



Investor

NEWS RELEASE

For Immediate Release

Nov. 3, 2011

PNM Resources Reports Third Quarter Results
Company raises lower end of 2011 ongoing earnings guidance range
Conference call scheduled for 11 a.m. Eastern today

THIRD QUARTER SUMMARY

- GAAP (generally accepted accounting principles) earnings of \$0.48 per diluted share, compared with \$0.53 per diluted share in 2010
- Ongoing earnings of \$0.61 per diluted share, compared with \$0.63 per diluted share in 2010

YEAR-TO-DATE SUMMARY

- GAAP earnings of \$0.70 per diluted share, compared with \$0.69 per diluted share in 2010
- Ongoing earnings of \$0.85 per diluted share, compared with \$0.90 per diluted share in 2010

(ALBUQUERQUE, N.M.) – PNM Resources (NYSE: PNM) today reported unaudited 2011 third quarter consolidated GAAP earnings of \$43.7 million, or \$0.48 per diluted share, compared with earnings of \$48.6 million, or \$0.53 per diluted share, in 2010.

Quarterly unaudited, consolidated ongoing earnings were \$56.0 million, or \$0.61 per diluted share, compared with \$57.9 million, or \$0.63 per diluted share, in 2010. Ongoing earnings exclude various special items, but include the post-impairment results of Optim Energy through Aug. 31, 2011. Reconciliations of GAAP to non-GAAP measures such as ongoing earnings and EBITDA (earnings before interest charges, income taxes, depreciation and amortization) are shown on the attached schedules 1 through 8.

“Our utilities are making significant progress in meeting their financial goals and narrowing the gap of earning their allowed returns,” said Pat Vincent-Collawn, PNM Resources president and CEO. “Specifically, TNMP remains on track to achieve its allowed return in 2011. For PNM, initiatives are underway to reduce costs, putting PNM on a path to achieve its allowed return on retail rate base by the end 2012. With our efforts to further streamline our operations, our utilities are on clear paths to produce solid financial performance in the years to come.”

Quarterly financial materials are available at <http://www.pnmresources.com/investors/results.cfm>.

YEAR-TO-DATE RESULTS

For the first nine months of 2011, PNM Resources reported unaudited consolidated GAAP earnings of \$64.4 million, or \$0.70 per diluted share, compared with \$63.0 million, or \$0.69 per diluted share, in 2010. Unaudited, consolidated ongoing earnings for the first nine months of 2011 were \$78.0 million, or \$0.85 per diluted share, compared with \$82.6 million, or \$0.90 per diluted share, in 2010.

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SEGMENT REPORTING OF 2011 THIRD QUARTER EARNINGS**Regulated Businesses**

PNM – *a vertically integrated electric utility in New Mexico with distribution, transmission and generation assets.*

- PNM reported quarterly ongoing earnings of \$41.7 million, or \$0.45 per diluted share, compared with earnings of \$38.9 million, or \$0.42 per diluted share, in 2010. GAAP earnings were \$38.3 million, or \$0.42 per diluted share, compared with earnings of \$39.1 million, or \$0.43 per diluted share, during the same period in 2010.
- The implementation of higher retail rates, which went into effect on Aug. 21, 2011, warmer weather and lower planned and unplanned outage costs more than offset the expiration of the wholesale tolling agreement from Palo Verde Nuclear Generating Station Unit 3. PNM's quarterly load growth was 0.3 percent.

TNMP – *an electric transmission and distribution utility in Texas.*

- TNMP reported ongoing earnings of \$9.0 million and GAAP earnings of \$8.9 million, or \$0.10 per diluted share, compared with 2010 quarterly ongoing and GAAP earnings of \$7.3 million, or \$0.08 per diluted share.
- Higher retail rates that went into effect Feb. 1, 2011, combined with the effects of warmer weather, improved earnings. TNMP had load growth of 0.3 percent during the quarter.

