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# Q4 2017 Earnings Review

February 27, 2018



# Safe Harbor Statement

Statements made in this presentation that relate to future events or PNM Resources, Inc.'s ("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 and Overview

Pat Vincent-Collawn  
Chairman, President and CEO

# Q4 2017 Financial Results and Key Highlights

## Financial Results:

	Q4 2017	Q4 2016	2017	2016
GAAP EPS	(\$0.68)	\$0.31	\$1.00	\$1.46
Ongoing EPS	\$0.24	\$0.34	\$1.94	\$1.65

- Tax reform impacted Q4 and full year 2017 EPS by (\$0.72)
- 2018 Ongoing EPS Guidance of \$1.82 - \$1.92 affirmed
- 2019 Ongoing EPS Guidance of \$2.04 - \$2.16 affirmed

## Key Highlights:

- Negotiated PNM general rate review settlement, approved in January 2018
- Transformation of PNM generation portfolio
  - Filed Integrated Resource Plan with roadmap to be coal-free by 2031 (pending regulatory approval)
  - Published Climate Change Report
  - Retired San Juan Generating Station Units 2 and 3

# Regulatory Update

Filing	Action	Timing	Docket No.
PNM 2018 General Rate Review	Final order modifying revised settlement agreement includes \$57.9M increase, before the impacts of tax reform and cost of debt true-up	Phased-in (50% each year) with February 2018 implementation	16-00276-UT
PNM Appeal of 2015 General Rate Case to New Mexico Supreme Court	Oral arguments held October 30, 2017	No statutory timeline	S-1-SC-36115
PNM Advanced Metering Infrastructure	Hearings held October 25-26, 2017; pending Recommended Decision	Decision expected Q2 2018	15-00312-UT
PNM 2017 Integrated Resource Plan	Order defining scope of proceeding issued January 16, 2018	Hearings scheduled to begin June 4, 2018	17-00174-UT
NMPRC Rulemaking on Utility Ratemaking Policies	Public workshops held September 14, 2017 and November 6, 2017; additional public workshop scheduled for January 23, 2018 was vacated and is pending rescheduling	No statutory timeline	17-00046-UT
TNMP TCOS	Filed January 30, 2018	Expected to be approved March 2018	47802
TNMP General Rate Review	N/A	Expected to be filed May 2018	N/A

# Financial Overview

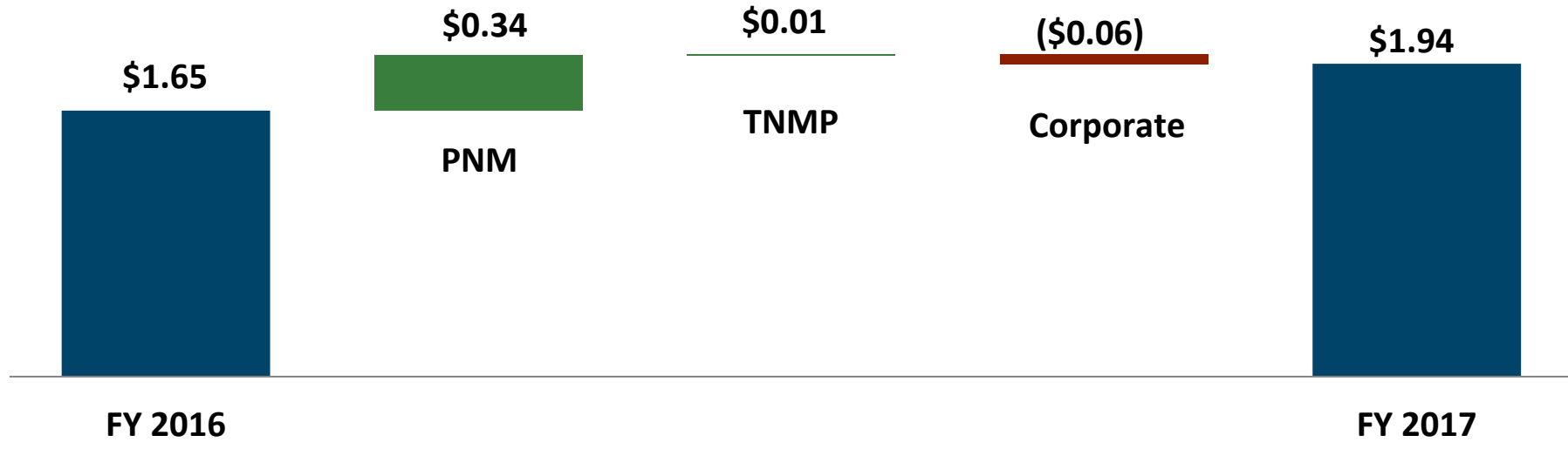
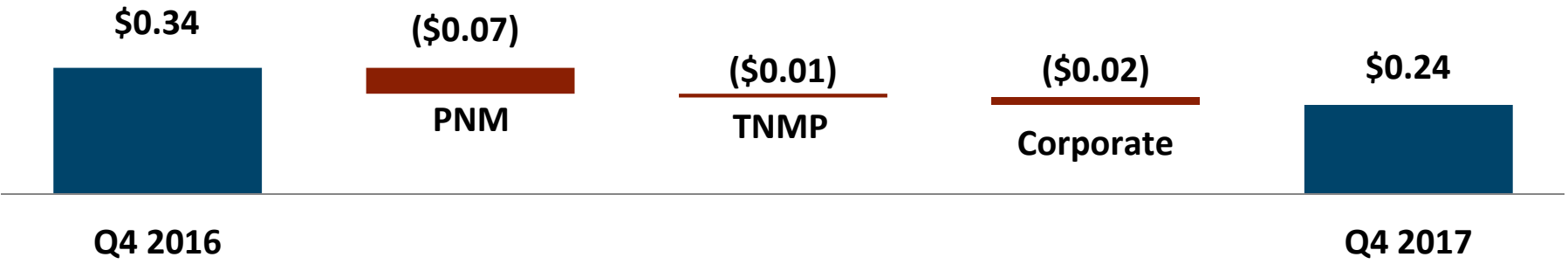
Chuck Eldred

