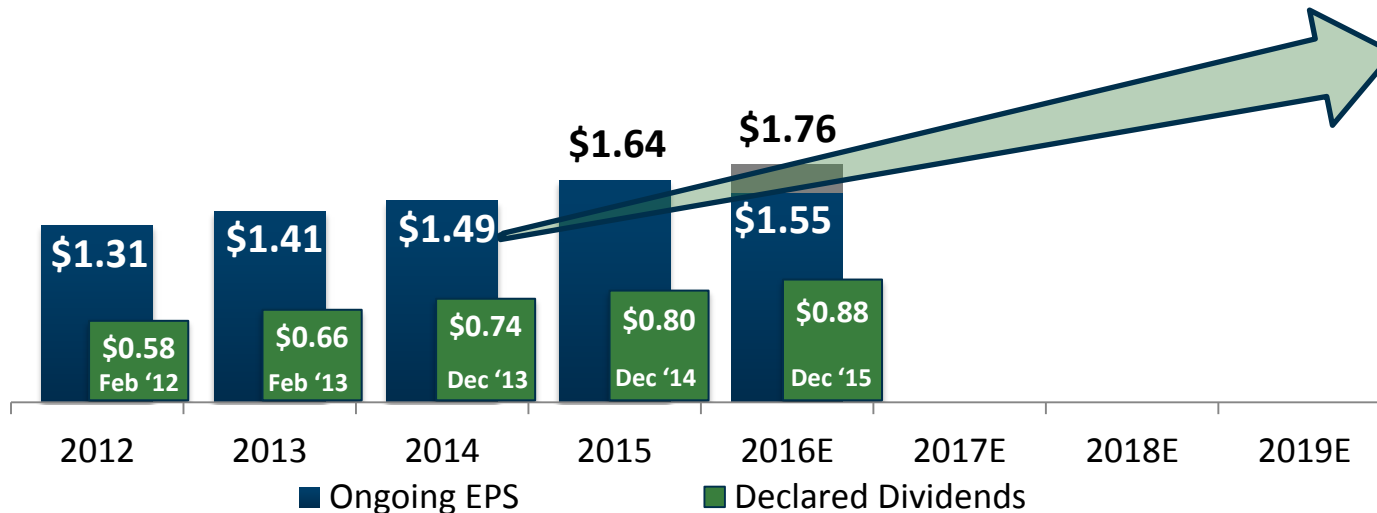
Above Industry Average Earnings Growth Through 2019

Strategic Goals

Earn Authorized Return on Regulated Businesses

Maintain Solid Investment Grade Credit Ratings

Above Industry Average Earnings and Dividend Growth



2012 – 2015 Ongoing EPS represents actual results

2016E Ongoing EPS represents ongoing earnings guidance of \$1.55 - \$1.76 per diluted share

Questions & Answers

Appendix

2017 - 2019 Potential Earnings Power

	Allowed Return / Equity Ratio	2017 Earnings Potential		2018 Earnings Potential		2019 Earnings Potential	
		Avg Rate Base	EPS	Avg Rate Base	EPS	Avg Rate Base	EPS
PNM Retail ⁽¹⁾	10% / 50%	\$2.4 B	\$1.50	\$2.6 B	\$1.59	\$2.5 B	\$1.58
PNM Renewables ⁽²⁾	10% / 50%	\$95 M	\$0.06	\$90 M	\$0.06	\$85 M	\$0.05
PNM FERC Transmission ⁽³⁾	10% / ~50%	\$180 M	\$0.08-\$0.10	\$245 M	\$0.11-\$0.14	\$270 M	\$0.12-\$0.15
PV3 ⁽⁴⁾			(\$0.13)	<i>Included in PNM Retail</i>		<i>Included in PNM Retail</i>	
Items not in rates ⁽⁵⁾			\$0.01-\$0.04		(\$0.02)-\$0.01		(\$0.01)-\$0.05
Total PNM		\$2.7 B	\$1.52 - \$1.57	\$2.9 B	\$1.74 - \$1.80	\$2.9 B	\$1.74 - \$1.83
TNMP ⁽⁶⁾	10.125% / 45%	\$770 M	\$0.46	\$810 M	\$0.48	\$860 M	\$0.52
Corporate/Other ⁽⁷⁾			(\$0.06)-(\$0.04)		(\$0.06)-(\$0.04)		(\$0.06)-(\$0.04)
Total PNM Resources		\$3.4 B	\$1.92 - \$1.99	\$3.7 B	\$2.16 - \$2.24	\$3.8 B	\$2.20 - \$2.31