Competitive Businesses

First Choice Power – *On Nov. 1, 2011, PNM Resources completed its sale of First Choice Power to Direct Energy. First Choice Power's third quarter performance is included in PNM Resources' financial results. Results after Oct. 31, 2011, will not be included in PNM Resource's earnings.*

- First Choice Power reported ongoing earnings of \$3.1 million, or \$0.03 per diluted share, compared with \$12.8 million, or \$0.14 per diluted share, in 2010. GAAP earnings were \$0.6 million, or \$0.01 per diluted share, compared with \$3.6 million, or \$0.03 per diluted share, during the same period last year.
- Significantly higher power-purchase costs and lower customer prices more than offset a 21 percent increase in sales volumes driven by warmer weather, higher per-customer usage and customer growth.

Optim Energy – *As previously reported, PNM Resources executed an agreement with the co-owner of Optim Energy in which PNM Resources' interest in Optim Energy was diluted to 1 percent. As a result, Optim Energy's financial results after Aug. 31, 2011, are not included in PNM Resources' earnings.*

- PNM Resources' share of Optim Energy net ongoing earnings in July and August was \$4.9 million, or \$0.05 per diluted share, compared with \$1.8 million, or \$0.02 per diluted share, for the full third quarter of 2010.
- PNM Resources' share of Optim Energy's ongoing EBITDA in July and August was \$14.9 million, compared with \$12.7 million for the full third quarter of 2010.

NOTE: As previously reported, PNM Resources fully impaired its investment in Optim Energy at Dec. 31, 2010, and reduced the carrying value of that investment to zero. In accordance with GAAP, the post-impairment losses of Optim Energy are not reflected in PNM Resources' 2011 GAAP earnings. In the third quarter of 2010, PNM Resources' share of Optim Energy net GAAP earnings was \$1.5 million, or \$0.02 per diluted share.

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Corporate/Other – a segment that reflects costs at the PNM Resources holding company, mainly comprised of interest expense related to debt. For the purposes of this news release, the Corporate/Other segment excludes the results of Optim Energy reported above.

- Corporate/Other reported ongoing losses of \$2.7 million, or \$0.02 per diluted share, and GAAP losses of \$4.1 million, or \$0.05 per diluted share, compared with 2010 ongoing and GAAP losses of \$3.0 million, or \$0.03 per diluted share.

2011 ONGOING EARNINGS GUIDANCE RANGE TIGHTENED

PNM Resources today updated its 2011 consolidated ongoing earnings to be in the range of \$1.00 and \$1.05 per diluted share. The previous range was \$0.98 to \$1.05 per diluted share. As a result of rate relief, warmer weather and strong cost-control efforts, management expects PNM and TNMP to earn a combined \$0.18 to \$0.23 diluted earnings per share in the fourth quarter.

The company plans to announce 2012 ongoing earnings guidance in early December.

THIRD QUARTER EARNINGS CALL: 11 AM EASTERN TODAY

PNM Resources will discuss third quarter earnings results, financial forecasts and other relevant company matters during a live conference call and Web cast **today at 11 a.m. Eastern**. Speaking on the call will be Pat Vincent-Collawn, PNM Resources president and CEO, and Chuck Eldred, PNM Resources executive vice president and CFO.

A live Web cast of the call will be archived at <http://www.pnmresources.com/investors/events.cfm>. Listeners are encouraged to visit the Web site at least 30 minutes before the event to register, download and install any necessary audio software.

Investors and analysts can participate in the live conference call by dialing (877) 377-7098 or (631) 291-4547 (international calls) and referencing “the PNM Resources third quarter earnings conference call.” A telephone replay will be available at 2 p.m. Eastern until midnight Nov. 17 by dialing (855) 859-2056 or (404) 537-3406 and using conference ID 18233321. Supporting material for PNM Resources’ earnings announcements can be viewed and downloaded at <http://www.pnmresources.com/investors/results.cfm>.

Background:

PNM Resources (NYSE: PNM) is an energy holding company based in Albuquerque, N.M., with 2010 consolidated operating revenues of \$1.7 billion. Through its regulated utilities, PNM Resources has approximately 2,530 megawatts of generation capacity and serves electricity to more than 700,000 homes and businesses in New Mexico and Texas. For more information, visit the company’s Web site at www.PNMResources.com.