Executive Vice President and CFO

# Impacts of Tax Reform

Provision	Summary	Effect on PNM & TNMP	Effect on Holding Company
<b>Tax Rate</b>	21% beginning 2018	<p>Reduced tax expense</p> <ul style="list-style-type: none"> <li>• Results in lower costs and revenues as tax savings are passed on to customers beginning in 2018</li> <li>• Creation of excess deferred tax liabilities for items included in rates, which are returned to customers over time                             <ul style="list-style-type: none"> <li>▪ Negative cash flow</li> <li>▪ Rate base increases</li> </ul> </li> <li>• Excess deferred tax assets associated with items excluded from rates results in a write-off of \$37.5M in 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Reduces tax benefit from holding company losses by (\$0.02)</li> <li>• Excess deferred tax assets associated with items not in rates results in a write-off of \$20.0M in 2017</li> </ul>
<b>Interest Expense Deductibility</b>	<ul style="list-style-type: none"> <li>• Deduction limited to 30% of EBITDA</li> <li>• Exception for regulated utilities</li> </ul>	<ul style="list-style-type: none"> <li>• Interest fully deductible under utility exception</li> </ul>	<ul style="list-style-type: none"> <li>• Small amount of interest allocable to non-utility operations</li> <li>• No material impact</li> </ul>
<b>Tax Depreciation</b>	<ul style="list-style-type: none"> <li>• 100% immediate expensing of capital costs for five years</li> <li>• Exception for regulated utilities</li> </ul>	<ul style="list-style-type: none"> <li>• Normal tax depreciation rates under utility exception for clearings beginning in October 2017</li> <li>• Elimination of bonus depreciation results in rate base increases of \$150M at PNM and \$30M at TNMP by 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Positive cash flow from tax benefit and no effect on tax expense</li> </ul>

# Q4 and FY 2017 Ongoing EPS Financial Summary



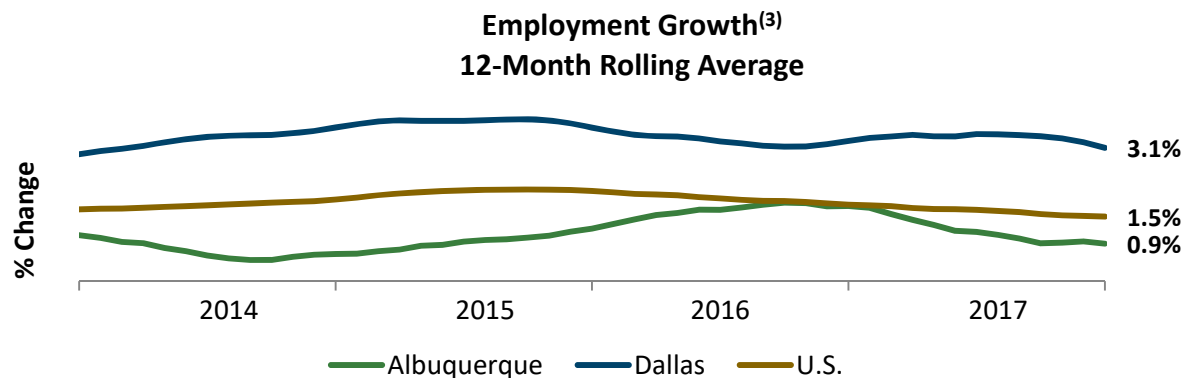


# Load and Economic Conditions

## Regulated Retail Energy Sales and Customers

(weather-normalized, leap-year adjusted)

PNM / TNMP	Q4 2017 vs. Q4 2016	2017 vs. 2016	2018E	2019E
PNM Residential & Commercial	(1.3%)	(0.7%)	~(0.3%)	~(0.3%)
<b>Total PNM Retail Load</b>	<b>(1.5%)</b>	<b>(0.9%)</b>	<b>(0.7%) – 0%</b>	<b>(0.5%) – 0.5%</b>
<i>PNM Avg. Customers</i>	0.6%	0.6%	~0.5% per year	
<b>TNMP Total Volumetric Load<sup>(1)</sup></b>	<b>(1.0%)</b>	<b>1.2%</b>	2% – 3% per year	
<b>TNMP Demand-Based Load<sup>(2)</sup></b>	<b>2.9%</b>	<b>4.0%</b>	2% – 3%	7% – 8%
<i>TNMP Avg. End Users</i>	1.2%	1.2%	1.5% – 2.0% per year	



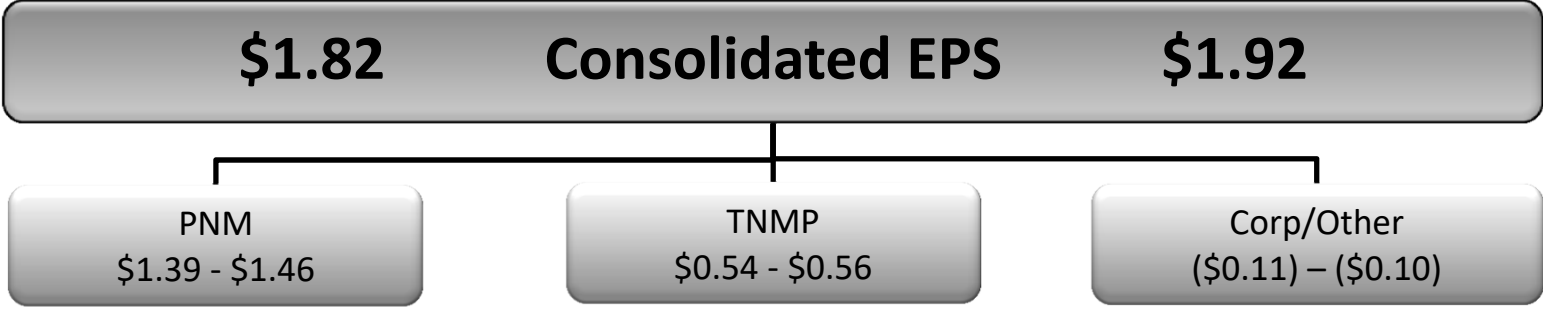
<sup>(1)</sup> Primarily Residential usage; represents per-kWh billings

<sup>(2)</sup> Commercial and Industrial usage excluding Transmission customers; represents per-kW monthly peak billings