⁽¹⁾ The August 2015 General Rate Case filing proposes a 10.5% ROE. The currently authorized 10% ROE has been used for this presentation.

⁽²⁾ PNM Renewables reflect assets collected through the Renewable Rate Rider.

⁽³⁾ Transmission is recovered under the FERC formula rate methodology, which uses prior year average rate base and assumes mid-year rate increases, at a 10% ROE. To reflect this inherent lag in the methodology, earnings potential represents the prior year average rate base and uses an ROE range of 7 – 9%.

⁽⁴⁾ 2017 Earnings Potential assumes a forward market price of \$28/MWh; a price of \$44/MWh is required to break even. PV3 is included in PNM rates beginning in 2018.

⁽⁵⁾ Consists primarily of Palo Verde Nuclear Decommissioning Trust gains and losses, AFUDC, refined coal, certain incentive compensation, earnings in 2017 associated with the assets previously allocated to the Navopache contract, and the 65MW ownership of San Juan Unit 4 beginning in 2018.

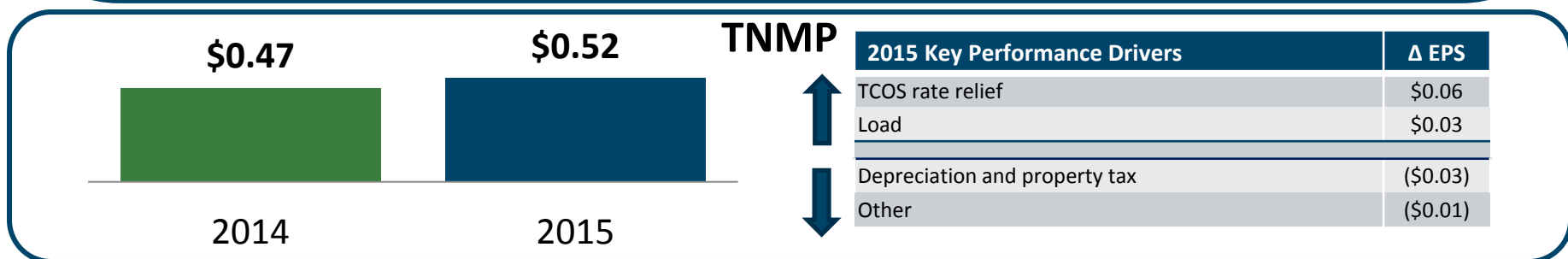
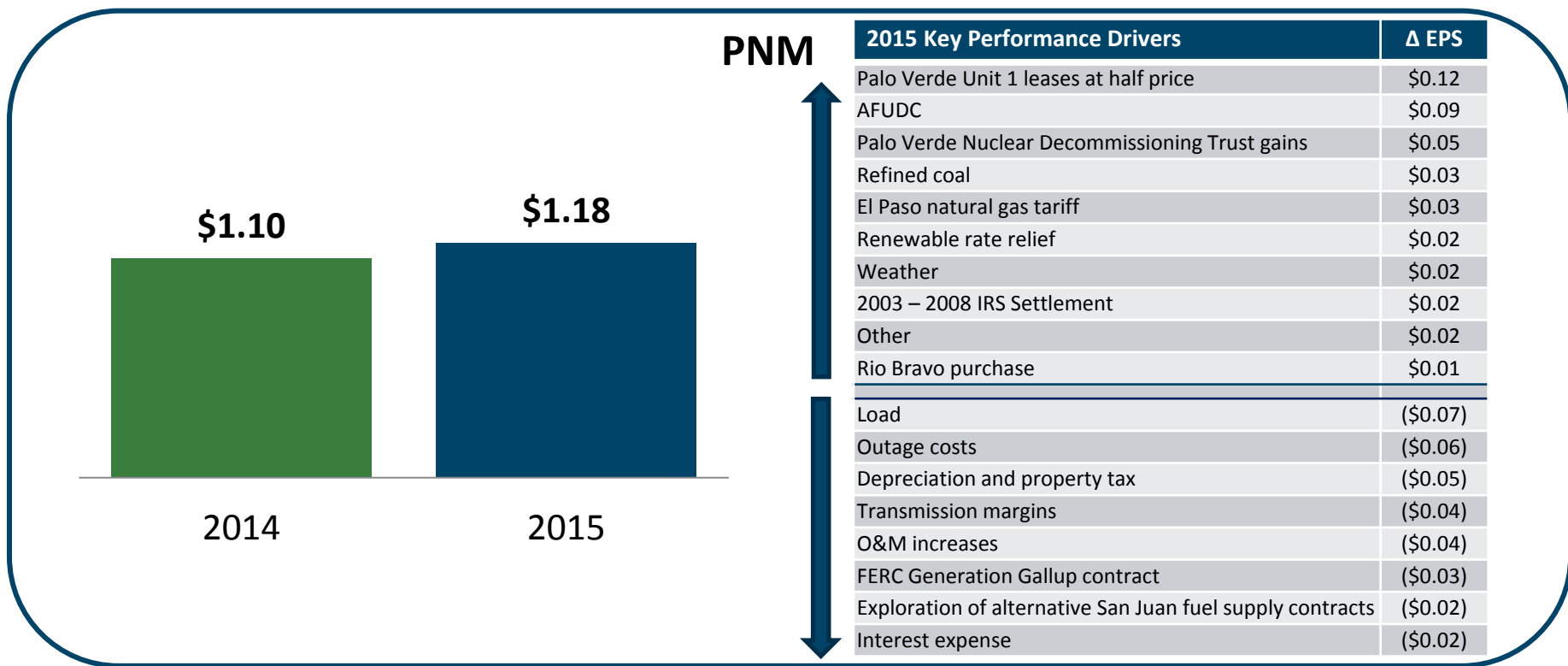
⁽⁶⁾ TNMP Earnings Potential includes \$0.02 of CTC in 2017 and 2018 and \$0.01 in 2019. TNMP allowed returns are based on the most recently filed general rate case. Changes in certain factors, including load growth and lower debt costs, present opportunities for further potential. 2019 Earnings Potential includes the refinancing of \$172M of 9.5% debt for \$0.02.

⁽⁷⁾ Corporate/Other includes the capital expenditures and restructuring fees associated with the 65MW ownership of San Juan Unit 4 before 2018 and short and intermediate term bank debt.

FY 2015 Financial Summary



PNM and TNMP: 2015 vs 2014 EPS (Ongoing)