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Statements made in this news release that relate to future events or PNM Resources', 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 and PNM Resources, 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, PNM Resources, PNM, and TNMP caution readers not to place undue reliance on these statements. PNM Resources', 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 their costs and earn their allowed returns in their regulated jurisdictions; the ability of the Company to successfully forecast and manage its operating and capital expenditures, particularly in the context of a future test year rate case with respect to PNM; the performance of state, regional, and national economies and the resulting impacts on the electricity usage of the Company's customers; the performance of generating units, including the Palo Verde Nuclear Generating Station ("PVNGS"), the San Juan Generating Station ("SJGS"), and the Four Corners Plant, transmission systems, and distribution systems, which could be negatively affected by major equipment failures, major weather disruptions, disruptions in fuel supply, cyber and physical security breaches, and other significant operational issues; state and federal regulation or legislation relating to climate change, reduction of greenhouse gas emissions, coal combustion byproducts, nitrogen oxides, and other power plant emissions, including the risk that the Company may have to commit to substantial capital investments and additional operating costs to comply with new environmental requirements, including possible future requirements to address regional haze regulations and related best available retrofit technology requirements and concerns about global climate change, and the resultant impacts on the operations and economic viability of generating plants in which PNM has interests; uncertainties surrounding the mine fire incident at the mine supplying coal to SJGS, including potential impacts on the operations of SJGS, the costs of fuel, and the cap on the annual amounts recoverable through PNM's fuel and purchase power adjustment clause ("FPPAC"); state and federal regulatory, legislative, and judicial decisions and actions, including the outcomes of PNM's pending transmission and firm requirements power rate cases and appeals of prior regulatory proceedings; 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 beginning in 2016 and potential changes in the objectives of the participants in the projects; uncertainty regarding the requirements and related costs of decommissioning power plants owned or partially owned by PNM and coal mines supplying certain PNM power plants, as well as the ability to recover decommissioning costs from customers; financial and operational risks at PVNGS relating to any increased regulatory review and actions in response to the events at the Fukushima Daiichi Nuclear Power Plant in Japan; the risk that recently enacted reliability standards regarding available transmission capacity may reduce certain PNM transmission rights used to transmit its generation resources and provide access to transmission customers resulting in a need to purchase additional transmission capacity, reduce sales of transmission capacity, or operate generation facilities less economically; the risks associated with completion of generation, transmission, distribution, and other projects, including construction delays and unanticipated cost overruns; the ability of PNM to successfully defend the utilization of a future test year in its electric rate filings with the New Mexico Public Regulation Commission ("NMPRC"), including PNM's ability to withstand challenges by regulators and intervenors; the ability of PNM to meet the renewable energy requirements established by the NMPRC, including the resource diversity requirement, within the specified cost parameters; the risk that replacement power costs incurred by PNM related to not meeting the specified capacity factor for its generating units under its Emergency FPPAC will not be approved by the NMPRC; the risk that PNM may not be able to recover a portion of the increased costs of rights-of-way renewals on Native American lands through rates charged to transmission customers; conditions affecting the Company's ability to access the financial markets, including disruptions in the credit markets and actions by ratings agencies affecting the Company's credit ratings; the potential unavailability of cash from PNM Resources' subsidiaries due to regulatory, statutory, or contractual restrictions; the impacts of decreases in the values of marketable equity securities on the trust funds maintained to provide nuclear decommissioning funding and pension and other postretirement benefits, including the levels of funding and expense; the impacts of the true-up of the purchase price for the sale of First Choice Power to the actual amounts of certain components of working capital at closing; uncertainties surrounding the successful completion of PNM Resources' tender offer to repurchase up to \$50.0 million of its outstanding 9.25% senior unsecured notes, due in 2015; changes in the Electric Reliability Council Of Texas protocols; collections experience; fluctuations in interest rates; weather; water supply; changes in fuel costs; availability of fuel supplies; the effectiveness of risk management and commodity risk transactions; seasonality and other changes in supply and demand in the market for electric power; the impact of mandatory energy efficiency measures on customer energy usage; variability of wholesale power prices and natural gas prices; volatility and liquidity in the wholesale power markets and the natural gas markets; uncertainty regarding the ongoing validity of government programs for emission allowances; changes in the competitive environment in the electric industry; the outcome of legal proceedings; the extent of insurance coverage available for claims made in litigation; and changes in applicable accounting principles.