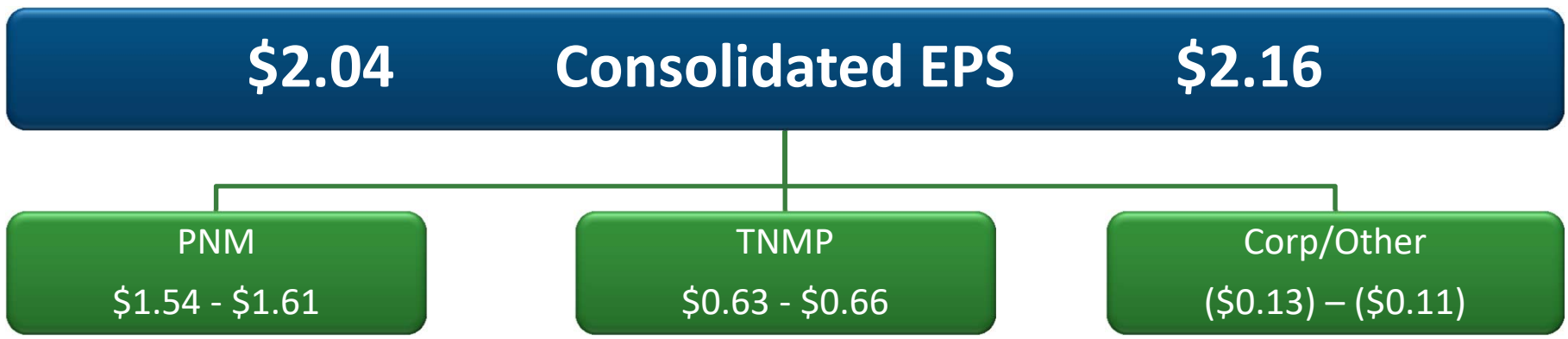
<sup>(3)</sup> U.S. Bureau of Labor Statistics, December 2017

# Consolidated Earnings Guidance (Ongoing)

## 2018 Earnings Guidance

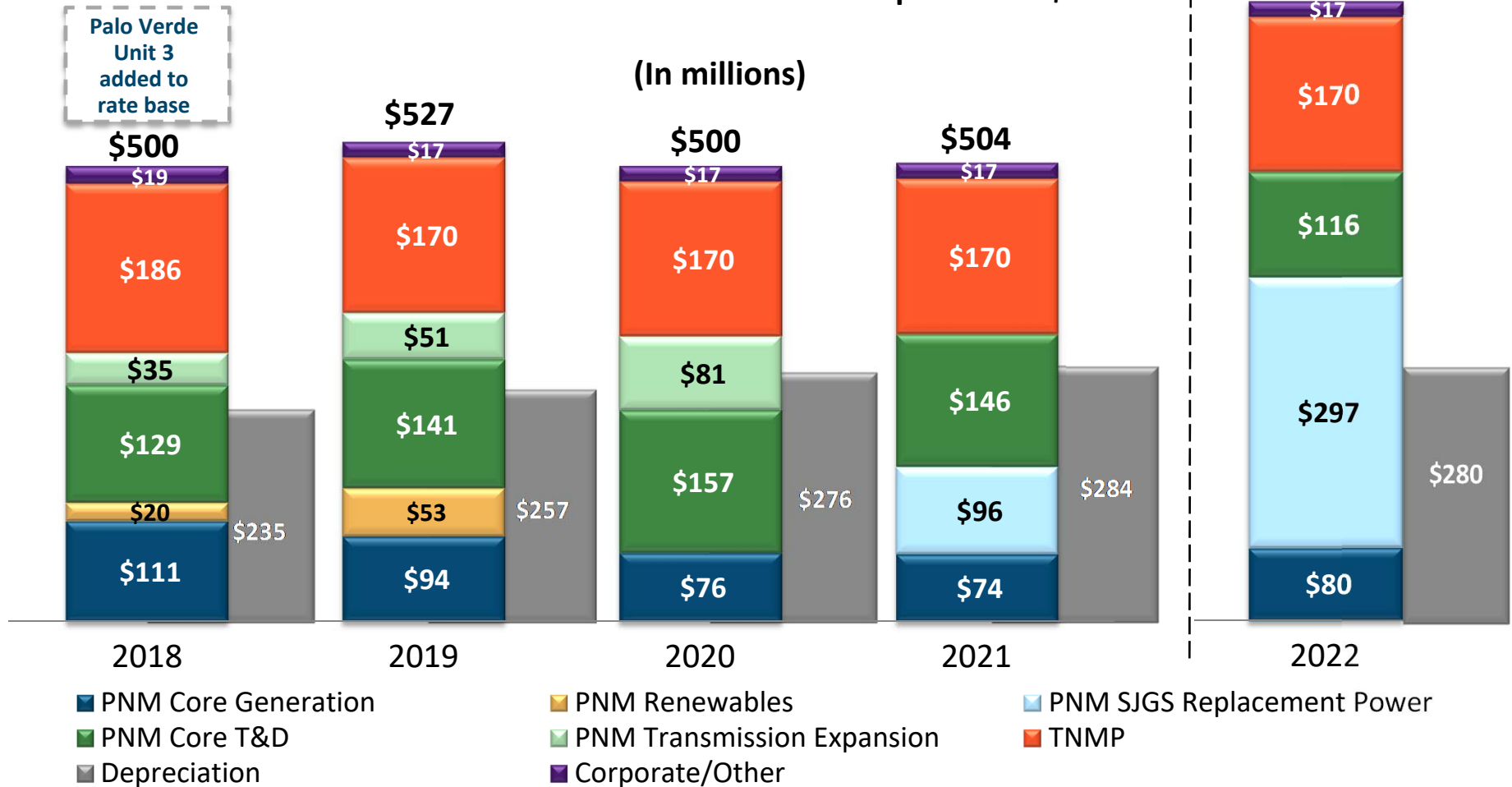


## 2019 Earnings Guidance



# Capital Forecast

Targeted Consolidated 2018-2021 Rate Base CAGR<sup>(1)</sup>: 6% - 7%  
 2018-2022 Total Capital Plan: \$2.7B



Targeted PNM 2018-2021 Rate Base CAGR<sup>(1)</sup>: 4.5%-6% from 2018 base reflects potential outcomes from the pending NM Supreme Court general rate case appeal of \$0-\$150M and additional AMI spending of \$12/\$59/\$24 million in 2018/2019/2020

Targeted TNMP 2018-2021 Rate Base CAGR<sup>(1)</sup>: 10.7% from 2018 base



<sup>(1)</sup> 2018-2021 CAGR measured from a 2018 base

# Potential Earnings Power

## Targeted earnings growth of 6% for 2018 - 2021<sup>(1)</sup>

- PNM growth results from the implementation of retail rates beginning in 2018, the additional investments to add 50 MW of solar to meet the 20% by 2020 RPS requirement and increased FERC Transmission business to support third party renewable developments
- TNMP growth is driven by incremental investments supporting economic expansion across its service territory