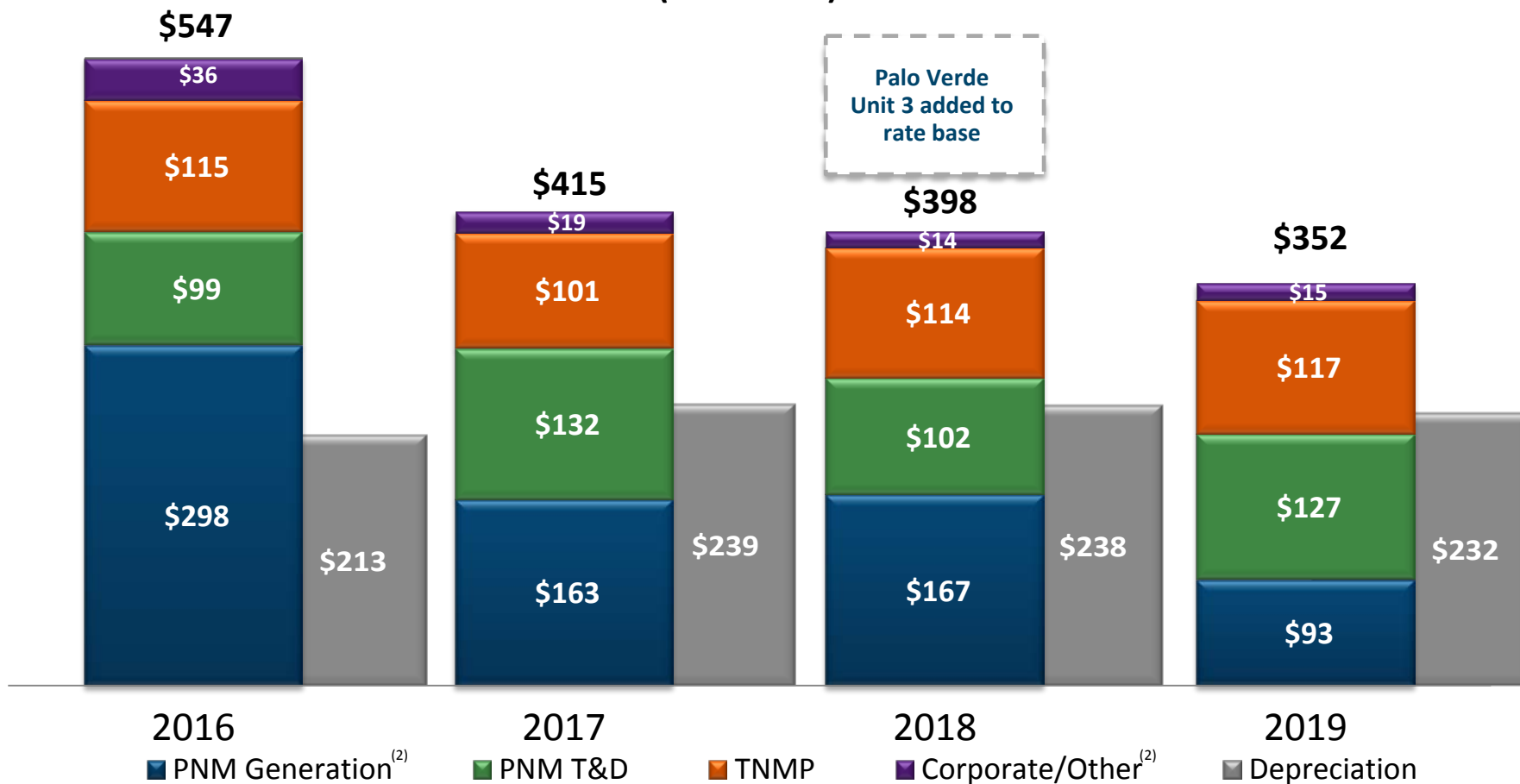
Capital Forecast

2016 – 2019 Total Capital Plan: \$1.7B

PNM 2015-2019 Rate Base CAGR: 5 - 7%⁽¹⁾

TNMP 2015-2019 Rate Base CAGR: 7 - 9%

(In millions)



⁽¹⁾Includes the addition of PV3 to rate base, which does not have associated capital spending.

⁽²⁾The additional 65 MW ownership of San Juan Unit 4 included in the December BART approval is part of Corporate/Other for 2016-2017 and PNM beginning in 2018.

Beginning in July 2016, depreciation rates reflect the full rate change proposed in the August 2015 General Rate Case filing. Amounts may not add due to rounding.