Non-GAAP Financial Measures

The Company uses ongoing earnings and ongoing earnings per diluted share (or ongoing diluted earnings per share) and EBITDA (earnings before interest charges, income taxes, depreciation and amortization) and ongoing EBITDA to evaluate the operations of the Company and to establish goals for management and employees. While the Company believes these financial measures are appropriate and useful for investors, they are not measures presented in accordance with generally accepted accounting principles in the U.S. (GAAP). The Company does not intend for these measures, or any piece of these measures, to represent any financial measure as defined by GAAP. Furthermore, the Company's calculations of these measures as presented may or may not be comparable to similarly titled measures used by other companies. The Company uses ongoing earnings guidance to provide investors with management's expectations of ongoing financial performance over the period presented. While the Company believes ongoing earnings guidance is an appropriate measure, it is not a measure presented in accordance with GAAP. The Company does not intend for ongoing earnings guidance to represent an expectation of net earnings as defined by GAAP. Management is generally not able to estimate the impact of the reconciling items between ongoing earnings guidance and forecasted GAAP earnings, nor their probable impact on GAAP earnings; therefore, management is generally not able to provide a corresponding GAAP equivalent for earnings guidance. In addition, The Company uses forecasts of ongoing EBITDA and cash earnings guidance to provide investors with management's expectations of additional indicators of ongoing financial performance. Since forecasts of EBITDA and cash earnings are derived from forecasted ongoing earnings, management is not able to reconcile these items to a GAAP equivalent.

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PNM Resources

Schedule 1
Reconciliation of Ongoing to GAAP Earnings
(Preliminary and Unaudited)

Quarter Ended September 30, 2011
(in thousands)

	PNM Electric	TNMP Electric	First Choice	Optim Energy (50%) **	Corporate and Other	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR:	\$ 38,329	\$ 8,868	\$ 613	\$ -	\$ (4,148)	\$ 43,662
Adjusting items, net of income tax effects*						
Mark-to-market impact of economic hedges	(1,612)	-	2,443	(283)	-	548
Net change in unrealized impairments of NDT securities	3,058	-	-	-	-	3,058
Process improvement initiatives	463	159	29	-	-	651
Strategic alternatives - competitive business	-	-	-	-	1,461	1,461
New Mexico gross receipts tax adjustments	1,471	-	-	-	-	1,471
Equity in net earnings (loss) of Optim Energy	-	-	-	5,154	-	5,154
Total Adjustments	<u>3,380</u>	<u>159</u>	<u>2,472</u>	<u>4,871</u>	<u>1,461</u>	<u>12,343</u>
Ongoing Earnings (Loss)	<u>\$ 41,709</u>	<u>\$ 9,027</u>	<u>\$ 3,085</u>	<u>\$ 4,871</u>	<u>\$ (2,687)</u>	<u>\$ 56,005</u>

Nine Months Ended September 30, 2011
(in thousands)