	Allowed Return / Equity Ratio	2018 Ongoing Earnings Guidance Midpoint			2019 Ongoing Earnings Guidance Midpoint			2020 Earnings Potential		2021 Earnings Potential	
		Avg Rate Base	Return	EPS	Avg Rate Base	Return	EPS	Avg Rate Base	EPS	Avg Rate Base	EPS
PNM Retail	9.575% / 50%	\$2.3 B	8.7%	\$1.27	\$2.3 B	9.5%	\$1.38	\$2.4 B	\$1.42	\$2.5 B	\$1.49
Supreme Court Appeal					\$0-150 M		\$0.00-\$0.09	\$0-150 M	\$0.00-\$0.09	\$0-150 M	\$0.00-\$0.09
PNM Renewables	9.575% / 50%	\$90 M	9.575%	\$0.05	\$110 M	9.575%	\$0.07	\$150 M	\$0.09	\$147 M	\$0.09
PNM FERC	10% / ~50%	\$220 M	7.1%	\$0.11	\$285 M	8.0%	\$0.14	\$330 M	\$0.14-\$0.16	\$370 M	\$0.16-\$0.18
Items not in Rates				\$0.01			(\$0.02)		(\$0.04)-(\$0.02)		(\$0.04)-(\$0.02)
<b>Total PNM</b>		<b>\$2.6 B</b>		<b>\$1.44</b>	<b>\$2.7-2.9 B</b>		<b>\$1.57</b>	<b>\$2.9-3.0 B</b>	<b>\$1.61-\$1.74</b>	<b>\$3.0-3.1 B</b>	<b>\$1.70-\$1.83</b>
TNMP	10.125% / 45%	\$905 M	8.5%	\$0.54	\$1,050 M	10.0%	\$0.65	\$1,110 M	\$0.67	\$1,220 M	\$0.69
Corporate/Other				(\$0.11)			(\$0.12)		(\$0.13)-(\$0.11)		(\$0.13)-(\$0.11)
ATM Program									(\$0.03)-(\$0.01)		(\$0.07)-(\$0.04)
<b>Total PNM Resources</b>		<b>\$3.5 B</b>		<b>\$1.87</b>	<b>\$3.7-3.9 B</b>		<b>\$2.10</b>	<b>\$4.0-4.1 B</b>	<b>\$2.12-\$2.29</b>	<b>\$4.2-4.3 B</b>	<b>\$2.19-\$2.37</b>

<sup>(1)</sup> Calculated from 2018 EPS guidance midpoint of \$1.87

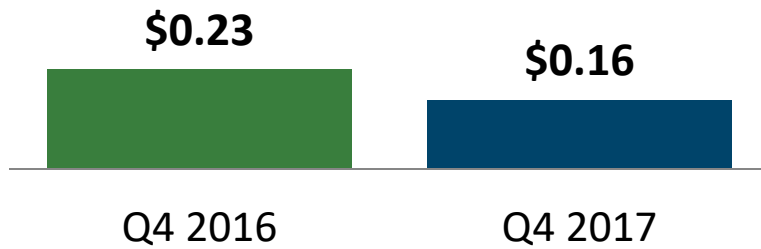
*This table is not intended to represent a forward-looking projection of 2020 – 2021 earnings guidance. Refer to Slide 22 for additional details and disclosures.*

# Questions and Answers

Appendix  
Q4 and FY 2017 Earnings

# Q4 2017 vs Q4 2016 EPS (Ongoing): PNM

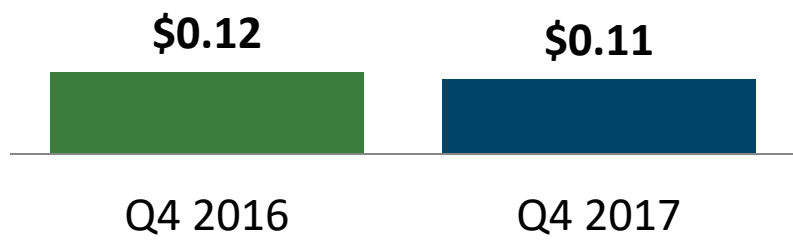
## PNM



Q4 2017 Key Performance Drivers	Δ EPS
Transmission	\$0.03
AFUDC	\$0.02
Restructuring cost savings	\$0.02
Palo Verde Unit 3 market prices	\$0.01
Outage costs	(\$0.05)
O&M increases	(\$0.02)
Depreciation and property tax	(\$0.02)
Load	(\$0.02)
Weather	(\$0.01)
FERC Generation Navopache contract	(\$0.01)
PNM Resources Foundation donation	(\$0.01)
Other	(\$0.01)

# Q4 2017 vs Q4 2016 EPS (Ongoing): TNMP and Corporate

## TNMP



Q4 2017 Key Performance Drivers	Δ EPS
TCOS rate relief	\$0.02
Load and weather	\$0.01
O&M increases	(\$0.02)
Depreciation and property tax	(\$0.01)
Other	(\$0.01)

## Corporate

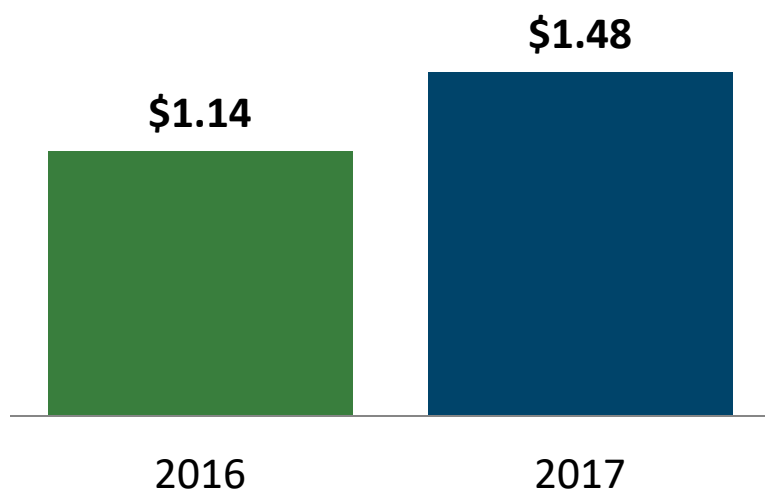


Q4 2017 Key Performance Drivers	Δ EPS
Interest expense	(\$0.01)
Other, including Westmoreland loan agreements	(\$0.01)