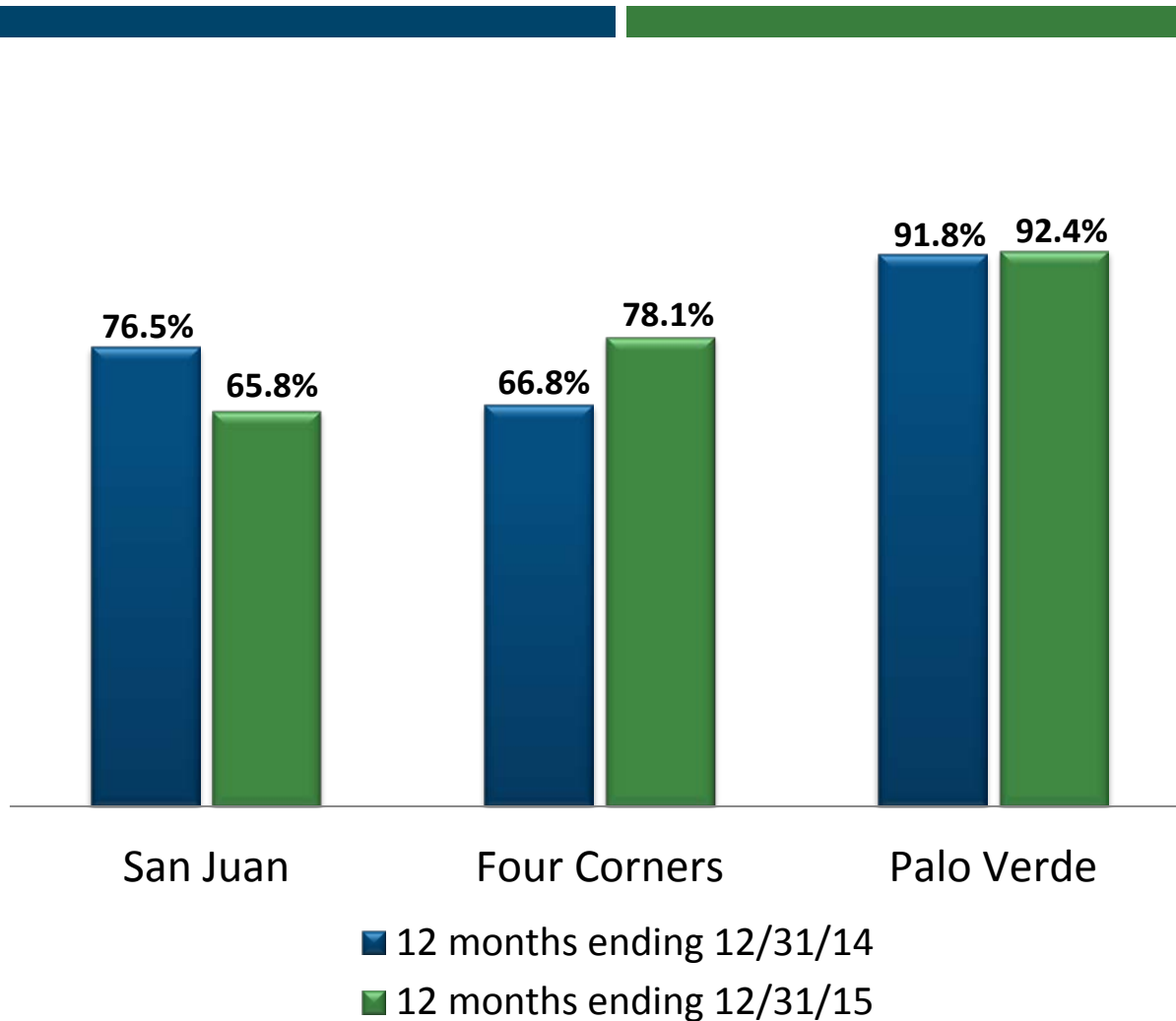
Weather Impact

PNM	Q4 2015	Q4 2014	2015 Normal⁽¹⁾
Heating Degree Days	1,560	1,442	1,599
Cooling Degree Days	43	4	16
EPS Impact <i>compared to normal</i>	\$0.01	(\$0.01)	

TNMP	Q4 2015	Q4 2014	2015 Normal⁽¹⁾
Heating Degree Days	492	688	672
Cooling Degree Days	305	255	281
EPS Impact <i>compared to normal</i>	(\$0.01)	\$0.00	

⁽¹⁾ 2015 normal weather assumption reflects the 10-year average for the period 2004 - 2013.

