



Moody's Upgrades PNM Resources

Albuquerque, New Mexico

March 10, 2004

Moody's Investors Service upgraded the debt securities of PNM Resources (NYSE:PNM) subsidiary Public Service Company of New Mexico (senior unsecured) to Baa2 from Baa3. Moody's has also assigned a Baa2 rating to PNM's \$300 million 3-year revolving credit facility. The rating outlook is stable.

"With Moody's action today, we have delivered on the commitment management made to shareholders more than a year ago to improve PNM's credit quality," said PNM Senior Vice President and Chief Financial Officer John Loyack. "This positions us well for future growth."

In its decision, the rating agency cited "the benefits of greater regulatory stability resulting from recent completion of PNM's electric and gas rate cases, expected sustained increases in revenue as a result of new wholesale contracts, and the continuation of a number of cost saving events implemented during 2003 that Moody's believes are sustainable."

The rating agency noted that in 2003, PNM executed several new long-term contracts to sell a total of 330 megawatts of capacity to various wholesale customers.

"Coupled with its existing portfolio of other long-term contracts, the new agreements will produce additional contracted wholesale margin during 2004 and beyond," the Moody's announcement continues. "Additionally, the New Mexico Public Regulatory Commission approved a \$22 million natural gas rate increase in January 2004, which along with good core sales growth in the retail electric segment, should enhance earnings and cash flow."

Ratings upgraded include:

- senior unsecured and issuer rating upgraded to Baa2 from Baa3;
- shelf registration for the issuance of senior unsecured debt upgraded to (P)Baa2 from (P)Baa3;
- preferred stock upgraded to Ba1 from Ba2.

PNM Resources is an energy holding company based in Albuquerque, New Mexico. PNM, the principal subsidiary of PNM Resources, serves about 450,000 natural gas customers and 390,000 electric customers in New Mexico. The company also sells power on the wholesale market in the Western U.S. PNM Resources stock is traded primarily on the NYSE under the symbol PNM.

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

Statements made in this news release and documents we file with the SEC that relate to future events or our expectations, projections, estimates, intentions, goals, targets and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. You are cautioned that all forward-looking statements are based upon current expectations and estimates and we assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by the forward-looking statements, PNM Resources cautions you not to place undue reliance on these statements. Many factors could cause actual results to differ, and will affect our future financial condition, cash flow and operating results. These factors include interest rates, weather, fuel costs, changes in supply and demand in the market for electric power, wholesale power prices, market liquidity, the competitive environment in the electric and natural gas industries, the performance of generating units and transmission system, state and federal regulatory and legislative decisions and actions, the outcome of legal proceedings and the performance of state, regional and national economies. For a detailed discussion of the important factors that affect PNM Resources and that could cause actual results to differ from those expressed or implied by our forward-looking statements, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our current and future Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and our current and future Current Reports on Form 8-K, filed with the SEC.

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