	PNM Electric	TNMP Electric	First Choice	Optim Energy (50%) **	Corporate and Other	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR:	\$ 40,474	\$ 17,134	\$ 20,721	\$ -	\$ (13,963)	\$ 64,366
Adjusting items, net of income tax effects*						
Mark-to-market impact of economic hedges	(2,488)	-	(1,125)	(1,078)	-	(4,691)
Net change in unrealized impairments of NDT securities	2,702	-	-	-	-	2,702
Process improvement initiatives	2,227	445	92	-	47	2,811
Regulatory Disallowance	10,559	2,550	-	-	-	13,109
Strategic alternatives - competitive business	-	-	-	-	2,367	2,367
New Mexico gross receipts tax adjustments	1,471	-	-	-	-	1,471
Equity in net earnings (loss) of Optim Energy	-	-	-	(4,167)	-	(4,167)
Total Adjustments	<u>14,471</u>	<u>2,995</u>	<u>(1,033)</u>	<u>(5,245)</u>	<u>2,414</u>	<u>13,602</u>
Ongoing Earnings (Loss)	<u>\$ 54,945</u>	<u>\$ 20,129</u>	<u>\$ 19,688</u>	<u>\$ (5,245)</u>	<u>\$ (11,549)</u>	<u>\$ 77,968</u>

* Income tax effects calculated using tax rates of 35.65% for First Choice, 35.00% for TNMP and 39.59% for all other segments.

** Optim Energy included through August 31, 2011.

PNM Resources
Schedule 2
Reconciliation of Ongoing to GAAP Earnings
(Preliminary and Unaudited)

Quarter Ended September 30, 2010

(in thousands)

	PNM Electric	TNMP Electric	First Choice	Optim Energy (50%)	Corporate and Other	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR:	\$ 39,122	\$ 7,329	\$ 3,557	\$ 1,510	\$ (2,966)	\$ 48,552
Adjusting items, net of income tax effects*						
Mark-to-market impact of economic hedges	937	-	9,265	267	-	10,469
Net change in unrealized impairments of NDT securities	(1,126)	-	-	-	-	(1,126)
Total Adjustments	(189)	-	9,265	267	-	9,343
Ongoing Earnings (Loss)	\$ 38,933	\$ 7,329	\$ 12,822	\$ 1,777	\$ (2,966)	\$ 57,895

Nine Months Ended September 30, 2010

(in thousands)

	PNM Electric	TNMP Electric	First Choice	Optim Energy (50%)	Corporate and Other	Consolidated
GAAP Earnings (Loss) Attributable to PNMR:	\$ 52,207	\$ 13,079	\$ 12,657	\$ (3,452)	\$ (11,510)	\$ 62,981
Adjusting items, net of income tax effects*						
Mark-to-market impact of economic hedges	4,345	-	21,244	(650)	-	24,939
Net change in unrealized impairments of NDT securities	(429)	-	-	-	-	(429)
Loss on reacquired debt	282	-	-	-	-	282
Disposition of litigation	(5,141)	-	-	-	-	(5,141)
Total Adjustments	(943)	-	21,244	(650)	-	19,651
Ongoing Earnings (Loss)	\$ 51,264	\$ 13,079	\$ 33,901	\$ (4,102)	\$ (11,510)	\$ 82,632

* Income tax effects calculated using tax rates of 35.65% for First Choice and 39.59% for all other segments.

PNM Resources
Schedule 3
Reconciliation of Ongoing to GAAP Earnings Per Diluted Share
(Preliminary and Unaudited)

Quarter Ended September 30, 2011
(earnings per diluted share)

	PNM Electric	TNMP Electric	First Choice	Optim Energy (50%)*	Corporate and Other	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR:	\$ 0.42	\$ 0.10	\$ 0.01	\$ -	\$ (0.05)	\$ 0.48
Adjusting items						
Mark-to-market impact of economic hedges	(0.02)	-	0.02	-	-	-
Net change in unrealized impairments of NDT securities	0.03	-	-	-	-	0.03
Process improvement initiatives	0.01	-	-	-	-	0.01
Strategic alternatives - competitive businesses	-	-	-	-	0.03	0.03
New Mexico gross receipts tax adjustments	0.01	-	-	-	-	0.01
Equity in net earnings (loss) of Optim Energy	-	-	-	0.05	-	0.05
Total Adjustments	<u>0.03</u>	<u>-</u>	<u>0.02</u>	<u>0.05</u>	<u>0.03</u>	<u>0.13</u>
Ongoing Earnings (Loss)	<u>\$ 0.45</u>	<u>\$ 0.10</u>	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ (0.02)</u>	<u>\$ 0.61</u>