PNM Plant EAF and Outages



2016 - 2017 Outage Schedule

Unit	Duration in Days	Time Period
San Juan		
1	7	Q1 2016
3	13	Q1 2016
2	16	Q1 2016
4	15	Q2 2016
Four Corners		
5	72 94	Q1-Q2 2016 Q4 2017
4	21	Q1-Q2 2016
Palo Verde		
1	34 34	Q2 2016 Q4 2017
3	34	Q4 2016
2	34	Q2 2017

Balance Sheet and Credit Metrics

Liquidity as of February 19, 2016

	PNM	TNMP	Corporate/ Other	PNM Resources Consolidated
Financing Capacity ⁽¹⁾ :	(In millions)			
Revolving credit facilities	\$450.0	\$75.0	\$300.0	\$825.0
As of 2/19/16:				
Short-term debt and LOC balances	\$99.4	\$15.1	\$112.3	\$226.8
Remaining availability	350.6	59.9	187.7	598.2
Invested cash	-	-	1.9	1.9
Total Available Liquidity	\$350.6	\$59.9	\$189.6	\$600.1

(1) Excludes intercompany debt and term loans

Selected Balance Sheet Information

(In millions)	Dec 31, 2014 ⁽¹⁾	Dec 31, 2015
Long-Term Debt (incl. current portion)		
PNM	\$1,482.5	\$1,580.7
TNMP	361.2	361.4
Corporate/Other	118.6	149.9
Consolidated	\$1,962.4	\$2,091.9
Total Debt (incl. short-term) ⁽²⁾		
PNM	\$1,482.5	\$1,580.7
TNMP	366.2	420.4
Corporate/Other	219.2	341.5
Consolidated	\$2,068.0	\$2,342.5

⁽¹⁾ 2014 balances have been modified from prior period presentations to include debt issuance costs as a reduction to long-term debt

⁽²⁾ Excludes intercompany debt

Amounts may not add due to rounding

Credit Ratings

PNMR	S&P	Moody's
Credit rating	BBB+ ⁽¹⁾	Baa3 ⁽¹⁾
Issuer outlook	Stable	Stable

PNM	S&P	Moody's
Credit rating	BBB+ ⁽²⁾	Baa2 ⁽²⁾
Issuer outlook	Stable	Stable

TNMP	S&P	Moody's
Credit rating	A ⁽³⁾	A1 ⁽³⁾
Issuer outlook	Stable	Stable

⁽¹⁾ Issuer/Corporate rating

⁽²⁾ Senior unsecured

⁽³⁾ Senior secured

Environmental Compliance

Environmental Control Equipment at Coal Units

Coal Unit	PNM Share Capacity (MW)	Low NOx Burners/ Overfired Air	Activated Carbon Injection ⁽²⁾	SNCR ⁽³⁾	SCR ⁽³⁾	Baghouse ⁽⁴⁾	Scrubbers
San Juan Unit 1	170	X	X	X		X	X
San Juan Unit 2 ⁽¹⁾	170	X	X			X	X
San Juan Unit 3 ⁽¹⁾	248	X	X			X	X
San Juan Unit 4	195	X	X	X		X	X
Four Corners Unit 4	100	Pre-2000 low NOx burners-considered outdated			By July 31, 2018	X	X
Four Corners Unit 5	100	Pre-2000 low NOx burners-considered outdated			By July 31, 2018	X	X

⁽¹⁾ San Juan Units 2 and 3 are expected to shut down on December 31, 2017.

⁽²⁾ 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.

⁽³⁾ SNCR refers to selective non-catalytic reduction systems. SCR refers to selective catalytic reduction systems. Both systems reduce NOx emissions.

