



PNM Resources Increases Outlook for First Choice Power

Management to Meet with Analysts and Investors During Energy Conference This Week

ALBUQUERQUE, N.M., Sep 21, 2009 (BUSINESS WIRE) -- PNM Resources (NYSE: PNM) announced today that improved market conditions in the Electric Reliability Council of Texas and operational improvements made by its retail electric provider, First Choice Power, have resulted in strong financial performance for the first eight months of 2009.

As a result, management expects First Choice Power's earnings before interest, taxes, depreciation and amortization, or EBITDA, to finish the year in the range of \$55 million to \$60 million. The expected increase in EBITDA would translate to an incremental increase of \$0.14 to \$0.18 to PNM Resources' 2009 consolidated earnings per diluted share outlook.

When the company issued its second-quarter financial results in late July, management indicated that First Choice Power's 2009 EBITDA would likely exceed \$35 million, which was the high end of the previously announced EBITDA outlook range. At that time, management said it would not update First Choice Power's financial expectations until after the summer months.

"First Choice Power continued to demonstrate strong performance in July and August, clearly indicating that our expectations will be exceeded," said Jeff Sterba, PNM Resources chairman and CEO. "While we are pleased to see First Choice Power return to profitability just one year after a disappointing 2008, we strongly caution that 2010 likely will not be as strong as this year. In addition, we see bad debt as a persistent problem negatively affecting First Choice Power's performance. This continues to be an issue that needs regulator intervention through change in market rules.

"Similar to how the ERCOT market conditions - along with First Choice Power's buying and selling positions within that market - had a negative impact on the business in 2008, those same drivers worked in its favor this year," he said. "For 2010, we expect market conditions to continue to be a key driver for the business, and we believe margins will return to more historic levels."

Sterba said the company will revise its 2009 consolidated earnings outlook when third-quarter financial results are announced next month.

MANAGEMENT TO ATTEND CONFERENCE IN NEW YORK CITY

PNM Resources management will meet with energy industry analysts and investors Tuesday and Wednesday during the 2009 Bank of America Merrill Lynch Power & Gas Leaders Conference.

Supporting material for the investor meetings is available on the company's Web site at <http://pnm.client.shareholder.com/investors/events.cfm>.

THIRD-QUARTER EARNINGS ANNOUNCED OCT. 29, 2009

PNM Resources plans to issue its 2009 third-quarter financial results on **Thursday, Oct. 29, 2009**, before the market opens. The earnings news release will be available on the company's Web site at www.PNMResources.com.

Management will host a live conference call and webcast later that morning at **9 a.m. Eastern** to discuss quarterly results and the updated 2009 earnings outlook.

Investors, analysts and other participants can listen to the live conference call by dialing (877) 440-5791 (toll free) or (719) 325-4868 (toll) five to 10 minutes prior to the event and referencing "the PNM Resources earnings conference call." A telephone replay will be available at noon Eastern until midnight Nov. 5 by dialing (888) 203-1112 (toll free) or (719) 457-0820 and using confirmation code 3529459.

A live webcast of the call will be available 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.

E-MAIL ALERTS, RSS FEEDS AVAILABLE

PNM Resources encourages analysts, investors and other interested parties to visit www.PNMResources.com and register to

automatically receive company financial information by e-mail. Once registered, participants can choose from a menu to automatically receive requested information, including news releases, notices of webcasts and filings with the U.S. Securities and Exchange Commission. Participants can unsubscribe at any time and will not receive information that was not requested.

Interested parties also can register to automatically receive feeds through Really Simple Syndication, or RSS, a format designed for sharing updated web content such as headlines. An RSS feed automatically highlights fresh material from the PNM Resources Web site so registrants don't have to repeatedly check the site for updates.

To sign up for e-mail alerts and RSS feeds, visit www.PNMResources.com, enter the Investor Relations section and click on the icons at the bottom of the page.

Background:

PNM Resources (NYSE: PNM) is an energy holding company based in Albuquerque, N.M., with 2008 consolidated operating revenues from continuing and discontinued operations of \$2.5 billion. Through its utility and energy subsidiaries, PNM Resources has more than 2,700 megawatts of generation resources and serves electricity to more than 884,000 homes and businesses in New Mexico and Texas. The company also has a 50-percent ownership of Optim Energy, which owns nearly 1,200 megawatts of generation. For more information, visit the company's Web site at www.PNMResources.com.

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', PNM's, or TNMP's (collectively, the "Companies") 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 the Companies assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, the Companies caution readers not to place undue reliance on these statements. The Companies' 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 conditions affecting the Companies' ability to access the financial markets or Optim Energy's access to additional debt financing following the utilization of its existing credit facility, including actions by ratings agencies affecting the Companies' credit ratings; the recession, its consequent extreme disruption in the credit markets, and its impacts on the electricity usage of the Companies' customers; state and federal regulatory and legislative decisions and actions, including appeals of prior regulatory proceedings; the ability of PNM to meet the renewable energy requirements established by the New Mexico Public Regulation Commission, including the resource diversity requirement, within the specified cost parameters, and the Company's ability to obtain federal and/or state funding and incentives for the development of alternative or renewable energy; the performance of generating units, including the Palo Verde Nuclear Generating Station, the San Juan Generating Station, the Four Corners Plant, and Optim Energy generating units, and transmission systems; the risk that Optim Energy is unable to identify and implement profitable acquisitions, or that PNM Resources and ECJV will not agree to make additional capital contributions to Optim Energy; the potential unavailability of cash from PNM Resources' subsidiaries or Optim Energy due to regulatory, statutory or contractual restrictions; the impacts of the decline 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 ability of First Choice Power to attract and retain customers and collect amounts billed; changes in Electric Reliability Council of Texas protocols; changes in the cost of power acquired by First Choice Power; collections experience; insurance coverage available for claims made in litigation; fluctuations in interest rates; weather; water supply; changes in fuel costs; availability of fuel supplies; the risk that replacement power costs incurred by PNM related to not meeting the specified capacity factor for its generating units under its Emergency Fuel and Purchase Power Cost Adjustment Clause will not be approved by the New Mexico Public Regulation Commission; the risk that PNM may not be able to renew rights-of-way on Native American lands or that the costs of rights-of-way are not allowed to be recovered through rates charged to customers; the effectiveness of risk management and commodity risk transactions; seasonality and other changes in supply and demand in the market for electric power; 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; the risk that the resolution of the bankruptcy of the Lyondell Chemical Company results in significant adverse impacts on the operations of the Altura Cogen facility and Optim Energy; changes in the competitive environment in the electric industry; the risk that the Companies and Optim Energy may have to commit to substantial capital investments and additional operating costs to comply with new environmental control requirements, including possible future requirements to address concerns about global climate change; the risks associated with completion of generation, transmission, distribution, and other projects, including construction delays and unanticipated cost overruns; the outcome of legal proceedings; changes in applicable accounting principles; and the performance of state, regional, and national economies.

Non-GAAP Financial Measures

PNM Resources ("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) 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.

SOURCE: PNM Resources

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