Average Diluted Shares Outstanding: 91,742,267

Nine Months Ended September 30, 2011
(earnings per diluted share)

	PNM Electric	TNMP Electric	First Choice	Optim Energy (50%)*	Corporate and Other	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR:	\$ 0.44	\$ 0.19	\$ 0.22	\$ -	\$ (0.15)	\$ 0.70
Adjusting items						
Mark-to-market impact of economic hedges	(0.03)	-	(0.01)	(0.01)	-	(0.05)
Net change in unrealized impairments of NDT securities	0.03	-	-	-	-	0.03
Process improvement initiatives	0.03	-	-	-	-	0.03
Regulatory Disallowance	0.12	0.03	-	-	-	0.15
Strategic alternatives - competitive businesses	-	-	-	-	0.03	0.03
New Mexico gross receipts tax adjustments	0.01	-	-	-	-	0.01
Equity in net earnings (loss) of Optim Energy	-	-	-	(0.05)	-	(0.05)
Total Adjustments	<u>0.16</u>	<u>0.03</u>	<u>(0.01)</u>	<u>(0.06)</u>	<u>0.03</u>	<u>0.15</u>
Ongoing Earnings (Loss)	<u>\$ 0.60</u>	<u>\$ 0.22</u>	<u>\$ 0.21</u>	<u>\$ (0.06)</u>	<u>\$ (0.12)</u>	<u>\$ 0.85</u>

Average Diluted Shares Outstanding: 91,980,853

* Optim Energy included through August 31, 2011.

PNM Resources
Schedule 4
Reconciliation of Ongoing to GAAP Earnings Per Diluted Share
(Preliminary and Unaudited)

Quarter Ended September 30, 2010
(earnings per diluted share)

	PNM Electric	TNMP Electric	First Choice	Optim Energy (50%)	Corporate and Other	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR:	\$ 0.43	\$ 0.08	\$ 0.03	\$ 0.02	\$ (0.03)	\$ 0.53
Adjusting items						
Mark-to-market impact of economic hedges	-	-	0.11	-	-	0.11
Net change in unrealized impairments of NDT securities	(0.01)	-	-	-	-	(0.01)
Total Adjustments	(0.01)	-	0.11	-	-	0.10
Ongoing Earnings (Loss)	\$ 0.42	\$ 0.08	\$ 0.14	\$ 0.02	\$ (0.03)	\$ 0.63
Average Diluted Shares Outstanding: 91,780,931						

Nine Months Ended September 30, 2010
(earnings per diluted share)

	PNM Electric	TNMP Electric	First Choice	Optim Energy (50%)	Corporate and Other	Consolidated
GAAP Earnings (Loss) Attributable to PNMR:	\$ 0.57	\$ 0.14	\$ 0.14	\$ (0.04)	\$ (0.12)	\$ 0.69
Adjusting items						
Mark-to-market impact of economic hedges	0.05	-	0.23	(0.01)	-	0.27
Net change in unrealized impairments of NDT securities	-	-	-	-	-	-
Loss on reacquired debt	-	-	-	-	-	-
Disposition of litigation	(0.06)	-	-	-	-	(0.06)
Total Adjustments	(0.01)	-	0.23	(0.01)	-	0.21
Ongoing Earnings (Loss)	\$ 0.56	\$ 0.14	\$ 0.37	\$ (0.05)	\$ (0.12)	\$ 0.90
Average Diluted Shares Outstanding: 91,813,845						

PNM Resources
Schedule 5
Segment Reconciliation of GAAP Net Earnings to Ongoing EBITDA
(Earnings Before Interest Charges, Income Taxes, Depreciation and Amortization)
(Preliminary and Unaudited)
(in millions)