⁽⁴⁾ 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 Environmental Regulation- SJGS

San Juan Generating Station	Estimated Compliance Costs (PNM Share)	Comments
Clean Air Act – Regional Haze ⁽¹⁾ (State Alternative) – SNCR	\$78M	SNCR technology on 2 units; Retire 2 units.
Clean Air Act – National Ambient Air Quality Standards (NAAQS)	Included in SNCR ⁽¹⁾	Balanced draft will assist with NAAQS compliance. On October 1, 2015, EPA published the new primary and secondary ozone NAAQS of 70 ppb (from 75 ppb). EPA and NMED will initiate a 2-year process to determine attainment/non-attainment areas. It is uncertain at this time if San Juan County will become non-attainment for ozone.
Mercury Rules (MATS)	None to minimal	Testing shows 99% or greater removal.
Resource Conservation and Recovery Act – Coal Ash	Minimal to some exposure	EPA published the final coal combustion residuals (CCR) rule on April 20, 2015. The rule regulates CCR as a non-hazardous waste under Subtitle D of RCRA. SJGS operations are in compliance with the CCR rule which became effective October 19, 2015. The rule does not apply to placement of coal ash in mines – Office of Surface Mining (OSM) is expected to issue its own rule in 2016 and OSM will be influenced by EPA’s rule.
Clean Water Act – 316(b) Cooling Water Intake Structures	Minimal to some exposure	On September 22, 2015, EPA granted approval to terminate SJGS’s National Pollutant Discharge Elimination System (“NPDES”) permit. Although SJGS has been a zero discharge facility for several years, EPA required the plant to maintain a NPDES permit. The cooling water intake structure rule still applies as the plant operates under EPA’s NPDES Multi-Sector General Stormwater Permit. PNM will work with EPA Region 6 to address any requirements with the next permit renewable which could be issued as soon as 2020.
Effluent Limitation Guidelines (Wastewater Discharge)	None to minimal exposure	EPA published the final Steam Effluent Guidelines Rule on September 30, 2015. Because SJGS is zero discharge for wastewater and no longer holds an NPDES process water permit, minimum to no requirements are expected.

⁽¹⁾ Includes PNMR Development and Management Company’s 65 MW, in addition to PNM’s 132 MW, of San Juan Unit 4 included in the December BART approval which are to be acquired on December 31, 2017.

Impact of Environmental Regulation- Four Corners

Four Corners (Units 4 and 5)	Estimated Compliance Costs (PNM Share)	Comments
Clean Air Act – Regional Haze – SCR	\$94M	Final BART determination filed with EPA on December 30, 2013. Impact to PNM: SCR controls for NO _x on Units 4 & 5 by July 31, 2018.
Clean Air Act – National Ambient Air Quality Standards (NAAQS)	Some to significant exposure	On October 1, 2015, EPA published the new primary and secondary NAAQS for ozone. The standard decreased from 75 ppb to 70 ppb. EPA ⁽¹⁾ will initiate a 2-year process to determine attainment/non-attainment areas. It is uncertain at this time if San Juan County will become non-attainment for ozone.
Mercury Rules (MATS)	Slight exposure	APS has determined that no additional equipment will be required.
Resource Conservation and Recovery Act – Coal Ash	Slight exposure	EPA published the final coal combustion residuals (CCR) rule on April 20, 2015. The rule regulates CCR as a non-hazardous waste under Subtitle D of RCRA. APS will be required to make some modifications to their ash handling operations.
Clean Water Act – 316(b) Cooling Water Intake Structures	Some exposure	APS does not expect the cost impacts of this rule to be material and is currently in discussions with EPA Region 9, the NPDES permit writer for Four Corners, to determine the scope of requirements which will dictate the costs to comply.
Effluent Limitation Guidelines (Wastewater Discharge)	Some exposure	EPA published the final Steam Effluent Guidelines Rule on September 30, 2015. Effluent limitation guidelines restrictions will become effective with the next NPDES permit renewal, which occur in 5-year intervals that arise between 2018 and 2023. Until a draft NPDES permit for Four Corners is proposed, APS is uncertain what will be required to control these discharges in compliance with the finalized effluent limitations at that facility.

⁽¹⁾ NMED does not have jurisdiction over Navajo Nation. It is uncertain if and how EPA will engage NMED in determining attainment/nonattainment designations for those areas of San Juan County that fall on the Navajo Nation.