# 2017 vs 2016 EPS (Ongoing): PNM

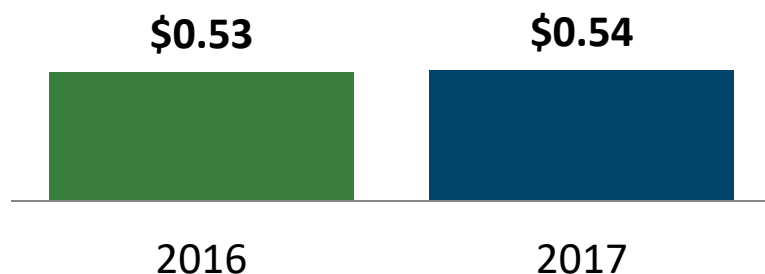
## PNM



2017 Key Performance Drivers	Δ EPS
Retail rate relief	\$0.27
Transmission	\$0.09
Restructuring cost savings	\$0.09
AFUDC	\$0.06
Palo Verde Unit 3 market prices	\$0.03
Interest expense savings	\$0.03
Palo Verde Nuclear Decommissioning Trust gains	\$0.02
Lower taxes from stock compensation accounting standard	\$0.02
Transmission customer interest payment in Q1 2017	\$0.01
Outage costs	\$0.01
Other	\$0.03
O&M increases	(\$0.08)
Depreciation and property tax	(\$0.08)
Load	(\$0.05)
FERC Generation Navopache contract	(\$0.05)
Weather	(\$0.03)
Q2 2016 interest income from IRS, net of fees	(\$0.02)
PNM Resources Foundation donation	(\$0.01)

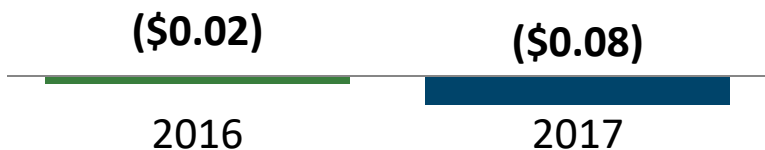
# 2017 vs 2016 EPS (Ongoing): TNMP and Corporate

## TNMP



2017 Key Performance Drivers	Δ EPS
TCOS rate relief	\$0.05
Load	\$0.04
Other	\$0.01
Depreciation and property tax	(\$0.05)
O&M increases	(\$0.02)
Weather	(\$0.01)
Interest expense	(\$0.01)

## Corporate



2017 Key Performance Drivers	Δ EPS
Interest expense	(\$0.03)
Westmoreland loan agreements	(\$0.02)
Other	(\$0.01)

# Weather Impact

<b>PNM</b>	<b>Q4 2017</b>	<b>Q4 2016</b>	<b>2017 Normal<sup>(1)</sup></b>
Heating Degree Days	1,306	1,354	1,601
Cooling Degree Days	28	21	18
Net EPS Impact <i>compared to normal</i>	(\$0.03)	(\$0.02)	

<b>TNMP</b>	<b>Q4 2017</b>	<b>Q4 2016</b>	<b>2017 Normal<sup>(1)</sup></b>
Heating Degree Days	631	491	676
Cooling Degree Days	337	405	262
Net EPS Impact <i>compared to normal</i>	\$0.00	\$0.00	

<sup>(1)</sup> 2017 normal weather assumption reflects the 10-year average for the period 2006 - 2015.

# PNM Scheduled Plant Outages and Retirements

## 2018-2019 Planned Outage Schedule

San Juan		
Unit	Duration in Days	Time Period
1	45	Q4 2018
4	43	Q1-Q2 2019

Four Corners		
Unit	Duration in Days	Time Period
4	95	Q1-Q2 2018
4	12	Q2 2019
5	12	Q2 2019

Palo Verde		
Unit	Duration in Days	Time Period
3	30	Q2 2018
2	44	Q4 2018
1	30	Q2 2019
3	43	Q4 2019

## NMPRC Approved Unit Retirements

San Juan	
Unit	Retirement Date
2	12/31/2017
3	12/31/2017

# Appendix

## Ongoing Earnings Guidance

# Potential Earnings Power

	Allowed Return / Equity Ratio	2018 Ongoing Earnings Guidance Midpoint			2019 Ongoing Earnings Guidance Midpoint			2020 Earnings Potential		2021 Earnings Potential	
		Avg Rate Base	Return	EPS	Avg Rate Base	Return	EPS	Avg Rate Base	EPS	Avg Rate Base	EPS
PNM Retail <sup>(1)</sup>	9.575% / 50%	\$2.3 B	8.7%	\$1.27	\$2.3 B	9.5%	\$1.38	\$2.4 B	\$1.42	\$2.5 B	\$1.49
Supreme Court Appeal <sup>(2)</sup>					\$0-150 M		\$0.00-\$0.09	\$0-150 M	\$0.00-\$0.09	\$0-150 M	\$0.00-\$0.09
PNM Renewables <sup>(3)</sup>	9.575% / 50%	\$90 M	9.575%	\$0.05	\$110 M	9.575%	\$0.07	\$150 M	\$0.09	\$147 M	\$0.09
PNM FERC <sup>(4)</sup>	10% / ~50%	\$220 M	7.1%	\$0.11	\$285 M	8.0%	\$0.14	\$330 M	\$0.14-\$0.16	\$370 M	\$0.16-\$0.18
Items not in Rates <sup>(5)</sup>				\$0.01			(\$0.02)		(\$0.04)-(\$0.02)		(\$0.04)-(\$0.02)
<b>Total PNM</b>		<b>\$2.6 B</b>		<b>\$1.44</b>	<b>\$2.7-2.9 B</b>		<b>\$1.57</b>	<b>\$2.9-3.0 B</b>	<b>\$1.61-\$1.74</b>	<b>\$3.0-3.1 B</b>	<b>\$1.70-\$1.83</b>
TNMP <sup>(6)</sup>	10.125% / 45%	\$905 M	8.5%	\$0.54	\$1,050 M	10.0%	\$0.65	\$1,110 M	\$0.67	\$1,220 M	\$0.69
Corporate/Other <sup>(7)</sup>				(\$0.11)			(\$0.12)		(\$0.13)-(\$0.11)		(\$0.13)-(\$0.11)
ATM Program <sup>(8)</sup>									(\$0.03)-(\$0.01)		(\$0.07)-(\$0.04)
<b>Total PNM Resources</b>		<b>\$3.5 B</b>		<b>\$1.87</b>	<b>\$3.7-3.9 B</b>		<b>\$2.10</b>	<b>\$4.0-4.1 B</b>	<b>\$2.12-\$2.29</b>	<b>\$4.2-4.3 B</b>	<b>\$2.19-\$2.37</b>

<sup>(1)</sup> Authorized ROE of 9.575% has been assumed for 2020 and 2021 Earnings Potential. Average rate base has been reduced by approximately \$125M to represent the (\$0.06) EPS impact of the lost equity return on the Four Corners SCR investment (debt-only return included in the proposed 2018 general rate case settlement).