	Quarter Ended September 30, 2011				
	PNM Electric	TNMP Electric	First Choice	Corporate and Other*	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR	\$38.3	\$8.9	\$0.6	(\$4.1)	\$43.7
Interest charges	18.5	7.3	0.2	5.1	31.1
Income taxes	25.1	5.7	0.6	(5.4)	26.0
Depreciation and amortization	25.1	12.7	0.3	4.3	42.4
EBITDA	107.0	34.6	1.7	(0.1)	143.2
GAAP to ongoing adjustments (before tax)	4.9	0.2	3.9	10.4	19.4
Ongoing EBITDA	\$111.9	\$34.8	\$5.6	\$10.3	\$162.6

	Nine Months Ended September 30, 2011				
	PNM Electric	TNMP Electric	First Choice	Corporate and Other*	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR	\$40.5	\$17.1	\$20.7	(\$13.9)	\$64.4
Interest charges	54.6	21.9	0.5	15.3	92.3
Income taxes	26.6	10.8	11.8	(12.0)	37.2
Depreciation and amortization	71.7	33.7	1.0	12.7	119.1
EBITDA	193.4	83.5	34.0	2.1	313.0
GAAP to ongoing adjustments (before tax)	21.8	4.6	(1.5)	(4.8)	20.1
Ongoing EBITDA	\$215.2	\$88.1	\$32.5	(\$2.7)	\$333.1

* Corporate & Other segment includes equity in net earnings (loss) of Optim Energy through August 31, 2011. See Schedule 7 for calculation of Optim Energy ongoing EBITDA.

PNM Resources
Schedule 6
Segment Reconciliation of GAAP Net Earnings to Ongoing EBITDA
(Earnings Before Interest Charges, Income Taxes, Depreciation and Amortization)
(Preliminary and Unaudited)
(in millions)

	Quarter Ended September 30, 2010				
	PNM Electric	TNMP Electric	First Choice	Corporate and Other*	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR	\$39.1	\$7.3	\$3.6	(\$1.4)	\$48.6
Interest charges	18.0	7.7	0.4	5.2	31.3
Income taxes	25.9	4.7	2.2	(4.0)	28.8
Depreciation and amortization	23.1	11.6	0.2	4.1	39.0
EBITDA	106.1	31.3	6.4	3.9	147.7
GAAP to ongoing adjustments (before tax)	(1.0)	0.0	14.4	0.4	13.8
Ongoing EBITDA	\$105.1	\$31.3	\$20.8	\$4.3	\$161.5

	Nine Months Ended September 30, 2010				
	PNM Electric	TNMP Electric	First Choice	Corporate and Other*	Consolidated
GAAP Net Earnings (Loss) Attributable to PNMR	\$52.2	\$13.1	\$12.7	(\$15.0)	\$63.0
Interest charges	54.5	23.5	1.1	15.4	94.5
Income taxes	34.7	8.5	7.4	(13.2)	37.4
Depreciation and amortization	68.9	31.7	0.7	12.3	113.6
EBITDA	210.3	76.8	21.9	(0.5)	308.5
GAAP to ongoing adjustments (before tax)	(3.7)	0.0	33.0	(1.1)	28.2
Ongoing EBITDA	\$206.6	\$76.8	\$54.9	(\$1.6)	\$336.7

* Corporate & Other segment includes equity in net earnings (loss) of Optim Energy. See Schedule 7 for calculation of Optim Energy ongoing EBITDA.

PNM Resources
Schedule 7
Calculation of Optim Energy Ongoing EBITDA
(Earnings Before Interest Charges, Income Taxes, Depreciation and Amortization)
(Preliminary and Unaudited)

	Two Months Ended August 31, 2011	Eight Months Ended August 31, 2011
	(in millions)	
GAAP Net Earnings (Loss)	\$ 17.0	\$ (13.8)
Interest expense	2.6	10.6
Income tax	0.5	0.6
Depreciation and amortization expense	7.2	31.9
Mark-to-market impact of economic hedges	(0.8)	(3.6)
Purchase accounting amortizations	3.3	14.9
Ongoing Optim Energy EBITDA	29.8	40.6
50 percent of Ongoing EBITDA (PNMR share)	\$ 14.9	\$ 20.3

	Quarter Ended September 30, 2010	Nine Months Ended September 30, 2010
	(in millions)	
GAAP Net Earnings (Loss)	\$ 7.6	\$ (6.8)
Interest expense	4.7	14.0
Income tax	0.2	0.3
Depreciation and amortization expense	12.4	37.3
Mark-to-market impact of economic hedges	0.9	(2.2)
Purchase accounting amortizations	(0.4)	10.4
Ongoing Optim Energy EBITDA	25.4	53.0
50 percent of Ongoing EBITDA (PNMR share)	\$ 12.7	\$ 26.5

PNM Resources
Schedule 8
Reconciliation of Ongoing (non-GAAP) Net Earnings
to GAAP Consolidated Statement of Earnings (Loss)
(Preliminary and Unaudited)
(in thousands, except per share data)

	Nine Months Ended September 30,					
	2011			2010		
	GAAP	Adjustments	Ongoing	GAAP	Adjustments	Ongoing
	(in thousands, except per share data)					
Operating revenues	\$ 1,352,747	\$ (3,775) (a)	\$ 1,348,972	\$ 1,292,865	\$ 3,646 (a)	\$ 1,296,511
Cost of energy	582,814	17,118 (b)	599,932	557,238	(22,058) (h)	535,180
Gross margin	769,933	(20,893)	749,040	735,627	25,704	761,331
Other operating expenses	457,454	(34,481) (c)	422,973	432,430	(2,076) (d)	430,354
Depreciation and amortization	119,115	(2,125) (d)	116,990	113,634	(2,121) (d)	111,513
Operating income	193,364	15,713	209,077	189,563	29,901	219,464
Equity in net earnings (loss) of Optim Energy	-	(8,682) (e)	(8,682)	(5,714)	(1,076) (a)	(6,790)
Net other income (deductions)	11,619	4,473 (f)	16,092	21,686	(8,753) (i)	12,933
Interest charges	(92,251)	-	(92,251)	(94,488)	-	(94,488)
Earnings before Income Taxes	112,732	11,504	124,236	111,047	20,072	131,119
Income Taxes	37,206	8,666 (g)	45,872	37,365	10,726 (g)	48,091
Net Earnings	75,526	2,838	78,364	73,682	9,346	83,028
Earnings Attributable to Valencia Non-controlling Interest	(10,764)	10,764 (d)	-	(10,305)	10,305 (d)	-
Preferred Stock Dividend Requirements of Subsidiary	(396)	-	(396)	(396)	-	(396)
Net Earnings Attributable to PNMR	\$ 64,366	\$ 13,602	\$ 77,968	\$ 62,981	\$ 19,651	\$ 82,632
Net Earnings Attributable to PNMR per Common Share:						
Basic	\$ 0.70	\$ 0.15	\$ 0.85	\$ 0.69	\$ 0.21	\$ 0.90
Diluted	\$ 0.70	\$ 0.15	\$ 0.85	\$ 0.69	\$ 0.21	\$ 0.90
Average common shares outstanding:						
Basic	91,465			91,556		
Diluted	91,981			91,814		

- (a) Mark-to-market impact of economic hedges
(b) Mark-to-market impact of economic hedges \$2,094; Consolidation of Valencia \$15,024
(c) Consolidation of Valencia \$(2,137); Regulatory disallowances \$(21,402); Strategic alternatives - competitive business \$(3,918); Process improvement initiatives \$(4,590), New Mexico gross receipts tax adjustments \$(2,434)
(d) Consolidation of Valencia
(e) Equity in net earnings (loss) of Optim Energy \$(6,898); Mark-to-market impact of economic hedges \$(1,784)
(f) Net change in unrealized impairments of NDT securities
(g) Net taxes on adjusting items
(h) Mark-to-market impact of economic hedges \$(36,560); Consolidation of Valencia \$14,502
(i) Disposition of litigation \$(8,509); Net change in unrealized impairments of NDT securities \$(710); Loss on reacquired debt \$466.