<sup>(2)</sup> Reflects a range of outcomes for the New Mexico Supreme Court appeal of the August 2015 General Rate Case final order. A minimum 22-month appeal timeframe has been used for purposes of writing down the value of the assets under appeal. 2019 average rate base presented includes: PV2 64MW Acquisition Adjustment (~\$75M), PV2 Leasehold Improvements (~\$25M) and Balanced Draft Technology (~\$50M).

<sup>(3)</sup> PNM Renewables reflect assets collected through the Renewable Rate Rider.

<sup>(4)</sup> PNM FERC earnings potential reflects a return of 7-9% versus the allowed return of 10%, as FERC formula rate methodology uses prior year average rate base and provides for mid-year rate increases.

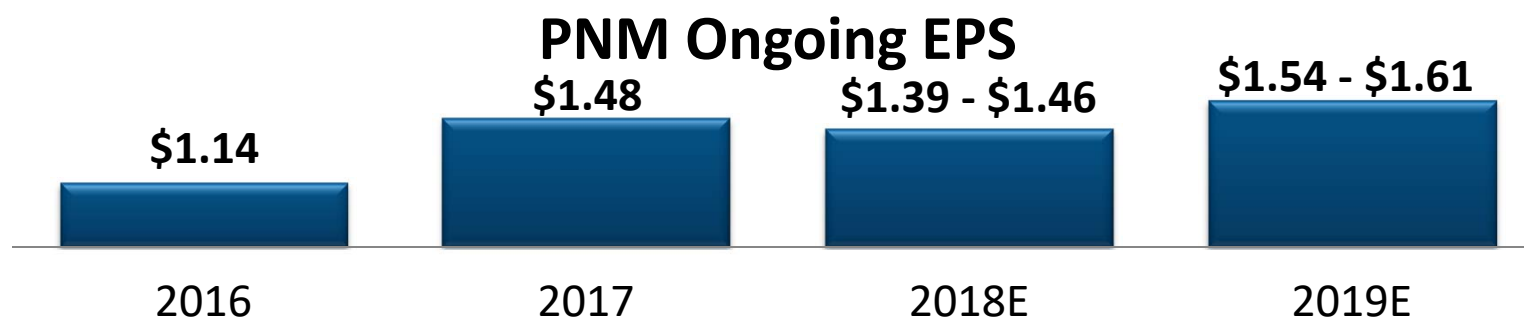
<sup>(5)</sup> Consists primarily of decommissioning/reclamation trust income (net of fees and taxes), AFUDC, certain incentive compensation, and the 65MW ownership of San Juan Unit 4.

<sup>(6)</sup> TNMP Earnings Potential includes \$0.01 of Competitive Transition Charge recovery in 2019 and \$0.01 for Energy Efficiency in 2019 and thereafter. 2018 average rate base has been held at the year-end 2017 level to reflect the required suspension of TCOS filings during general rate case proceedings.

<sup>(7)</sup> Corporate/Other includes earnings associated with short and intermediate term bank debt, the net impact of Westmoreland financing through NM Capital Utility Corporation, and a reduction of tax savings due to tax reform.

<sup>(8)</sup> Dilution impact assumes between \$50M and \$100M equity issuances between 2020 and 2021.

# PNM Guidance (Ongoing)



Key Year-over-Year EPS Performance Drivers	2017 vs 2018 Changes	2018 vs 2019 Changes	Cumulative 2017 vs 2019 Changes
Adjust starting point for tax reform	\$0.25	–	\$0.25
Retail rate phase-in (includes federal and accelerated state tax amortization) <sup>(1)</sup>	\$0.26	\$0.07	\$0.33
Retail generation portfolio changes approved in BART settlement <sup>(1)</sup>	(\$0.30)	–	(\$0.30)
Retail load	(\$0.03) – \$0.00	(\$0.02) – \$0.02	(\$0.05) – \$0.02
2017 weather	\$0.02	–	\$0.02
Transmission margin, including tax reform impacts	\$0.08 – \$0.09	\$0.07 – \$0.09	\$0.15 – \$0.18
Renewable rider, including tax reform impacts	–	\$0.03	\$0.03
AFUDC	(\$0.07) – (\$0.06)	\$0.00 – \$0.01	(\$0.07) – (\$0.05)
Interest expense savings	\$0.06 – \$0.07	\$0.03 – \$0.04	\$0.09 – \$0.11
Outage costs	(\$0.07) – (\$0.06)	(\$0.04) – (\$0.02)	(\$0.11) – (\$0.08)
San Juan unregulated 65MW	(\$0.06)	(\$0.01)	(\$0.07)
Decommissioning/reclamation trust income, net of fees	(\$0.15) – (\$0.12)	\$0.00 – \$0.01	(\$0.12) – (\$0.08)
FERC Generation Navopache contract	(\$0.02)	–	(\$0.02)
O&M (increases)/decreases	\$0.00 – \$0.02	(\$0.01) – \$0.01	(\$0.01) – \$0.03
Depreciation and property tax	(\$0.10) – (\$0.09)	(\$0.06) – (\$0.04)	(\$0.16) – (\$0.13)

(1) See slide 24 for details

# PNM Guidance (Ongoing) Additional Details

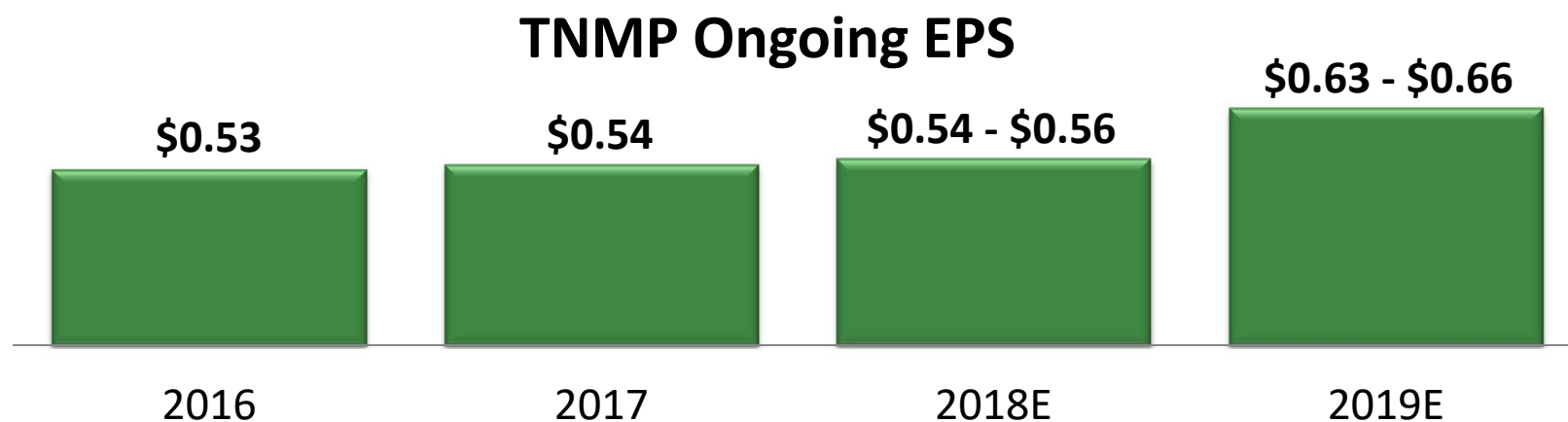
Financial impact under retail rate phase-in (includes federal and accelerated state tax amortization)	Phase I – February 1, 2018	Phase II – January 1, 2019
	(in millions, except EPS)	
Revenue increase (net of tax reform give-back)	\$4.7	\$10.3
Accelerated amortization of excess deferred state taxes <sup>(1)</sup>	6.9	7.5
<b>Financial impact</b>	<b>\$11.6</b>	<b>\$17.8</b>
Income tax (25.4% statutory rate)	(2.9)	(4.5)
Amortization of excess deferred federal income taxes	11.8	12.9
<b>After-tax financial impact</b>	<b>\$20.5</b>	<b>\$26.2</b>
<b>EPS (80M shares outstanding)</b>	<b>\$0.26</b>	<b>\$0.33</b>

(1) New Mexico phased-in a lower state corporate income tax rate from 2014 – 2018. Under the PNM 2018 General Rate Review order, PNM will begin the return of this benefit through customer rates in 2018, over a 3 year period. This also lowers PNM’s income tax expense in 2018, 2019, and 2020.

<b>Retail generation portfolio changes approved in BART settlement (included in general rate case filing):</b>	<b>2017 vs 2018 Changes</b>	<b>Treatment in General Rate Review Filing</b>
Cost savings realized from retirement of San Juan Units 2 and 3	\$0.23	Costs incorporated
Amortization of SJ Units 2 and 3 (50% of undepreciated balance approved in BART settlement)	(\$0.05)	Costs incorporated
Increased costs associated with additional 132MW of San Juan Unit 4 and accelerated depreciation of SNCRs	(\$0.20)	Costs incorporated
<i>Transition of Palo Verde Unit 3 from market sales to retail rate recovery:</i>		
Palo Verde Unit 3 merchant sales at a loss prior to inclusion in rate base, net of fuel	(\$0.22)	\$0.35 return of non-fuel costs \$0.06 return on rate base
Transmission costs to serve retail customers in 2018	(\$0.06)	
<b>Subtotal retail generation portfolio changes approved in BART settlement</b>	<b>(\$0.30)</b>	



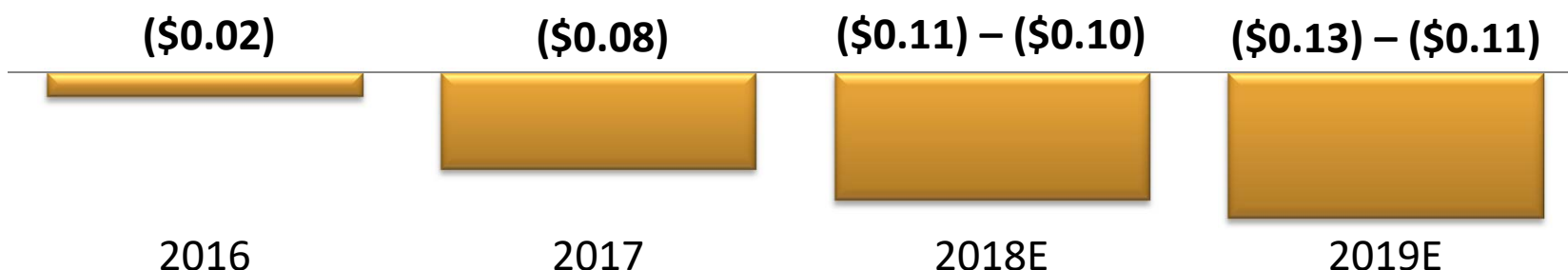
# TNMP Guidance (Ongoing)



Key Year-over-Year EPS Performance Drivers	2017 vs 2018 Changes	2018 vs 2019 Changes	Cumulative 2017 vs 2019 Changes
Base rate increase	–	<i>TBD</i>	<i>TBD</i>
TCOS rate relief	\$0.04 – \$0.05	\$0.03 – \$0.04	\$0.08 – \$0.10
Load	\$0.03 – \$0.04	\$0.05 – \$0.06	\$0.08 – \$0.10
2017 weather	\$0.01	–	\$0.01
O&M increases	(\$0.01) – \$0.00	(\$0.02) – \$0.01	(\$0.03) – \$0.01
Interest expense savings / (increases)	(\$0.03) – (\$0.02)	\$0.06 – \$0.07	\$0.03 – \$0.05
Depreciation and property tax	(\$0.06) – (\$0.05)	(\$0.05) – (\$0.04)	(\$0.11) – (\$0.09)
Tax reform	\$0.01	–	\$0.01

## Corporate and Other Guidance (Ongoing)

### Corporate and Other Ongoing EPS

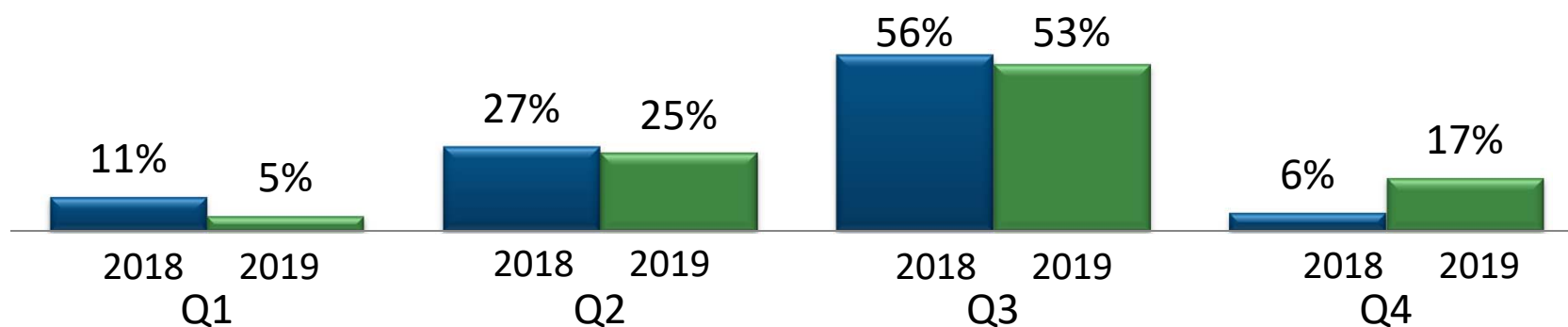


Key Year-over-Year EPS Performance Drivers	2017 vs 2018 Changes	2018 vs 2019 Changes	Cumulative 2017 vs 2019 Changes
Westmoreland loan agreement paydown	–	(\$0.01)	(\$0.01)
Interest expense	(\$0.01)	(\$0.01) – \$0.00	(\$0.01) – \$0.00
Tax reform	(\$0.02)		(\$0.02)

# EBITDA and Quarterly Earnings Distribution Guidance (Ongoing)

Ongoing EBITDA (In millions)		
	2018E Midpoint	2019E Midpoint
Consolidated PNM Resources	\$540	\$574
PNM	\$354	\$370
TNMP	\$154	\$174

## 2018-2019 Quarterly Ongoing Earnings Distribution



## 2018 and 2019 Assumptions

amounts shown are before tax	2018E	2019E
<b>PNM</b>		
Weather	\$0 (normal)	\$0 (normal)
Residential and Commercial Load	1% = \$0.04	1% = \$0.04
Outage costs	\$18M - \$20M	\$21M - \$23M
Decommissioning/reclamation trust income, net of fees	\$11M - \$14M	\$11M - \$15M
Anticipated effective tax rate <i>before amortization of excess deferred income taxes</i>	24.0%	24.3%
Amortization of excess deferred income taxes	\$19.9M	\$21.7M
<b>TNMP</b>		
Weather	\$0 (normal)	\$0 (normal)
Volumetric Load	1% = \$0.01	1% = \$0.01
Anticipated effective tax rate <i>before amortization of excess deferred income taxes</i>	23.2%	23.0%
Amortization of excess deferred income taxes	\$0.1M	\$4.9M
<b>Corporate/Other</b>		
Anticipated effective tax rate	23.5%	27.8%
<b>Average PNM Resources diluted shares outstanding</b>	80.2M	80.2M

# Appendix

## Balance Sheet and Credit Metrics

## Liquidity as of February 20, 2018

	PNM	TNMP	Corporate/ Other	PNM Resources Consolidated
Financing Capacity <sup>(1)</sup> :	(In millions)			
Revolving credit facilities	<b>\$440.0</b>	<b>\$75.0</b>	<b>\$300.0</b>	<b>\$815.0</b>
As of 2/20/18:				
Short-term debt and LOC balances	\$79.9	\$24.0	\$188.8	\$292.7
Remaining availability	360.1	51.0	111.2	522.3
Invested cash	-	-	0.9	0.9
<b>Total Available Liquidity</b>	<b>\$360.1</b>	<b>\$51.0</b>	<b>\$112.1</b>	<b>\$523.2</b>

<sup>(1)</sup> Excludes intercompany debt and term loans

<sup>(2)</sup> PNMR Development entered into a \$24.5 million revolving credit facility on February 26, 2018 that is not included in the Corporate/Other amounts shown above as of February 20, 2018.

## Selected Balance Sheet Information

(In millions)	Dec 31, 2016	Dec 31, 2017
<b>Long-Term Debt (incl. current portion) <sup>(1)</sup></b>		
PNM	\$1,631.4	\$1,657.9
TNMP	420.9	480.6
Corporate/Other	340.5	299.1
<b>Consolidated</b>	<b>\$2,392.7</b>	<b>\$2,437.6</b>
<b>Total Debt (incl. short-term) <sup>(2)</sup></b>		
PNM	\$1,692.4	\$1,697.7
TNMP	420.9	480.6
Corporate/Other	566.6	564.7
<b>Consolidated</b>	<b>\$2,679.8</b>	<b>\$2,743.0</b>

<sup>(1)</sup> Net of unamortized debt issuance costs, premiums and discounts

<sup>(2)</sup> Excludes intercompany debt

Amounts may not add due to rounding

# Credit Ratings

<b>PNMR</b>	<b>S&amp;P</b>	<b>Moody's</b>
Credit rating	BBB+ <sup>(1)</sup>	Baa3 <sup>(1)</sup>
Issuer outlook	Negative	Positive

<b>PNM</b>	<b>S&amp;P</b>	<b>Moody's</b>
Credit rating	BBB+ <sup>(2)</sup>	Baa2 <sup>(2)</sup>
Issuer outlook	Negative	Positive

<b>TNMP</b>	<b>S&amp;P</b>	<b>Moody's</b>
Credit rating	A <sup>(3)</sup>	A1 <sup>(3)</sup>
Issuer outlook	Negative	Stable

<sup>(1)</sup> Issuer/Corporate rating

<sup>(2)</sup> Senior unsecured

<sup>(3)</sup> Senior secured